

Essential Service Commission of South Australia

Prepayment Meter System Code Review

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April 29th 2021

Submission in Response to Prepayment Meter System Code Review

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Thank you for the opportunity to make a submission to the ESCOSA Prepayment Meter System Code Review. Our submission offers a response to each of the Consultation Questions presented in the current Issues Paper. We are available for further discussions and our contact details are available on our ANU websites. Some of the issues raised are complex and we are keen to engage in further discussions.

Response to Consultation Questions:

- 1. Is there a need for retailers to provide an emergency credit facility for customers? If so, how should the required amount of emergency credit for electricity and gas be set? And why?**

Emergency credit is commonly used in prepayment systems. So are disconnection prohibitions during certain times of day. But emergency credit and prohibitions from disconnection during set times (such as outside working hours, or during extreme weather events) do not solve the problem of accumulated debt. Further, when disconnection occurs following the end of prohibition conditions, residents still experience complete loss of access to the services that energy provides (such as refrigeration and lighting). Systemic changes would be needed to address the issues underlying challenges managing prepay that contribute to debt accumulation. For example, it is important for pre-pay consumers to be able to see how much credit remains on their meter, from a display conveniently located and visible inside their home. It is important that this does not rely on

an internet connection which can be compromised when electricity is discontinued. This provision of information is critical for consumers to be able to manage electricity costs and avoid disconnection.

Moreover, the health implications associated with the complete loss of essential services provided by electricity are significant. Disconnections can mean that vital healthcare equipment no longer functions. This would impact oxygen concentrators, sleep apnoea machines, and other essential medical devices. Such events could result in notable harm. Emergency credit for pre-pay will only delay disconnection in such circumstances, unless additional protections are given to customers with medical conditions necessitating uninterrupted access to electricity.

The roll out of smart meters in other jurisdictions often removes ability to use 'token' or 'card' pre-paid 'powercards'. There are a number of important differences between 'powercards' and 'smart' prepayment metering. 'Smart' prepayment metering is increasingly used since the discontinuation of AMPY prepayment meter hardware in 2010. Previously 'powercards' could be stockpiled and then used by anyone in the household when a disconnection occurred. 'Smart' prepayment swipe-cards can mean that there is a limit on the number of cards in use by a household (often only one or two). The effect of this can be to limit the flexibility of 'topping up' energy credit, and to restrict the management of energy costs to the limited number of residents who retain the 'smart' prepayment swipe-card. This especially becomes an issue when the household has many residents. If these 'smart' prepayment swipe-cards are lost, misplaced, or relocated when residents travel, it can be difficult or even impossible for residents to reconnect power without the barcode/smart meter ID number.

There is a need for a greater diversity of payment mechanisms. For example, disconnections will mean that home internet will stop working (if that service exists in the home), and so a reliance on web-based payment options is not always suitable. In the NT, smart meters offer the convenience of online credit 'top-up'. This requires a degree of digital literacy, infrastructure and Wi-Fi credit. The smart meters also offer the convenience of credit card purchase, however many residents using these meters are often restricted in their purchasing, to those items accessible on a Basics Card. The flexibility of old pre-paid 'powercards' has been lost, or changed, for many NT residents with the introduction of 'smart' metering.

Due to the complex issues detailed above, setting a specified amount of emergency credit is insufficient to address problems with disconnection. People in communities where prepay is offered as the dominant payment option should be directly engaged in the design of measures to alleviate the harms of disconnection, including emergency credit quantities and procedures.

More details at: <https://www.powerwater.com.au/customers/power/power-meters/prepayment-power-meters>

2. Is there a need for retailers to actively monitor disconnection data as a way of identifying customers who may be experiencing payment difficulties? If so, what measures and metrics should be monitored?

Yes, there is a critical need for retailers to monitor and report on disconnection data, and ideally for this data to be made available to 1) the residents and communities that the data pertain to, 2) community-controlled organisations that are increasingly on the frontline of mitigating energy

hardship, and 3) to researchers such as those at universities who can provide analysis to inform future policy making in this key area.

Involuntary self-disconnection associated with prepayment metering is an indicator of multi-dimensional disadvantage and poverty. Energy insecurity undermines outcomes aligned to housing, health, and wellbeing. The timing, frequency, and duration of the complete de-energisation of the home should be considered to be a key metric of energy poverty and will indicate households who are having payment difficulties.

The timing, frequency, and duration of disconnections should be monitored and reported on the most granular basis practicable. This may be per week/month/quarter. It is likely that rates of same-day and multi-day disconnections will change based on underlying demand for energy, driven by seasonal changes and critical daily events (such as extreme temperatures that require electricity use for heating or cooling). Disconnection may also be impacted by other structural (poor-quality housing and fixed high energy use appliances) or socio-economic factors.

We note that disconnection rates among pre-pay customers have been high in international studies. In New Zealand, 53% of pre-pay customers experienced self-disconnection in a year (O'Sullivan et al. 2013). This is much higher than disconnection rates experienced by post-paid customers.

Reference:

O'Sullivan, K. C., Howden-Chapman, P. L., Fougere, G. M., Hales, S. & Stanley, J. Empowered? Examining self-disconnection in a postal survey of electricity prepayment meter consumers in New Zealand. *Energy Policy* 52, 277–287 (2013).

3. Is there a need to require retailers to revert customers experiencing payment hardship back to post-pay arrangements without charge? Should any other assistance be provided?

Disconnection is recognised as a significant health risk due to the negative impacts (both physical and psychological) of a loss of access to electricity (Hernández 2013). Many jurisdictions have introduced protections for customers. This includes more stringent protections for customers identified as being at high risk for energy poverty, customers with limited ability to pay (which overlaps with, but is not entirely synonymous with, energy poverty), and protections during conditions that would be harmful to customers (including during extreme temperatures, extreme weather events, and when customers rely on electricity to maintain health) (Dobbins 2019, Flaherty 2020).

Some jurisdictions, such as Texas in the U.S., prohibit vulnerable customers from being placed on pre-pay rates in the first place. This is tied to assessment of whether electricity is critical for a customer's health. For example, a Critical Care Residential Customer is a "residential customer who has a person permanently residing in his or her home who has been diagnosed by a physician as being dependent upon an electric-powered medical device to sustain life." A Chronic Condition Residential Customer is a "residential customer who has a person permanently residing in his or her home who has been diagnosed by a physician as having a serious medical condition that requires an electric-powered medical device or electric heating or cooling to prevent the impairment of a major life function through a significant deterioration or exacerbation of the person's medical condition." Neither of these types of customers may be enrolled in pre-pay in Texas.

More details at:

<http://www.puc.texas.gov/agency/ruleslaws/subrules/electric/25.497/25.497ei.aspx>

References:

Dobbins, A., Fuso Nerini, F., Deane, P., Pye, S., 2019. Strengthening the EU response to energy poverty. *Nat. Energy*. <https://doi.org/10.1038/s41560-018-0316-8>

Flaherty, M., Carley, S., Konisky, D.M., 2020. Electric utility disconnection policy and vulnerable populations. *Electr. J.* 33, 106859. <https://doi.org/10.1016/j.tej.2020.106859>

Hernández, D., 2013. Energy insecurity: a framework for understanding energy, the built environment, and health among vulnerable populations in the context of climate change. *Am. J. Public Health* 103, e32-4. <https://doi.org/10.2105/AJPH.2012.301179>

4. What information, if any, should retailers be required to report publicly on self-disconnections?

1) Reporting information to consumers and the customer consultation groups

Greater diversity of languages is needed when communicating with consumers. This should include Aboriginal and Torres Strait Islander languages and other non-English language materials. Some customers may find spoken material much more accessible than written material.

The energy data that should be collected and made available to the customer consultation groups, residents, and their representative community-controlled organisations should include at a minimum: (1) average kWh usage; (2) average expenditure (\$); (3) total number (frequency and start time) of completed self-disconnection events, and (4) average duration of completed self-disconnection events. Below is an example of minimum reporting for the Northern Territory.

Smart Prepayment Meters (PPM) April-June 2019					
	PPMs		Mean Duration		
	#	#	%	Minutes	Hours
Darwin	457	331	72%	454	8
Katherine	834	413	50%	460	8
Alice Springs	570	420	74%	455	8
Tennant Creek	513	316	62%	480	8
Total	2374	1480	62%		

Source: <https://irp-cdn.multiscreensite.com/d440a6ac/files/uploaded/House%20of%20Representatives%20Inquiry%20into%20Homelessness%20in%20Australia%202020.pdf>

2) Access to raw de-identified data by key groups and stakeholders

We note that the Commission acknowledges that "there is a lack of evidence and that can be drawn upon to assess the effectiveness of the code in its current form." Building evidence needs to start with the provision of access to de-identified data for key groups and stakeholders, to build the evidence base to better inform policy.

This points to the importance of data sharing, and is in line with the Council of Australian Governments 'Closing the Gap in Partnership: Priority Reform Four' (COAG 2019) which calls for the greater sharing of, and access to, data and information at a regional level, noting that "disaggregated data and information is most useful to Aboriginal and Torres Strait Islander

organisations and communities to obtain a comprehensive picture of what is happening in their communities and to support decision making” (NACG 2020). Internationally the movement to secure local ownership and control of data relating to Indigenous peoples is known as Indigenous data sovereignty (Yu 2012, Kukatai and Taylor 2016). Greater capacity building and sharing of data with community-controlled organisations can do much to support community and service provider efforts to improve energy security within remote communities, many of whom are likely to be users of new ‘smart’ prepayment metering technology.

Other jurisdictions, such as California, have introduced regulatory requirements for the sharing of energy monitoring data for research purposes. The California Public Utilities Commission (Decision 14-05-016) requires that energy data be made accessible to local government entities, researchers, and state and federal agencies while providing appropriate protections for privacy of consumer data. Given the challenges identified by the ESC in the process of evaluating evidence-based protections for prepayment consumers this type of access should extend to self-disconnection data.

References:

Council of Australian Governments (2019) Partnership Agreement on Closing the Gap 2019-2029, https://www.coag.gov.au/sites/default/files/agreements/partnership-agreement-closing-the-gap_2.pdf

Kukutai, T., Walter M. (2015) Recognition and indigenizing official statistics: reflections from Aotearoa New Zealand and Australia. *Statistical Journal of the IAOS* 31 p. 321 – 326

NACG (2020) National Agreement on Closing the Gap in Partnership, Reform Priority 4: Shared access to data and information at a regional level <https://www.closingthegap.gov.au/priority-reforms>

Yu, P. (2012) The power of data in Aboriginal hands. Topical Issue 4. Centre for Aboriginal Policy Research, Australian National University.

5. The Code requires retailers to establish a Prepayment System Customer Consultation Group: what should be the purpose and membership of the group and how should it best engage with and provide feedback to retailers and the Commission? Should there be a single group or should each retailer form its own group?

The number of groups depends on how the retailers are distributed. If one retailer is responsible for a certain type of group (such as Indigenous townships), then this should be considered.

In practice, prepayment is commonly used within many regional, remote, and very remote Aboriginal and Torres Strait Islander communities; in Western Australia, the Northern Territory, Queensland, and the Torres Strait Islands. Provision for First Nations representation on the Prepayment System Customer Consultation Group is one method for representing the voices of First Nations prepayment consumers. Aboriginal community-controlled health organisations (and wherever relevant, Aboriginal Prescribed Bodies Corporate and Native Title Representative Bodies or Community representative bodies), should be made aware of the purpose and functions of the PSCCG and considered for membership of the group, as they are often on the frontline of ameliorating energy hardship in community. Similarly, membership should include representative community-controlled organisations and organisations that focus on vulnerable groups (such as key health, social service and advocacy groups).

6. Are the current information requirements on retailers appropriate and sufficient to enable customers to make an informed decision to enter a prepayment system appropriate and sufficient? If not, what other information should be provided by a retailer?

There is a need to provide information about increased risk of disconnection on prepay to customers who are making decisions regarding entering these systems. Will an increased likelihood of immediate disconnection from energy services be explained as an issue that these customers may experience? Will this be compared to what other customers, such as those on post-pay, typically experience?

Also, in the Issues Paper the ESC reports that: “Price comparison reports from both Tasmania and New Zealand have found that energy costs are higher for customers using prepayment systems than they are for post-pay arrangements.” It could be considered that the risk of higher bills is information required for the decision-making process. While acknowledging that flat rate supply charges are discounted for prepayment customers, prepay customers often pay a higher per-kWh tariff that represents a premium over standard residential rates. Community expectations of prepaid metering have shaped a culture in many remote communities where residents are often unaware that there is any other means of purchasing power. This needs to be addressed at a broader community level with public education programs.

People with significant health issues who rely on stable power supply for vital equipment – oxygen concentrators, refrigerators for medication, and so on – should be provided information regarding the extent of their consumer rights with regards to the importance of an uninterrupted electricity service. Doctors and nurses treating these patients should also be educated about the policies and processes available for patients with such needs to better inform health care planning.

7. What minimum information should retailers be required to provide to customers about their historical energy usage?

Consumer data rights mean that consumers should be able to access their own historical electricity data usage easily and freely – to the extent that this is tracked within retailer systems. Minimum requirements will vary with meter type. If a customer has a smart meter, then they should be able to access their hourly usage data for the time of their tenure at the property. If they have a meter that does not collect this data, then minimally aggregated data on their own historical use should be provided.

Critically, information should be provided to address two core categories:

1. To allow customers to calculate their expected bills on various rates (if desired) based on their own historical usage data, and;
2. To allow customers to understand typical experiences of other customers on different rate types (such as average costs and disconnection rates for post-paid and pre-paid plans).

To understand how much to budget for pre-pay, customers would need access to their historical energy use and payment details. Without this information, it is difficult to see how they can make informed choices. Key data would allow customers to calculate expected electricity budgets. Data required for this calculation would include their historic total kWh usage during each season, and the per kWh tariff that they would pay on current or new rates.

We have addressed the second point above in terms of Australian and international comparators. However, retailers should provide disconnection and average bill information across their customer bases at an aggregated level. This information should be made available to current and potential customers. Basic analytics of whether disconnection is more common on certain days of the week (for example Monday, or the first 'allowable' disconnection day after a weekend or public holiday), month (season-summer/winter) or year would also be useful to customers enrolled in or considering pre-pay.