

Mr. Paul Kelly
Chair - ECCC
Economic Regulation Authority
PO Box 8469
PERTH BC WA 6849



24 October 2017

Dear Mr. Kelly

WACOSS Submission to the 2017 Review of the Code of Conduct for the Supply of Electricity to Small Use Customers

The Western Australian Council of Social Service welcomes the opportunity to be a member of the Electricity Code Consultative Committee (ECCC) and to provide a submission regarding the Economic Regulation Authority's Draft Review Report released as part of the 2017 review of the *Code of Conduct for the Supply of Electricity to Small Use Customers*.

The electricity code is an important regulatory framework essential in protecting the rights of West Australian electricity customers. As a participating member of the ECCC, WACOSS has been actively involved in the process, outcomes and recommendations put forward in the ECCC's consultation and review of the code.

We view this as an opportunity to strengthen customer protection in the electricity market and make our policy recommendations in relation to the need for customer protection in essential service markets known. As the peak body for community services and advocates on behalf of West Australian customers, this review directly affects the citizens we represent and this submission comments on the important changes proposed in the review's draft report.

In preparing this submission, WACOSS undertook consultations across WA to gather input on the draft report and its amendments to ensure customer views are represented. WACOSS looks forward to participating in the remainder of the review process.

Please contact Dr Jennie Gray or Jack Thornton on (08) 9420 7222 should you have any queries regarding this submission.

Yours sincerely

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WACOSS Submission:

Code of Conduct for the Supply of Electricity to Small Use Customers

The Electricity Code of Conduct (the Code) establishes a customer protection framework that outlines the minimum level of service standards in the supply and marketing of electricity that licensees must provide to customers. Since December 2004, the Code has been operating satisfactorily. It is important, however, that there are regular opportunities to improve and adjust it to varying or emerging customer needs.

At present, the cost of utilities for households is rising and the incidence of new customers experiencing financial hardship is increasing at an alarming rate. WACOSS welcomes the considered revisions to the Code, ensuring that customers are better protected and provided with a safety net when challenged with adversity. These improved safeguards for customers will help in guaranteeing the citizens of our State a good standard of essential basic services at an affordable cost with financial flexibility available when necessary.

Recommendation 1:

Clause 4.1 – Shortening the billing cycle

WACOSS Response: WACOSS agrees that this clause should be amended to enable retailers with more flexibility regarding bill cycles to avoid duplication and reflect practical business practices.

Recommendation 2:

Clause 4.3 – Bill smoothing

WACOSS Response: WACOSS supports the insertion of a new sub-clause requiring retailer's to notify customers in advance of when their bill smoothing arrangement is ending. This will ensure billing is more predictable and flexible, reducing the stress of bill shock and unanticipated hardship for customers.

Recommendation 3:

Clause 4.6 - Basis of a bill

WACOSS Response: WACOSS agrees with the recommended amendment to clause 4.6.

Recommendation 4:

Clause 5.6(1)(c) – Late payment fee

WACOSS Response: WACOSS supports the amendments to prohibit retailers from charging late payment fees if a customer has a favourable complaint regarding the non-payment of the bill. Additionally, if the complaint is unfavourable, this change will ensure the late-payment fee is charged from the date of resolving the complaint as opposed to the date of non-payment.

This ensures that the Code reflects best standard practice and treats customers with complaints appropriately, guaranteeing consistency and equity in a late payment issue for both the customer and retailer.

Recommendation 5:

Clauses 5.8 and 5.9 – Debt collection

WACOSS Response – WACOSS agrees with the recommended amendment to amalgamate clauses 5.8 and 5.9 to avoid unnecessary duplication within the Code.

Recommendation 6:

Clause 6.4(1) – Assistance for residential customers experiencing payment difficulties

WACOSS Response: WACOSS strongly supports the obligation for a retailer to offer either a customer experiencing payment difficulties or financial hardship additional time to pay or an interest free payment plan. WACOSS agrees that the treatment by retailers of customers in hardship and customers experiencing payment difficulties should both be aligned within the Code.

There are a myriad of reasons as to why a customer may be experiencing payment difficulties or hardship, such as physical or mental health issues, a loss of income, a loss of a loved one, spousal separation, domestic violence and much more. It is imperative that customers who are in financial difficulty that they are offered assistance in the form of flexible payment arrangements.

Comparatively, other jurisdictions in Australia have equivalent laws and regulations (*i.e. clause 50 of the National Energy Retail Law*) guaranteeing that customers are offered payment arrangements when financially challenged, as opposed to being required to request it themselves from the retailer.

These customers should not have their difficult financial experience exacerbated by being further penalised for essential services. Offering flexible payment arrangements enables customers to prevent payment difficulties from escalating and to resolve financial hardship for the longer term.

Recommendation 7:

Clause 6.10(2) – Financial hardship policy and treatment of customer’s information

WACOSS Response: WACOSS highly recommends that the code clearly outlines that retailers must have a financial hardship policy stipulating how they will handle a customer’s personal information.

When a customer is in hardship, they provide the retailer with extensive personal and financial information to verify their circumstances. It is reasonable to expect the retailer’s hardship policy to identify how a customer’s private information will be treated.

It can be distressing for customers to inform their retailer that they are experiencing hardship for a number of reasons, therefore it would be reassuring for customers to have confidence that their personal details are secure, especially in times of adversity.

Recommendation 8:

Clause 7.5 – ‘Disconnection’ or ‘interruption’ for emergencies

WACOSS Response: WACOSS agrees that the definition of an electricity supply ‘disconnection’ should be broadened within the Code to include supply interruptions.

Ultimately, if the supply is de-energised by the network operator then the customer is disconnected from the electricity service and should be able to access emergency support if needed, which the Code should define as such.

Recommendation 9:

Clause 7.7(4)(b) – Notifying life support customers of planned interruptions

WACOSS Response: WACOSS approves of the amendments regarding the process in notifying customers on life support.

For customers who have special requirements (e.g. use of a dialysis machine, life-support equipment etc.), electricity is an even more important service that must not incur a loss of supply because of the consequent risks to health. As a result, these customers are on a register guaranteeing the distributor will appropriately notify them of any service interruptions. It is essential for these customers that they are adequately notified of any disruption to their energy supply.

This amendment will remove the inconsistency regarding this clause removed from the Code, making service processes more efficient and cost-effective for distributors whilst clearly notifying customers of a service interruption, which benefits both customers and distributors.

Recommendation 10:

Clause 7.7(7)(c) – Correction to referenced clauses

WACOSS Response: WACOSS agrees with the recommended amendment to clause 7.7(7)(c).

Recommendation 11:

Clauses 8.1 & 14.1(1) – Reconnection by a retailer

WACOSS Response: WACOSS does not support the recommendation for this new subclause to exempt retailers from requirements to request reconnection.

In particular to sub-clause 8.1(3)(a), it is not clear what ‘*alternative steps*’ would be possible or sufficient to ensure the customer is not adversely affected. It is also ambiguous how the term ‘*adversely affected*’ should be interpreted. What would constitute an adverse effect? Who would decide? What role would the customer have in saying whether the effect was or was not adverse?

It is difficult to see the rationale for exemptions to obligatory time frames, as these designated deadlines for retailers and distributors to meet their reconnection obligations to customers are not onerous or unreasonable in any case. WACOSS does agree in principle that clause 14.1(1) should be consequentially amended to oblige retailers to pay service standard payments to customers upon not complying with reconnection time frames, however the language within the amendment is similarly ambiguous to clause 8.1(3)(a).

WACOSS acknowledges the requirement for further clarity in the Code regarding this matter generally, however the amendments drafted do not achieve this outcome. Either further clarity regarding the above is required, or the exemption should be entirely removed.

Recommendation 12:

Clause 9.7 – Allowing flexibility in how recharge facilities are provided

WACOSS Response: WACOSS agrees permitting flexible arrangements between the customer and retailer regarding pre-payment metering services is mutually beneficial, as the requirement for a retailer to provide a physical recharge facility within a 40 kilometre range of the pre-payment meter can be a barrier for the retailer to offer the pre-payment meter service to customers.

Recommendation 13:

Clause 10.1 – Tariff information

WACOSS Response: WACOSS endorses the expansion of clause 10.1 to include the requirement for retailers to provide appropriate notice to customers when a variation in the retailer’s ‘fees and charges’ occurs and to make reasonable information available regarding any of their current charges.

It is a basic retail requirement is to provide this information at the customer’s request regarding their current fees and charges, and to inform them of changes to any of these incurred costs for a product or service. This recommendation ensures retailers are more transparent regarding electricity fees and charges, as customers can be provided with and have access to important information that directly affects their household expenditure.

Recommendation 14:

Clause 14.2(1)(a) – Wrongful disconnections

WACOSS Response: WACOSS agrees with the recommended amendment to clause 14.2(1)(a).

Recommendation 15:

Clause 1.5 – Definition of adjustment

WACOSS Response: WACOSS agrees with the recommended amendment to clause 1.5.

Recommendation 16:

Clause 1.10 – Deleting “annotations”

WACOSS Response: WACOSS agrees with the recommended amendment to clause 1.10.

Recommendation 17:

Clause 4.1(a)(iii) – Inserting the word “their” into the clause

WACOSS Response: WACOSS agrees with the recommended amendment to clause 4.1(a)(iii).

Recommendation 18:

Clause 6.4(3)(a) – Clarifying the clause

WACOSS Response: WACOSS agrees with the recommended amendment to clause 6.4(3)(a).

Recommendation 19:

Clause 6.7 – Deleting “previously elected” from the clause

WACOSS Response: WACOSS agrees with the recommended amendment to clause 6.7.

Recommendation 20:

Clause 7.6(3)(b) – Formatting of “emergency reasons”

WACOSS Response: WACOSS agrees with the recommended amendment to clause 7.6(3)(b).

Recommendation 21:

Clause 7.7(7)(b)(ii)(d) - "Facsimile"

WACOSS Response: WACOSS agrees with the recommended amendment to clause 7.7(7)(b)(ii)(d).

ERA Consultation Question:

Clauses 6.10(2)(3)(6)(8) – Consultation with relevant consumer representatives during review or amendment of financial hardship policies

WACOSS Response: WACOSS strongly recommends amending the Code to require that the retailer must consult with relevant customer representatives when they have been directed by the ERA to review their financial hardship policy and procedures under clause 6.10(6), or when retailers materially amend the policy on their own initiative under clause 6.10(8).

Customer representatives are an effective mechanism for ensuring that customer interests and perspectives regarding market discussions and decision-making are received and acted upon. Without it, we cannot expect to see best practice customer protection or be sure that West Australian's are not paying too much for power and not being supported when in financial hardship.

Research shows that negative energy market outcomes, such as affordability problems or market failure, have greater consequences for vulnerable consumers. Effective customer advocacy is fundamental to ensuring electricity services are fair, equitable and in line with community standards.

WACOSS urges that it be a necessity under the Code (the primary statutory instrument) that the retailers consult with customer representatives when evaluating, developing and revising their hardship policies to ensure they are at the best possible standard.

Conclusion:

WACOSS trusts that the above comments and recommendations will be fully considered in finalising the regulatory decisions for the Code.

As the cost of living for everyday households is rising and the energy market is transforming, there needs to be increased consumer advocacy and a strong regulatory framework to ensure that the essential services for those most vulnerable are safeguarded.

This review will not resolve all issues and inefficiencies in our State's electricity market. More progress will need to be made in future reviews to amalgamate a fair customer protection and utility hardship framework into the regulatory framework. This will ensure an inclusive and equitable market that will be effective in a systematic and sustainable way.

WACOSS considers the implementation of the amendments to be critical in guaranteeing the best outcomes for both the providers and customers. Ensuring the appropriate information is available online, frontline staff are well-trained regarding the changes and that customers are made aware of their new rights is vital in achieving optimal results.

WACOSS is overall supportive of the amendments proposed and satisfied with the headway made in advancing customer protection for electricity services. WACOSS again appreciates the opportunity to be a part of the review process and encourages more holistic reviews are undertaken in the future to continue to evolve the utilities market in the interests of at-risk customers and households.