



ATTACHMENT 9.02

Proposed Procedure for Assigning or Re-Assigning Retail Customers to Tariff Classes

Prepared by: Endeavour Energy

January 2015

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1.0 Procedure for Assigning or Re-Assigning Retail Customers to Tariff Classes

This Attachment provides Endeavour Energy's response to the draft procedure for assigning and re-assigning retail customers to tariff classes as set out in Section D of Attachment 14 of the AER's draft decision.

1.1 Defining tariff classes

The AER's draft decision claims that:

"Endeavour Energy proposes to assign retail customers into one of three classes of network users, namely:

- *residential*
- *small businesses*
- *large businesses.*"¹

This is an error of fact. Page 146 of Endeavour Energy's proposal states:

*"Our tariffs are designed around different types of customers, for instance residential, small business, and large businesses."*²

Endeavour Energy makes no reference to tariff classes. In accordance with Section 6.18.3 (a) of the Rules, Endeavour Energy is required to define the tariff classes into which retail customers for direct control services are divided as part of the annual pricing proposal. In accordance with this Rule, Endeavour Energy will continue to propose tariff classes in the annual pricing proposal and not in our substantive proposal, as asserted by the AER.

1.2 AER response to the Endeavour Energy proposed procedure for assigning and re-assigning customers to tariff classes

The AER has rejected Endeavour Energy's proposed tariff class assignment methodology. The AER has based this draft decision on the false assumption that Endeavour Energy's proposed methodology will limit a retail customer's ability to seek recourse should they disagree with their tariff class assignment:

*"...its [Endeavour Energy's] proposal to remove the relevant provisions that would allow retail customers to object, request further information or find other mediation methods would restrict retail customers' flexibility to seek recourse should they not agree with a tariff assignment or reassignment. This is contrary to the principles in NER clause 6.18.4(4)"*³

Endeavour Energy's disagrees with the AER's draft decision and notes the proposed tariff assignment methodology will have no impact on a retail customers ability to object, request further information or find other mediation methods should the retail customer disagree with a tariff assignment or reassignment.

Endeavour Energy notes that Part 4 of the National Electricity Retail Law (NERL) – Small Customer complaints and Dispute Resolution, defines a retail customer's right to dispute resolution. In accordance with the NERL, Endeavour Energy maintains on its website a set of procedures detailing our processes for handling customer complaints and disputes.⁴ Endeavour Energy is bound by and complies with these NERL dispute resolution requirements.

Further, Endeavour Energy's customer connection agreements⁵ specify our retail customer's right to dispute resolution.

The AER's claim that Endeavour Energy's proposed tariff assignment methodology will restrict our customer's ability to seek recourse in the event of a disagreement is not correct.

Endeavour Energy believes that the AER's draft decision is overly prescriptive, redundant and inconsistent with Endeavour Energy's requirements under the NERL.

¹ AER, Draft Decision Endeavour Energy distribution determination 2015-16 to 2018-19 – Attachment 14, November 2014, p12

² Endeavour Energy, Substantive Regulatory Proposal 2014-19 May 2014, p146

³ AER, Draft Decision Endeavour Energy distribution determination 2015-16 to 2018-19 – Attachment 14, November 2014, p23

⁴ Endeavour Energy's published procedures for customer complaints, appeals and resolution can be found in Annexure 1 to this Attachment.

⁵ Endeavour Energy Deemed Standard Connection Contracts, Section 16 and Endeavour Energy Deemed Standard Connection Contract for Large Customers, Section 17.

Endeavour Energy supports however, the general principle of retail customer engagement on network pricing issues and it is important that the AER's draft procedure achieves this outcome in a manner that safeguards the long-term interests of our customers by:

- minimising the transaction costs imposed on Endeavour Energy, retail customer and third parties involved in the objection and review process; and
- allowing Endeavour Energy to re-assign retail customers to another tariff class within a reasonable time frame where it is no longer appropriate for this customer to remain in their current tariff class.

Endeavour Energy believes the AER's draft procedure has the potential to undermine the long-term interests of our customers by imposing unnecessary transaction costs on Endeavour Energy, retail customers and third parties involved in the review process. Endeavour Energy is also concerned that there is risk of delays under the AER process even when it is clear that it is no longer appropriate for the retail customer to remain assigned to their existing tariff class.

1.3 AER Draft Decision to require that Endeavour Energy notifying affected retail customers rather than retailers

As part of its proposed procedures Endeavour Energy proposed that notifications to customers regarding tariff assignments should be made to customers' retailers rather than directly to customers.

This proposed approach is consistent with the regime established under the National Energy Customer Framework, specifically Chapter 6B of the NER, whereby a retail customer's retailer is the central point of contact for a connected customer.

While providing no reasoning in their draft decision, the AER has rejected Endeavour Energy's proposal to notify the retail customer's retailer rather than the retail customer directly.

Endeavour Energy notes that Ausgrid's proposed procedure also proposed to notify the retail customer's retailer rather than the retail customer directly. The AER's draft decision for Ausgrid⁶ indicated in its reasoning for rejecting Ausgrid's approach that notifying the retailer of tariff class reassignments will not be subject to an effective system of assessment and review.

Endeavour Energy has assumed that the AER's decision to reject Endeavour Energy's proposal to notify the retail customer's retailer rather than the retail customer directly is made on the same basis for the rejection of Ausgrid's proposed approach.

Endeavour Energy disagrees with the AER's draft decision on this issue given our retail customers access to dispute the dispute resolution processes as outlined above, including having the matter reviewed by a third party to extent that the objection is not satisfactorily resolved by Endeavour Energy.

The AER also stated that it considers the relevant provisions of Chapter 6B, specifically clause 6B.A3.2 relates to bundled retail tariffs as opposed to large retail customers on an unbundled retail tariff. Whilst it is not totally clear what the AER means by an unbundled tariff, if this refers to situation where a customer is billed directly for network charges, then Endeavour Energy agrees that clause 6B.A3.2 could not apply.

Endeavour Energy would agree that any customers billed directly by Endeavour Energy for network charges should be notified by Endeavour Energy and not through their retailer. However there are currently no such cases as all customers are billed network charges through their retailer.

To the extent that this is a concern for the AER, Endeavour Energy agrees that the procedures could provide an exception for circumstances where network charges are charged to the customer directly. In this situation the customer would not however be subject to Endeavour Energy's Deemed Standard Connection Contract as that contract only provides for customers to be charged for network charges through their retailer, see clause 5.1(b).

If customers wished to be charged directly for network charges a negotiated connection contract would be required, which would provide for the circumstances in which tariffs could be reviewed and the customer re-assigned and for appropriate notifications to be made directly to the customer.

⁶ Draft Decision, Ausgrid distribution determination 2015–16 to 2018–19 Attachment 14: Control mechanism for standard control services (pg 14-24)

Endeavour Energy reiterates its submission that its proposed approach is consistent with the National Energy Customer Framework, which contemplates all matters relating to connected customers, including network charges and billing being coordinated through the customer's retailer.

It also ensures that transaction costs for all parties are minimised. In addition to Clause 6BA.3.2 of the NER referenced above, Endeavour Energy notes clause 79 of the National Energy Retail Rules which requires applications for the provision of connection services where there is an existing connection to be made by a retailer on behalf of the customer. Whilst the NER place obligations upon DNSPs to provide notifications to customers, these relate to activities of a DNSP which impact directly upon a customer such as planned interruptions and the like.

Network tariffs are in a different category which is recognised by the Standard Customer Connection Contract, which provides for network charges to be billed through the retailer.

If the AER rejects Endeavour Energy's position, then as a minimum, the obligation to notify customers directly should be a best endeavours obligation recognising that the information held by retailers regarding billing and addresses for notification will often relate to when the connection was first established and may not have been kept up to date by the customer's retailer.

Once a connection is established there is no mechanism for distributor's records to be kept up to date and distributors rely upon retailers to update customer information.

1.4 System of assessment and review of the basis upon which a retail customer is charged

Endeavour Energy notes that clause 6.18.4(b) of the NER requires the AER's distribution determination to contain provisions for an effective system of assessment and review of the basis on which a customer is charged where the charging parameters for a particular tariff result in a basis of charge varies according to the usage or load profile of the customer.

The AER has decided to carry forward its previous practice of requiring such a system of assessment and review to be included in the annual pricing proposal. Endeavour Energy supports this approach as it allows the basis of assessment and review to be revisited each year in light of the tariffs adopting during that year.

1.5 Revised tariff assignment methodology

In response to the AER's draft decision on Endeavour Energy's proposed tariff assignment methodology, Endeavour Energy resubmits the following revised tariff assignment methodology to include reference to:

- a) our published procedures for customer complaints, appeals and resolution; and
- b) the practical need to include the customer's retailer as a contact for written notification:

1.5.1 Assignment of existing customers to tariff classes at the commencement of the next regulatory control period

1. Each customer who was a customer of Endeavour Energy immediately prior to 1 July 2015, and who continues to be a customer of Endeavour Energy as at 1 July 2015, will be taken to be "assigned" to the tariff class which the Endeavour Energy was charging that customer immediately prior to 1 July 2015.

1.5.2 Assignment of new customers to a tariff class during the next regulatory control period

2. If, after 1 July 2015, Endeavour Energy becomes aware that a person will become a customer of Endeavour Energy, then Endeavour Energy will determine the tariff class to which the new customer will be assigned.
3. In determining the tariff class to which a customer or potential customer will be assigned, or reassigned, in accordance with section 2 or 5, Endeavour Energy will take into account one or more of the following factors:
 - a) the nature and extent of the customer's usage;
 - b) the nature of the customer's connection to the network; and
 - c) whether remotely-read interval metering or other similar metering technology has been installed at the customer's premises as a result of a regulatory obligation or requirement.
4. In addition to the requirements under section 3, Endeavour Energy, when assigning or reassigning a customer to a tariff class, will ensure the following:

- a) that customers with similar connection and usage profiles are treated equally
- b) that customers which have micro-generation facilities are not treated less favourably than customers with similar load profiles without such facilities.

1.5.3 Reassignment of existing customers to another existing or a new tariff during the next regulatory control period

5. If Endeavour Energy believes that an existing customer's load characteristics or connection characteristics (or both) are no longer appropriate for that customer to be assigned to the tariff class to which the customer is currently assigned or a customer no longer has the same or materially similar load or connection characteristics as other customers on the customer's existing tariff, then Endeavour Energy may reassign that customer to another tariff class.

1.5.4 Notification of proposed assignments and reassignments

6. Endeavour Energy will notify the customer's retailer in writing of the tariff class to which the customer has been assigned or reassigned, prior to the assignment or reassignment occurring.
7. A notice under paragraph 6 above must include advice informing the retailer that they may request further information from Endeavour Energy and that the retailer or retail customer may object to the proposed reassignment. This notice must specifically include reference to Endeavour Energy's published procedures for customer complaints, appeals and resolution.
8. If, in response to a notice issued in accordance with section 7 above, Endeavour Energy receives a request for further information from a retailer or retail customer, then it must provide such information within a reasonable timeframe. If Endeavour Energy reasonably claims confidentiality over any of the information requested by the retailer or retail customer, then it is not required to provide that information to the retailer or retail customer. If the retailer or retail customer disagrees with such confidentiality claims, he or she may have resort to the dispute resolution procedures referred to in section 7 above.
9. If, in response to a notice issued in accordance with paragraph 7 above, a retailer or retail customer makes an objection to Endeavour Energy about the proposed assignment or reassignment, Endeavour Energy must reconsider the proposed assignment or reassignment. In doing so Endeavour Energy must take into consideration the factors in paragraphs 3 and 4 above, and notify the retailer or retail customer in writing of its decision and the reasons for that decision.
10. If a retailer or retail customer's objection to a tariff class assignment or reassignment is upheld, in accordance with Endeavour Energy's published procedures for customer complaints, appeals and resolution then any adjustment which needs to be made to tariffs will be done by Endeavour Energy as part of the next annual review of prices.

1.5.5 System of assessment and review of the basis on which a customer is charged

11. Where the charging parameters for a particular tariff result in a basis of charge that varies according to the customer's usage or load profile, Endeavour Energy will set out in its pricing proposal a method of how it will review and assess the basis on which a customer is charged.

ANNEXURE 1

Procedures for customer complaints, appeals and resolution



PROCEDURES FOR CUSTOMER COMPLAINTS, APPEALS AND RESOLUTION

Prepared by Customer Care

19 June 2013

VERSION	Prepared by	Date
Version 1	Customer Care	12 June 2013
Version 2	AER Reviewed	19 June 2013

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1.0 COMPLAINTS AND DISPUTE RESOLUTION

1.1 OUR VISION

Endeavour Energy strives to provide excellence in customer service however; you may wish to make a complaint about the products or the services we provide to you.

1.2 WHO CAN MAKE A COMPLAINT?

Anyone can make a complaint about our products or services or the complaints handling process itself. That product or service must relate to the delivery of your electricity through our poles and wires. There is no charge for making a complaint.

All complaints are treated confidentially as far as natural justice and procedural fairness allow. That is, only those people who need to know about the complaint in order for it to be investigated and resolved will be told about the complaint. You can view our privacy statement at www.endeavourenergy.com.au.

1.3 HOW DO YOU MAKE A COMPLAINT?

1.3.1 BY PHONE

You register your complaint over the phone by contacting one of our Customer Interaction Centre staff on 133 718 during normal business hours. Your concerns will be resolved at the first point wherever possible and referred to our Customer Care team for further investigation when immediate resolution is not possible. You can also contact our Customer Care team direct toll free on 1800 806 698. Interpreter services are available, if required, by calling 131 450.

1.3.2 BY MAIL

You can lodge a complaint in writing to:

Endeavour Energy
Customer Care
PO Box 811
SEVEN HILLS NSW 1730

Your correspondence will be managed to the Customer Care team from investigation to resolution.

You do not need to put your complaint in writing to have it investigated however; you may be asked to provide some details in writing during the investigation to aid the resolution of your concerns.

1.3.3 INTERNET

You can visit our internet site at www.endeavourenergy.com.au and complete the Complaints form available on the Contact Us page. The details of your concerns will be sent to the Customer Care team for investigation and resolution.

1.3.4 EMAIL

You can visit our internet site at www.endeavourenergy.com.au and click on the Email Query link on the Contact Us page.

1.4 HANDLING OF COMPLAINTS

Endeavour Energy has a Customer Care team who are dedicated to investigating and resolving customer concerns. When you raise a complaint or concern with us, your case will be assigned to a Case Manager who will deal with your matter from end to end (unless escalation of the issue is required) in an equitable, objective and unbiased manner.

We aim to contact you about your concerns within 24 hours of receiving the complaint. While we attempt to resolve matters within seven days, different issues may mean a lengthier resolution period. Your Case Manager should be able to provide you with an appropriate time frame in these instances. If the complaint takes longer than seven days to resolve we will provide you with periodical updates. You may also contact your case manager at any time should you so wish.

After we have reviewed your complaint, you will be notified of our decision in relation to your complaint and, if required, we will put the decision in writing. If you are not satisfied with the outcome, you may apply to us to review our decision.

1.5 ENERGY & WATER OMBUDSMAN

If you are not completely satisfied with the outcome of the investigation or our determination of your complaint, you may wish to refer your concerns to the Energy & Water Ombudsman NSW (EWON). EWON can assist in resolving matters relating to the supply of electricity, and provides an independent way of resolving customer complaints for all electricity distributors in NSW with no fee associated with using the service.

EWON can be contacted on 1800 246 545 or you may wish to visit their internet site at www.ewon.com.au.

1.6 LEARNING FROM COMPLAINTS

At Endeavour Energy we value the feedback and lessons learnt when dealing with complaints and concerns. In providing our service we have a responsibility to deal in a fair, open and honest way with all our customers; to review, challenge and improve work practices and processes which stand in the way of better standards of customer service.

A report on complaints is provided to our senior management team on a monthly basis so that they are aware of and can deal with any systemic issues that may have been identified.

The complaints handling process is reviewed periodically by the Manager Customer Care with the aim of enhancing its delivery of efficient and effective outcomes.