

21 October 2024

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

Via email: publicsubmissions@erawa.com.au

Expert Consumer Panel submission on the ECCC's Draft Report for the 2024 Review of the Code of Conduct for the Supply of Electricity to Small Use Customers

Thank you for the opportunity to make a submission in response to the Electricity Code Consultative Committee's Draft Review Report for the 2024 Review of the Code of Conduct for the Supply of Electricity to Small Use Customers (Draft Report).

The Western Australian Expert Consumer Panel (ECP) is supported by the State Government's Western Australian Advocacy for Consumers of Energy (WA ACE) grant funding, to engage in consumer advocacy and contribute to major decision making in the sector.

The ECP welcomes the proposals outlined in the Draft Review Report to update the Code by strengthening some existing requirements and introducing new protections. Prohibiting retailers' ability to charge disadvantaged customers extra for paper billing is also an important step.

ECP members have also been advocating for service compensation levels to be adjusted to keep up with inflation for some time and welcome the ECCC's recommendations that customer reconnection payments increase by \$24 per day, wrongful disconnection payments increase by \$40 per day, and customer service payments increase by \$8 per day. It is unclear however if CPI increases will be updated automatically going forward, and therefore the ECP recommends that automatic CPI indexation occurs on an annual basis within the Code (round up or down to the nearest \$5 interval), rather than having the amounts considered during each review process.

This submission focuses on three aspects of the Draft Report that will have the most significant customer benefits, being; removing the periodic review of life support customers who have ongoing conditions, the knock to stay connected proposal and improving the ability for customers to know which tariff offering is best for them.

Increasing protections for life support customers

The Draft report acknowledges the difficulty that people in regional and remote parts of the State have with accessing specialists to recertify their eligibility to remain on the life support register and recommends that other medical professionals (such as pharmacists and nurses) be allowed to recertify a person's ongoing medical condition.

The ECP recommends that the ECCC consider removing the need for the periodic review for medical conditions that are on-going. This will assist all life support customers who are currently making additional appointments just so a medical professional can complete/sign the recertification form. Given the low likelihood for certain medical conditions to resolve themselves, it seems overly bureaucratic and inhumane to require people suffering with an ongoing and severe medical condition to go through a recertification process every three years.

Noting that it would be problematic for the ECCC to list which medical conditions will be ongoing, the ECP is proposing that the medical practitioner indicate within the initial life support register application process if they expect that their client will be permanently reliant on Critical Life Support Equipment for the rest of their lives. This will help align the Western Australian requirements with the National Energy Retail Rules (if the Essential Energy and SA Power Networks rule change proposal is successful),¹ which will assist with key messaging during the proposed national awareness campaign that the Energy Charter is planning on undertaking if the proposed rule change is adopted.

Knock to stay connected

ECP members are very concerned about growing levels of customer debt and disconnection in Western Australia (WA). As Table 1 shows, WA electricity disconnection rates are the highest in Australia by a considerable margin.

Jurisdictional comparison of residential electricity s 2018 to 2023 (%)²

	NSW	SA	VIC	QLD	WA
2018/19	1.00	1.33	0.89	1.34	2.02
2019/20	0.56	0.89	0.69	0.85	1.43
2020/21	0.30	0.49	0.27	0.17	0.25
2021/22	0.28	0.56	0.52	0.66	0.91
2022/23	0.39	0.46	0.43	0.39	1.05

While the Draft Report is correct in outlining that many customers who are disconnected are reconnected relatively quickly, the ERA's 2022-23 Annual Retailer Data Report indicates that reconnection rates are trending down: Horizon Power's residential reconnection percentage decreased to 49.6 percent compared to 87.1 per cent in 2021/22.⁷², while Synergy's reconnection percentage also decreased, from 54.7 per cent in 2021/22 to 50.9 percent in 2022/23.³

¹ [Better protections for life support customers | AEMC](#)

² <https://www.erawa.com.au/cproot/23827/2/Final-for-publication-Retailers-Annual-data-report-202223.pdf>

³ <https://www.erawa.com.au/cproot/23827/2/Final-for-publication-Retailers-Annual-data-report-202223.pdf>

The average level of energy debt is now \$774 for non-hardship customers and \$1,197 for hardship customers - a significant financial burden for Synergy and Horizon Power, and ultimately the State Government, to carry. Keeping people connected does not just therefore serve the interests of individual households experiencing hardship, it serves a broader public interest by helping maintain (and ideally strengthen) the relationship with the retailer needed to manage the repayment of the debt.⁴

The ECP therefore welcomes the ECC's consideration of a requirement that retailers or distributors conduct a door knock prior to disconnecting a customer. As the Draft Report notes, the 'knock to stay connected' process has been successful in other jurisdictions.

The draft Report identifies potential implementation challenges that need to be considered before knock to stay connected could be implemented, including: WA's geography and (outside the metropolitan areas) dispersed population, language barriers, the advanced metering rollout enabling remote meter reading and disconnection, and associated operational costs which might outweigh benefits. We make the following points in relation to these matters.

- The Essential Energy and SAPN distribution networks have successfully implemented the knock to stay connected initiative in regional and remote parts of their networks, where it is reported to have reduced disconnection rates by 50% and 80% respectively.⁵ Energy Queensland has also seen a 68% cancellation rate for disconnection for non-payment of debt service orders in their South East Queensland trials and a 56% cancellation rate for disconnection for non-payment in the regional Queensland trial.⁶
 - Still, the ECP recognises that it will be difficult and uneconomic for Horizon Power to service and door knock some remote communities. It is therefore suggested that a knock only occurs if the property is within a 20-minute drive of a Horizon Power office, which are currently located in Esperance, Carnarvon, Karratha, Port Hedland, Broome and Kununurra. Further exemptions can be made for instances when weather or conditions impact on the ability of the retailer to undertake a site visit (e.g. floods impacting roads during the wet season, etc), and/or visiting a site creates a safety risk for staff. While this will result in a difference of protections afforded to customers based on their location, it is the ECPs view that it is better to offer this additional protection to some customers where it is viable, than to not offer this protection at all.

⁴ For an exploration of the issues, see *Powerless: Debt and disconnection*, PIAC June 2024, https://jec.org.au/wp-content/uploads/2024/07/24.06.28-Powerless_Debt-and-disconnection_Overview-report-1.pdf

⁵ <https://www.theenergycharter.com.au/knock-to-stay-connected/>

⁶ See page 6 of Energy Queensland's Energy Charter Disclosure Report 2021-22 [254928ba3f6693023da2ed44f73bdbfa_2021_22_Energy_Queensland_Energy_Charter_Disclosure_Report_FINAL.pdf](https://www.energycharter.com.au/wp-content/uploads/2021/12/254928ba3f6693023da2ed44f73bdbfa_2021_22_Energy_Queensland_Energy_Charter_Disclosure_Report_FINAL.pdf) (ehq-production-australia.s3.ap-southeast-2.amazonaws.com)

- That while there will be additional operational costs for retailers (or distributors depending on how the protection is set up), Energy Australia is on the public record outlining that for a \$1.5 million investment in the initiative (over a 12 month period), that they have received more than \$20 million in payments from customers that they have visited under the program.⁷ Given that Energy Australia has undertaken ~27,000 door knocks,⁸ this equates to a cost of \$55.56, on average per knock (including the back-end processing and system set up), with sizable benefits. As Energy Australia has ~1.6 million customers (more than around 1 million residential customers in Western Australia), the costs for undertaking this initiative should be lower for Western Australian retailers and, if the Energy Australia outcomes occur in Western Australia, then the retailers will be able to reduce some of the outstanding debt issues (which will more than offset the costs), while improving customer outcomes.
- Energy Australia found that they were only able to make direct contact with 10 - 11% of the households that they door knocked, yet with the door knock and/or package left at the property (which occurs regardless of if the household answers the door or not), they have found that 69 - 70% of customers make contact with them.⁹ Of particular note is that Energy Australia have found that less than 10% of the people that engage through the Knock to Stay Connected initiative end up registering for Energy Australia's long term support program, Energy Assist, which indicates that a lot of disconnections are occurring for non-financial reasons, which this initiative helps to overcome.

Given the above, it is the ECP's view the benefits of the 'Knock to Stay Connected' initiative outcomes can be replicated in Western Australia (Essential Energy and Energy Queensland service sparsely populated areas) and if need be, the Code can arrange for exemptions for when a knock is not practicable. The ECP is of the opinion that the operational challenges can be overcome and, as the State with the highest rates of electricity disconnection, there is a real need for such a requirement to be introduced in Western Australia. Overall, the initiative (if implemented properly) will create considerable customer/societal and retailer/distributor benefits.

Information about available tariff options and products

Energy Consumers Australia (Australia's main energy consumer advocacy body) research has found that energy customers are overloaded with information, and that 'messages and

⁷ Discussed at 29 - 33 minute mark of the [Knock to Stay Connected Launch - June 2023](#) launch recording.

⁸ This is noted at around the 23 minute mark of the [Knock to Stay Connected Launch - June 2023](#) launch recording.

⁹ This is noted at around the 23 minute mark of the [Knock to Stay Connected Launch - June 2023](#) launch recording.

assistance that are targeted and personalised to households are far more likely to be effective'.¹⁰

Their research has also found that out of all the potential initiatives to choose a better energy deal, general information (which is what the ECCC draft report is recommending be provided) is the least effective approach out of all of the approaches that were assessed, assisting only two of the nine household types listed. Conversely 'Proactively providing tailored information to a specific household' or 'Market-based tools and services to assist households to take action' were found to be the options which assisted the most market segments that were assessed (both assisted five out of the nine customer segments assessed).¹¹ Hence the ECP recommends that the general information provision requirement ***not progress*** (unless each message is going to be personalised to advise the household how much they will save by switching plans). Rather, the ECP is of the strong opinion that a comparator tool would be a much better option for customers to make an informed decision on which tariff is best for them, and therefore recommends that a retailer lead comparator tool requirement be added to the Code during this review process.

What type of comparator tool will work in the Western Australian context.

Within Western Australia, non-contestable customers are assigned their electricity retailer (Synergy or Horizon Power) based on their location. Given this, non-contestable customers don't have the option to move retailers and will only ever be comparing tariff options offered by their retailer, being Synergy or Horizon Power. Without this competitive market environment, Western Australia could either have the retailers offer a comparator tool on their website/customer portal, or a tool could be hosted by a trusted third party (e.g. the Australian Energy Regulator's [Energy Made Easy](#) site). Given privacy and data handling concerns, as well as the need for the State or the energy retailers to enter into financial arrangements with third parties if the tool were hosted by a third party, it is recommended that the tool be hosted by the retailers.

The ECP envisages that retailers be required to develop a simple to use tool, so every customer can use it regardless of their technical ability or understanding of the energy sector. The tool will need to provide personalised results (see below for more information) and therefore it will need to utilise the household's interval usage data over the most recent 12 month, 24 or 36 month period (full, rather than part year data is needed to account for seasonal variations with electricity usage), to advise the household how much their bill would have been under each of the retailer's various tariff offerings.

¹⁰ See page 12 of the [Power-Shift-Final-Report-February-2020.pdf \(energyconsumersaustralia.com.au\)](#)

¹¹ See table 7.1 from [A Policymakers' Guide - to using Power Shift's Strategic Framework: Supporting households to manage their energy bills](#) (page 33)

The need for a personalised comparator tool.

According to Energy Consumers Australia research, 81% of customers are willing to shift their energy usage if there is a cash incentive, and 78% will shift their usage if it reduces their bill.¹² Yet Synergy's 2023 Annual Report shows that only about 6,500 out of a customer base of nearly 1.1 million households have moved across to their Midday Saver tariff, demonstrating a massive underutilisation/take-up of a product which could save a sizable share of Synergy's customer base money on their bills.¹³

The Distributed Energy Resources Roadmap has also identified a lack of engagement and appropriate information as a barrier to the uptake of Distributed Energy Resources within Western Australia. The roadmap says *“Unengaged customers may avoid shifting to alternative tariff options, which would undermine the achievement of the end vision of a high-DER future. Without appropriate information availability, customers may inadvertently act in ways that add costs for themselves and the system. Programs that incentivise a change in customer behaviour, such as tariff pilots, rely on customers understanding the associated incentive mechanisms and how their actions impact their electricity bill.”*¹⁴ Yet at present it is close to impossible for customers or their advocates (including Financial Counsellors) to determine which tariff offering is best for them with the information and data that is currently being provided.¹⁵

Hence, not introducing (or the ECCC not recommending to the ERA) that a new comparator tool be introduced would be a huge missed opportunity to bring in a tool to help assist hundreds of thousands of households and small businesses (and the Financial Counsellors reviewing and recommending customers change plans to improve a households cash flow) reduce their electricity costs during a major cost of living crisis.

System benefits / economic rationale

It is the ECP's fundamental belief that introducing such a tool is in the long (as well as short and medium) term interest of Western Australian electricity consumers and the electricity sector, as it will help promote economically efficient outcomes in the Western Australian electricity market.¹⁶ As such, a requirement for retailers to host such a tool (if introduced) aligns with the

¹² See page 19 of [ECA's PowerUp report](#).

¹³ See Synergy's [annual report](#). Of note is that Synergy has previously briefed the ECP on their analysis they have undertaken on the Midday Saver tariff and household benefits. The outcomes of that analysis shows a substantial percentage of households will benefit if they were to move across to the Midday saver tariff. This analysis will be discussed directly with the ECCC.

¹⁴ See page 49 of the [Distributed Energy Resources Roadmap](#).

¹⁵ Customers can access 30 minute interval usage data from Synergy's MyAccount portal, however they then need to undertake considerable Excel/spreadsheet modelling to analyse this data, requiring intermediate to advanced computer skills to determine which product is right for them.

¹⁶ Time of use pricing has long been promoted by economists as a mechanism that can improve overall market efficiency, better manage electricity demand, and lead to lower costs for both consumers and utilities in the long run. This has been the main driver behind network distributors (with the approval of network regulators Australia) having distribution tariffs with time of use, and network peak charges.

ERA's purpose and strategic plan,¹⁷ as time of use pricing (that is advantageous to the customer) encourages households/businesses to shift their electricity use away from the peak times when the most network asset capacity is required, which in theory should reduce the need for additional network capacity to be built. Peak time electricity generation is also usually more costly than other times of the day, especially as the South West Interconnected System (and some of Horizon Power's micro-grids) rely on Open Cycle Gas Turbine or diesel peaker plants (which have the highest marginal running costs compared to other forms of generation plant). Hence, if peak demand is reduced, it should result in these plants being used less, resulting in substantial (short term) cost savings for retailers and their customers.

Please do not hesitate to get in touch with ECP members if you would like to discuss this submission further.

Yours sincerely,

WA Expert Consumer Panel

¹⁷ The ERA's purpose is to "To promote economically efficient outcomes in Western Australia at the lowest practicable regulatory cost through efficient and effective independent regulation, independent advice to Government, and advancing the debate in economic regulation" while the ERA's [2024-2027 Strategic Plan](#) outlines that the ERA aims to ensure that 'consumers paying no more than necessary for secure, reliable utilities, now and into the future' and that the ERA recognises the 'need to support the energy system to innovate and adopt new technologies and invest in the energy transition.' Introducing a requirement for a retailer price comparator tool aligns with the ERA's purpose and strategic plan.