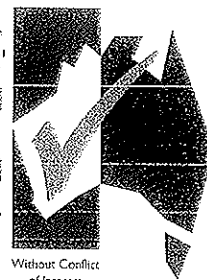


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**DRAFT REPORT FOR REVIEW OF THE  
ELECTRICITY CODE OF CONDUCT  
(FOR THE SUPPLY OF ELECTRICITY TO SMALL USE CUSTOMERS)**

Mr Paul Kelly  
Chair - ECCC  
Economic Regulation Authority  
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4 April 2007

**SUBMISSION FROM: FINANCIAL COUNSELLORS ASSOCIATION OF WA (INC)**

The Electricity Code Consultative Committee has made a number of recommendations and called for comment of a number of discussion points in the Draft Report for Review of the Electricity Code of Conduct (for the Supply of Electricity to Small Use Customers) (Code).

This issue is important to the members of the Association (FCAWA) because we deal with low income and disadvantaged consumers on a daily basis, understand the need for best practice consumer protection in the form of effective regulation and see first hand the consequences of disconnection, payment difficulties and utility hardship.

We believe that codes are an appropriate way of delivering consumer protection in essential energy markets and that the prime objective should always be the delivery of best practice consumer protection in essential service markets, such as electricity.

As an interested party dealing with issues that affect vulnerable and disadvantaged consumers we understand the impact poor regulation can have on consumers and the difference good policy and effective regulation can make.

We support the review of the Code and offer comment on the following discussion points.

**RESPONSE TO THE ECCC DISCUSSION POINTS**

**Discussion Point (1.1)**

*Should the scope of clause 1.10 be left as is, extended or reduced?*

Customer contracts are a crucial mechanism for protecting electricity consumers. It is important that customer contracts provide enough information to customers, to ensure they are made aware of their rights, as well as their obligation. In relation to non-standard contracts the FCAWA believes that that there should be certain minimum provisions included in a non-standard contract and that the scope of clause

1.10 should be extended, in that certain minimum conditions, akin to the prevalent in the ACT code should be included in any non-standard contracts.

**Discussion Point (4.1)**

*Should clause 4.1 be amended to provide a customer with the opportunity to take on a shortened billing cycle? If so, on what basis?*

The FCAWA understands that although a shortened billing cycle can be decided by mutual consent there is no obligation for a retailer to accept a request by a customer to be placed on a shortened billing cycle. It is only the retailer who is able to determine whether a customer is billed monthly or quarterly.

We believe that shortened billing cycles can help prevent debt and disconnection for many customers as;

- the accounts are smaller and more easily managed
- bills can be coordinated to coincide with pay or benefit cycles
- reduces the cases of large, and ever increasing debts, and
- if customers do get behind they don't get so far behind that they see no way out

The FCAWA understands that some customers have the option of a Budget Card and that this is seen by many to be the equivalent of billing cycle control for customers. However, the card is not promoted, not intended for all customers, has a \$30 minimum payment option and is not eligible if you are in arrears.

We believe consumers should be given the option, under the code, to request an alternative billing cycle and recommend that an amendment be made that allows consumers the right to request shortened billing cycles. The FCAWA recognizes that shortened billing cycles may not be appropriate for all consumers and assert the right of consumers not to be placed on shorter billing cycles if they do not wish to be, however, consumers should have the option to do so under the code.

**Discussion Point (4.2)**

*Should Part 4, Division 1 be amended to include a provision for bill smoothing?*

Bill Smoothing is a valuable service for customers who want to spread the cost of their utility bills evenly over the year. Bill smoothing can assist households to better budget and manage their electricity accounts. Knowing exactly how much will be going out each month is essential to someone in financial hardship and receiving a suddenly high bill in winter or summer can often spiral someone struggling into debt.

The FCAWA recommends that Part 4, Division 1 be amended to include provision for bill smoothing.

**Discussion Point (4.3)**

*Should clause 4.4(3) be amended to require a retailer to issue separate bills for current amounts due and historical debt and if so, should individual reference numbers be assigned to each bill?*

The FCAWA believes that there is merit in assigning a separate reference number to billing amounts relating to historical debt and that by clearly differentiating between historical debt and current consumption, customers are better able to understand their consumption and are given the opportunity to budget payments that would see them meet their current consumption charges and continue to make payments on their historical debt.

This approach would assist customers to pay off any historical debt without it impacting on their ability to service their current bill and would go some way towards preventing disconnections for customers as it would enable them to prioritise the payment of current consumption and give them the ability to see a reduction in their historical debt with regular payments.

**Discussion Point (4.4)**

*Should the Code prescribe the procedures a retailer must follow if there is a change to the tariff?*

The FCAWA considers that it is important for the Code to clearly set out the terms and conditions that a retailer must comply with when transferring a customer on to an alternative tariff.

**Discussion Point (7.1)**

*Should the Western Power Networks register for priority reconnection be contained within the Code?*

The FCAWA understands that the ECCC have decided to remove clause 7.7(2) from the Code on the basis that Western Power keeps its own register of customers requiring life support and that requiring them to keep additional records can be seen as unduly onerous. However, we believe that it is important for this matter to be contained and addressed within the code. The FCAWA recommends that the Western Power Networks register for priority reconnection be contained within the Code.

**Discussion Point (9.1)**

*Should clause 9.2(2) be amended to allow operation of PPMs outside of ARCPSP and TRRP communities? If so, should there be universal application or only in additional specified areas? If so, what changes should be made to Part 9? What evidence can be provided to substantiate this position?*

The FCAWA is opposed to the use of pre-payment meters (PPMs) in WA because of the impact they have on customers suffering from financial hardship. Consumers are automatically disconnected from supply when the credit in the meter expires unless they are able to recharge the meter with another pre-purchased card. They require the capacity to pay before the time of their consumption. Not only are people automatically disconnected if they are unable to pre-purchase supply, but they also lose the capacity to negotiate a payment plan with their retailer.

The FCAWA understands that there are benefits to PPMs but believes that the cost

to consumers of disconnection and inability to pay in advance is greater. A state wide rollout of PPMs could impact greatly upon consumers in financial hardship and until there is more evidence to the contrary we feel that we cannot support a statewide roll out of PPMs.

#### **Discussion Point (9.2)**

*If clause 9.2(2) is amended to allow operation of PPMs outside of ARCPSP and TRRP communities should costs to users for installation, connection, disconnection, reconnection and/or return to standard meter be prohibited? If so, on what basis?*

The FCAWA believes that if an amendment to clause 9.2(2) occurs that there should be a prohibition on charging consumers any associated costs such as those listed above.

#### **Discussion Point (9.3)**

*Should the ECCC request that the Authority commission independent research regarding PPMs:*

- *to determine whether the Code should allow for the use of prepayment meters in WA outside of ARCPSP and TRRP communities and the standards of conduct that should apply in that event; or*

- *if the Authority decides to expand the scope of Part 9 as part of the current review, to evaluate any concerns and/or benefits with the use of PPMs in WA (in this event, the research should be conducted some time after experience has been gained with PPMs in the wider community. For example, prior to a third review of the Code)).*

The FCAWA believes that the Authority should commission independent research regarding PPMs to determine whether the Code should allow for the use of prepayment meters in WA outside of ARCPSP and TRRP communities and the standards of conduct that should apply in that event. Without research relevant to the unique conditions of the WA PPM trials it is impossible to conclusively determine whether it is appropriate to expand the scope of Part 9 of the Code, However, if the scope of Part 9 is expanded, it is important that research is commissioned to evaluate any concerns and/or benefits with the use of PPMs in WA.

#### **Discussion Point (9.4)**

*If clause 9.2(2) is amended to allow operation of PPMs outside of ARCPSP and TRRP communities, should provisions similar to those contained in ACT and SA code be added to Part 9? If so, should an exemption apply for ARCPSP and TRRP communities and, if so, on what basis?*

If clause 9.2(2) is amended to allow operation of PPMs outside of ARCPSP and TRRP communities the FCAWA believes that provisions similar to those contained in ACT and SA code be added to Part 9. We understand that technical limitations of the metering technology that has been employed would make compliance impossible but also considers those provisions are vital to improving consumer protection for PPM customers. We believe that that improved metering technology.

Rather than providing an exemption for ARCPSP and TRRP communities the FCAWA believes it would be more appropriate to allow for a timed integration or 'phase-in' period, allowing for communities currently using the AMPY Magnetic Card Operated Prepayment Meters to use a more sophisticated meter capable of automatic switch to emergency credit, retaining information of frequency and duration

of disconnections, total consumption, daily average consumption and costs of consumption, and able to display information about current consumption.

#### **Discussion Point (9.5)**

*If clause 9.2(2) is amended to allow operation of PPMs outside of ARCPSP and TRRP communities, should clause 9.4(2) be amended to ensure consistency with the SA and ACT codes?*

Western Australia's requirements for provision of information are more rigorous, than the SA and ACT Codes and we believe that they should remain so. Provision of information is vital in WA where the metres are being installed in remote (disadvantaged) Aboriginal communities. This is a new process in WA and one that is being trialled on our most vulnerable customers. However, the FCAWA believes that the addition of current consumption information, consistent with SA and ACT would be a positive addition.

#### **Discussion Point (9.6)**

*If clause 9.2(2) is amended to allow operation of PPMs outside of ARCPSP and TRRP communities, should clause 9.4(3) be amended to ensure consistency with the SA and ACT codes?*

The FCAWA believes that, for the reasons stated above, it is important that all of the required information to be provided on, or directly adjacent to the PPM remain in the Code. We believe that a useful addition, in line with the SA and ACT requirement is the current consumption information. However, this information can't be provided with the current metering technology.

#### **Discussion Point (9.7)**

*Should clause 9.9(1) be amended to require credit retrieval only for amounts over \$100?*

The FCAWA acknowledges that there are considerable costs associated with credit retrieval however, to refuse credit retrieval to PPM customers results in further disadvantage for them. For many people suffering financial hardship an additional \$20, \$30, \$50, \$70 is a lot of money and can make a difference to their budget. An amendment that requires credit retrievals for amounts over \$100 is unfair. When the \$20 cards are the most purchased it is unrealistic to think that many households with have more than \$100 credit.

The FCAWA does not support an amendment to this clause.

#### **Discussion Point (9.8)**

*Should the record keeping requirements contained within clause 9.11 be amended? If so, in which manner?*

The FCAWA does not believe the current record keeping requirements under Part 9 or the Code are sufficient and would like to see an amendment similar to that of the ACT code which requires a utility to keep quarterly records on number of PPM accounts, the number of 'self-disconnections due to payment difficulties and financial

hardship and the number of PPMs removed or rendered non-operational and the number of PPMs removed as a result of financial hardship.

**Discussion Point (10.1)**

*Should the scope of clause 10.2 of the Code be extended to include contestable customers?*

The FCAWA is concerned with consumer protection for small-use customers. We feel that contestable customers have the power and ability to negotiate with utilities and as such do not support extending the scope of clause 10.2 of the Code.

**Discussion Point (12.1)**

*Should clause 12.1 be amended, in particular should some of the requirements in relation to the matters to be addressed under internal complaints handling processes be removed to increase consistency with other jurisdictions (e.g. Vic.)? If so, in what manner?*

The FCAWA does not consider it necessary to amend 12.1

**Discussion Point (12.2)**

*Should clause 12.1 be amended to remove the obligation on a marketer to establish complaints handling processes and, instead, require a retailer to ensure that it has in place complaints handling processes to deal with complaints arising from marketing activities carried out on its behalf? If so, should the reference to marketer also be removed from clause 12.3?*

The FCAWA supports an amendment to remove the obligation on a marketer to establish complaints handling processes and, instead, require a retailer to ensure that it has in place complaints handling processes to deal with complaints arising from marketing activities carried out on its behalf?

**Discussion Point (13.1)**

*Should clause 13.2(1)(c) be retained or deleted?*

The FCAWA considers that information on the number of customers that have been allowed additional time to pay their bill is valuable to consumer representatives and policy makers and believes that clause 13.2(1)(c) should be retained.

**Discussion Point (13.2)**

*Should clause 13.2(1)(d) be retained or deleted?*

The FCAWA considers that information on the number of customers who have been placed on a shortened billing cycle is valuable to consumer representatives and policy makers and believes that clause 13.2(1)(d) should be retained.

**Discussion Point (13.3)**

*Should clause 13.4(a) and (b) be amended by including an obligation upon retailers to keep data on the average amount of any payments made under clauses 14.2 and 14.3 of the Code?*

The FCAWA believes that clause 13.4(a) and (b) should be amended by including an obligation upon retailers to keep data on the average amount of any payments made under clauses 14.2 and 14.3 of the Code as this information is important means of gaining information on breaches of service standards.

**Discussion Point (14.1)**

*Should clause 14.1 be amended to make service standard payments available to all small use customers?*

The FCAWA believes that clause 14.1 should be amended to make service standard payments available to all small use customers.

**Discussion Point (14.2)**

*Should clause 14.1 be amended to make service standard payments available to all non-contestable customers regardless of their supplier?*

The FCAWA believes that clause 14.1 should be amended to make service standard payments available to all non-contestable customers regardless of their supplier.

**Discussion Point (14.3)** *Should the cap on the amount payable be amended? If so, in what manner?*

The FCAWA does not believe there should be a cap on an amount payable. Customers who experience wrongful disconnection should be compensated and we believe that removing the cap will encourage utilities to efficiently rectify the problem.

**Discussion Point (14.4)**

*Should clause 14.3 be amended? In particular, should the amount payable and/or the cap be amended? If so, in what manner?*

The FCAWA would like to see the current figure of \$50 a day increased to \$250 a day as it is in VIC, where wrongful disconnections have dropped considerably since increasing the amount payable.

**Discussion Point (14.5)**

*Should clause 14.7(1)(a) be amended to remove the requirement for the customer to apply for the payment?*

Yes, many people aren't aware of their rights and shouldn't be penalised. Payments are made automatically to customers in SA, VIC and NSW.

**Discussion Point (14.6)**

*Should the time limit for making a service standard payment be extended or, alternatively, reduced?*

The FCAWA believes it should be extended to 3 months in line with the ACT.

**Discussion Point (14.7)**

*Should non-contestable customers be allowed to contract out of Part 14?*

We do not consider that non-contestable customers should be allowed to contract out of Part 14 (Service Standard Payments)

**Discussion Point (14.8)**

*Should any of the provisions related to service standard payments in other jurisdictions but not currently contained in the Code be included in the Code? If so, which provisions should be included? Should any of the current service standard payments be removed from the Code?*

The FCAWA believes that it is important to explicitly state, as in the QLD and ACT Code, that receipt of a service standard payment by a customer does not affect the customers right to claim damages.

**Code Notes**

The FCAWA understands that the notes within the Code are for legal purposes only and that they do not affect the interpretation of the Code.

We consider that, despite having no legal bearing, the notes are important for consumers and that wherever possible they should be incorporated into the Code, where that is not possible we believe that they should be included within the proposed Guide.

Creation of a comprehensive Guide which addresses much of the information contained within the notes will contribute to the success of the first objective of this review, delivering best practice consumer protection for small use customers.

The FCAWA also considers it important for the ECCC to view the draft Guide to ensure that consumers are not missing out on valuable information concerning the Code and that the Guide is easily accessible.

The FCAWA position on the removal of notes does not only apply to Part 1 but to other recommendations of this nature throughout the Review Report

The FCAWA welcomes the opportunity to comment on the Draft Report for Review of the Electricity Code of Conduct (for the Supply of Electricity to Small Use Customers) (Code) and trusts that the Code review will result in increased consumer protection for electricity consumers.

SIGNED:

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MARIANNE MAYER  
PRESIDENT  
Financial counsellors Association of WA (Inc)