

FINAL DECISION

Amendments to the *Code of Conduct for the Supply of Electricity to Small Use Customers* –
Pre-payment meters

17 June 2013

Economic Regulation Authority

WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority website at www.erawa.com.au.

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FINAL DECISION

The Authority has decided to exercise its power under section 79(1) of the *Electricity Industry Act 2004 (Act)* to amend the *Code of Conduct for the Supply of Electricity to Small Use Customers 2012 (Code)*. This decision follows its consideration of the Electricity Code Consultative Committee's (**ECCC**) advice (**Advice**) on the Authority's proposed amendments to the pre-payment meter grandfathering provisions in the **Code**.

BACKGROUND

Under section 79 of the *Electricity Industry Act 2004 (Act)*, the Authority may, in consultation with a committee, approve a code of conduct to:

...regulate and control the conduct of electricity retail, distribution and integrated regional licensees and electricity marketing agents, with the object of defining standards of conduct in the supply and marketing of electricity to customers and providing for compensation payments to be made to customers when standards of conduct are not met; and protecting customers from undesirable marketing conduct.

The code of conduct is known as the *Code of Conduct for the Supply of Electricity to Small Use Customers (Code)*.

Under section 81 of the Act, the Authority is required to establish a committee to advise it on matters relating to the Code. To this effect, the Electricity Code Consultative Committee (**ECCC**) was established on 1 September 2006.

In March 2013, Horizon Power wrote to the Authority requesting it amend clause 9.13 of the Code to increase the period of time after the amendment date (1 July 2010) from 36 months to 48 months, by which pre-payment meters are required to comply with the Code.

Following Horizon Power's request, the Authority decided to exercise its power under the Act to propose amendments to the Code. The Authority's proposed amendments were outlined in its Draft Decision, published on the website on 10 May 2013.

In its Draft Decision, the Authority proposed to amend the Code as follows:

9.13 Existing pre-payment meters

(1) Subject to subclause (3), a **pre-payment meter** installed and operating immediately prior to the **amendment date** will be deemed to comply with the requirements of this Part 9 for a period of ~~36~~48 months on and from the **amendment date**. For the avoidance of doubt, at the expiry of the ~~36~~48 month period, this subclause (1) will no longer apply to the **pre-payment meter** and it must comply with the requirements of this Part 9.

(2) Subject to subclause (3), a **pre-payment meter** that is installed during the period commencing on the **amendment date** and ending on 31 December 2010 (inclusive) will be deemed to comply with clauses 9.7(1)(a) and 9.12 for a period of ~~36~~48 months on and from the **amendment date**. For the avoidance of doubt, at the expiry of the ~~36~~48 month period, this subclause (2) will no longer apply to the **pre-payment meter** and it must comply with the requirements of this Part 9.

(3) When a **pre-payment meter** covered by subclause (1) or subclause (2) is upgraded or modified for any reason (other than the initial installation), the modified or

upgraded **pre-payment meter** must comply with the applicable requirements of Part 9.

In its Draft Decision, the Authority stated:

The Authority notes that the Code obligations for pre-payment meters require the development of new metering technology to meet a number of new performance criteria. Horizon Power has advised the Authority that it has been negotiating with various metering solution providers to develop a totally new pre-payment meter technology that will comply with the Code requirements. However, Horizon Power has advised that, because of the risks involved in deploying new technology, the need to undertake appropriate due diligence has delayed the conclusion of the negotiations, which is now expected to occur in May 2013. Consequently, Horizon Power does not anticipate being in a position to conduct a pilot of both the pre-payment meter solution, and a community engagement and education program for its introduction, until late 2013. The result of this pilot will inform planning for a full roll-out of the pre-payment meter solution in 2014.

Consistent with section 87 of the Act, the Authority referred its proposed amendments to the ECCC for its advice. The ECCC, as required by the Act, undertook consultation with interested parties in respect of the amendments proposed by the Authority. On 13 May 2013, the ECCC advertised the public consultation period on the Authority's website and in *The West Australian* newspaper.

The closing date for submissions on the proposed amendments was 24 May 2013. Three submissions were received. Copies of these submissions are available on the Authority's website as attachments to the Advice.

The ECCC provided its Advice to the Authority on 31 May 2013. A copy of the Advice is available on the Authority's website.

Following the Authority's consideration of the Advice, the Authority has decided to proceed with the proposed amendments to the Code. The amendments to the Code are the same as those outlined in the Authority's Draft Decision.