



Office of the Tasmanian Economic Regulator

Consultation Paper

Gas Customer Transfer and Reconciliation Code

Code Change Proposal

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INVITATION FOR SUBMISSIONS

The Regulator invites written submissions on the Code change proposals as set out in this Paper.

Submissions should be received no later than 5.00 pm on 31 January 2011.

It is the Regulator's policy to publish written submissions to matters on which consultation is being undertaken, on the Regulator's website: www.economicregulator.tas.gov.au. A respondent may request that the submission, or part of it, be treated as confidential. The material for which a request for confidentiality is made should be clearly identified.

The Regulator will not publish submissions which contain material that the Regulator believes is or could be derogatory or defamatory.

For ease of publication on the Regulator's website, it is preferred that submissions be lodged via email to office@economicregulator.tas.gov.au.

Alternatively, written submissions can be sent to:

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1 INTRODUCTION

The Regulator publishes and maintains the *Gas Customer Transfer and Reconciliation Code* (the Transfer Code) which is provided for and enforceable under the *Gas Act 2000* (the Act). The purpose of the Transfer Code is to set out:

- (a) the obligations concerning the provision of information relating to delivery points to enable a customer to transfer to a different retailer;
- (b) the process by which a customer can be transferred to a different retailer;
- (c) the standards for meters and metering installations at customer delivery points; and
- (d) the allocation and reconciliation of gas quantities between retailers at receipt points.

The Transfer Code has been developed as a regulatory instrument which is adaptable to changing industry circumstances. To this end, it provides that the Regulator may amend the Code where the Regulator reasonably determines that the proposed amendment will better achieve the objects of the Act or give effect to the core principles of the Transfer Code. Where the proposed amendment is other than purely administrative in nature, the Transfer Code requires the Regulator to consult on the proposed amendments and consider any representations made.

The Regulator has received a request from the licensed distributor, Tas Gas Networks Pty Ltd (Tas Gas Networks), seeking clarification on the status of the current retailer whose customer has had its supply disconnected at the retailer's request and the applicable transfer process where a customer has been disconnected.

After considering Tas Gas Networks' request and a review of the relevant clauses in the Transfer Code, the Regulator is proposing amendments to the Transfer Code to provide clarification on these matters.

The effect of the proposed amendments is that the status of a current retailer remains:

- until such time as:
 - the relevant Meter Installation Registration Number (MIRN) has been 'unassigned'¹; or
 - a transfer has been effected in accordance with the Transfer Code; or
- unless a transfer has been effected in error.

¹ 'Unassigned' in this context means that the MIRN in respect to a metering installation has been removed from the MIRN database where, for example, the relevant meter has been removed.

Hence, disconnection per se does not change the status of the current retailer and the normal transfer process as set out in the Transfer Code applies.

The purpose of this Paper is to invite written submissions on the Regulator's proposed amendments.

The current version of the Transfer Code is available on the OTTER's website: www.economicregulator.tas.gov.au.

2 BACKGROUND

2.1 Review and Amendment of the Transfer Code

The Transfer Code provides that an interested party may request in writing that the Regulator reviews the operation of this Code, or any part of it. The review may be to the manner and extent that the Regulator considers appropriate. Within 20 business days after the completion of the review, the Regulator is to notify all interested parties of the outcome of the review and of any amendments to the Transfer Code flowing from the review.

The Regulator may amend the Transfer Code if it reasonably determines that the proposed amendment will better achieve the objects of the Act or give effect to the core principles of the Transfer Code. The objects of the Act and the core principles of the Transfer Code are reproduced at Appendix A.

The Regulator has received a request from Tas Gas Networks who sought clarification on the following:

- the status of the current retailer whose customer has had its supply disconnected at the retailer's request; and
- the applicable transfer process where a customer has been disconnected.

Tas Gas Networks also raised the issue of whether a retailer should continue to be liable to the daily fixed charges after a customer has been disconnected at the retailer's request. After discussions with OTTER, Tas Gas Networks agreed that financial obligations, such as fees and charges, are not a matter within the scope and purpose of the Transfer Code. These are contractual and financial matters to be negotiated by the parties concerned.

The following sub-sections set out the relevant code requirements and background information relating to these issues.

2.2 MIRN Database, Customer Transfer Process and Disconnection

MIRN Database

Under the Transfer Code, the distributor must establish and maintain a MIRN database which is to include the following information in respect of each MIRN:

- (a) the address of the premises (street number, street name, street identifier, suburb and city/town, or their equivalents) to which gas is supplied;
- (b) the MIRN and MIRN checksum;
- (c) the retailer;
- (d) the metering provider;

- (e) the metering data provider;
- (f) the receipt point;
- (g) the distribution system ID;
- (h) whether the meter that relates to that MIRN has been locked or disconnected;
- (i) the allocation group number;
- (j) applicable static deemed profile or sample dynamic deemed profile; and
- (k) the NSRD² or cycle of scheduled meter reading dates.

This information is essential to facilitate customer transfers and must be kept up to date by the distributor.

Regarding the MIRNs, the distributor is to obtain a range of numbers from OTTER which are available for use as MIRNs and assign a MIRN to each metering installation, at delivery points supplied by the distributor, prior to connection to the distribution system. The distributor effects the assignment by recording that unique number in its MIRN database as the MIRN for that metering installation.

Customer Transfer and Objection

Part 3 of the Transfer Code sets out the principles and process for transferring customers. It is the responsibility of the new retailer to manage the customer transfer process. Before requesting a customer transfer, a prospective new retailer may obtain the information contained in the distributor's MIRN database by making a MIRN discovery request to the distributor.

When a prospective new retailer initiates a customer transfer, it must deliver a customer transfer notice in relation to the MIRN concerned to the prescribed interested parties, including the 'current retailer'. Although the term 'current retailer' is not defined in the Transfer Code, when read in context it means 'the retailer' as recorded in the distributor's MIRN database.

The customer transfer notice must include certain information in respect of the MIRN concerned, including the customer's name, the MIRN and the current retailer. The applicable parties, including the current retailer, may lodge an objection to the customer transfer notice with the new retailer within five days of the delivery of the notice by the prospective new retailer. One of the grounds on which a current retailer may object to the notice, ie the transfer, is when the customer concerned is liable for a debt owed to the current retailer.³ It is noted that a customer's failure to pay an account due is also a ground for disconnection under the *Tasmanian Gas Retail Code* (Retail Code) (see the next

² Next scheduled reading date.

³ Subparagraph 3.4.1(c)(v) of the Transfer Code.

subsection on this matter). However, the Transfer Code does not specifically spell out the status of the current retailer whose customer has been disconnected.

Disconnection and Reconnection

'Disconnection' is defined in the Retail Code as:

- (a) the permanent suspension of the supply of **gas** to a **customer**; or
- (b) the indefinite suspension of the supply of **gas** to a **customer** in circumstances where some action by the **customer**, the **retailer** or both is required before the supply of **gas** can be re-established.

The Retail Code provides the following grounds where a retailer, subject to the applicable requirements and restrictions, may request a distributor to disconnect a customer:

- the customer fails to pay the amount due in respect of a gas account by the due date;⁴
- the retailer suspects on reasonable grounds that the customer has committed an offence relating to the illegal use of gas or has obtained supply otherwise contrary to the Retail Code;⁵ or
- the customer has requested or given prior agreement to the disconnection.⁶

After disconnecting a customer because of the customer's failure to pay an account due, the retailer is required by clause 6 of the Retail Code to request a reconnection if:

- (a) the customer pays the gas account, interest that has accrued on the gas account and, if applicable, a reconnection fee of the retailer; and
- (b) the customer gives the retailer any security requested by the retailer, in accordance with clause 12 of the Retail Code, for the payment of future gas accounts; or
- (c) the customer enters into a payment plan or makes some other arrangement with the retailer to pay the amount of the gas account, interest and, if applicable, a reconnection fee of the retailer.

In regard to disconnection and reconnection, the *Tasmanian Gas Distribution Code* sets out the procedures and restrictions to be followed by the distributor after receiving a disconnection or reconnection request from a retailer.

⁴ Sub-clause 4.1 of the Retail Code.

⁵ Paragraph 5(a)(i) of the Retail Code.

⁶ Paragraph 5(a)(ii) of the Retail Code.

3 DISCUSSION OF ISSUES

As outlined in Section 2, upon the initial connection of a customer, the distributor's MIRN database must contain information about, inter alia, 'the retailer' of the customer at the time.

Under the Transfer Code when a prospective new retailer initiates a customer transfer, it is required to notify, amongst other prescribed parties, the current retailer, whose identity is 'discoverable' by the prospective new retailer through the 'MIRN discovery request' process. As discussed in the previous section, although the term 'current retailer' is not defined, it means 'the retailer' as recorded in the distributor's MIRN database at the time.

Upon notification, the current retailer has a right to object to the notice ie the transfer, based on several grounds as provided by the Transfer Code. One of the grounds for objection is when the customer concerned is liable for a debt owed to the current retailer. Sub-paragraph 3.4.1(c)(v) of the Transfer Code provides that:

If the proposed transfer date nominated in a **customer transfer notice** is a prospective transfer date, a party may only deliver an objection notice in relation to that **customer transfer notice** to the new **retailer** where:

- (v) the **customer** is liable for a debt owed to the current **retailer** – current **retailer** may object.

As noted in Section 1, a customer may be disconnected under the Retail Code for failing to pay an account due. In such cases, at the time that the transfer notice is issued, the disconnected customer may likely still owe a debt to the current retailer ie a ground for objection under sub-paragraph 3.4.1(c)(v) of the Transfer Code. In order for the current retailer to exercise its right of objection, it must be notified of the proposed transfer in question notwithstanding that the customer concerned has been disconnected. To be able to do so, the current retailer must be recorded, or must remain recorded, in the distributor's MIRN database as 'the retailer' to whom the prospective new retailer must give notice of the proposed transfer.

The Transfer Code does not envisage or make provision for a transfer of a customer/MIRN where there is no current retailer. This is reflected in the definition of 'customer transfer' which means 'the transfer of **MIRN** from one **retailer** to another **retailer**.' The distributor's MIRN database is required to show, inter alia, the existing retailer and whether the meter concerned has been locked or disconnected.⁷ Hence, disconnection of a customer per se does not change the status of a current retailer ie this retailer remains recorded as 'the retailer' in the MIRN data base. The normal transfer process therefore applies

⁷ Subparagraphs 2.2.1(c) and 2.2.1(h) of the Transfer Code.

in such a situation, namely, the prospective new retailer is required to, among other things, notify the current retailer when initiating a customer transfer.

Furthermore, as noted earlier, after a retailer has requested the distributor to disconnect a customer who has failed to pay, the Retail Code requires the retailer to request a reconnection if the customer fulfils the conditions as set out in clause 6 of the Retail Code (see page 6 of this Paper about these conditions). The retailer, therefore, still has certain code obligations toward the customer who has been disconnected. In order to keep track of the retailer who has originally requested the disconnection and who is later obliged to seek reconnection (after the customer has fulfilled certain code conditions), it is important for this retailer to remain on the distributor's MIRN database after a disconnection has been effected.

The Regulator has consulted with the Australian Energy Market Operator (AEMO) regarding the assignment and register of MIRNs and the status of an existing retailer. The Regulator notes that the general principle used by AEMO and other jurisdictions⁸ is that a retailer remains recorded in the AEMO registry as financially responsible for the relevant MIRN until either:

- (a) the MIRN is deregistered;⁹ or
- (b) a transfer occurs in respect of the delivery point; or
- (c) a transfer has been effected due to an error.

Disconnection per se does not remove the existing retailer from the AEMO's register.

The next Section of this Paper proposes a number of Code amendments to clarify the status of the current retailer whose customer has been disconnected.

⁸ See for example, clause 21 of the *Retail Market Procedures (South Australia)* which provides that: A user remains recorded in the AEMO registry as the *current user* until such time as:

- (a) the MIRN is *deregistered*; or
- (b) a *transfer* occurs in respect of the *delivery point*; or
- (c) AEMO accepts an error correction transaction in respect of the delivery point.

⁹ A MIRN is deregistered from AEMO's registry when the delivery point concerned has been permanently removed.

4 CODE CHANGE PROPOSALS

Proposal 1: Inserting a new paragraph 2.2.4 (as marked up) to subclause 2.2

2.2.4 The retailer remains in the distributor's MIRN database

The **retailer** which is recorded in a **distributor's MIRN** database in respect to a **MIRN** will remain recorded in that **MIRN** database

a) until such time as:

i) the **MIRN** is **unassigned**; or

ii) a **transfer** occurs in accordance with clause 3 of the **Code**; or

b) unless a **transfer** has occurred in error.

[Note: this is to reflect the principle that the status of the existing retailer will remain unless the MIRN has been 'unassigned', a transfer has occurred or a transfer has occurred in error.]

Proposal 2: Inserting a new paragraph 2.1.6 (as marked up) to sub-clause 2.1

2.1 Allocation of MIRNs

2.1.1 The **distributor** must obtain a range of numbers from **OTTER** which are available for use as **meter installation registration numbers (MIRNs)** for **metering installations** installed at **delivery points** which are supplied by that **distributor**.

2.1.2 The **distributor** must assign a **MIRN** to each **metering installation** prior to connection to the **distributor's distribution system**. The assignment referred to in this clause must be effected by the relevant **distributor** recording that number in its **MIRN** database as the **MIRN** for the relevant **metering installation**.

2.1.3 Each number assigned to a **metering installation** by a **distributor** pursuant to clause 2.1.2 must be unique and must not be allocated by that **distributor** to any other **metering installation**.

2.1.4 The **distributor** must notify the **MIRN** and **MIRN checksum** to the relevant **retailer**.

2.1.5 The **retailer** must print the **MIRN** on each **customer's** bill.

2.1.6 When the **distributor unassigns a MIRN**, as referred to in clause 2.2.4, in respect to a **metering installation** by removing that **MIRN** from the **MIRN database**, that **MIRN** must not be assigned to any **metering installation thereafter**. [Note: This is to reflect the principle that once a MIRN is ‘unassigned’, it cannot be used again. The term ‘unassign’ rather than ‘deregister’ is used because under paragraph 2.1.2 the distributor is required initially to ‘assign’ rather than ‘register’ a MIRN to a metering installation.]

Proposal 3: amending subparagraph 3.4.1 (c)(i) (as marked up) to remove a potential ambiguity:

3.4.1 Objection notice

(c) If the proposed transfer date nominated in a **customer transfer notice** is a prospective transfer date, a party may only deliver an objection notice in relation to that **customer transfer notice** to the new **retailer** where:

(i) the **customer** is not supplied by the **current retailer who is** nominated **as the current retailer** on the **customer transfer notice** – nominated **retailer** must object;

[Note: The intent of this subparagraph is to require the retailer who has been incorrectly nominated as the current retailer to object the transfer notice. The existing wording of the subparagraph could be misinterpreted especially the term ‘current retailer’ which will now be a defined term as proposed (see proposal 4 below). This proposed amendment seeks to remove the potential ambiguity.]

Proposal 4: Inserting new definitions (as marked up) consequential to the proposed amendments:

“current retailer”, in relation to a **metering installation**, means the **retailer** who is recorded in the **MIRN database** in respect of the **metering installation**. [Note: ‘current retailer’ is now a defined term, it will be italicised and in bold whenever it occurs in the Transfer Code.]

“unassign”, in relation to a **MIRN**, means that the **MIRN** in respect to a **metering installation** has been removed from the **MIRN database** in the situation where the **supply of gas** has been permanently precluded at a **delivery point**, which can include the removal of the relevant **meter**. [Note: According to paragraph 2.1.2 of the Transfer Code, the initial assignment of the MIRN is to be given effect by recording the MIRN in the MIRN database, hence the ‘unassignment’ will require the removal of the MIRN from the database.]

APPENDIX A

The objects of the *Gas Act 2000* are as follows:

- (a) to facilitate the development of a gas supply industry in Tasmania; and
- (b) to promote efficiency and competition in the gas supply industry; and
- (c) to promote the establishment and maintenance of a safe and efficient system of gas distribution and supply; and
- (d) to establish and enforce proper standards of safety, reliability and quality in the gas supply industry; and
- (e) to establish and enforce proper safety and technical standards for gas installations and appliances; and
- (f) to protect the interests of consumers of gas.

The core principles that underpin the Code are:

- (a) receipt points are to be shared in a fair and equitable manner;
- (b) transaction costs are to be kept to a minimum;
- (c) consistency in customer transfer and information exchange processes are essential to achieve low cost and efficiency;
- (d) all persons involved in customer transfers, provision of data to allocation agents, and provision of allocation and reconciliation services, must co-operate to ensure fairness and equity, and that information is processed in a complete, accurate and timely manner;
- (e) retailers are to specify the MIRN for a customer's delivery point on invoices issued to customers;
- (f) commercially sensitive information is to be kept confidential;
- (g) any person wishing to share a receipt point must become a party to a contract with the relevant distributor and allocation agent before trading any gas on the downstream distribution system;
- (h) all persons bound by this Code and who are required to provide data to the allocation agent must do so in a full and complete manner and by the specified deadlines; and
- (i) where information is not available in time to perform an allocation, the allocation agent is to use the best available information to complete an allocation on time.