

14 April 2025

Economic Regulation Authority
4th Floor Albert Facey House
469 Wellington Street
Perth 6000

Dear Ms Lee,

Re: Addendum to Expert Consumer Panel submission on 2024/25 ERA WA Review of Audit and Review Guidelines

The WA Expert Consumer Panel (ECP) appreciates the opportunity to provide additional feedback on the Economic Regulation Authority's review of the Audit and Review Guidelines (Guidelines). As a panel supported by the State Government's Western Australian Advocacy for Consumers of Energy (WA ACE) program, we are committed to improving consumer outcomes in the energy sector.

The licensing framework for electricity and gas retailers and networks is at the core of the governance of the Western Australian energy system, promoting the interests of household and business energy consumers by authorising energy sales, distribution and other activities, and ensuring services are safe, reliable, efficient. The audit and review process outlined in the Guidelines is a key accountability mechanism for licensees, helping identify and resolve service quality issues and in doing so secure and build consumer trust and confidence in the system.

Since lodging our submission to the Review of the Guidelines on 26 March 2025, we have become aware that Synergy received Centrepay deductions through Services Australia against approximately 3,500 inactive customer accounts, resulting in overpayments during the period 2009 to March 2025.¹ In a statement, Synergy has acknowledged the seriousness of these overpayments, has committed to refunding those impacted and is undertaking a review to ensure a mistake like this does not happen again.

While Synergy's internal review is welcome, it is not sufficient given the severity of the apparent breach of the overcharging provisions in the Customer Code of Conduct for the Supply of Electricity to Small Use Customers.² The nature of the overcharges which impact households relying on social security support, as well as the fact that it has been happening for a prolonged period of more than 15 years without being picked-up, raises questions about the effectiveness of Synergy's audit and review processes and the

¹ <https://www.synergy.net.au/Global/Centrepay-update>

²

https://www.erawa.com.au/cproot/23040/2/Gazetted---Code-of-Conduct-for-the-Supply-of-Electricity-to-Small-Use-Customers-2022-g2022_177-.pdf clause 30

ERA's Audit and Review framework. The ERA has identified customer billing, financial hardship and payment difficulties as high priority processes for audit and review, and Centrepay overcharging is a known issue. AGL was fined \$25 million for overcharging Centrepay because of the way its SAP billing system (which Synergy also uses) dealt with inactive accounts.³

We also know from the Federal Court case about AGL's fine that Services Australia, which administers the Centrepay system, notified AGL as early as 2013 that there was an issue with deductions from inactive customer accounts.⁴

In the first instance, ECP members are concerned that customers of other electricity and gas retailers who are using, or who have used, Centrepay to pay their bills may also be at risk of being overcharged. The ERA should consider undertaking focussed spot audits across licenced retailers to ensure customer confidence in their bills, and inquire with the various retailers on whether they too have ever received similar correspondence from Services Australia. We also seek to understand what formal actions the ERA intends to take to further investigate and follow up this prolonged Synergy overcharging.

These instances of overcharging also add weight to the call in our submission for the ERA to strengthen the auditing and review process, including by increasing visibility of audit and review performance through annual market-wide reporting, and the ERA appointing auditors and managing payment, rather than the current arrangement where the engagement is led by licensees.

Large scale overcharging also raises questions about the adequacy of the overcharging provisions of the Customer Code, which only require that retailers, once they become aware that a customer has been overcharged, credit the customer's electricity or bank account, within 10 days. In particular, clause 30 (5) of the Code of Conduct for the Supply of Electricity to Small Use Customers 2022 outlines that "No interest is payable on an amount that has been overcharged." The ECP is of the opinion that instances in which small amounts of funds are outstanding for a short period of time may not require interest to be paid, however it is only reasonable and fair for customers that have been overcharged and the amount has remained in the retailer's account for more than 6 months or is over \$200, that interest should be paid, as this is money that the customer could have otherwise used for groceries, rent, or even paying down a credit card or mortgage.

3

<https://www.aer.gov.au/news/articles/news-releases/agl-penalised-25-million-breaches-overcharging-rules-related-centrepay-payments>

⁴ <https://www.judgments.fedcourt.gov.au/judgments/Judgments/fca/single/2024/2024fca0969> paragraph

It is also not clear whether the civil penalties will apply to breaches of the overcharging provisions, and what is the maximum penalty that may apply for customers being overcharged. Given the substantive nature and impact that long term overcharging has on customers, in the case of the overcharging of Centrepay account holders by Synergy who happen to be some of the most vulnerable members of society, it is important that the penalty regime provides a strong incentive for retailers to properly invest in their billing systems. Therefore it is ECP members' view that, in addition to reimbursing the affected customers, the ERA should advocate for penalties for overcharging to be written into the *Electricity Industry Act 2004* if meaningful civil penalties provisions are not already in place.

Of vital importance for consumers, regulators and consumer advocates is knowing whether Synergy or other licence holders operating in Western Australia have received similar advice from Services Australia, and what actions were taken to remedy the situation. In the case of Synergy, the ERA should advise the public how Synergy were able to finally identify the issue, and why this action/process was not taken earlier and investigated during previous audit processes.

Thank you for considering this addendum to our submission, and please do not hesitate to contact us to discuss it further.

Sincerely,

WA Expert Consumer Panel