



27 April 2021

Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001

PREPAYMENT METER SYSTEM CODE REVIEW

Dear Adam,

I refer to your email dated 1 March 2021 regarding the Commission's Prepayment Meter System Code Review – Issues Paper.

Firstly, I would like to thank you for the opportunity to comment on the issues paper. As you would be aware, the Remote Area Energy Supply (RAES) team has been working closely with ESCOSA officers regarding the current submission by RAES retailers to operate a prepayment system across the scheme, and I note that a number of issues that have been identified by the RAES team during that process have been highlighted within the Issues Paper.

The Commission has highlighted seven key consultation questions – to assist your process, these will be addressed in turn, followed by some additional key issues that have been identified by the RAES team.

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 remains an important safeguard within the prepayment system to assist in preventing self-disconnection when a customer's prepayment balance has been exhausted. Given the other safeguards within the system, such as no self-disconnection outside of the period 10am – 3pm weekdays, \$10 (or an average 2 days) of emergency credit should provide sufficient time for customers to recharge their meter balance without danger of unintentionally self-disconnecting.

In this context, an increase to \$15 (or an average 3 days) of emergency credit to align with the National Energy Retail Rules does not appear necessary on purely operational grounds. It should also be noted that an increase in the emergency credit, will increase the amount that a disconnected customer must pay before being able to be reconnected. This could result in unintended reconnection delays for some customers who are on low or fixed incomes,

Should the Commission decide to align the emergency credit minimum with National Electricity Retail Rules, a dollar figure should continue to be used as a the minimum standard within the Code, as a retailer specific calculation based on an average number of days consumption could prove to be administratively burdensome for retailers within small-scale and off-grid networks given the sometimes significant differences in average consumption across remote townships due to differing climatic conditions.



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?

The smart meters utilised across the RAES scheme (and the other metering systems investigated by RAES during the smart meter procurement) are programmed to record a system event every time that a customer self-disconnects or re-connects, which is then relayed from the meter to the metering system at midnight of the day that they occur. These event logs can then be monitored by the retailer, and periodic reports created to calculate the duration of self-disconnection and to provide the retailer a prompt to follow up with customers if frequent self-disconnection is occurring.

In the context of the Code applying only to small scale and off-grid networks, many of which will have a relatively small number of customers and limited administrative capacity, and given the existing safeguards of emergency credit and limited weekday disconnection windows, the existing metric of self-disconnecting three times in three months for a period of longer than 240 minutes provides a reasonable minimum benchmark for small retailers to adhere to.

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

Given the ease with which modern smart metering technology allows a customer to be remotely switched between pre-pay and post-pay metering modes, there should be no great administrative burden in providing this function without charge.

However, it should be noted that should a customer choose within a short period of time to switch from pre-pay, to post-pay and then shortly thereafter back to pre-pay again, this will require a new contract and all of the associated paperwork that comes with entering a prepayment agreement. Given that most customers to which the Code applies will only have one choice of retailer, this process could seem overly complex and administratively burdensome to customers who are neither changing retailers nor the terms and conditions of the prepayment contract that they had previously signed.

With regard to other assistance, the wording and order of the clauses in 3.4.2 of the Code appears at first glance to suggest that there is an imperative to immediately shift the customer to a post-pay system, rather than provide assistance and include an offer to revert to post-pay if that is what they would prefer. This initially caused some confusion within RAES when designing a prepayment hardship policy, as it seemed counter intuitive to require a customer who had potentially moved on to a prepay system to better manage their electricity debt to move back to a post-pay system where it is harder to keep their usage/costs in check.

Perhaps it would be better to re-order the clause so that it focuses first on the provision of concession information, independent financial and energy efficiency advice, payment plans being offered (as is required by the retail licence and would be in the post-pay standard terms and conditions) and then move in to the provision of the post-pay terms and conditions and offer to revert to a post-pay system. For example, in place of the current steps clause 3.4.2 could include:



... the retailer must contact the small customer as soon as is reasonably practicable to determine the circumstances leading to self-disconnection and as is appropriate for the customer's particular circumstances and preferences:

- (a) Provide concessions information*
- (b) Provide information on independent financial and/or energy efficiency advice*
- (c) Offer to set up an instalment plan*
- (d) Provide information about the post-pay terms and conditions and offer to make arrangements to*
 - I. Immediately remove or render non-operational the prepayment system*
 - II. Install a standard meter or revert the existing meter to post-payment mode*
 - III. At no cost to the customer*
 - IV. Following explicit informed consent from the customer*

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

In the context of the Code applying only to small scale and off-grid networks, many of which will have a relatively small number of customers and limited administrative capacity, the Commission must be mindful of not creating a process that requires resources to be diverted from assisting customers experiencing self-disconnection to instead reporting on them in order to meet compliance requirements.

While it should be a relatively simple task to run a periodic report detailing the number of instances and duration of self-disconnection, to extend that report to include the reason for self-disconnection would require the retailer to follow up on every instance of self-disconnection. Not only would this be administratively burdensome for the retailer, it would most likely become inconvenient for the customer if every time they have a short self-disconnection (be it planned or otherwise) they get chased up for an explanation.

The relatively small scale of the RAES scheme (and other retailers that the Code will apply to) also means that there may be only a handful of customers utilising prepayment within a particular township or community. Any reporting arrangements that are proposed, will need to be mindful of privacy concerns given that in some instances it could be possible to identify individual customers within the disconnection reporting.

For the reasons outlined above, it is considered that an annual reporting requirement to the Commission on total number and length of self-disconnections would be appropriate. It could also include the number of times that the minimum requirement for follow up under 3.4.2 were met and the reason for disconnection in those instances. The Commission could then report those figures publicly at an aggregate level, provided that there were sufficient data points to not cause privacy concerns for customers.

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 RAES scheme has encountered several difficulties establishing a Prepayment Customer Consultation Group, the majority of which align with the difficulties highlighted in the Issues Paper. These include: small scale of operation, small retailers not having a website, no customers yet on a pre-payment system, customers/customer groups not interested in



joining the scheme and the tyranny of distance associated with a scheme that services 28 remote communities across the far West, North and East of the state.

Following discussion with ESCOSA staff, the RAES team addressed some of these issues by establishing a combined customer consultation group across three of its retailers (with the fourth to be added once an application to operate a prepayment system is submitted), utilising a Microsoft Teams group to share information and allow discussion between group members. The initial meeting of the group, which focussed on the draft contract, written disclosure statement and customer information sheets was productive and provided some useful feedback that has been incorporated into the RAES prepayment documentation.

Nevertheless, issues remain with attracting interested customers to the group and should other small scale/off-grid retailers covered by the Code seek to offer a prepayment option there could be duplication of effort with consumer/advocacy groups such as SACOSS, MoneyMob Talkabout and Uniting Church involved in numerous Customer Consultation Groups.

Consequently, the creation of an umbrella consultation group, presumably administered by ESCOSA using a web portal or similar system, would appear to offer greater efficiencies and provide a broader range of expertise and feedback than what is currently required under the Code.

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

The issue around appropriate documentation and the extent to which it allows for explicit informed consent has been a challenging issue for the RAES team and its retailers, with feedback from both the Commission staff and Customer Consultation Group members indicating that there is a fine balance between providing sufficient information for a customer to make an informed decision and so much detail that it becomes overly complex and confusing for the customer.

To this end, the feedback that RAES has received from the Customer Consultation Group, is that both the Written Disclosure Statement (WDS – required by the Code) and Explicit Informed Consent (IEC – developed by RAES) are particularly useful and a vital tool in allowing the customer to understand the crucial elements of the system that they are signing up for. Given the feedback regarding the usefulness of these documents, perhaps a requirement for an IEC form could be incorporated into the Code, with templates provided as a guide for retailers. Copies of the RAES WDS and IEC form are attached for information.

However, feedback on the proposed RAES prepayment contract (developed in conjunction with Commission staff to meet the requirements of the Code) has been that it is long, complex and potentially confusing for customers who are already receiving electricity from RAES retailers under a very similar set of Standard Terms and Conditions. This stems from the prepayment contract needing to essentially be a duplication of the Standard Terms and Conditions, with some slight adjustment to cover prepayment, due to the customer having to move off the Standard Terms and Conditions and on to a separate contract to utilise prepayment.

While it is understandable that a separate prepayment contract would be required on the National Electricity Market where customers are potentially switching retailers as well as metering systems, it seems an unnecessary level of complexity on small scale and off-grid



networks where there is only once choice of retailer and a gazetted set of Standard Terms and Conditions that applies by default to all customers.

Perhaps for single retailer, stand-alone systems like RAES, the pre-payment conditions could either be incorporated into the default terms and conditions (which have to be approved by the Commission and gazetted) or be a simplified contract that just picks up the important variations to the retail sections of the Standard Terms and Conditions, rather than restate all sections. In either instance, the Written Disclosure Statement and Explicit Informed Consent form would still be provided highlighting the key aspects of Pre-Payment.

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

The Issues Paper correctly identifies that with the newer “smart” prepayment meters the information required by the code under clause 2.4.5 (total energy consumption, average daily consumption; average daily cost of consumption) is available to customers via the meter screen or in-home display. Where this information is available directly to the customer via their metering system, the requirement for retailers to separately provide the information to customers should remain opt-in by request.

Other Key Issues

2.5.1 (a) (b) (c) Mandatory Trial Period

Where there are no reversion charges/restrictions within a retailer’s prepayment meter standard terms and conditions, the requirement for a mandatory trial period should be waived as it provides no discernible benefit to customers and has the potential to create confusion for customers and add administrative burden for retailers.

To illustrate, the RAES prepayment contract and WDS both clearly state that customers can switch metering modes at any time and that there are no penalty, exit, termination or meter reversion fees for switching between modes. However, these documents are also required to include a section stating that a 3 month trial period exists where the customers can switch back to post-payment and not incur any costs. This seems to do little but add complexity and potential confusion, particularly if RAES retailers are required to notify customers a fortnight before their “trial period” ends that their trial period is coming to end, after which nothing will change and they will continue to be able to change modes at any time at no cost.

2.5.1 (f) Limitation on the Recovery of Debt

The meters used by RAES allow an amount of debt (most likely post-pay debt incurred before switching systems or undercharged amounts) to be coded separately in the metering system and paid off via an agreed payment split each time credit is added to the meter (for example, for each \$10 paid by the customer, \$9 is added to the credit balance and \$1 is deducted from the debt). This can assist customers to manage any outstanding debt without having to maintain two separate accounts and/or payment processes with the retailer, allowing the customer to effectively adhere to their payment plan every time that they top-up meter balance.

The Commission should consider allowance of agreed recharge payment splitting within the prepayment metering system (by explicit informed consent from the customer) for pre-existing customer debt, as this would provide greater flexibility to customers and reduce the complexity and administrative burden of maintaining and managing two separate accounts.



It should also be noted that, there could be some confusion between the interaction of clauses 2.5.1 (d), (e) and (f) with regard to the recovery of fees and charges. That is:

Clauses (d) and (e) appear to allow the use of the prepayment terms and conditions and adjustment of meter charges to recover fees and charges if they are specified and identified in the prepayment standard terms and conditions.

However;

Clause (f) appears to exclude the use of the prepayment standard terms and conditions or adjustment to charges in the prepayment meter system for recovery of any debts owed the retailer other than those related to undercharging.

Consequently, without a clear definition of what constitutes “owing a debt to a retailer”, clause (f) could be read to excludes the recovery of all charges (debts) incurred by a customer, including emergency credit, “friendly” credit (credit used outside of allowable disconnection times) and any other charges outlined in the approved fee schedule (clause (d)), with the exception of those associated with undercharging (clauses 3.9 and 3.10).

For the avoidance of doubt, the Commission should clarify that charges under clause 2.5.1 (d) are excluded from the operation of 2.5.1(f). This could be achieved by rewording the clause to read “other than of a kind referred to in [clause 2.5.1(d),] clause 3.9 or clause 3.10”.

3.5.1 (a) Recharge Facilities, Times and Locations – Cash Payment

While compliance with 3.5.1 is not so much of an issue for the larger retailers on the RAES scheme because 24 hour phone and electronic payment facilities can be provided, it should be noted that in most of the smaller townships and communities serviced by RAES it is not possible to have two “cash payment locations that are readily accessible to the small customer, one of which is open between 9.00am and 5.00pm on any day of the week (including Saturdays, Sundays and Public Holidays)”, as many small remote townships have only a single “shop” that is not always open during these times

Given that the Code applies only to small-scale and off-grid retailers, consideration may need to be given to adjusting the cash payment requirement to make it more compatible with the reality that small remote townships and communities often do not have the same level of facilities as cities or large regional centres.

I thank you again for the opportunity to provide comment on the Commission’s Review Paper. Should you have any questions regarding this submission, please contact Scott Hartwell, Senior Commercial Officer (scott.hartwell@sa.gov.au or 8429 3334).

Yours sincerely,

Vince Duffy
Executive Director, Energy and Technical Regulation

Attachments: 1. RAES Written Disclosure Statement
2. RAES Explicit Informed Consent Form



Attachment 1 – RAES Written Disclosure Statement



Government of
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Pay-As-You-Go (PAYG) Contract – Written Disclosure Statement

Pursuant to the *Prepayment Meter System Code (PMS/C/02)*, small customers must be provided with a Written Disclosure Statement (WDS) outlining important information relevant to the Remote Area Energy Supply (RAES) Pay-As-You-Go Terms and Conditions of Supply (PAYG Contract).

A) Contract Start Date (Sections 4 and 5)

Your PAYG Contract will start from the time that Cowell Electric receives your explicit informed consent to enter a PAYG contract. Explicit informed consent can be provided by you acknowledging that you have read and understood the WDS and wish to utilise a PAYG metering system at your supply address. This can be provided:

(a) In writing signed by you; (b) Verbally (incl. by phone); (c) Electronic communication signed by you.

B) Electricity Retail Fees and Charges and C) Other Services Charge (Sections 10 and 11)

The fees and charges relevant to the prepayment contract are set out in the tables below. Any changes to tariffs, fees and charges will be advised to you in writing and will operate from the day stated by us. Full schedules are available on the RAES website www.energymining.sa.gov.au/raes

Electricity Retail Fees and Charges	Price (incl GST)	Other Service Provided	Price (incl GST)
Residential		PAYG Application Fee	Nil
Supply Charge (per day)	\$0.2276	Meter Reversion Fee (PAYG to/from Post Pay)	Nil
Consumption (per kWh)	\$0.3654	Special Meter Reading	\$100
Business		Charge for Meter Test	\$165
Supply Charge (cents/day)	\$1.0804	Disconnection	
Consumption (per kWh)	\$0.3789	Zero-Balance Disconnect	Nil
Government Agencies		Remote Disconnect	Nil
Supply Charge (cents/day)	\$1.0804	Manual Disconnect (at property)	\$100
Consumption (per kWh)	\$0.7500	Permanent Removal of Supply	Nil
Aboriginal Community Stores and Health		Meter Replacement	
Supply Charge (cents/day)	\$1.0804	Result of Meter Fault	Nil
Consumption (per kWh)	\$0.2850	Result of Customer Interference	Full Cost

D) State Government Energy Concessions

If you are currently receiving a South Australian Government Energy Concession, this will continue to be paid directly into your bank account by Concessions SA. If you wish to check your eligibility or apply for a Government Concession, you can visit the website www.sa.gov.au/concessions or contact Concessions SA on [1800 307 758](tel:1800307758) or concessions@sa.gov.au

E) Payment Options

A range of payment options are available for adding funds to your pay-as-you-go account. These include by phone (credit or debit card), BPay, direct deposit, direct debit, Centrelink direct payment and by cheque/money order. Cash payment facilities may also be available in some townships and Communities. Please contact Cowell Electric on [1800 805 020](tel:1800805020) for full details.

The minimum recharge is \$10 per pre-payment meter.

F) Emergency Credit and Zero-Balance Disconnection

Emergency Credit of \$10 is programmed into your PAYG meter, which is available if your PAYG balance reduces to below the Low Credit Threshold of \$5. A message will appear on your meter's display and your In-Home-Display indicating low credit/disconnection and the availability of emergency credit.

The \$10 Emergency Credit can be accessed by pressing 'A' on the meter keypad or by pressing the emergency credit indicator on the in-home-display.

Emergency credit is available only once per low-credit period. The cost of any amount of emergency credit used will be deducted from your next PAYG account recharge.



The Prepayment Meter System Code requires that your PAYG meter can only disconnect your electricity supply between 10.00am and 3.00pm on a weekday.

Outside of these times your consumption will be recorded as a negative balance on your PAYG account, the cost of which must be repaid before reconnection can occur.

If you have difficulties paying your bill, or maintaining a sufficient PAYG account balance to meet your daily consumption charges, you should contact Cowell Electric Supply as soon as possible on [1800 805 020](tel:1800805020) or email accounts@cowellelectric.com.au to discuss options available to you.

Detailed instructions are available on the RAES website www.energymining.sa.gov.au/raes

G) Connection and Installation (Section 7)

You must be an existing RAES customer with an active electricity connection to enter a RAES PAYG contract. There are no fees charged for switching from a post-pay metering system to a pay-as-you-go system.

If you are not an existing customer, or do not have an active electricity connection at the premises that you wish to connect, a generation levy and/or distribution network connection costs may apply. Please contact Cowell Electric on [1800 805 020](tel:1800805020) or visit the website www.energymining.sa.gov.au/raes for full details.

H) Termination and Reversion and J) Right to Rescind (Sections 6 and 32)

You may rescind the PAYG contract at any time by advising Cowell Electric (in writing, verbally or by electric communication) that you wish to terminate your PAYG contract. **You will not be subject to any penalty, exit, termination or meter reversion fees for switching between metering systems.**

Upon termination of the PAYG contract, unless your account has been closed and your premises has been disconnected from the distribution network, you will revert back to a default contract utilising a post-payment metering system for that premises. Any remaining PAYG balance on the meter will be refunded to you or credited to your next post payment bill. Please contact Cowell Electric on [1800 805 020](tel:1800805020) for full details.

I) Dispute Resolution (Clause 47.3)

If you are unable to reach a satisfactory solution after contacting Cowell Electric (RAES Operator) or the Department for Energy and Mining (RAES Administrator), you may refer the matter to the Energy and Water Ombudsman SA (EWOSA), a free, independent service that investigates and resolves disputes between customers and electricity retailers when you are unable to solve an issue directly.

website: www.ewosa.com.au Call: [1800 665 565](tel:1800665565) Mail: GPO Box 2947, Adelaide SA 5001.

K) Mandatory 3 Month Trial Period (Clause 6.4)

The *Prepayment Meter System Code* requires us to provide you with a mandatory 3 month trial period from your contract start date during which you can end your PAYG contract without being subject to any penalty, exit, termination or meter reversion fees for switching between metering systems.

L) Contact Details and Emergency Service (Section 47)

To report an outage or an electrical emergency, phone Cowell Electric's Emergency Service on [1800 805 020](tel:1800805020) and press 1 for Power Outage or Emergency.

If you have a query or complaint relating to the sale of electricity to you, or the connection or supply of electricity to your premises or property, you should contact Cowell Electric Supply on [1800 805 020](tel:1800805020) or email accounts@cowellelectric.com.au.

If you have a query or a complaint relating to the RAES scheme generally, you may contact the Department for Energy and Mining on [08\) 8226 5500](tel:0882265500) or email DEM.RAES@sa.gov.au

M) Difficulties in Paying (Section 21)

If you are having difficulties in paying a bill or maintaining a sufficient pay-as-you-go balance you should contact Cowell Electric Supply on [1800 805 020](tel:1800805020) or email accounts@cowellelectric.com.au to discuss payment options and, where applicable, government concessions or payment assistance.

We are required to identify situations where you may be experiencing difficulties paying your bill, such as if you self-disconnect three times within 3 months for longer than 240 minutes on each occasion. If this occurs, we will contact you to discuss payment options, relevant assistance and may offer to revert you to back to the post-pay system.



Attachment 2 – RAES Explicit Informed Consent form



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Schedule 2: Explicit Informed Consent

Pursuant to the *Prepayment Meter System Code (PMSC/02)*, small customers must provide their explicit informed consent to their electricity retailer to enter into a Pay-As-You-Go Contract. This can be provided:

- (a) In writing, by signing this declaration and returning it to Cowell Electric;
- (b) Verbally (incl. phone), by verifying your identity and acknowledging the statements within this declaration;
- (c) Electronic communication, by verifying your identity and acknowledging the statements within this declaration.

Completed consent forms are to be forwarded to Cowell Electric by mail to PO Box 70, Cowell SA 5602, by email to accounts@cowellelectric.com.au, or by Fax to (08) 8629 2115.
Verbal consent can be provided by phoning Cowell Electric on [1800 805 020](tel:1800805020).

Consent to Enter into a Pay-As-You-Go Electricity Contract

Account Number: _____ Meter Serial No: _____

Property Address: _____
(As appears on invoice)

With regard to the electricity supply at the above address:

- a) I confirm that I am the account holder (or an authorised representative able to act on their behalf);
- b) I acknowledge that I have been provided with a copy of the *Remote Area Energy Supply (RAES) Pay-As-You-Go Metering Terms and Conditions for Sale or Supply (PAYG Contract)* and *Written Disclosure Statement*;
- c) I acknowledge that I have read and understood the *Written Disclosure Statement*, and that I am aware of the relevant fees and charges and customer obligations within the PAYG Contract;
- d) I acknowledge that I will receive a bill for any outstanding charges on my existing post-pay account, which will remain separate to my PAYG account and will be settled under the standard terms and conditions for post-pay accounts;
- e) I acknowledge that I must make an initial payment of at least \$10 to establish a balance in my PAYG meter and enable its activation; and
- f) I provide my consent to enter into a PAYG Contract for my electricity supply at the above address and agree to be bound by the terms and conditions of the PAYG Contract;

Customer Signature: _____ Date: _____

Customer Name: _____
(Print)

Phone Number: _____ Email Address: _____
(To enable retailer to contact you to establish PAYG balance and activate your PAYG meter)

Office Use Only:		
Application Received (date): _____	Initial Payment: \$ _____	PAYG Activation (date/time) _____
PAYG Deactivation (date/time): _____	Balance Remaining: \$ _____	Reimbursed or Added to Post-Pay Balance (circle one)

