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Paul Kelly,  
ECCC Chairman  
Level 6, Governor Stirling Tower  
197 St Georges Terrace  
PERTH WA 6000

Dear Paul,

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

Thank you for the opportunity to make comment on the Electricity Code Consultative Committee's (ECCC) preliminary recommendations and discussion points.

Horizon Power is generally supportive of the recommendations of the ECCC, however we have some concerns that the review may support a consumer protection 'shopping feast' among the various national Codes for the most stringent conditions that may not necessarily be required or even be appropriate in the Western Australian market.

This could result in an overly prescriptive and onerous set of conditions being placed on electricity retailers and distributors that is driven by perceived problems rather than actual market failure. To differentiate between retailers, retailers should have the freedom to offer minimum product standards and then additional extras as premium products.

Our detailed comments on each of the 14 parts of the Code are provided below:

### Part 1 – Preliminary

Horizon Power approves of the recommendations proposed in this part of the Code. However it is suggested that the definition of "Concession" be amended to exclude the word concession. The word concession should not be used to define the term it is defining, as it is paramount to saying a concession is a concession.

Discussion Point (1..1) Should the scope of clause 1.10 be left as is, extended or reduced ?

Horizon Power's position is that clause 1.10 should be expanded to provide retailers and customers with greater flexibility when negotiating the terms and conditions of non-standard contracts. This would establish a point of difference between retailers and promote competition between them. Contestable customers should have the ability to contract out of all parts of the Code under a non-standard contract (with the exception of Part 6 - Payment Difficulties and Financial Hardship) considering that the Electricity Industry (Customer Contract) Regulations 2005 already prescribe mandatory conditions applicable to that contract.

## **Part 2 – Marketing**

Recommendation 2.25 Delete clause 2.9(1)(b) does not appear as deleted in the amended version of the Code.

## **Part 3 – Connection**

Horizon Power supports the proposed recommendations 3.1 to 3.3.

## **Part 4 – Billing**

Horizon Power supports recommendations 4.1 to 4.18

Horizon Power recommends that sub section 4.4(h) be deleted. This information is contained in the customer charter. In addition, the government agencies that provide the documentation that establishes a customer's eligibility for a concession, advise the customer at the time of approving their claim of the available concessions. Including it on the bill, which is already overcrowded with information, will increase the cost of producing the bill and for most customers it is irrelevant information. Sub section 10.3 places an obligation on a retailer to provide this information to the customer on request at no charge.

In relation to discussion point 4.1, Horizon Power does not support this option unless the retailer is able to recover the costs of providing this option from the consumer.

Horizon Power does not support discussion point 4.2 in relation to bill smoothing. We believe this should be a product that retailers can offer a customer. This would establish a point of difference between retailers and promote competition between them.

Horizon Power does not support discussion point 4.3 in relation to historical debt. A retailer is required to provide separate advice of the debt to the customer under 4.4 (3).

Horizon Power supports recommendations 4.19 to 4.23

In relation to discussion point 4.4, Horizon Power recommends that sub section 10.1 be amended and require that all retailers be required to advise customers of changes in tariff prices. This ensures that no retailer has a competitive advantage over either Horizon Power or Synergy.

## **Part 5 – Payment**

Sections 5.1, 5.2, 5.4 - Horizon Power supports of the recommendations proposed in these sub sections. However, applying these sub sections to non-standard contracts might serve to restrict innovation in relation to electricity product offerings in an open market.

Horizon Power disagrees with Recommendation 5.13, which recommends, "a retailer must not charge a residential customer a late payment fee if the residential customer has made a complaint directly related to the non-payment of the bill to the retailer or to the electricity ombudsman and the complaint remains unresolved." This clause as it stands is not prescriptive enough in that it does not define what constitutes "unresolved". It is imperative that the Code articulates a process and a reasonable timeframe to resolve a customer complaint in the context of the application of late payment fees.

## **Part 6 – Payment Difficulties and Financial Hardship**

Horizon Power supports recommendations 6.1 to 6.13 and 6.15 to 6.16.

Should recommendation 6.14 proceed then a further recommendation will be required to make the current words in this section consistent with 6.6(1). Horizon Power supports recommendation 6.14.

## Part 7 – Disconnection

Recommendation 7.7 (3rd dot point) the statement 'advising the customer of the retailer's ability to arrange for disconnection if the customer fails to provide access to the meter' does not appear to be supported by the *Energy Operators (Powers) Act 1979* or the *Electricity Act 1945* which grants retailers and distributors an explicit right to disconnect a customer's electricity supply in prescribed circumstances such as where a customer has failed to pay a bill or used electricity illegally.

Discussion Point (7.1) Should the Western Power register for priority connection be contained within the Code ?

Horizon Power's position is that Western Power's register of persons dependent on life support equipment is for the purpose of establishing priority reconnection in the event of *unplanned* interruptions. This is not consistent with the intent of this part of the Code which is to protect customers by ensuring that customers are given due notice of any intention on the part of the retailer or distributor to disconnect the customer prior to *planned* physical disconnection. Additionally it is unreasonable for the Code to impose a condition on a single Distributor. This requirement should not be included in the Code.

## Part 8 – Reconnection

Horizon Power approves of the recommendations proposed in this part of the Code, as they are consistent with the *Electricity Industry (Obligation to Connect) Regulations 2005*.

## Part 9 – Pre-payment meters in remote communities

### 14.1 Background And General Comments On Prepayment Meters (PPMs)

Horizon Power has been acting on behalf of the State and Australian Governments as nominated service provider on the Town Reserves Regularisation and Aboriginal and Remote Communities Power Supply Projects (TRRP and ARCPSP).

Since the operation of PPMs commenced in October 2005, Horizon Power has developed an in depth working knowledge of the key issues facing both retailers and customers. Horizon Power spends considerable time and effort working with community members to deliver education and seeking feedback. As such, Horizon Power has considerable experience from which to draw on in commenting on this element of the Code.

In examining the regulatory framework that will underpin the operation of PPMs, Horizon Power believes it is imperative that due consideration is given to the unique aspects of the customer base and physical conditions faced in many regional and remote locations. These aspects and conditions include:

- Customers with low levels of literacy and technical sophistication;
- A highly transient customer base;
- Communities that experience substantial alcohol and substance abuse and violence;
- Low employment levels and a high degree of dependence on welfare support;
- Extreme physical and climatic conditions; and
- Extreme levels of remoteness and isolation.

### *Pre-existence on PPMs in communities*

In Western Australia, PPMs are used in a large number of remote Aboriginal communities, which self generate and town based communities that are supplied through a Horizon Power master meter. This is an important fact as it recognises that with regularisation, Horizon Power is dealing, in many cases, with communities that have significant experience with PPMs through private arrangements. The PPMs have been self selected by the communities and have been found to be satisfactory in meeting their needs.

Interestingly, a number of communities, including Mardiwah Loop and Yargee in Halls Creek, have or had installed their own PPMs behind Horizon Power credit meters that are installed on all of the dwellings in the communities. These communities had regularised power supplied before the Town Reserve program was implemented. Another town reserve in Kununurra (Mirima) that had credit meters installed on all dwellings before the TRRP was implemented chose to convert to PPMs from individual credit meters once the TRRP got underway.

PPMs continue to be sought by both remote and town based (master metered) communities as their preferred internal revenue collection method.

### *Advantages of PPMs*

An additional advantage of PPMs evidently not recognised in the KPMG report is the ability of residents to have visitors contribute to cost of power through taking turns purchasing cards – where as with dwellings with credit meters, Aboriginal communities visitors have often departed by the time the two-monthly bill is received.

### *Disadvantage of PPMs*

The notion of "fuel related poverty" has no relevance to the Aboriginal communities where PPMs are currently installed or being sought to be installed. The residents often chose to cook on open fires, have no need for heating and many do not rely on refrigeration or air conditioning. The residents that do not purchase PPM cards causing dis-connection often do this as a life style choice to spend disposable income on other things that for them have greater priority.

### *Customer experience*

The surveys cited in the discussion paper show a remarkably high level of satisfaction with PPMs. It is noteworthy that in Tasmania the return was 95% where PPM customers pay a higher charge then credit meter customers.

Presumably in each there would be a group of undecided or neutral customers so the unsatisfied group would be a lesser number then the arithmetic compliment to the satisfied group percentages.

## 14.2 Notes Within Part 9

### Recommendations 9.1 – 9.5

Horizon Power agrees with the intent of Recommendation 1.1 and the clarity provided by Recommendations 9.1 through 9.5. Horizon Power supports these Recommendations without modification.

## 14.3 Clause 9.1 – Definitions

### Recommendations 9.6 and 9.7

Horizon Power can confirm that the PPMs currently used in the TRRP and ARCPSP have dual mode functionality and can be operated in both pre-payment and 'credit' mode. As such,

Horizon Power supports Recommendations 9.6 and 9.7 without modification.

#### 14.4 Clause 9.2 - Application

The sale of PPM cards through local retail outlets has raised awareness in the broader town populations within which communities in the TRRP have been regularised.

Horizon has received repeated requests from both Aboriginal and non-Aboriginal customers in the towns of Halls Creek, Fitzroy Crossing, Wyndham and Wiluna for PPMs to be available to customers resident in non-TRRP housing. These include Aboriginals that live in "camp" communities that are not technically town reserves (not on land controlled by the ALT) and Aboriginal and non-Aboriginal customers in "mainstream" public and private housing.

In addition, Horizon Power has been approached by stakeholders and community groups including Shire Councils, Housing Agencies and Church based organisations who have witnessed the outcomes of the TRRP and believe that similar benefits can be achieved if PPMs were made available to mainstream customers.

#### Comment on WACOSS' proposed conditions governing the extension of Part 9:

##### 1. Provision of analysis

Horizon Power and the OOE have conducted preliminary surveys in a number of TRRP communities where PPMs are being operated and a large degree of satisfaction was recorded. When questioned whether customers preferred PPMs to their previous method of paying for power (e.g. credit meters or chuck in system) almost 100% of customers responded positively.

##### 2. Automatic switching to emergency credit

This is not supported.

Firstly the need to manually initiate the Emergency Credit function is a positive way of drawing a customer's attention to the need to buy a card. If a PPM automatically switches to Emergency Credit this may be exhausted at a time when the customer is unable to purchase a new card and will therefore face forced disconnection.

Secondly automatic switching is in effect causing automatic indebtedness, as the Emergency Credit must be replenished before 'positive credit' is restored. The customer may prefer the meter to disconnect with the customer getting access to the full value of the next PPM card when up-loaded.

Finally, where a customer is intending to leave a house it would be preferable to letting the meter disconnect rather than having the next customer inherit a \$10 emergency credit debt. This is also the case where a customer may be leaving a property to go on holiday or for other reasons and wishes the meter disconnect rather than them returning to a debt for power they may have used but did not require.

##### 3. Frequency and duration of disconnections

This is not supported.

Seeking this information implies that such events are unsatisfactory. Instead it has been observed that many TRRP customers are comfortable letting disconnection occur as part of their household approach to budgeting. They may not run refrigerators and hence do not actually need a consistent supply of power. Simply collecting such data would give no indication as to the cause of the disconnection, which is the more important information.

In addition, the current metering technology used in the TRRP and ARCPSP communities has been chosen for its robustness, user friendliness, and value for money and suitability to local conditions. If Horizon Power were forced to use a new metering technology in non-TRRP or ARCPSP towns there would be additional costs and administrative complexity in supporting more than one PPM system. More importantly, it may be seen as inequitable that customers in TRRP and ARCPSP communities are provided are more basic metering system.

Finally, un-necessarily tight regulatory standards for PPMs are likely to lead to increased capital costs and economic inefficiencies. There are significant costs involved in regularising communities and forcing adoption of new metering technologies and strict regulatory standards may reduce the sustainability of long term funding for these activities.

Notwithstanding the arguments raised above, Horizon Power is committed to monitoring the available and future metering technologies to ensure that its customers continue to receive a metering service that is appropriate to their needs and cost effective for all parties.

4. Current consumption

As above, regulating standards for PPMs such as current or 'real time' consumption data is not supported by Horizon Power. While this feature is beneficial in providing customers with information on their power demands and costs it is currently only available in more costly 'next generation' meters. Horizon Power believes that the availability of these products/services should be governed by customer demand and willingness to pay.

Horizon Power believes it is important to focus on the most important customer protections when prescribing PPM regulation. As outlined above, the provision of real time consumption data is not a priority for many customers and if included as a regulated requirement will raise the overall cost of supply. The cost per unit does not vary since the uniform tariff policy dictates that the unit charge is a standard rate.

5. Total consumption, daily average consumption, costs of consumption and other costs

Supported so long as other costs are limited to the cost of supply charges. However, Horizon Power notes that customers using PPMs are prone to moving into and out of properties without notifying the retailer. As a result of this behaviour, it is difficult to attribute actual consumption data recorded on the meters to the current customer as they may have consumed a considerable amount of energy prior to notifying the retailer of the requirement for a new account.

6. No cost to users for installation, connection, disconnection and reconnection or return to standard meters

Supported so long as such action is not required due to damage being caused to the PPM by the resident.

Horizon Power's current approach in TRRP and ARCPSP communities is to waive the account establishment fee for PPM customers. Where a customer chooses to return to a credit meter, this change is also provided free of charge. Where a customer 'self disconnects' through non charging of the meter with a prepaid card a customer is not faced with an extra charge to connect, however repayment of any emergency credit used is required.

7. The areas were identified by thorough and consultative research as appropriate locations for expanded trials.

The implication to the wording of this proposal is that the current deployment of PPMs is a trial. This is not the case and may provide uncertainty about ongoing supply arrangements for some customers.

The requirement for consultation with the community and individual customers is supported and is an integral element of Horizon Power's current practise.

8. Commitment to monitoring and reporting on the trials.

This is not relevant since the deployments at present are not trials and should not be seen to be conditional upon satisfactory outcome of monitoring and reporting.

Reporting on the deployment of PPMs should be carried out by an independent group well qualified in dealing with Aboriginal customers that live in remote communities – i.e. familiar with the level of literacy and the use of non-verbal means of communicating.

#### Horizon Power has concerns about discriminatory treatment of customer groups

Only making PPMs available to Town Reserve Aboriginal customers where non-Aboriginal mainstream customers are at present denied due to their non-Aboriginality puts Horizon Power at risk of being accused of discriminatory conduct.

Were the ERA to make recommendations that cause different treatment of Aboriginal and non-Aboriginal customers to occur the ERA may be similarly at risk.

#### Discussion Point 9.1

Clause 9.2(2) needs to be amended to allow operation of PPMs by electricity retailers outside of ARCPSP and TRRP communities. It should be noted that PPMs are installed by a variety of organisations outside of ARCPSP and TRRP communities at present.

The application should be universal – to attempt to modify the extent of legal deployment from ARCPSP and town reserves to some other arbitrary demarcation will cause problems at the margin and will inevitably cause difficulties in the near future – for example the State and Commonwealth are contemplating regularisation of electricity supply arrangements in remote communities that are smaller than ARCPSP defined communities.

Clause 9.2(2) should be made to apply to the deployment of PPMs by an electricity retailer regardless of where this occurs.

#### Discussion Point 9.2

As discussed above, Horizon Power supports a prohibition on costs to users for installation, connection, disconnection, reconnection of PPMs and/or a return to a standard (credit) meter. However, Horizon Power believes that further changes to a PPM installation after the original change from a PPM to a standard meter by an individual customer should incur costs. Due to the remoteness of some locations where PPMs may be installed, there would be significant costs to an electricity retailer to fulfil these requests and a price signal would prevent repeated or frivolous requests to change modes.

#### Discussion point 9.3

The advantages and disadvantages of PPMs are clearly understood by stakeholders and have been generally well described in the discussion paper. As such, Horizon Power believes there would be minimal benefits from conducting further research at this stage into whether the Code should apply to nonTRRP and ARCPSP communities.

In particular, the continued disadvantage and potential discriminatory treatment of customers by non-availability of PPMs would be extended by the length of time that such research was carried out and results deliberated on.

Discussion Point 9.4

If Clause 9.2(2) is amended to allow the operation of PPMs in non ARCPSP and TRRP communities, Horizon Power does not support a blanket inclusion of provisions similar to those contained in the ACT and SA Codes. These Codes have been developed for particular market situations, vastly different from the conditions experienced in regional and remote communities.

For example neither the SA or ACT codes require provision of information adjacent to the PPM of the telephone numbers for inquiries or faults and emergencies nor of details of recharge facilities. It is suggested that this requirement in the WA code be removed to ensure concordance with the other State's codes?

In addition, a simple exemption for ARCPSP and TRRP communities would promulgate a feeling of inequality between Aboriginal customers in these communities and both Aboriginal and non-Aboriginal customers in other locations. Further, TRRP communities are often located within or on the boundaries of regional and remote towns. The conditions and customer needs experienced in the communities are often no different to those within the 'mainstream' town and as such an exemption solely for the reserve is unjustified.

14.5 Clause 9.3 - Consent

Recommendations 9.8

Horizon Power supports Recommendation 9.8, however evidence and experience suggests customers in remote communities are highly transient and are likely to move out of and into properties where PPMs are operated without notifying Horizon Power. As such, it is difficult for Horizon Power to comply with this obligation. While Horizon Power endeavours to liaise with regional Housing Officers to verify customer information, experience suggests that many of these officers are unable to provide the resources and information that is required at all times.

14.6 Clause 9.4 – Information Requirements

Recommendations 9.9 and 9.10

Horizon Power supports Recommendations 9.9 and 9.10.

Discussion Point 9.5

The SA and ACT codes were not drafted to reflect remote and regional community needs and conditions and accordingly are do not reflect the need for regulation to reflect WA conditions. It is therefore not considered appropriate that consistency should be forced simply for consistency sake – a more sophisticated approach is required and is expected.

*Subclause (3)*

The suggestion that inconsistency with eastern states PPM codes is a barrier to entry for retailers is nonsense. The existence of the Government's uniform tariff policy is the major barrier to entry. There are inconsistencies between the codes for PPMs and other regulatory requirements across several of the eastern states which have not been cited as a reason for the slow deployment for PPMs in those states (where other factors have been so cited).

#### Recommendation 9.11

Recommendation 9.11 is accepted, however, it is Horizon Power's preferred position that such a requirement be removed. As described above, the transient nature of some customers and the ability to use a PPM without notifying the retailer that a new account is required can result in inaccurate information being reported to the requesting customer.

#### 14.7 Clause 9.5 – Life Support Equipment

#### Recommendations 9.12 and 9.13

Horizon Power supports Recommendations 9.12 and 9.13 without modification.

#### 14.8 Clause 9.6 – recharge facilities

Horizon Power notes that the Authority has recently approved amendments to Clause 9.6(b), which provides a more appropriate regulatory framework for the operation of recharge facilities in ARCPSP communities.

#### Recommendation 9.14

Horizon Power notes the clarity provided by Recommendation 9.14 and supports this amendment without modification.

#### 14.9 Clause 9.7 – Concessions

Horizon Power wishes to clarify information provided by the Authority on page 140 regarding the provision of rebates to eligible customers. Horizon Power makes electronic funds transfers and some cheque payments to customers every six months, not two as reported in the discussion paper. Horizon Power is currently reviewing whether this timeframe can be reduced to three months.

#### Recommendation 9.15

Horizon Power supports Recommendation 9.15.

#### 14.10 Clause 9.8 – Emergency Credit

#### Recommendation 9.16

Horizon Power supports Recommendation 9.16.

#### 14.11 Clause 9.9 – Credit Retrieval and Transfer

#### Discussion Point 9.7

Horizon Power believes that there should be a lower limit on the amount of reimbursement of credit. A common sense approach needs to be adopted to reflect the costs of reading the meter and arranging the payment by means of cheque. Whether \$100 is an appropriate minimum amount requires careful consideration of the equity issue involved.

#### Recommendation 9.17

Horizon Power supports Recommendation 9.17 without modification.

#### 14.12 Clause 9.10 - Resumption of Supply

### Recommendation 9.18

Horizon Power supports recommendation 9.18 without modification.

### 14.13 Clause 9.11 – Record Keeping

#### Discussion Point 9.8

Horizon Power sees no need to change the record keeping obligations in Clause 9.11.

### **Part 10 – Information and Communication**

Discussion Point (10.1) Should the scope of clause 10.2 of the Code be extended to include contestable customers? Horizon Power's position is that it should not be extended but rather be treated as an opportunity for product differentiation between retailers.

Horizon Power disagrees with Recommendation 10.14, which recommends the retention of clause 10.7. A customer's historical consumption data is collected and stored within a Retailer's Customer Information System (CIS) and this clause requires the Distributor to replicate this system which seems an unreasonable requirement, especially since none of the Eastern States codes contains an obligation similar to that included in this clause.

Horizon Power disagrees with Recommendation 10.15, which recommends the retention of clause 10.8 (with the exception of the correction of a typographical error). This clause as it stands is not prescriptive enough in that it does not define what constitutes 'distribution standards'. These standards are numerous and may consist of design standards, construction standards, maintenance standards, etc. It is an unreasonable requirement that this breadth of information is required to be published on the distributor's website.

Horizon Power approves of the remainder of the recommendations proposed in this part of the Code.

### **Part 11 – Customer Service Charter**

Horizon Power approves of the recommendations proposed in this part of the Code.

### **Part 12 – Complaints and Dispute Resolution**

Horizon Power supports recommendations 12.1 to 12.4

Discussion point 12.2. Horizon Power 's position is that the requirement for a marketer to establish a complaints handling process be removed. The customer (if they have a complaint) will contact the retailer on whose behalf the marketer is acting, as that is the name they recognise and deal with. Horizon Power supports the view that the retailers' complaints process should cater for marketing complaints. Horizon would also support the removal of the reference to marketer in clause 12.3.

### **Part 13 – Record Keeping**

Horizon Power is supportive of a move to a national regulatory reporting framework however we consider that it is reasonable that a transition period of 3 years be granted to achieve compliance for reporting against a national set of performance indicators. This is necessary as there is likely to be considerable cost involved (of the order of \$250,000) and a transition period will enable retailers and distributors to establish the necessary systems and processes that are required to capture and report this data.

Horizon Power disagrees with Recommendation 13.6, which requires retailers and distributors to keep data for an additional 2 years as we are already required to provide this

data to the Authority annually and we consider that an obligation to keep the data for an additional 2 years will add little value.

Horizon Power considers that the decision by the ECCC to retain additional performance indicators to the national set of performance indicators is akin to a bet each way and without regard to the cost imposed on the retailers and distributors. Hence Horizon Power's response to Discussion Points (13.1 & 13.2) is that clause 13.2(1)(c) and 13.2(1)(d) be deleted.

Horizon Power suggests that 13.2(1) be restructured into more logical groupings for the reporting obligations of residential and non-residential customers, as it is confusing in its present format. In its present format, clause 13.2(1) flip-flops between the two customer groups. For example clause 13.1(a), (b) and (c) refer to both residential and non-residential customers. Clause 13.1(d) refers to non-residential customers. Clause 13.1(e) reverts back to referring to residential customers. Clause 13.1(f) reverts back to referring to non-residential customers. Clause 13.1(g) reverts back to referring to residential customers. Clause 13.1(h) and (i) revert back to referring to both residential and non-residential customers.

Discussion Point (13.3). Horizon Power does not support amending clause 13.4 (a) and (b) to include an obligation upon retailers to keep data on the average amount of any payments due under clauses 14.2 and 14.3 of the Code on the basis that it is largely a meaningless figure and does not add value to the customer or the retailer. For example consider 3 possible scenarios:

- 10 x \$50 payments and 1 x \$250 payment = an average of \$68
- 2 x \$50 payments and 1 x \$100 payment = an average of \$66
- 10 x \$50 payments and 5 x \$100 payment = an average of \$66

The 3 quite different scenarios all result in approximately the same average \$ payment value. Also consider a further scenario in which there were 5 x \$50 payments and 1 x \$250 payment = an average of \$83, giving the impression that this scenario is a worse performance than scenario # 1, which is clearly not the case.

Horizon Power agrees with Recommendation 13.32 to delete clause 13.9(a) of the Code as this requirement duplicates the requirement to record service standard payments for planned interruptions that is contained in the Electricity Industry (Network Quality & Reliability of Supply) Code 2005.

Recommendation 13.33 to retain clause 13.9(b) without amendment is not correctly represented in the marked up version of the Code. Clause 14.5 should read Clause 14.6.

#### Part 14 – Service Standard Payments

Discussion Point (14.1) questions whether clause 14.1 should be amended to make service standard payments available to all small use customers and eligibility for payment not just be restricted to non-contestable customers who consume less than 50 MWh per annum? Horizon Power is of the view that contestable customers can choose to transfer to an alternative retailer if dissatisfied with the service levels being provided. Clause 14.1 should therefore remain unchanged.

Discussion Point (14.2) questions whether clause 14.1 should be amended to make service standard payments available to all non-contestable customers regardless of their supplier? For consistency with the Eastern States, and for the Code to be fair and equitable, the obligation to make service payments should be imposed on all retailers and distributors – not only the incumbent retailer and distributor.

Discussion Point (14.3) questions whether the cap of \$250 on the amount payable on reconnections be amended? Horizon Power's view is that the Service Standard Payments are in place to provide an incentive for retailers and distributors to modify their behaviour and are not considered as compensation for the customer. As such the cap on the amount payable should remain unchanged.

Discussion Point (14.4) questions whether the cap of \$250 on the amount payable on wrongful disconnections be amended? Horizon Power's view is that the Service Standard Payments are in place to provide an incentive for retailers and distributors to modify their behaviour and are not considered as compensation for the customer. As such the cap on the amount payable should remain unchanged.

Discussion Point (14.5) questions whether clause 14.7(1)(a) should be amended to remove the requirement for the customer to apply for a Service Standard Payment? Horizon Power's view is that considerable costs would be incurred in developing the necessary systems capable of automatically processing these payments for all eligible customers. This would impose an unnecessary cost burden on electricity consumers across the state, as at the end of the day it is electricity consumers who will pay for this provision. Consumers are made aware of their eligibility for Service Standard Payments through the Customer Charter and the Code and if they are genuinely aggrieved they can make application for payment and / or lodge a complaint. In many circumstances customers would be oblivious to or would not be aggrieved by a breach of service standard and would not seek payment. Horizon Power does not regard automatic payment of Service Standard Payments as an incentive to meet service standards but rather as a 'nuisance' cost of doing business.

Discussion Point (14.6) questions whether the time-limit of 2 months for making an application for a service standard payment be extended or alternatively, reduced? Horizon Power's view is that if the customer is genuinely aggrieved by a breach of service standard then 2 months is adequate time for them to make an application for a service standard payment. Any extension beyond 2 months opens the door for mischievous behaviour or 'copy cat' behaviour by unscrupulous customers whom may not have been genuinely aggrieved by the breach of service standard.

Discussion Point (14.7) questions whether non-contestable customers should be able to contract out of Part 14 of the Code? Consistent with Discussion Point (1.1) Horizon Power's position is that retailers and customers should be provided with greater flexibility when negotiating the terms and conditions of non-standard contracts. This would establish a point of difference between retailers and promote competition between them. Non-contestable customers should have the ability to contract out of all parts of the Code under a non-standard contract (with the exception of Part 6 - Payment Difficulties and Financial Hardship) considering that the Electricity Industry (Customer Contract) Regulations 2005 already prescribe mandatory conditions applicable to that contract.

Discussion Point (14.8) questions whether any of the provisions related to service standard payments in other jurisdictions but not currently contained in the Western Australian Code be included in the Code? Horizon Power's position is that changes to the Code should not be driven by perceived problems or opportunities but rather should be driven by market failure before regulation is imposed. As such Horizon power does not support the inclusion of any extra provisions in the Code.

Yours sincerely,

**PETE FELDHUSEN**  
**GENERAL MANAGER**  
**GOVERNANCE & LEGAL SERVICES**