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29 June 2009

Mr Paul Kelly
Chairman
Electricity Code Consultative Committee
C\ - Economic Regulation Authority
Level 6
197 St Georges Terrace
Perth WA 6000

Dear Paul

REVIEW OF THE CODE OF CONDUCT FOR THE SUPPLY OF ELECTRICITY TO SMALL USE CUSTOMERS 2008 (CODE OF CONDUCT)

Thank you for your letter dated 15 June 2009 with respect to the Electricity Code Consultative Committee's proposal to insert a new clause 6.10(5) into the Code of Conduct as follows:

"The *retailer* must, unless otherwise notified in writing by the *Authority*, review the *Hardship Policy* at least annually and submit to the *Authority* the results of that review within 5 *business days* after it is completed.

- (a) The retailer may, at any time, review the *Hardship Policy* and submit to the *Authority* the results of that review within 5 *business days* after it is completed.
- (b) Any review of the *Hardship Policy* must have regards to the Authority's Financial Hardship Policy Guidelines.
- (c) When the retailer has reviewed the *Hardship Policy* pursuant to clauses 6.10.5 or 6.10.5(a), the *Authority* will examine:
 - (i) the review pursuant to clause (b); and
 - (ii) The *Hardship Policy*,

and publish the review and the Authority's assessment of the review on the Authority's web site within a reasonable time of receiving the review.

Synergy supports the ECCC's proposal for a retailer's hardship policy to be periodically reviewed by the Economic Regulation Authority (**Authority**) and the outcome of the review being published by the Authority subject to the following matters being addressed.

1. Frequency of hardship policy reviews by the Authority

Clause 6.10(5) as currently drafted requires the Authority to review a retailer's hardship policy: (a) annually; and (b) at any time a retailer elects to review its hardship policy. Synergy considers that a review of a retailer's hardship policy by the Authority more frequently than once a year is excessive.

To minimise a retailer's regulatory compliance costs and business impacts, Synergy recommends that the Authority's review of a retailer's hardship policy occurs no more than once a year.

2. Regulatory certainty

Consistent with best practice regulation principles determined by the Council of Australian Governments, regulation should provide effective guidance to relevant regulators and regulated parties in order to ensure that the policy intent and expected compliance requirements of the regulation are clear.

Clause 6.10(5)(c) as currently drafted does not provide guidance to the Authority nor regulatory certainty to a retailer as to the matters the Authority will take into account when conducting its review.

Consequently, Synergy recommends that this matter is addressed by amending clause 6.10(5)(c) as follows:

(c) When the retailer has reviewed the *Hardship Policy* pursuant to clauses 6.10.5 or 6.10.5(a), the *Authority* will examine:

- (i) the review pursuant to clause (b) to assess whether a retailer's *Hardship Policy* has been reviewed consistent with the Financial Hardship Policy Guidelines; and
- (ii) The *Hardship Policy* to assess whether a retailer's *Hardship Policy* complies with clause 6.10 of the *Code*.

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and publish the review and the *Authority's* assessment of the review on the *Authority's* web site within a reasonable time of receiving the review.

Please do not hesitate to contact me should you wish to discuss any of the above.

Yours sincerely,

SIMON THACKRAY
MANAGER RETAIL REGULATORY AND COMPLIANCE