



Economic Regulation Authority

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Promoting fair prices, quality services and choice.

NOTICE

Release of Pre-Payment Meter Research Report and Proposed Code Amendments

The Economic Regulation Authority today approved the release of the “Pre-Payment Meter Systems in Western Australia: Cost-Benefit Analysis and Regulatory Impact Assessment (March 2009)” research report.

The *Code of Conduct for the Supply of Electricity to Small Use Customers* regulates the conduct of retailers who have installed or intend to install pre-payment meters (PPM) in communities and towns in the Aboriginal and Remote Communities Power Supply Program and Town Reserve Regularisation Program prescribed areas. In practice, the code prohibits the operation of PPMs outside these areas.

Under the *Electricity Industry Act 2004*, the Authority may, after consultation with the Electricity Code Consultative Committee, approve a code of conduct to regulate and control the conduct of the holders of electricity retail, distribution and integrated regional licences, and electricity marketing agents. The code defines standards of conduct in the supply and marketing of electricity to customers and provides for compensation payments to be made to customers when standards of conduct are not met. It also protects customers from undesirable marketing conduct.

The issue as to whether the Authority should allow the operation of PPMs in WA and, if so, what code provisions should apply, has been a matter of significant debate amongst stakeholders over recent years.

As required under the Act, the ECCC reviews the code every two years. The ECCC commenced the first code review in September 2006 and, after public consultation, delivered a final report to the Authority in May 2007. The report included a recommendation that the Authority commission independent research (including a cost benefit analysis and a regulatory impact statement) regarding the current and possible future operation and regulation of PPMs in WA. The Authority agreed to this recommendation and, in 2008, contracted the Allen Consulting Group, to undertake the research.

The research report includes analysis of the current operation of PPMs, consideration of the costs and benefits, discussion of consumer issues and a regulatory impact statement. A copy of the research report is available on the Authority's [web site](#).

While the Authority noted the research report findings that there was a net benefit to allowing PPMs to operate in WA, the Authority was concerned about the customer protection issues associated with PPMs that are detailed in the report.

The Authority will propose, to the ECCC, several amendments to the code which would remove the existing barriers to PPMs while addressing customer issues and ensuring consumer protection at a level commensurate with other Australian jurisdictions, including the National Energy Market where very similar provisions are proposed.

The Authority will request that the ECCC provide advice, as required under the Act, regarding the proposed amendments and whether further or alternative amendments are recommended.

The Act requires the ECCC to provide interested parties with the opportunity to comment. The Authority will require that the ECCC undertake at least six weeks public consultation before providing its advice.

The Authority is yet to make a final decision on the regulatory arrangements concerning PPMs in WA. Following receipt of the ECCC advice, the Authority will consider the issues raised. The Authority may choose to proceed with the original amendments proposed to the ECCC. In addition, the Authority may accept further or other recommended amendments from the ECCC. If the Authority decides, after consideration of the ECCC advice, that it wishes to propose alternative new amendments, that have not been the subject of consultation, the Authority may require further advice from the ECCC.

Following the ECCC receipt of the Authority's proposed amendments a notice will be sent to interested parties and an advertisement will be placed in relevant newspapers regarding public consultation.

Further information about the ECCC is available on the Authority's [web site](#).

For further information contact:

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12 May 2009