

**WACOSS Submission to
The Electricity Code Consultative Committee**

**Proposed Amendments by the ERA to the
Code of Conduct for the Supply of Electricity to
Small Use Customers Related to Pre-Payment
Meters**



wacoss

Western Australian
Council of Social Service Inc

*Ways to make
a difference*

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For more information contact:

**Misty Hayden
Senior Policy Officer
Consumer Utilities Project
2 Delhi St, West Perth, WA
misty@wacoss.org.au
08 9420 7222**

CONTENTS

Introduction	2
Executive Summary	3
Electricity is an Essential Service	4
Electricity Regulation	4
Regulated Sale of Electricity	4
On-Sale of Electricity	5
Unregulated Electricity	5
Pre-Payment Meters	5
ECCC PPM field trip to the Kimberley	6
Impacts on Consumers	7
PPM Tariff, Concessions and Daily Supply Charge	10
Accessibility of Recharge Cards for ARCPSP communities	10
Income Management and PPM's	11
Potential Consumer Benefits	12
Alternatives to PPM's	13
WACOSS Position on PPM Rollout	13
ERA's Proposed Amendments to Part 9 of the Code and WACOSS's Response	15
Prescribed Areas	15
Harassment and Coercion	16
Trial Period	17
Reversion	19
Recovery of Outstanding Debt	20
Disconnection Times	21
Identification of Self-disconnection	22
Payment Difficulties / Financial Hardship and offer of reversion to a credit meter	24
Meter Checking	26
Grandfathering of Proposed Amendments	27
Conclusion	28
References	29

INTRODUCTION

The Western Australian Council of Social Service Incorporated (WACOSS) is the peak body of the community services sector across Western Australia. Since 1956, WACOSS has been developing and strengthening the non-government community services sector's capacity to assist all Western Australians. With over 350 members, WACOSS has strong relationships with the community services sector and seeks to represent their interests, and those of the disadvantaged individuals and families they assist at a service level. Given this relationship, WACOSS is in a unique position to comment on issues in our society that socially impact upon disadvantaged members of the community.

WACOSS is respected within both government and non-government arenas as being an authoritative voice for consumers with regard to energy market reform in Western Australia. WACOSS has developed a strong network with utility policy workers across Australia, as a part of the National Energy Consumers Roundtable, which provides us with information and expert opinion on these issues. In January 2005, WACOSS commenced the Consumer Utilities Project. Building upon the utility and essential service policy work WACOSS had undertaken over the previous four years, the Consumer Utilities Project continues to work with consumers and representative organisations to achieve better outcomes in the provision of essential services such as energy and water.

In identifying the needs of consumers, WACOSS has direct access to the issues of disadvantaged consumers who are living on low incomes through our Consumer Reference Group, which includes representatives from the Emergency Relief sector, Unions, Tenants Advocates, Financial Counsellors and Community Legal Centres. These agencies provide us with policy information and direction in relation to our work and look to us to represent the interests of their clients with regard to utility issues. WACOSS, through the Consumer Utilities Project has had to adopt the role of advocating in regards to essential service provision in Western Australia. This has been due to the level and severity of the utility issues being raised by community agencies and the absence of any other resourced body in Western Australia representing these consumer issues.

Providing a response to the Electricity Code Consultative Committee's Review of the Code of Conduct (for Supply of Electricity to Small Use Customers) is an important process for WACOSS to engage in. We have been an active member of the Electricity Code Consultative Committee and view this as an opportunity to make public our position in relation to the need for consumer protection in essential service markets and our views on the ERA's proposed amendments to the Code in regard to Pre-Payment meters.

EXECUTIVE SUMMARY

This submission is written in response to the Economic Regulation Authority's (ERA) Discussion Paper to the Electricity Code Consultative Committee (ECCC). The discussion paper contains proposed amendments to Part 9 of the Code of Conduct for the Supply of Electricity to Small Use Customers (hereafter, the Code), relating to Pre-Payment Meters. This discussion paper follows an extensive review of the Code by the ECCC and is the final element of the review process.

The ERA's discussion paper provides an overview of the current status and potential issues associated with the use of pre-payment meters (PPM's) in Western Australia and proposes a series of amendments to the Code in relation to PPM's. The ECCC are seeking submissions from interested parties on the ERA's proposed amendments, as well as operating areas for PPM's, information regarding the capabilities of existing technology and whether or not proposed provisions should be grandfathered.

In this submission, WACOSS provides a response to the ERA's discussion paper for consideration by the ECCC. This submission outlines WACOSS's policy position on the use of PPMs in Western Australia and makes a number of recommendations in relation to the ERA's proposed amendments to the code.

While WACOSS acknowledges that there are a number of consumers who like the functionality of PPMs; WACOSS has concerns about the inequity associated with the use of pre-payment meters in WA as well as the various impacts they have on consumers, particularly those experiencing financial hardship. These concerns will be discussed in further detail later in this submission and will provide a basis for the recommendations made by WACOSS in regard to a number of the proposed amendments to the code.

WACOSS does not support the roll-out of PPMs to other areas of WA. In addition to significant consumer protection issues, there will be a significant cost associated with the roll-out of PPMs, both in terms of the installation of meters and metering technology, but also in terms of onerous regulatory measures that will need to be in place. WACOSS asserts that it makes better economic sense to invest in the improvement of services within communities and phase out existing PPMs over time, than to expand the use of PPMs across the state. Such a phase out should only take place in cooperation with Aboriginal communities where PPMs are being used, following an improvement in the level of services available to those communities.

WACOSS commends the Economic Regulation Authority's PPM consultation process and its commitment to delivering meaningful protection to consumers in the electricity market. We are confident that significant improvements can be made to the Code and believe that this consultation offers an opportunity to further improve consumer protection for electricity consumers.

For further information regarding this submission, please contact Misty Hayden, Senior Policy Officer on (08) 9420 7222 or misty@wacoss.org.au.

ELECTRICITY IS AN ESSENTIAL SERVICE

Electricity is an essential domestic service, and thus, electricity disconnection can have severe social and economic ramifications for individuals, families and communities. There is an abundance of international and domestic research that demonstrates the importance of access to an affordable supply of electricity. Electricity supports fundamental human needs including food, hygiene and shelter. It supports equipment that is critical to wellbeing and independence and enables and supports community engagement and family life. Recent work undertaken by the Public Interest Advocacy Centre has shown that utility bills and debt can significantly contribute to severe personal debt spirals and poverty¹. “Except in rare and exceptional circumstances, a regular connection to electricity supply is not discretionary or optional. In most instances there is no alternative to electricity. A reliable, safe, affordable supply of electricity is now a matter of right rather than privilege and access must be guaranteed as far as reasonably possible².”

Fundamental to ensuring access to a reliable, safe, affordable supply of electricity is effective regulation developed on principles of best practice consumer protection. An appropriate regulatory environment is important to creating consumer confidence and ensuring integrity in an essential service market. Legislative codes are an appropriate way of delivering consumer protection in an essential service market where the conduct of licensees has a direct bearing on people’s well being. They operate as a means of articulating the relationship and conduct between industry and consumers, as well as safeguarding the interests of consumers.

ELECTRICITY REGULATION

At present, the sale of electricity takes place under three differing arrangements. The first and most common is the regulated sale of electricity, through which electricity customers are protected under the Electricity Code of Conduct. The second arrangement is the on-sale of electricity where there is regulation to a certain extent. The third arrangement is the unregulated sale of electricity in off grid locations, where there is no protection for customers under the Code.

Regulated Sale of Electricity

The Code of Conduct (for Supply of Electricity to Small Use Customers) is an important regulatory tool essential in protecting the rights of Western Australian electricity consumers. The Code applies to all retailers who sell electricity to a customer who consumes less than 160MWh/yr, mostly residential and small business customers. It defines standards of conduct and appropriate service levels in regards to the marketing of electricity, protecting customers and providing for compensation payments when these standards are not met. The Code provides for the recording and collection of important data. Collection, reporting and publication of data provides a necessary means of assessing the performance of electricity providers and consumer access to an essential service. It also aids in the formation of essential service policy and consumer protection.

Compliance with the Code is required as part of the license conditions of all electricity retailers. The agency in charge of monitoring and enforcing compliance is the Economic Regulation Authority (ERA), which is also responsible for collecting information and reporting publicly on the customer service performance of electricity license holders.

The Code of Conduct first came into effect in December 2004 and was replaced by a revised code in January 2008. The Electricity Code Consultative Committee (ECCC) was formed in 2006 and is

¹ Public Interest Advocacy Centre. *Cut-Off II: The Impact of Utility Disconnections*. January 2009.

² 2006. The National Consumers Roundtable on Energy. Charter of Principles for Energy Supply.

responsible for advising the ERA on matters relating to the Code. The ECCC is made up of various members representing Industry, Government and Consumers.

As a participating member of the ECCC, WACOSS has been actively involved in the Code review process over several months. WACOSS has provided comment on a number of recommendations made by the ERA. In addition to this WACOSS has proposed a number of its own recommendations to be considered by the ECCC.

On-Sale of Electricity

On-selling arrangements occur when an owner of a master meter sells electricity from that meter to customers on sub meters. Regulation occurs at the master meter; however the owner of the master meter is exempted from needing a license for the on-sale of electricity from that master meter. This means that customers on sub meters are not protected under the Code.

In some instances the license exemption may have been granted based on a number of conditions being placed on that exemption by the State Government. Additionally there may be arrangements in place, negotiated with other parties such as FaHCSIA or Horizon Power; however these conditions are outside the jurisdiction of the ERA.

Unregulated Sale of Electricity

The unregulated sale of electricity occurs in remote parts of the state where communities are located off the electricity power supply grid. These communities often generate their own electricity. The tariff charged to residents of these communities is unregulated and is usually much higher than regulated tariffs.

In some instances there may be ad hoc arrangements with other agencies in relation to the charging of electricity tariffs for these customers. Again, these arrangements sit outside the jurisdiction of the ERA.

PRE-PAYMENT METERS

As described in the ERA's discussion paper, a Pre-Payment Meter requires a customer to pay for their electricity in advance. A customer must purchase credit for their PPM from a designated outlet and download the credit onto their PPM. The customer can then consume electricity to the value of the amount of credit purchased. When the customer's credit runs out (including emergency credit to the amount of \$10.00), their electricity is disconnected and will remain disconnected until the customer can afford to purchase more credit.

At present, PPMs are predominately used in communities and towns participating in the Aboriginal and Remote Communities Power Supply Program (ARCPSP) and the Town Reserve Regularisation Program (TRRP), where consumers are provided with some regulatory protection through Part 9 of the Code. PPMs are also used in both on-selling and unregulated arrangements, in both cases the conditions on which they are sold; including the price is not regulated by the ERA. It has been proposed by the ERA in its discussion paper that amendments be made to the Code to allow for an expansion of PPMs by retailers into other areas of WA.

The ERA's discussion paper states that the ECCC are interested in receiving specific submissions regarding:

- Operating areas for PPMs – i.e. whether the current provisions should:

- Remain without amendment (allowing PPMs to operate only in ARCPSP and TRRP);
- Be amended to place a general restriction on PPMs throughout WA;
- Whether the current provision should allow for operation in new prescribed areas (e.g. remote towns); or
- Be amended to allow for the use of PPMs throughout WA.
- Specific information regarding the capabilities of existing technology and any transitional costs; and
- Whether any proposed provisions should be “grandfathered” to allow time for transition and if so, which provisions and for how long³.

WACOSS has considered these issues and will provide comment on each of the points throughout this submission. WACOSS has a number of concerns regarding the use of pre-payment meters in WA due to the various impacts they have on customers experiencing financial hardship. WACOSS asks the ECCC to consider these impacts when making a decision on future Code provisions regarding PPMs.

ECCC PPM field trip to the Kimberley

The ERA and Horizon Power recently took members of the ECCC on a field trip to the Kimberley to visit remote Aboriginal communities using PPMs, in an effort to become more aware of the experiences of these communities. WACOSS CEO Sue Ash attended this field trip and the feedback received from community members was, to a large extent, positive.

Community member’s commented that PPMs enabled them to place additional pressure on relatives or visitors to the home to contribute to the electricity costs, because if they didn’t contribute, the electricity would be disconnected. Members of the community also indicated that PPMs allowed them to leave their homes for extended periods of time, without having to worry that someone would use their property while they were away without paying the electricity bill. If someone wanted to use their property and access the electricity, than they would need to purchase a PPM recharge card to do so.

While comments made by community members regarding PPMs was mostly positive, WACOSS came across an example of an on-selling arrangement within the Junjuwa Aboriginal Community in Fitzroy Crossing, with members of this community unhappy with this arrangement. While WACOSS realises that on-selling is not explored in the ERA’s discussion paper and is therefore not in the scope of the ECCC’s decision making, WACOSS feels that it does demonstrate the lived experience for communities using PPMs, who are not regulated or adequately protected.

WACOSS understands that the Junjuwa Community had PPMs installed as part of a pilot project that took place in 2006. The community’s master meter charges a business tariff for the water and sewerage mains, as well as a bakery owned by the community (which is currently not operating). Due to an on-selling arrangement, residents in this community who are all on sub meters of the master meter are all paying a business tariff for the electricity supplied to their homes.

Thus Junjuwa community residents are paying more for their electricity than they should be by approximately 3 cents per unit. In addition to this, as the residential customers are paying a business tariff, they are ineligible for rebates or concessions that they would otherwise be entitled to. This is in contrast to a community situated directly over the road from the Junjuwa community who are also on PPMs, however all residents are paying a residential tariff and are able to access their rebate and concession entitlements. This form of inequity should not be allowed to continue.

³ ERA. *Electricity Code Consultative Committee (ECCC) Discussion Paper 2009*.

While it may be outside the scope of the ECCC's role in responding to the ERA's proposed amendments, it is important for both the ECCC and the ERA to be aware of the context in which PPMs are being used which is often as a bandaid to other problems. WACOSS supports alternative methods to resolving issues within communities, such as improved service levels, the regularisation of more communities over time, providing opportunities to communities to manage their accounts through alternative budgeting tools and payment methods such as Centrepay and providing information and education around energy efficiency measures.

Impacts on Consumers

There are a number of significant impacts arising from the use of PPMs on customers, particularly if they are experiencing financial or other forms of hardship. Of significant concern to WACOSS is that customers are automatically disconnected from supply when the credit (including emergency credit) in the meter expires, unless they are able to recharge the meter with another pre-purchased card. This requires the customer to have the capacity to pay for their electricity, prior to consumption and to be present at the meter at the time they are required to recharge it.

WACOSS has serious concerns about the automatic disconnection component of PPMs. As indicated earlier, disconnection from electricity, even for short periods of time, can have a significant effect on individuals and families.

In its paper 'Cut Off: the Impact of Utility Disconnections', the Public Interest Advocacy Centre identified a number of issues that resulted from the disconnection of essential services. Direct impacts from the disconnection of essential services included;

- Emotional and psychological impacts including feelings of shame or failure which followed the incidence of disconnection⁴.
- Direct financial impacts resulting from the disconnection of the essential service. This can include high-cost credit obtained in an effort to regain connection to the service. Examples of this type of credit may be high-interest credit cards and pay-day loans⁵.
- Significant health and safety impacts may arise when a home is disconnected from essential services. The reduced capacity to heat water and control air temperature may have significant health impacts for individuals and groups⁶. Disconnection may also prompt consumers to employ strategies for heating and lighting that create additional hazards (for example the use of candles for lighting and ovens for space heating)⁷.

Indirect consequences of disconnection from essential services may include:

- Additional travel costs as people stay with friends and relatives;
- Increased food costs due to lack of storage;
- A reliance on higher cost fuel such as LPG for cooking;
- Costs relating to reductions in overall personal health as a result of disconnection⁸.

In addition to automatic disconnection, WACOSS has concerns about the efficiency of homes in ARCPSP and TRRP communities where PPMs are installed and the impact of inefficient homes on the costs of electricity for these communities. This was a common theme in a number of communities visited during the ECCC's recent trip to the Kimberley.

⁴ Public Interest Advocacy Centre. *Cut-Off II: The Impact of Utility Disconnections*. January 2009.

⁵ Kildonen Child and Family Services, 'Response to the Productivity Commission's inquiry into Australia's Consumer Protection Framework'. May 2007.

⁶ Warm Front Study Group. *Health Impact Evaluation of Warm Front – Summary Results*. 2007.

⁷ Public Interest Advocacy Centre. *Cut-Off: The Impact of Utility Disconnections*. February 2005

⁸ Oppenheim & McGregor. *The Economics of Electricity Energy Efficiency in Arkansas*. Prepared for Entergy Corp. February 2002.

The positioning of a home in respect to the sun (solar passive design) has a significant impact on the efficiency of the home. While travelling through the Kimberley WACOSS noticed that many of the properties had been built facing the roads they were situated on, with the vast majority of them having the front and rear of the property facing the East and West directions. This has resulted in the heat of the sun directly facing the front and rear of the properties all day, making cooling of the properties extremely difficult and very expensive, leading to high electricity costs.

This is further impacted by the age and condition of the homes, as demonstrated in the picture below taken in Fitzroy Crossing. While the property in this picture is in relatively good condition compared to some of the properties in the communities visited by WACOSS, it demonstrates significant deterioration due to age, and it is clear that there is no insulation in the roof or the walls. If properties in the communities had appliances such as air-conditioning units, they were generally very old and inefficient.



Inefficient properties such as these have increased electricity costs, and can potentially have a greater impact on a customer's ability to pay. WACOSS has concerns that people living in these communities may struggle to pay for their electricity costs, placing them at risk of disconnection. Customers using a PPM do not have access to financial hardship policies or financial assistance schemes to assist them with managing these costs. In addition to this, they lose the capacity to negotiate an extension or payment plan with their retailer. Customers are instead subject to automatic disconnection from their electricity supply.

The ERA's 2007/08 Annual Performance Report for Electricity Retailers discusses affordability and access to electricity supply and states that:

"The credit management policies of retailers impact on accessing an electricity supply, particularly for those customers experiencing financial hardship or payment difficulties. Part 6.10 of the 2008 Code of

Conduct requires retailers to develop a hardship policy to assist small use residential and non-residential customers in meeting their financial obligations and responsibilities to the retailer⁹."

In its Annual Performance Report, the ERA assesses the effectiveness of policies implemented by retailers to facilitate access to electricity supply by customers. Key measures of performance include the number of customers who have been granted additional time to pay a bill; who have entered into an installment plan or have been placed on a shortened billing cycle.

Financial Hardship Policies play a vital role in assisting electricity customers who are experiencing financial hardship to remain connected to their electricity supply. These policies allow customers to seek extensions or payment plans if required but can also enable customers to access schemes such as the Hardship Utility Grant Scheme (HUGS) to assist them with payment towards their account. However, customers on PPMs do not have access to retailer financial hardship policies or utility assistance schemes such as HUGS, even if they are experiencing extreme financial hardship. PPMs essentially remove the capacity of people without money to access essential services and render regulated consumer protections redundant.

WACOSS also has major concerns about the technology of PPMs in WA and is worried that the incidence of disconnection for PPM users will not be evident. At present, PPMs in Koongie Park are the only meters with the technology capable of providing data on the number of times a customer is disconnected from their electricity supply and the duration of that disconnection. However, WACOSS has been advised that this data is only collected in 6 month intervals, which WACOSS argues is too long. This data is essential in identifying customers who may be experiencing financial hardship. In six months, a customer experiencing financial hardship may be disconnected several times, potentially for extended periods of time, and retailers will not be aware of or required to take responsibility for this issue.

The following is a recent (03.08.09) quote from a member of a remote Aboriginal community in Broome regarding disconnections in her community and demonstrates how easily disconnections for people on PPMs can become hidden:

"You don't hear about disconnections happening, but that doesn't mean it isn't a problem. A lot of people in remote communities live without power when they can't pay for PPM cards; they put up with it because that's the way it is. Electricity is not seen as a right in these communities. People change their behaviour when they don't have electricity, they sit under trees. But there are medical issues."

By 'privatising' disconnections, the incidence of disconnections can become hidden, protecting Government and retailers from accountability and responsibility, creating health and social welfare problems. WACOSS views the use of PPMs as a being a credit management tool for retailers rather than an effective 'budgeting tool' for consumers.

While WACOSS has made public its concerns regarding PPMs, it is not the only body to have identified disadvantages to the use of PPMs. In 2008 the ERA contracted the Allens Consulting Group (Allens) to undertake independent research into PPMs. In its report Allens identified a number of disadvantages to the use of PPMs which are consistent with WACOSS's concerns.

These include:

- Opportunity for coercion by retailer;
- Hiding of the underlying issues of affordability and capacity to pay for an essential service;
- Increased risk of disconnection and the health, safety and wellbeing issues associated;
- A decreased flexibility in payment terms; and
- A lack of customer access to hardship policies and schemes¹⁰.

⁹ The Economic Regulation Authority. *2007/08 Annual Performance Report – Electricity Retailers*. March 2009.

WACOSS, and others, have identified significant areas of concern regarding the use of PPMs. The impacts on consumers are significant and wide ranging, and must be given serious consideration by the ECCC when making decisions about a further roll-out of PPMs across the state.

PPM Tariff, Concessions and Daily Supply Charge

WACOSS understands that current PPMs are only capable of charging a single programmed flat tariff, and that there are several such flat tariffs currently being charged through PPMs. We have previously raised the question of how the daily supply charge is applied through the meter as a once per day fixed fee. We have been informed that the daily supply charge is smeared above the standard tariff, based on an estimate of consumption. Clarity regarding the tariff and charges through PPMs needs to be improved. This is particularly important to the regulation of how concessions and rebates are passed onto customers. Improved metering technology may overcome this issue.

Accessibility of Recharge Cards for ARCPSP communities

As mentioned earlier in this submission, customers can only purchase credit for their PPM from designated outlets and therefore rely on access to these outlets for their electricity supply. Access to these designated outlets becomes much more difficult for people living in Aboriginal Remote Communities who have a limited window of time to purchase credit.

Under the Code, ARCPSP communities only have access to a recharge card outlet for three hours each day, Monday to Friday. WACOSS is concerned about this provision as the existing PPM technology can only support recharge in person and clause 9.9 (b)(ii) (below) further disadvantages customers in remote communities who are restricted in their payment options and significantly disadvantaged in the times they can access recharge facilities.

Clause 9.9 - Recharge Facilities states:

A retailer must ensure that -

(a) at least one recharge facility is located -

(i) within the remote community; or

(ii) within or adjacent to the town reserve of a pre-payment meter customer,

(b) a pre-payment customer:

(i) other than a customer within an ARCPSP community can access a recharge facility between the hours of 9:00am to 5:00pm, Monday to Friday; and

(ii) within an ARCPSP community can access a recharge facility at least 3 hours per day, 5 days per week within the hours determined by the Aboriginal Corporation or relevant entity responsible for the community store facility.

According to a report prepared by Strategic Edge for the Office of Energy, the primary reason why people in the communities studied did not have a pre-payment card was because the store was not open. "33.8% of the households surveyed indicated that since the PPM had been installed in the household there had been a time(s) when the household had been unable to purchase a Ready Power card in the community. Figure 1 below illustrates the main reasons cited by households for not being able to purchase a Ready Power card within the community¹¹."

¹⁰ Allens Consulting Group. *Prepayment Meter Systems in Western Australia: Cost Benefit Analysis and Regulatory Impact Statement*. March 2009.

¹¹ 2008, Strategic Edge for OOE, 'Data of Pre-Paid Meter User Survey in Remote Aboriginal Communities, p8

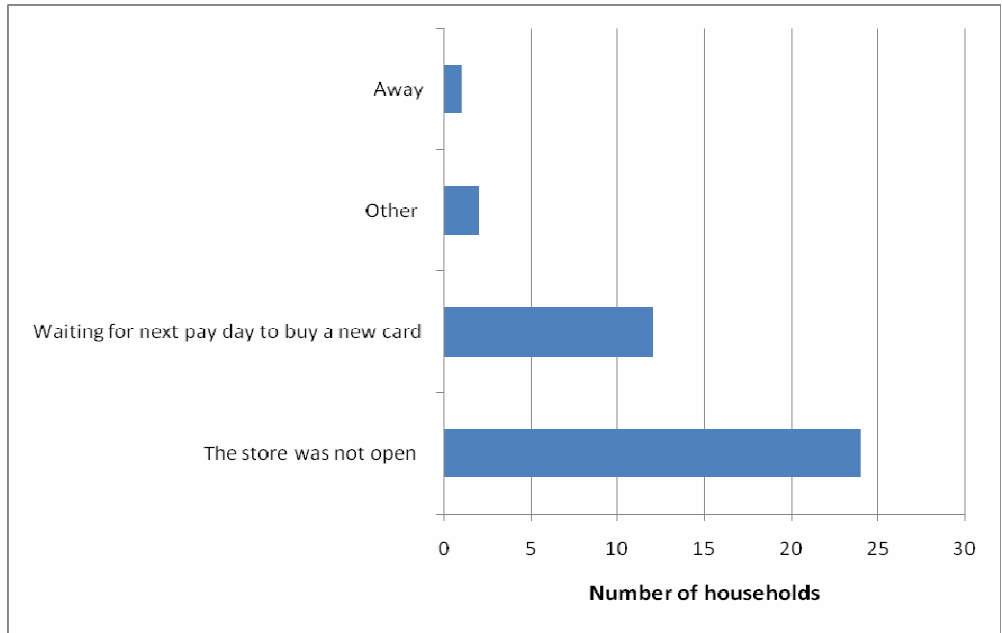


Figure 1. Reasons for households not being able to purchase a Ready Power card ¹²

WACOSS suggests that clause 9.9 (b)(ii) “Recharge Facilities” be strengthened to increase the regulated hours available for PPM cards in ARCPSP communities. The impracticality of guaranteeing access to a recharge facility has become an issue, which further indicates that the use of PPMs in remote communities may not be the most suitable metering solution.

WACOSS believes alternative options or additional complimentary amendments such as secure 24 hour vending machines or accompanying meter adjustments to prevent prolonged disconnection are required.

WACOSS Recommendation

That the ECCC consider the issue of how best to increase access to recharge card facilities for ARCPSP communities.

Income Management and PPMs

WACOSS would also like to raise the issue of access to Ready Power cards by people who are on Income Management. In a joint media statement released earlier this year (23.02.09), WA Minister for Child Protection, Robyn McSweeney and Commonwealth Minister for Families, Housing, Community Services and Indigenous Affairs, Jenny Macklin announced that Income Management would be further rolled out across the Kimberley as part of the Australian and Western Australian Income Management Trial in WA¹³.

¹² Ibid

¹³ Commonwealth of Australia. *Media Statement – Income management commences across the Kimberly*. February 2009.

People on Income Management have up to 70% of their Centrelink payments managed by Centrelink to be used for essential items such as food, clothing, medication and other basic household items. Most people on income management will have a Basics Card, which can be used to spend income managed money at approved stores and businesses.

With Income Management being expanded throughout the Kimberley, it is likely that many people residing in Aboriginal communities will be affected. WACOSS is concerned that some of the community's "designated outlets" for Ready Power cards may not be approved outlets for the use of Basics Cards.

Another issue associated with the use of PPMs for people who are on income management is in relation to the use of Centrepay as a payment method. For many accounts, Centrelink and the customer have the option of negotiating with the retailer or business to make regular payments through the Centrepay scheme. However PPM customer can not use Centrepay to pay for their electricity.

The purchasing of PPM recharge cards is likely to be much more difficult for customers on income management. With 70% of their income being managed by Centrelink, they are only left with 30% discretionary income. If customers can not use a Basics Card to purchase their Ready Power Card and they are not able to use Centrepay to pay for their electricity, customers may be forced to use the small amount of discretionary money they have left to pay for their electricity costs.

Potential Consumer Benefits

There are a number of parties in favour of PPMs that argue that there are significant advantages for customers who use PPMs. For example, Synergy has listed a number of advantages of PPMs in their recent publication: *Issues affecting the use of pre-payment meters in WA*. In this report Synergy argues that:

- The element of uncertainty relating to the size of a large account is removed, as customers are able to physically see what they are using in both kilowatt units and dollars and cents.
- Providing information on energy consumption should enable customers to understand and manage their energy budget more effectively.
- Puts control in the hands of the consumer, allowing customers to make informed decisions about consumption.
- When used in conjunction with an In Home Display (IHD) it has been shown that customers pay attention to what they're doing; it can sound an alarm when credit is low and the display can be used to indicate CO2 emissions, as well as being utilised for Critical Peak Pricing¹⁴.

While Synergy's argument in this case identifies some potential benefits, it overstates their significance, and exaggerates the extent to which the current meters support customers to understand and control their consumption.

Most household electricity usage in these communities is discretionary and can not easily be reduced. Research shows that low-income households in particular use electricity for mostly non-discretionary purposes (e.g. hot water and refrigeration) and have limited capacity to reduce their consumption¹⁵.

Another common argument in favour of PPMs is that emergency credit is available for customers who have run out of credit. However, the provision of emergency credit is finite and only works to delay inevitable disconnection if affordability is the underlying issue.

¹⁴ Synergy. *Issues affecting the use of pre-paid meters in Western Australia*. 2007.

¹⁵ Langmore & Dufty. *Domestic electricity demand elasticities, Issues for the Victorian energy market*. 2004.

Alternatives to Pre-Payment Meters

WACOSS recognises that there are advantages to customers being able to pre-pay their electricity. While WACOSS supports the concept of pre-payment, WACOSS does not support the concept of automatic disconnection once there is no credit left on the meter. WACOSS asserts that PPMs should revert to a normal credit meter when a customer runs out of credit, rather than being automatically disconnected. This would allow customers experiencing financial hardship to remain connected to their electricity supply and enable them to access retailer's financial hardship policies and utility assistance schemes to assist them to pay their account.

The benefits of pre-payment can be achieved through the use of alternative payment methods such as Budget Cards, Centrepay and Smart Meters. WACOSS believes that the advantages associated with PPMs do not outweigh the disadvantages, such as the hidden nature of financial hardship, the absence of a consumer safety net, increased costs and increased disconnection¹⁶. Given the significant impact these disadvantages can have on consumers, WACOSS asserts that PPMs are not the best option for low income and vulnerable consumers.

WACOSS Position on PPM Rollout

WACOSS argues that PPMs play a role in a much wider policy debate, in that they are being used by retailers to address customer debt, rather than broader consideration being given to the underlying causes of this debt. WACOSS has acknowledged that feedback regarding the use of PPMs has been positive, particularly in remote communities with individuals being able to use PPMs as a tool to encourage relatives to contribute to electricity costs. However, situations where individuals are having to use PPMs as leverage with relatives can be addressed using other means, such as family education and support services, and that such services are better placed to address how to empower individuals in family relationships.

Systems such as PPMs can often be used as bandaids to address short term issues such as community debt; however these systems do not address the long term issues contributing to the situation of community debt. WACOSS argues that the States policy regarding essential services in ARCPSP and TRRP communities should be an improvement in the level of services within communities, such as education, employment opportunities, health and family support services that enable members of the community to become empowered and able to function more effectively as a community over the long term.

WACOSS acknowledges that the rationale behind expanding the use of PPMs across the state is to provide greater equity amongst all consumers, rather than singling out the use of PPMs to Aboriginal Communities. However, WACOSS asserts that greater equity can be achieved by phasing out PPMs over a period of time, while implementing community development processes that support communities to move away from the use of PPMs and towards operating credit meters. This would involve community education around essential services, with particular attention on managing utility accounts such as their electricity account. Communities can be taught how their electricity is charged, how to manage credit and about energy efficiency measures they can put into place to reduce the cost of their usage. Many individuals and communities are already capable of managing their energy consumption and bills, and there are numerous budgeting and payment tools to assist customers as alternatives to PPMs.

WACOSS argues that the process of improving services in communities and phasing out PPMs over time is more economically viable than the roll-out of PPMs. Retailers will be faced with significant costs associated with the technology requirements and installation of PPMs as well as the supporting information technology and infrastructure. In addition to this, there will be considerable costs associated with regulatory requirements that would be necessary to protect

¹⁶ Sharman (2003) Second Class Customers: Pre-Payment Meters, the Fuel Poor and Discrimination

consumer using PPMs. The roll-out of PPMs presents a high risk to consumers and as such requires comprehensive and onerous regulation. PPMs are a simplistic solution for retailers to reduce the costs of their debt management. While benefits accrue to retailers, costs accrue to Government, regulators and consumers¹⁷. It makes more economic sense to phase out PPMs over time while investing in communities, than it does to roll PPMs out across the whole state.

WACOSS asserts that all consumers have a right to electricity regardless of their capacity to pay. While this position needs to be balanced against a “user pays” market, we believe that being in financial hardship should not make a customer subject to disconnection from supply. A consumer may not have the capacity to pay for their electricity at a particular point in time dependant on a range of circumstances. However that does not mean to say that they will not have the capacity to pay at all. For example a PPM customer may not have the capacity to pay for a recharge card at the time they are about to be disconnected, but will have the capacity to pay the following week when they next get paid. If this customer was on a credit meter, they would have the option of requesting an extension or payment plan with their retailer. This flexibility is important, particularly for customers experiencing financial hardship or payment difficulties.

Therefore, WACOSS would like to see an amendment to the Code placing a restriction on the use of PPMs (in their current form) throughout WA. Current PPMs should be phased out over a period of time and be replaced with credit meters. There needs to be investment in communities prior to phasing out PPMs and effective services and measures must be put in place to assist consumers to manage their electricity into the future. The phasing out of PPMs would provide for a uniform regulatory regime across the state. WACOSS suggests that further work should be done to identify appropriate measures for the adequacy of services, standards and supports as milestones towards a planned phase out of PPMs.

If the ECCC make the decision to allow PPMs to remain within ARCPSP and TRRP locations or to be rolled out into other areas of the State, corresponding improvement in the level of protection afforded to PPM customers is necessary, as it is currently inadequate. WACOSS has made a number of recommendations regarding the ERA’s proposed amendments in the event that such a decision is made.

WACOSS RECOMMENDATION

That Part 9 of the Code of Conduct be amended to place a general restriction on Pre-Payment Meter’s throughout Western Australia.

¹⁷ Allens Consulting Group. *Prepayment Meter Systems in Western Australia: Cost Benefit Analysis and Regulatory Impact Statement*. March 2009.

ERA's PROPOSED AMENDMENTS TO PART 9 OF THE CODE

Issue: Prescribed areas

Part 9 of the Code exempts a retailer from having to comply with certain parts of the Code with respect to PPM customers. However, Part 9 currently applies only to PPMs in a remote or town reserve community in which the Aboriginal Remote Communities Power Supply Program (ARCPSP) or Town Reserve Regularisation Program (TRRP) has been implemented. Although the Code does not explicitly preclude retailers from installing PPMs outside of ARCPSP and TRRP communities, without the exemptions from certain aspects of the Code, it would not be practicable or possible for retailers to comply with the obligations imposed by the Code.

Proposed Amendment

Delete clause 9.2(1) -

9.2 Application

(1) Parts 4, 5, 6 (with the exception of clause 6.10), 7 and 8 and clauses 2.4, 10.2 and 10.7 of the Code do not apply to a pre-payment meter customer.

WACOSS Response

As discussed throughout this submission, WACOSS does not support the use of PPMs in their current form and has recommended that the Code of Conduct be amended to place a general restriction on Pre-Payment Meter's throughout Western Australia.

However, WACOSS understands that it is likely that PPMs will at least remain within the Aboriginal Remote Communities Power Supply Program (ARCPSP) or Town Reserves Regulation Program (TRRP) for the time being. The recommendation made by the ERA to delete Clause 9.2(1) of the Code would allow for PPMs to be rolled out into other areas of the state.

WACOSS does not support the expansion of PPMs and strongly opposes the proposed amendment to delete clause 9.2(1) of the Code.

WACOSS RECOMMENDATION

Do not delete clause 9.2 (1) of the Code of Conduct.

Issue: Harassment and Coercion

A condition in the Code of Conduct that retailers are not permitted to harass or coerce customers into accepting a prepayment meter. The three other jurisdictions have slightly differing requirements about customer acceptance of pre-payment meters. All three require the customer to provide informed consent before a retailer is permitted to install a pre-payment meter, but only South Australia explicitly states that customers cannot be harassed or coerced into accepting one.

Proposed Amendment

New Clause 9.3(1) – “A retailer must not require a customer to install or maintain the installation of a PPM.”

WACOSS Response

WACOSS welcomes the addition of clause 9.3 (1) to the Code of Conduct. Customers should not be coerced by retailers into having a PPM. As previously mentioned, WACOSS has serious concerns that retailers can use PPMs as a tool for managing customer debt. This is not appropriate.

WACOSS would like to strengthen this proposed amendment by using the terminology contained in the South Australian Prepayment Meter System Code, which explicitly states that consumers can not be coerced or harassed into having a PPM¹⁸.

The current provision in 9.3(1) of the Code states that - *A retailer must not operate a pre-payment meter at a residential customers supply address without the verifiable consent of the customer or the customer’s nominated representative.*

Verifiable consent is defined in the Code as:

... consent that is given -

- (a) expressly;*
- (b) in writing or orally;*
- (c) after the marketer or retailer (as appropriate) has in plain language appropriate to that customer disclosed all matters materially relevant to the giving of the consent, including each specific purpose for which the consent will be used; and*
- (d) by the customer or a nominated person competent to give consent on the customer’s behalf.*

This provision requiring retailer to obtain verifiable consent is extremely important and WACOSS argues that this must remain in the Code under Clause 9.3(1).

WACOSS RECOMMENDATION

Clause 9.3 - Operation of a Pre-Payment Meter - should read as follows.

- (1) A retailer must not require a customer to install or maintain the installation of a PPM.**
- (2) A retailer must not use undue harassment or coercion in connection with the sale or possible sale of energy to a customer under a pre-payment meter contract.**
- (3) A retailer must not operate a pre-payment meter at a residential customers supply address without the verifiable consent of the customer or the customer’s nominated representative.**
- (4) A retailer must establish an account for each pre-payment meter operating at a residential customers supply address.**

¹⁸ 2005, South Australian Pre-Payment Meter System Code, accessed 5/08/09
<http://www.escosa.sa.gov.au/webdata/resources/files/050518-PrepaymentMeterSystemCode.pdf>

Issue: Trial Period

A requirement that retailers offer pre-payment meter customers a mandatory trial period (for example, three months), at or before the expiry of which customers can request to have the pre-payment meter removed at no cost. This requirement is common to all three jurisdictions.

Proposed Amendment

At the time a residential customer enters into a pre-payment meter contract at a residential customer's supply address, a retailer must give the residential customer at no charge –

- *Details of the trial period at or before the expiry of which the residential customer may terminate the pre-payment contract at no cost to the customer;*

Clause 9.5: Trial Period

A pre-payment meter contract must provide for a minimum three month period at or before the expiry of which the pre-payment meter customer may terminate the pre-payment meter contract at no cost to the pre-payment meter customer.

The trial period must commence on the latter of the installation of the pre-payment meter or the date that the customer agrees to enter into a pre-payment meter contract.

Where a pre-payment meter customer terminates a pre-payment meter contract during the trial period, the retailer must make immediate arrangements:

- *for the removal or rendering non-operational of the pre-payment meter at no cost to the customer;*
- *to replace or switch the pre-payment or switch the pre-payment to a standard meter at no charge; and*
- *to provide the information referred to in clause 2.3 and 2.4 to the customer.*

A retailer must send a notice to a pre-payment meter customer not less than 20 business days and not more than 40 business days prior to the expiry of the trial period and the options available to the pre-payment meter customer of the date of the expiry of the trial period and the options available to the pre-payment meter customer (including providing the information referred to in clause 2.3 and 2.4 to the pre-payment meter customer).

Clause 13.7 (f) Pre-Payment Meters:

A retailer must keep a record of –

The total number of customers reverting to a standard meter in the trial period.

WACOSS Response

WACOSS welcomes the introduction of a trial period for PPM users. A trial period is designed to allow customers sufficient time to try a new product, in this case a PPM, and make a decision based on that trial as to whether or not the product is appropriate for them. Just as a customer has the right not to be coerced into having a PPM, a customer has the right to decide whether or not this is their preferred method of paying for their electricity.

WACOSS believes that the trial period must allow the customer sufficient time to compare their new PPM with their previous method of payment (ie. credit meter) and does not view three months as being sufficient. Customers using a credit meter are billed every two months, therefore in a three month period, would have only received one bill.

To make an informed decision, customers need to be able to compare their management of electricity costs between the two methods (PPMs and credit). WACOSS feels that a period of six months would allow customers a more appropriate period of time to make an informed decision about the use of a PPM and whether or not it is right for them.

Given that customers will be charged for reverting back to a standard credit meter if they request it outside of the mandatory trial period, WACOSS argues that extending the trial period to six months provides additional consumer protection in this regard.

WACOSS RECOMMENDATION

Alter proposed amendment clause 9.1 to:

“trial period” means the period in the pre-payment meter contract referred to in subclause 9.5(1) that provides a minimum **six month** period at or before the expiry of which the pre-payment meter customer may terminate the pre-payment meter contract at no cost to the pre-payment meter customer.

AND

Alter proposed amendment clause 9.5 (1) to:

A pre-payment meter contract must provide for a minimum **six month** period at or before the expiry of which the pre-payment customer may terminate the pre-payment contract at no cost to the pre-payment customer.

Issue: Reversion

A requirement that retailers immediately respond to a request by a pre-payment meter customer to revert back to a standard credit meter. A charge may be levied if the customer requests that the meter be changed outside of the mandatory trial period. This requirement is common to all three jurisdictions.

Proposed Amendment

Clause 9.6: Reversion to standard meter outside trial period

If a pre-payment meter customer notifies a retailer outside of the trial period that it wants to replace or switch the pre-payment meter to a standard, the retailer must within 5 days –

- *remove or render non-operational the pre-payment meter;*
- *replace or switch the pre-payment meter to a standard meter; and*
- *provide the information referred to in clause 2.3 and 2.4 to the customer.*

A pre-payment meter customer who requests a reversion of a pre-payment meter under subclause 9.6(1) must pay the retailer's reasonable charge for reversion to a standard meter (if any). For the avoidance of doubt, the retailer's obligations under subclause 9.6(1) are not conditional on the customer paying the retailer's reasonable charge.

Clause 13.7(1)(g)

A retailer must keep a record of –

- *the total number of customers reverting to a standard meter in the three month period immediately following the expiry of a trial period.*

WACOSS Response

WACOSS supports reversion as an option for customers. A customer has the right to choose the method of payment for their electricity supply. If a customer decides that they no longer want to use a PPM, they should have the option to revert back to a normal credit meter.

WACOSS recommends that the committee consider the idea of customers having one free reversion, particularly if the committee does not support WACOSS's previous recommendation of a six month trial period.

WACOSS asserts that it is the customers right to choose their method of payment, and if a customer chooses to revert back to a standard credit meter outside of the trial period, that they should be able to do so without cost, for the first time. If a customer decides, after the first reversion, that they want to go back to a PPM, WACOSS agrees that it would be appropriate for the customer to be charged.

WACOSS Recommendation

WACOSS recommends that customers be entitled to one free reversion from a PPM to a credit meter.

Issue: Recovery of outstanding debt

Restrictions on the extent to which retailers can recover outstanding debts from individual customers through adjustments to pre-payment meter charges. For example, the South Australian and Australian Capital Territory pre-payment meter codes do not permit a retailer to recover any debts from a customer by adjusting the charges in the pre-payment meter to recover the amount of the debt. The Tasmanian Code permits the electricity retailer to apply a 50 cent per day surcharge on the standard fixed charge to recover outstanding debts if the customer agrees.

Proposed AmendmentClause 9.13(1):

Where a customer owes a debt to a retailer, the retailer must not adjust any charges to the pre-payment meter contract to recover the amount owing.

WACOSS Response

WACOSS supports this proposed amendment. It is not appropriate for retailers to recover outstanding charges from customers by adjusting charges in the PPM. Outstanding debt is not recovered by adjusting charges in normal credit meters and PPM customers should not be treated any differently.

Issue: Disconnection Times

A requirement that the pre-payment meters be programmed not to disconnect a pre-payment meter customer from their electricity supply at certain times of the day. For example the Australian Capital Territory and the South Australian Codes do not permit a pre-payment meter system to disconnect supply to a customer other than between the hours of 10.00am and 3.00pm on a weekday, while Tasmania does not permit disconnections other than between the hours of 8.00am and 2.00pm on any day.

Proposed AmendmentClause 9.8(1)(a):

A retailer must ensure that a pre-payment meter –

- Does not disconnect supply to the pre-payment meter customer other than between the hours of 10.00am and 3.00pm on a weekday.*

WACOSS Response

WACOSS commends the introduction of this proposed amendment. However, there is no mention of disconnections not being allowed to occur on Public Holidays. Access to designated outlets for PPM customer will not be possible on Public Holidays. WACOSS assumes Public Holidays will be treated like weekends and therefore disconnections will not be allowed. For clarification however, the definition of a weekday should be clearly stated under 9.1 - Definitions.

WACOSS RECOMMENDATION**9.1 - Definitions:**

“Weekday” means all days Monday to Friday, excluding public holidays.

Issue: Identification of self-disconnection

A requirement that a retailer's pre-payment meter system be capable of identifying to the retailer every instance on which a small customer has self disconnected and the duration of that disconnection. This requirement is common to all three jurisdictions.

Proposed Amendment

Clause 9.8(1)(b):

A retailer must ensure that a pre-payment meter –

Is capable of informing the retailer of:

- *The number of instances where a pre-payment meter customer has self disconnected; and*
- *The duration of each of those disconnections referred to in subclause 9.8(1)(b)(i).*

At least:

- *If the pre-payment meter customers is in the metropolitan area; or*
- *If the pre-payment meter customer is not in the metropolitan area: where the location of the pre-payment meter lies within the defined coverage area of a terrestrial digital wireless service provider, each minute; or, in all other cases, every 6 months.*

Clause 13.7(1)(h)

A retailer must keep a record of –

- *The number of instances where a pre-payment meter customers has self disconnected*

Clause 13.7(1)(i)

A retailer must keep a record of –

- *The duration of each of those disconnections referred to in subclause 13.7(1)(h).*

WACOSS Response

Use of the term self-disconnection

WACOSS asserts that the term self-disconnection as it is referred to in this proposed amendment is inappropriate and that it should be replaced with the term disconnection on its own. The term self-disconnection implies that a customer has made the decision to disconnect from their electricity supply themselves, however in most situations this will not be the case.

For the purposes of this amendment, specifying whether a customer has made the decision to disconnect from their electricity supply is not necessary. The amendment will require a retailer to ensure that a PPM is capable of informing the retailer of the number of times a customer is disconnected from supply and the duration of those disconnections and to keep a record of this information. A retailer is not required, nor will a retailer be able to tell, whether a customer a made the decision themselves to disconnect the electricity supply, or whether they have run out of credit on their PPM.

WACOSS Recommendation

WACOSS supports the above proposed amendment, except for the use of the term 'self-disconnection' and instead recommends that the Code simply use the term 'disconnection'.

Ability of PPMs to record the required data

WACOSS understands that some communities are located outside of the defined coverage area of a terrestrial digital wireless service provider, and that it is technologically impossible for retailers to read PPMs in these areas on a regular basis, as can be done in other locations. It has therefore been proposed by the ERA that the meters in these communities will be manually read every six months.

WACOSS asserts that a timeframe of six months between meter readings is too long. A retailer will not be able to identify customers who may be experiencing financial hardship and will not be able to respond promptly to financial hardship customers.

In its Discussion Paper, the ERA has proposed that a retailer be required under the Code to identify a customer that has self-disconnected three or more times in any three-month period for longer than 240 minutes on each occasion. The retailer must then contact the customer and offer to remove the PPM and replace it with a normal credit meter at no charge to the customer. The retailer must also provide information and/or refer the customer to financial assistance programmes and/or relevant consumer organisations for further assistance.

These Code provisions will ensure that customers using PPMs who are experiencing financial hardship are identified early and that the appropriate steps are taken to ensure that these customers are able to maintain their electricity supply. WACOSS recommends that if retailers are not using terrestrial digital wireless technology, that it would be more appropriate for meters in these areas to be read at least every three months to ensure that consumers are protected and to be consistent with other parts of the Code.

However, there are a number of ways a PPM can communicate this form of information to retailers. Various communications technologies, both wireless and wired, are currently available or are being trialled for the National rollout of electricity Smart Meter Infrastructure. These technologies include, but are not limited to: Distribution Line Carrier (DLC) systems, Power Line Carrier or Broadband Power Line Carrier (BPL), Radio Frequency Mesh, General Packetised Radio System (GPRS), WIMAX, Wired RS485, and GSM¹⁹.

All communication technology options for PPMs must be evaluated and, where appropriate, trialled in order to determine their suitability or otherwise for pre-payment electricity customers. Furthermore, the *National Stakeholder Steering Committee (NSSC): Pilots and Trials 2008 Status Report to the Ministerial Council on Energy*, published in June 2009, states that, 'It is anticipated that the communications technology will continue to develop over the next couple of years making it vitally important that small scale technology trials continue to assess the maturity of the viable and cost effective solutions²⁰.' In light of this, it is inappropriate that the code create limitations to consumer protections on the justification of technological restrictions and/or a lack of research of the technologies currently available.

WACOSS Recommendation

That alternative communication technologies be considered before provisions for non terrestrial digital wireless technologies are enforced under the Code.

¹⁹ National Stakeholder Steering Committee (NSSC): *Pilots and Trials 2008 Status Report to the Ministerial Council on Energy*, 12 June 2009.

²⁰ Ibid.

Issue: Payment difficulties/Financial Hardship and offer of reversion to a credit meter

A requirement that, in certain circumstances the retailer must contact pre-payment meter customers as soon as is reasonably practicable to replace the pre-payment meter with a standard credit meter at no cost to the customers. These circumstances may include if a pre-payment meter customer informs their retailer that they are having difficulty paying or the retailer identifies that a customer has self disconnected three or more times in any three-month period for longer than 240 minutes on each occasion. The retailer would be required to maintain verifiable records of such contacts. These requirements are common to all three jurisdictions.

Proposed Amendment

Clause 9.13:

Where a customer owes a debt to the retailer, the retailer must not adjust any charges under the pre-payment meter contract to recover the amount owing.

Notwithstanding its obligation under clause 6.10, a retailer that –

- *where a pre-payment meter customer informs the retailer in writing, by telephone or by electronic means that the pre-payment meter customer is experiencing payment difficulties or financial hardship; or*
- *the retailer identifies that a customer has self disconnected three or more times in any three month period for longer than 240 minutes on each occasion.*

The retailer must contact the customer as soon as reasonable practicable to offer to make immediate arrangements to:

- *for the removal or rendering non-operational the pre-payment meter at no cost to the customer;*
- *to replace or switch the pre-payment meter to a standard meter at no charge; and*
- *to provide the information referred to in clause 2.3 and 2.4 to the customer.*
- *To provide information about and referral to relevant customer financial assistance programmes and/or referral to relevant consumer representative organisations and/or information on independent financial and other relevant counselling service.*

Clause 13.7(1)(j)

A retailer must keep a record of –

- *The number of pre-payment meter customers who have informed the retailer in writing, by telephone or by electronic means that the prepayment meter customer is experiencing payment difficulties or financial hardship; and*

Clause 13.7 (1)(k)

A retailer must keep a record of –

- *The number of pre-payment meter customers who the retailer identifies as having self disconnected three or more times in any three month period for longer than 240 minutes on each occasion.*

WACOSS Response

WACOSS commends this recommendation. Allowing people experiencing financial hardship to be able to revert to a credit meter is an important step in protecting their consumer rights. There should be an obligation placed on retailers to inform consumers of this when they receive a PPM, and if they already have one, to advise them of this change to the Code.

WACOSS RECOMMENDATION

WACOSS recommends that information be provided to all customers using PPMs, so that they are aware that if they are experiencing financial hardship, they have the option of reverting to a credit meter, at no charge.

Issue: Meter Checking

A requirement that retailers must immediately arrange checking that a pre-payment meter is operating correctly if requested by a customer. This requirement applies in South Australia and the Australian Capital Territory, whereas Tasmania permits the electricity retailer 15 business days to perform the checks.

Proposed Amendment

Clause 9.11

Where a pre-payment meter customer requests that the whole or part of the pre-payment meter be tested, the retailer must, taking into consideration the nature of the request and the cost of testing, make immediate arrangements to:

- *Check the pre-payment customer's metering data;*
- *Check or conduct a test of the pre-payment meter; and/or*
- *Arrange for a check or test by the responsible person for the meter installation at the pre-payment meter customer's connection point.*

A pre-payment meter customer who requests a check or test of the pre-payment meter under subclause 9.11(1) must pay the retailer's reasonable charge for checking or testing the pre-payment meter (if any).

If a pre-payment meter is found to be inaccurate or not operating correctly following a check or test undertaken in accordance with subclause 9.11(1), the retailer must:

- *Immediately repair or replace the faulty pre-payment meter;*
- *Correct any overcharging or undercharging in accordance with subclause 9.12; and*
- *Refund the customer any charges paid by the customer pursuant to this clause for the testing of the pre-payment meter.*

WACOSS Response

WACOSS supports this proposed amendment.

Grandfathering of Proposed Amendments

A grandfathering clause allows particular persons or entities to become exempt from certain legislative provisions for a period of time. In the case of the Electricity Code of Conduct, a grandfathering clause would allow retailers to become exempt from some of the Code provisions if existing PPM technology is not advanced enough to meet all of the new Code requirements.

This effectively means that some customers will have greater consumer protection than others, depending on the technology of the meter installed at the property, until such time as the technology and regulation is equalised. This is an undesirable situation; customers should not be disadvantaged as a result of the technology that has been installed at their property.

WACOSS is not aware of any strong case for why a particular code provision should be grandfathered, however WACOSS is aware that some recommendations for grandfathering of certain provisions may be proposed by other members of the ECCC.

WACOSS believes that any proposed grandfathering clause should be subject to consideration by the committee, perhaps through discussions at the ECCC meetings. Given the impact of this decision making on consumers, WACOSS feels that it may be necessary for proposed grandfathering clauses to be considered by the wider public through a consultation process.

WACOSS Recommendation

WACOSS does not support the “grandfathering” of any of the proposed Code provisions.

WACOSS Recommendation

The ECCC should consider each proposal for grandfathering of Code provisions individually. This consideration process should be incorporated into the agenda of future ECCC meetings.

CONCLUSION

The WACOSS Consumer Utilities Project represents and advocates for the interests of consumers in essential service markets such as electricity, gas and water. As a consumer representative our aim has been to represent and advocate the interests of consumers in the electricity market. It is in this capacity that WACOSS has provided this submission to the ECCC.

This submission has outlined WACOSS's concerns regarding the use of Pre-Payment Meters in Western Australia. WACOSS has documented the impacts of PPMs on consumers, particularly those on low income or experiencing financial hardship. While WACOSS acknowledges that there may be some advantage to the use of PPMs, WACOSS argues that these do not outweigh the significant negative effects on consumers. As such WACOSS has recommended that the Code of Conduct be amended to place a general restriction on Pre-Payment Meter's throughout Western Australia.

WACOSS, and others, have identified significant areas of concern regarding the use of PPMs. The impacts on consumers are significant and wide ranging, and must be given serious consideration by the ECCC when making decisions about a further roll-out of PPMs across the state.

However, if the ECCC make the decision to allow PPMs to remain within ARCPSP and TRRP locations or to be rolled out into other areas of the State, WACOSS asserts that there must be stringent consumer protection measures in place. Therefore, WACOSS has provided a response to each of the ERA's proposed amendments to the Code and in some instances WACOSS has made specific recommendations for changes to the code or the proposed amendment.

It is vital that consumers are able to access a reliable, safe, affordable supply of electricity. An appropriate regulatory environment is important to creating consumer confidence and ensuring integrity in an essential service market. As such it is essential that regulation such as the Electricity Code of Conduct is developed on principles of best practice consumer protection.

The ERA's discussion paper has provided the opportunity for consumer representatives, together with industry and government to consider Part 9 of the Code of Conduct regarding PPMs. This process ensures that the Code adequately protects customers using PPMs.

WACOSS would like to thank the ERA for the opportunity to travel with the ECCC to the Kimberley to visit remote communities using PPMs. This experience was valuable and greatly assisted in the formation of this submission.

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