

## **Submission to the Economic Regulation Authority**



## **Draft Decision: 2023 Review of the Compendium of Gas Customer License Obligations**

**20 September 2023**

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## 1. Executive summary

<b>Matter</b>	The Economic Regulation Authority's ( <b>ERA</b> ) Draft Decision of the 2023 Review of the Compendium of Gas Customer License Obligations ( <b>draft decision</b> ). <sup>1</sup>
<b>Context</b>	<p>The ERA published its draft decision for public comment in August 2023. The current version of the Compendium of Gas Customer License Obligations (<b>Compendium</b>) was previously reviewed in 2019.</p> <p>The Energy Coordination Act 1994 (<b>EC Act</b>) section 11M provides a licence is subject to such terms and conditions as are determined by the ERA. It is a condition of a gas trading licence and a gas distribution licence that all licensed gas retailers and distributors must be compliant with the Compendium. The Compendium applies to all small use residential gas customers and small business customers who consume less than 1 TJ of gas per annum.</p> <p>The ERA has proposed amendments to the Compendium that will expand protections offered to gas small use customers (predominantly residential) in Western Australia (<b>WA</b>) and align the Compendium to the recently updated Code of Conduct for the Supply of Electricity to Small Use Customers 2022 (<b>Electricity Code</b>). The Electricity Code underwent a significant review to deliver substantive changes to protections for residential and small use business customers.<sup>2</sup> The Electricity Code review process has informed the draft Compendium, alongside issues provided by retailers and stakeholders.</p>
<b>Scope</b>	<p>This submission details draft Compendium amendments that Synergy:</p> <ul style="list-style-type: none"><li>• Supports without modification</li><li>• Supports with modification</li><li>• Considers require minor drafting changes.</li></ul>
<b>Issues</b>	<ol style="list-style-type: none"><li>1. Synergy, giving regard to the size of the gas market, supports the objective to align the Compendium to the Electricity Code as being in the long term interest of consumers.</li><li>2. Synergy supports the proposal to remove all references to prepayment meters and notes that with the development of contemporary billing systems prepayment retail products can more efficiently be implemented through back-end systems using remotely read meters.</li><li>3. Synergy supports the proposed clause 14 to permit a retailer to base a bill on energy data that has been agreed to be provided by the customer. Synergy considers these provisions will assist in addressing future instances where there is large-scale disruptions to meter reading equipment, services or communications infrastructure.</li><li>4. Synergy notes the Electricity Code does not impose timeframes for notifying the reason estimated energy data has been provided by the network operator to a retailer. Therefore, Synergy considers that introducing a mandatory timeframe in the Compendium is inconsistent with the objective of aligning both codes, where reasonable.</li></ol>

<sup>1</sup> [Draft decision \(erawa.com.au\)](https://erawa.com.au)

<sup>2</sup> [Code of Conduct for the Supply of Electricity to Small Use Customers Review 2019-22 - Economic Regulation Authority Western Australia \(erawa.com.au\)](https://erawa.com.au)

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However, if the ERA considers timeframes should apply Synergy recommends corresponding obligations also need to be placed on the network operator for the arrangement to be workable.

5. A shortened bill cycle greater than 10 business days may not be in the long term interests of customers because it may result in the customer accruing a larger debt.
  6. Synergy notes the ERA considers that the costs involved in increasing the frequency of scheduled meter readings outweigh the benefits of reducing the maximum billing intervals. Synergy shares this concern and consider the maximum billing interval period should be retained at 105 days.
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## 2. Introduction

The WA gas retail market provides all gas customers the ability to buy natural gas from a retailer of choice. Synergy is limited under the terms of the Electricity Corporations (South West Interconnected System Prescribed Customers) Order 2023 and can only retail gas to contestable small use business customers who use more than 180GJ of gas per annum.

The Compendium was previously reviewed in 2019. Since then, the corresponding electricity instrument, the Electricity Code has undergone its most comprehensive review process since it was introduced in 2004. The intent of the Compendium review is to align, where practicable, the Compendium and the Electricity Code consistent with the requirements under section 26 of the Economic Regulation Authority Act 2003 (**ERA Act**).

Synergy has reviewed the draft decision with the aim of reducing regulatory costs and burden, providing better consumer outcomes and protections<sup>3</sup> and ensuring that the regulation supports the operation of a fair and competitive gas market in WA. Synergy's position in relation to the matters raised by the ERA in the Draft decision are detailed below in sections 4- 5 and other matters noted by Synergy are raised in Appendix A.

## 3. Regulatory requirements

The primary governing legislation for the WA gas retail market is the EC Act, which provides for a gas licensing scheme that governs the retailing of gas and a retail market scheme that governs, amongst other matters, the distribution and metering of gas to consumers.

Synergy considers it is important to delineate the retail and distribution functions of the two schemes and the operation of the;

1. Compendium in relation to the gas licencing scheme; and
2. Gas Retail Market Procedure (**GRMP**) in relation to the distribution and metering of gas under the retail market scheme operated by AEMO.

The ERA has developed the Compendium, under the EC Act, to regulate the conduct of retailers and network operators that supply gas to residential and small business customers and to set service standards in areas such as billing, payments, financial hardship, disconnections, reconnections, and complaints handling. The ERA established the Compendium as a licence condition to protect the interests of gas customers who have little or no market power. All licensed gas retailers and distribution network operators must comply with the Compendium as a condition of their licence.

The purpose of the gas retail market scheme for a distribution system is to ensure the retail gas market supplied through a distribution network<sup>4</sup> is regulated and operates in a manner that is open, competitive, efficient, and fair to gas market participants and their customers. This scheme is administered by AEMO and the GRMP governs the interactions between participants, pipeline operators, prescribed persons and AEMO in the WA gas retail market. Any amendments to this scheme and the GRMP must be submitted to the ERA for approval.

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<sup>3</sup> In the long term interests of consumers in relation to the price and quality of services.

<sup>4</sup> The metering regime forms part of the functions and operations of the distribution network.

In addition, Synergy considers that when considering the ERA's draft decision and the objective to align electricity and gas regulatory instruments it is important to recognise;

1. the Compendium performs the same function in the gas market as the Electricity Code does in the electricity market; and
2. the GRMP performs the same function in the gas market as Electricity Industry Metering Code 2012 (**Metering Code**) and the Electricity Industry Customer Transfer Code 2016 (**Customer Transfer Code**) does in the electricity market.

#### 4. Aligning the Compendium with the Electricity Code

Synergy supports the intent to align the Compendium with the Electricity Code and considers this goal is consistent with the key objectives in the ERA Act<sup>5</sup>. Synergy considers that promoting regulatory outcomes that are in the public interest is reflected by the proposed Compendium changes to extend protection to vulnerable customers and is an important benefit that results from aligning regulatory instruments.

#### 5. Matters raised by stakeholders

##### 5.1 Issue 3. Prepayment meters

Synergy supports the proposal to remove all references to prepayment meters in the Compendium on the basis that there are no gas prepayment meters in service in WA and the nature of the technology would make it unlikely for this type of infrastructure to be implemented in a cost effective way. In addition, Synergy notes that with the development of contemporary billing systems prepayment retail products can more efficiently be implemented through back-end systems using remotely read meters.

##### 5.2 Issue 4. Meter reads and customer self reads

Synergy supports the proposed clause 14 of the Compendium permitting a retailer to base a bill on energy data that has been agreed to be provided by the customer. Synergy considers it is in the long term interest of the customers to get a regular bill then not get a bill. In addition, Synergy considers this arrangement will also address future instances where there large-scale disruptions to meter reading equipment, services or communications infrastructure.

Synergy notes the Compendium draft decision paper states,

“The Electricity Code was amended to allow retailers to base a bill on energy data provided by network operators, whether actual or estimated. Under certain instances, electricity customers can read the meter and provide this to the distributor, as a basis for the distributor providing energy data to retailers.”<sup>6</sup>

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<sup>5</sup> Section 26 of the ERA Act.

<sup>6</sup> Page 15 Draft Decision 2023 Review of the Compendium of Gas Customer License Obligations.

However, Synergy’s review of the Electricity Code indicates that it does not contain a provision requiring electricity customers to read the meter, under certain circumstances, and provide the data to the distributor, as a basis for the distributor to provide energy data to retailers for billing purposes.

Synergy supports a similar provision, to proposed clause 14(1)(b), to be included in the Electricity Code at a future date permitting a retailer to base a bill on energy data that has been agreed to be provided by the customer. Such a provision would have significantly assisted with the billing of electricity customers in relation to disruption of remote communications associated with the mass roll-out of advanced electricity meter infrastructure.

### 5.3 Issue 6. Timeframe for the reason and basis of an estimate

Synergy does not consider it is necessary to introduce timeframes to provide the basis of an estimate. However, if the ERA decides to place timeframes on retailers Synergy recommends a similar obligation is placed on network operators for the arrangement to be workable. This because the provision of metering data is regulated under the GRMP.<sup>7</sup> That is, under the GRMP, estimated energy data is determined by the network operator and the reason for the estimate is also determined and provided to retailers by the network operator.

The GRMP provides the following three reasons when a network operator may provide estimated energy data in relation to a scheduled meter reading;<sup>8</sup>

1. the network operator has not obtained meter reading data for the delivery point since the previous meter reading of the delivery point; or
2. the network operator is unable to verify the meter reading data; or
3. the network operator otherwise suspects an error in the meter reading data, the heating value, or other associated data.

The GRMP does not contemplate any other basis for the network operator to provide an estimated reading beyond the three scenarios outlined above.

Further, under the GRMP the network operator has a list of 17 reason codes that it provides to the retailer when issuing estimated meter data, which may be used by the retailer in relation to a bill query. The current reason codes are listed below;<sup>9</sup>

01	Meter removed	10	Delayed read
02	Meter obstructed	11	Adjustment read
03	Dirty dial	12	Damaged meter
04	Can’t locate meter	13	Dial out of alignment
05	Gate locked	14	Key required
06	Savage dog	15	Access overgrown
07	Meter changed	16	Hi/low failure
08	Refused access	17	Meter capacity failure
09	Locked and no answer	00	Other

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<sup>7</sup> Chapter 4 of the GRMP.

<sup>8</sup> Clause 156 of the GRMP.

<sup>9</sup> [FRC B2B System Interface Definitions v5.0 \(marked up\) \(aemo.com.au\)](http://aemo.com.au), page 208.

Synergy considers that the ERA should review the adequacy of the reason codes in the GRMP in relation when determining to establish a timeframe on retailers to provide customers with the reason for an estimate under the Compendium.

For example, if a retailer is provided the reason code “00” by the network operator they will need more time to request the network operator to provide further details and explanation in relation to why they estimated the energy data. Under these circumstances it would be unreasonable for the retailer to incur a breach in relation to timeframes for an act or omission of the network operator.

Synergy considers, without a corresponding obligation on the network operator, an obligation for a retailer to provide to the customer the reason for the estimate within a mandated timeframe will create unreasonable regulatory risk and cost for retailers. Therefore, as outlined above, if timeframes are placed on retailers there will also need to be a corresponding obligation on the network operator to provide retailers with the information within the time necessary for the retailer to meet its obligations under the Compendium.

In addition, Synergy also considers that, if the current reason codes are inadequate, the ERA may seek to progress amendments to these codes in accordance with Chapter 9 of the GRMP.<sup>10</sup> Synergy would support this approach.

Furthermore, Synergy notes that the Electricity Code and the Compendium have the same current requirements to provide information to customers regarding the estimated read, both on the bill and on request by a customer.<sup>11</sup> Therefore, Synergy considers that introducing a mandatory timeframe in the Compendium is inconsistent with the objective of aligning both codes where reasonable.

#### 5.4 Issue 7. Increase minimum time for shortened billing cycle

Synergy considers the two proposals in relation to a shortened billing cycle are similar. The current timeframe of 10 business days represents two weeks, and the proposed 14 business days represents almost three weeks. Given this, Synergy considers that the current clause 4.2(4) of the Compendium, which sets a minimum number of 10 business days for a shortened billing cycle, is sufficient for customers to manage payments. Synergy notes that this provision is not applicable for customers experiencing payment problems or financial hardship.

Setting a billing cycle of 10 business days does not prevent a retailer from implementing a longer billing cycle. However, if a 14 business day timeframe is adopted, retailers will not be able to place customers on a shorter 10 business day bill cycle. Therefore, this approach may not be in the long term interests of customers because it may result in the customer accruing debt.

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<sup>10</sup> Chapter 9 of the GRMP.

<sup>11</sup> Clause 4.8 (2)(a) -(c) of the Compendium and Clause 23 (1)(a)-(c) of the Code of Conduct for the Supply of Electricity to Small Use Customers.

## 5.5 Issue 8. Reducing the maximum billing interval time

It is important to note that any arrangement that increases the network operator's costs are likely to be passed through to retailers under an access arrangement and then passed to customers via retail tariffs. For example, reducing billing timeframes to 60-65 days will result in more frequent scheduled meter reads. Therefore, Synergy considers that, the maximum billing interval time should be retained at 105 days because it will likely result in lower scheduled meter reading costs. This approach is also consistent with ensuring the long term interests of gas consumers in relation to the efficient price of services.

Synergy notes the ERA, in the draft decision, also considers that the costs involved in increasing the frequency of meter readings outweigh the benefits of reducing the maximum billing intervals. Synergy shares this concern.<sup>12</sup>

Synergy concurs with the ERA's view that it does not consider reducing the maximum billing interval time from 105 days appropriate.

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<sup>12</sup> Page 18 Draft Decision 2023 Review of the Compendium of Gas Customer License Obligations

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## Appendix A – Other matters

Clause	Proposed drafting	Issue
Definitions	“maximum credit amount”	Synergy notes that the definition of the maximum credit amount has been deleted <sup>13</sup> in the proposed Compendium <sup>14</sup> . Clause 27 (4) of the proposed Compendium retains the obligation for the retailer to determine a maximum credit amount. For regulatory clarity Synergy recommends retaining the definition of maximum credit amount.
	“meter”	<p>Synergy notes that the Electricity Code takes the definition of meter from the Metering Code. Therefore, given the objective to align the Compendium with the Electricity Code Synergy recommends the definition of “meter” in the Compendium should use the following definition in the GRMP:</p> <p><i>“meter” means a device used to directly measure the mass or volume of gas passing through it and includes the associated equipment attached to the device to filter, control or regulate the flow of gas.”<sup>15</sup></i></p>
	“metering agent”	<p>Synergy considers that, for regulatory certainty, this definition should not be included in the Compendium. There is no defined term for a metering data agent in the GRMP. The GRMP provides for the network operator only to undertake the scheduled meter reading.<sup>16</sup></p> <p>Furthermore the Electricity Code does not establish a new definition of “metering data agent” but refers to the definition of a “metering data agent” in the Metering Code.</p> <p>Synergy recommends the draft Compendium definition is removed to avoid creating regulatory uncertainty as discussed in issue 4 of this submission. If there is a requirement to define a metering data agent then this could be introduced in the GRMP, maintaining consistency with the gas metering regime.</p>

<sup>13</sup> Potentially in error.

<sup>14</sup> Part 1.3 page 8 Compendium of Gas Customer License Obligations Marked Up Version

<sup>15</sup> Definitions page 36 of the GRMP.

<sup>16</sup> Clause 143 of the GRMP and Clause 150 of the GRMP.

Clause	Proposed drafting	Issue
	"National interpreter symbol"	<p>For regulatory consistency Synergy considers that this definition should be consistent with the Electricity Code definition and proposes the following drafting;</p> <p><i>"National Interpreter Symbol means the national public information symbol "Interpreter Symbol" (with text) developed by the State of Victoria in partnership with the Commonwealth, State and Territory governments in accordance with AS 2342-1992"<sup>17</sup></i></p>
29(1)(c)(iii)	29(1)(c)(iii)	Synergy notes that there is a spelling mistake in this clause where the word " <i>compliant</i> " should be " <i>complaint.</i> "
45(2)(a)(i)	45(2)(a)(i)	<p>Synergy recommends the following drafting change to assist with regulatory understanding;</p> <p><i>"if a complaint has been made <del>raised</del> by the customer <del>a complaint</del> to the distributor <del>directly</del> that is directly related to the reason for the proposed disconnection and the complaint has not been resolved by the distributor:"</i></p>

<sup>17</sup> Definitions Code of Conduct for the Supply of Electricity to Small Use Customers 2022.