



## **Consultation on Backbilling in the NI Retail Energy Market**

### **Phoenix Natural Gas Ltd. Response**

**11 February 2019**

#### **Introduction**

Phoenix Natural Gas Ltd. (PNGL) welcomes the opportunity to respond to the Utility Regulator's (UR) consultation on Backbilling in the NI Retail Energy Market. As recognised in the consultation, backbills have the potential to cause significant financial hardship, as well as subjecting the recipients to varying degrees of inconvenience and stress. Where customers are not at fault, PNGL agree that they should be afforded some protection from long-term backbills. However, as per the Ofgem approach, the gas suppliers should be able to continue to seek payment for outstanding debt where the customer's actions have limited their ability to recover this debt with this being particularly important in instances where customer activities are considered unlawful e.g. where energy theft has occurred.

UR has acknowledged the difference in meter reading arrangements between gas and electricity (paragraph 2.10), i.e. in the gas industry suppliers read meters whereas this activity is undertaken by the network operator in electricity. Therefore, PNGL believe that as a gas Distribution Network Operator (DNO), we have no role with regards backbilling; this project must be a supplier initiative for the gas industry.

PNGL note that several respondents highlighted issues such as metering faults and mix ups as beyond the control of customers (paragraph 3.17). PNGL believe that regular meter reading and meter inspections (as a minimum in line with gas supplier Licence obligations) ensure that such issues are identified in a timely manner for reporting to the relevant DNO for investigation and resolution where necessary. We believe that this project should incentivise gas suppliers to reduce their number of unread meters.

Finally, although recognition is given in the consultation for how DNOs levy network charges, the remainder of this response provides further explanation on the Annual Quantity (AQ) determination process and the DNO's dependence on gas suppliers to provide the necessary meter readings.

#### **Annual Quantities for NDM Meter Points**

PNGL note that UR has given recognition for how DNOs levy network charges in paragraph 2.15 of the UR consultation paper. PNGL however feel it is necessary to add further explanation regarding the criticality attributed to the AQ and the dependence on gas supplier meter readings for determining the AQ for NDM meter points.

PNGL determines the AQ for each NDM meter point using two meter readings submitted by the gas supplier for this purpose. These meter readings must be:

- Within a 24 month period up to and including 10<sup>th</sup> August in the Preceding Year (section F-4.2 of the PNGL Distribution Network Code); and
- At least six months apart (section F-4.3 of the PNGL Distribution Network Code).

Gas suppliers have a Licence obligation to inspect meters from which any issues identified should be reported to the DNO for investigation and repair. It is the gas supplier's responsibility to ensure that the meter readings submitted to the DNO for determining the AQ are not those from a period when a meter issue existed.

In addition, gas suppliers have a three month period to review and challenge the AQs for NDM meter points. DNOs are to publish the AQ information to gas suppliers by the 14<sup>th</sup> September (section L-5.6) and gas suppliers have the opportunity to verify and/or challenge the AQs for NDM meter points up to the 31<sup>st</sup> December (section L-5.7).

Therefore, PNGL would highlight that the determination and accuracy of the AQ for NDM meter points, the subsequent allocated quantities and resulting distribution charges are fully in the control of the gas supplier.