



ENQUIRIES : Sophie Underwood - Ph 92358084

OUR REF: 08/0280

Mr Paul Kelly
Chairman
Electricity Code Consultative Committee
Level 6, Governor Stirling Tower
197 St Georges Tce
Perth, WA, 6000

Dear Mr Kelly

I refer to the Economic Regulation Authority's proposed amendments to the 'Code of Conduct for the Supply of Electricity to Small Use Customers 2008' (the *Code*) in relation to prepayment meters (PPM), and the Electricity Code Consultative Committee's invitation for written comment regarding these proposed amendments. The Department of Indigenous Affairs (DIA) has reviewed the proposed amendments and is supportive of the improved level of customer protection the amendments offer.

The DIA's interest in amendments to the *Code* relate specifically to the use of PPMs in remote Aboriginal communities and town reserves. Research on the use of existing PPMs in Western Australia indicates a high level of customer satisfaction with the PPM system¹. Feedback from communities and individuals subject to the Aboriginal Remote Communities Power Supply Program (ARCPSP) and the Town Reserve Regularisation Program (TRRP) indicate the following benefits associated with the use of PPMs:

- A greater awareness of day-to-day costs and consumption by consumers.
- Improved management of the household budget and financial responsibility.
- The elimination of power debt.
- Removal of the unfair practice of the 'chuck in' system common in Aboriginal communities i.e. consumers only pay for the power they use.
- A significant reduction in long periods of power disconnection.
- A more consistent power supply to households.

¹ Strategic Edge Consulting, 2008, *Data Analysis of Prepaid Meter Use Survey in Remote Aboriginal Communities*, report prepared for the Western Australian Office of Energy.

However the DIA is also aware of concerns relating to principles of consumer choice and equity. Of relevance is the proposed new clause 9.3(1) in the Code that states “a retailer must not require a customer to install or maintain the installation of a PPM”. The DIA understands that before Aboriginal communities can have their power regularised under the ARCPSP or the TRRP they must agree to the installation of PPMs as the initial metering system. The option of a standard credit meter is not available until after power supply has been regularised and PPMs installed.

It is likely most consumers subject to the ARCPSP or TRRP will choose PPMs as their preferred method of power supply. However in the interests of social equity and compliance with proposed clause 9.3(1) Horizon Power will need to offer a choice of PPMs or standard credit meters to future consumers subject to the ARCPSP or TRRP.

The DIA is also aware of concerns raised by Horizon Power about the impracticality of some of the proposed amendments to the code, particularly in relation to contacting a customer when a prepayment meter has run out of credit three or more times in a three month period for more than four hours on each occasion. Advice from the DIA Regional Offices is that disconnections are common in Aboriginal communities due to the transient nature of many residents (tribal business, funerals, holidays) and are not necessarily the result of financial hardship. Horizon Power asserts that for residents in most Aboriginal communities a face to face visit is the only means of contact. The implication is that Horizon Power will be making unnecessary visits to remote communities at considerable cost.

It is the DIA's position that whilst face to face visits may be necessary in Aboriginal town reserves, they are, by their very nature, situated in or close to mainstream towns and thus easily accessible to service providers.

With regards to remote Aboriginal communities, the regularisation of power and the installation of PPMs will only occur in larger communities. These large communities are contactable by phone/fax/email/post through an administration office. It would not be unreasonable for Horizon Power to contact a resident via a community's administration office in order to determine whether disconnection is related to financial hardship or for other reasons.

The DIA remains concerned by Horizon Power's position that the cost of complying with the proposed amendments to the Code will jeopardise programs delivering regularised services to remote Aboriginal communities. Advice from the DIA Regional Offices is that abandoning the PPM system would be highly undesirable for existing PPM users, and a change to standard credit meters would create considerable financial hardship in many Aboriginal communities.

The DIA is acutely interested in the ERA's proposed amendments to the Code and how they will impact on Aboriginal people living in remote communities and town reserves. Should you require further input from on the matter from the DIA please contact Ms Sophie Underwood, Principal Policy Officer, on 9235 8084.

Yours sincerely

Patrick Walker
Director General

 August 2009