



**SACOSS' Submission to the
Essential Services Commission of South Australia on
the Cowell Electric Supply Pty Ltd licence amendment:
Proposed prepayment by default consumer protections
Draft Decision**

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Introduction

The South Australian Council of Social Service is the peak non-government representative body for health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. SACOSS does not accept poverty, inequity or injustice. Our mission is to be a powerful and representative voice that leads and supports our community to take actions that achieve our vision, and to hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low income consumers in South Australia. With a strong history of community advocacy, SACOSS and its members aim to improve the quality of life for people disadvantaged by the inequities in our society.

SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities like water and electricity impacts greatly and disproportionately on vulnerable and disadvantaged people.

SACOSS would like to thank the Essential Services Commission of South Australia (ESCOSA) for the opportunity to comment on the *Cowell Electric Supply Pty Ltd licence amendment: Proposed prepayment by default consumer protections Draft Decision*, dated May 2022¹ (the Draft Decision).

SACOSS has made previous submissions on the issues raised in the Draft Decision, and we are seeking ESCOSA consider those submissions as part of this consultation:

- SACOSS, [Submission to the Legislative Review Committee on the Electricity \(General\)\(Payment Condition\) Variation Regulations 2021](#), 12 April 2022
- SACOSS, [Submission to ESCOSA on the Off-grid energy consumer protection framework Review](#), 25 March 2022
- SACOSS, [Submission to the Department for Energy and Mining on its consultation on proposed amendments to customer payment under the Remote Area Energy Supply \(RAES\) Scheme](#), 16 September 2021
- SACOSS, [Submission to ESCOSA on the Prepayment Meter System Code Review](#), 11 May 2021
- SACOSS, [Submission to ESCOSA on its Draft Inquiry Report into the regulatory arrangements for small-scale water, sewerage and energy services](#), 30 September 2020

¹ ESCOSA, [Cowell Electric Supply Pty Ltd Licence amendment: proposed prepayment by default consumer protections Draft Decision](#), May 2022

This submission will aim to address the specific consultation questions, but will also make some overarching observations on the impacts of the previous State Government's decision to pass regulations making prepayment for electricity mandatory in remote Aboriginal communities in South Australia, and the urgent need to delay the implementation of those regulations from 1 July 2022.

Overarching observations

Structural inequity created by Regulations

The decision of the previous South Australian Government to make prepayment mandatory² in the communities of Amata, Iwantja, Kalka, Kaltjiti, Kanpi, Mimili, Murputja, Nyapari, Pipalyatjara, Pukatja, Umuwa, Watinuma, Yunyarinyi, Yalata, Oak Valley, and associated homelands, has had the effect of removing key consumer protections that would otherwise apply to those residents under ESCOSA's current Prepayment Meter System Code (the Prepayment Code),³ including the requirement for explicit informed consent, the option for hardship customers to revert to post-pay arrangements and the prohibition on life support customers entering into prepayment arrangements.

SACOSS acknowledges ESCOSA is significantly constrained by the operation of the Regulations in developing consumer protections for residents of the affected communities, and we commend ESCOSA for attempting to establish some meaningful protections for those customers within significant time and regulatory constraints.

SACOSS would also like to acknowledge the previous extensive work undertaken by ESCOSA in 2004 -2005 to develop the Prepayment Code. This work was undertaken in recognition of risks associated with prepayment for electricity, including repeated and more frequent disconnections,⁴ and was aimed at ensuring prepayment meter systems operate as fairly as possible in South Australia.⁵ The KPMG Report highlighted the risks,⁶ and the need for strong consumer protections, including the overarching requirement that customers must enter into a prepayment arrangement voluntarily, through obtaining the customer's explicit informed consent. Notably, ESCOSA's Prepayment Code formed the basis of the protections for prepayment customers under the National Retail Laws and Rules.⁷

² Pursuant to the [Electricity \(General\)\(Payment Condition\) Variation Regulations 2021](#) to commence operation on 1 July 2022

³ ESCOSA, [Prepayment Meter System Code](#) 2013

⁴ SACOSS, [Submission to ESCOSA on the Prepayment Meter System Code Review](#), 11 May 2021

⁵ KPMG, [Essential Services Commission of South Australia Consumer Issues with Prepayment Meters: Final Report](#), April 2004, and Essential Services Commission of South Australia, [Prepayment meter system Code Draft Final Decision](#), March 2005

⁶ Noting the Victorian Government introduced a ban on prepayment by amending the *Electricity Industry Act* and the *Gas Industry Act* to give the Victorian Government the powers to prohibit or regulate the introduction of prepayment meters in Victoria. [Consumer advocates](#) strongly advocated for and support the Victorian ban.

⁷ The National Energy Customer Framework (NECF) is a suite of legal instruments that regulate the sale and supply of electricity and gas to retail customers. The main NECF documents are the:

By removing consent requirements and the option to revert to post pay, mandatory prepayment fundamentally changes the entire operation of the protection framework contained in the Prepayment Code. Without those requirements, many of the other provisions of the Code lose relevancy, resulting in protections for mandatory prepayment customers in remote Aboriginal communities that do not align with protections afforded to prepayment customers outside of those communities, creating a clear structural inequality.

For the sake of completeness, it is worth briefly repeating the Prepayment Code protections households in RAES Aboriginal communities will no longer receive due to the operation of the Regulations:⁸

- **Clause 2.2 Consent** - A retailer must obtain the explicit informed consent of a small customer to enter into prepayment meter standard terms and conditions (clause 2.2.1 – 2.2.7).
- **Clause 2.3 Written Disclosure Statement** – certain requirements will no longer apply including details of any right conferred on the small customer to rescind the prepayment meter standard terms and conditions (Clause 2.3.1(j)) and details of the trial period at or before the expiry of which the small customer may terminate the contract (Clause 2.3.1 (k)).
- **Clause 2.5 Minimum Terms and Conditions** - requirements relating to the Mandatory three-month trial period (clause 2.5.1(a)), rights to termination and removal of the prepayment meter system (clause 2.5.1(b)), rights to information about standard terms and conditions options (clause 2.5.1(b)(iii)).
- **Clause 2.5.1(h) – 2.5.1(j) Life support equipment** - including the prohibition on the retailer entering into a prepayment arrangement with a customer who requires life support equipment and the requirement on the retailer to immediately revert the prepayment system to post-payment for customers who require life support equipment.
- **Clause 3.4 Payment Difficulties and Hardship** - including the requirement that where a small customer has self-disconnected three or more times in any three-month period for longer than 240 minutes on each occasion the retailer must contact the small customer to offer to make immediate arrangements for the removal of the prepayment system, and revert the customer to standard prepayment mode at no cost to the customer (clause 3.4.2).

-
- the [National Energy Retail Law \(Retail Law\)](#)
 - the [National Energy Retail Rules \(Retail Rules\)](#) and
 - the [National Energy Retail Regulations](#) (Regulations)

⁸ ESCOSA, [Prepayment Meter System Code](#)

- **Clause 4.1 Customer termination and request for removal** - where if requested by the customer the retailer must make immediate arrangements for the removal of the prepayment system, and provide information about standard terms and conditions options (clause 4.1.1).

Without the option to revert to post pay, residents experiencing payment difficulties and hardship are not provided with any meaningful alternatives or options to ensure they stay connected to their energy supply. Despite clause 2.8 of ESCOSA's Schedule to Cowell's Licence (which contains the protections for mandatory prepayment customers who are experiencing payment difficulties), customers will continue to cycle through disconnections, with additional responsibilities for financial counsellors to provide some form of support, and no corresponding ongoing commitment to fund those services.

The Regulations have established an inflexible prepayment requirement that removes personal choice, agency and creates a mandated payment structure for an essential service that is fundamentally unable to be fairly implemented. Residents of these communities face increased rates of disconnection and the associated health, social and economic impacts of energy insecurity. SACOSS considers that, broadly speaking, the inequities between the provision of energy to customers in the affected communities and customers outside of those communities cannot be overcome through the application of fit-for-purpose consumer protections. Where there is no option to revert to post-pay, disconnection cannot be avoided.

In addition, the time constraints have had the effect of limiting meaningful stakeholder consultation and engagement on the proposed consumer protections for these residents, as well as making MoneyMob's task of ensuring community education and awareness of the new obligations around prepayment incredibly challenging.

Delay the introduction of mandatory prepayment

We repeat our urgent call for a delay to the implementation of mandatory prepayment on 1 July 2022, until a proper review of the health, social and economic impacts of repeated disconnections has taken place. This is particularly important given the impacts of climate change, increased costs of living pressures, COVID-19 and influenza over the coming months.

By way of an example, it is clear prepayment customers remained unprotected from disconnection during the height of the COVID-19 pandemic, potentially impacting residents' ability to isolate and control the spread of the disease. Researchers from the Australian National University (ANU) have analysed data from Western Australia's Energy Regulator, the Economic Regulation Authority⁹ (ERA), confirming prepayment customers remained unprotected from disconnection during COVID-19, whereas on-grid customers received the

⁹ See Economic Regulation Authority WA, [Energy Data Reports for Horizon Power 2020-21](#)

protection of a moratorium on disconnections.¹⁰ The data points to 30,307 disconnections for prepayment customers in 2020-21, compared to 250 disconnections for post-pay customers during the same period. The introduction of mandatory prepayment risks exacerbating existing vulnerabilities in these communities.

SACOSS has had discussions with health and financial support workers in these communities, who have indicated that resources are already stretched to breaking point, and the addition of new responsibilities associated with the introduction of prepayment will prove difficult to meet without additional resourcing.

If, as the Department for Energy and Mining have indicated, the point of these reforms is to reduce energy demand, then stakeholders are urging the South Australian Government to investigate Commonwealth grants,¹¹ community energy projects, energy efficiency upgrades for inadequate housing and appliances, programs that incentivise a reduction in energy usage (as opposed to punitive measures) and mitigate the impacts of climate change. Employing a price signal alone will not address the multiple issues at play in these communities, and could operate to place additional burden on already stressed supports as well as placing community members at greater risk of negative social and health impacts as a result of energy insecurity.¹²

Relatedly, from our conversations with UPK Coordinator at Nganampa Health Council, Stephan Rainow, we are aware that there is (and has been for many years), serious concern about the lack of administrative infrastructure in the affected communities. SACOSS considers the State Government has an important role to play in supporting services to be able to accommodate the administrative needs of residents. SACOSS urges the State Government to consult with service providers and establish regional SA Service centres, perhaps with an increased role for MoneyMob given their current presence on the ground. At a broader level, a costs / benefit analysis should be undertaken across government departments to assess the cost impacts of the Department for Energy and Mining's mandatory prepayment policy to determine whether the stated aim of the policy, to reduce demand, is outweighed by the costs to community service provision and administrative burden. SACOSS considers more work needs to be done by government to avoid a linear 'price signal' policy response that will create greater cost than benefit, and urges a delay to the introduction of 'user pays' until this work has been done.

¹⁰ WA Government, [Covid-19 Electricity Disconnection Moratorium](#), Information Sheet

¹¹ Australian Government's [Regional and Remote Communities Reliability Fund](#), provided up to \$50.4 million over 5 years from 2019-20 to 2023-24, to support feasibility studies looking at microgrid technologies to replace, upgrade or supplement existing electricity supply arrangements in off-grid and fringe-of grid communities located in regional and remote areas.

¹² Longden et al (2022) *Energy insecurity during temperature extremes in remote Australia* (published Jan 2022), Longden et al (2022) *Temperature extremes exacerbate energy insecurity for Indigenous communities in remote Australia* (published Jan 2022), Davis et al (2021) *Temperature extremes exacerbate energy insecurity – Australia needs to better support remote Indigenous communities to prepare now* (published Dec 2021)

Codification of supports for mandatory prepayment customers

SACOSS has previously called for a delay to the introduction of mandatory prepayment in remote Aboriginal communities until the completion of ESCOSA's review of consumer protections for off-grid energy customers, which includes a review of the Prepayment Code. SACOSS considers that if 'fit-for-purpose' consumer protections are to be established for mandatory prepayment customers, then those protections should properly be developed by ESCOSA in accordance with its consultation requirements, and should form part of an enforceable Industry Code with corresponding reporting obligations for the retailer, in line with ESCOSA's *statutory functions* set out in section 5 of the *Essential Service Commission Act*.¹³¹⁴

In the absence of a delay to the implementation of mandatory prepayment, and the need to potentially review / adapt the consumer protections in the coming 12 months, ESCOSA has determined not to proceed with codifying protections for mandatory prepayment customers, and to have a limited consultation period of 12 days to allow the protections to be in place by 1 July 2022.

ESCOSA's Draft Decision is to develop Schedule 2 to Cowell Electric's licence containing a range of 'minimum terms and conditions' for the sale of electricity to 'prescribed customers'. Schedule 2 requires the licensee to develop 'prepayment meter standard terms and conditions' that comply with the Schedule.

ESCOSA considers this approach will 'avoid the potential confusion of some elements of the Code applying generally while others apply (or do not apply) only in relation to Cowell Electric'.¹⁵ SACOSS accepts the time constraints and the need for adaptability, but we consider the inclusion of consumer protections within the Schedule to the licence and the standard terms and conditions creates some confusion, and also operates to reduce transparency around the different protections offered to different residents in South Australia.

SACOSS understands the prepayment meter standard terms and conditions will operate as a contract between Cowell Electric and the prepayment customer, in circumstances where the customer's consent is not required to enter into that contract. The consumer protections for the mandatory prepayment customer will be contained in the contract, as well as details of the fees and charges households will be expected to pay.

For reasons detailed in previous submissions, SACOSS maintains our position that consumer protections for South Australian off-grid energy customers should be contained within a Code and should have corresponding monitoring and reporting obligations. We do not

¹³ [Essential Services Commission Act 2002](#), section 5

¹⁴ ESCOSA, [Corporate Charter of Consultation and Regulatory Practice](#), November 2019

¹⁵ ESCOSA, [Cowell Electric Supply Pty Ltd Licence amendment: proposed prepayment by default consumer protections Draft Decision](#), May 2022, p.3

consider contractual consumer protections provide households with greater clarity of rights and obligations, and could in fact operate to further obscure those rights and obligations.

Consultation questions

Communication accessibility

1. Do the proposed protections adequately address concerns about communication accessibility for prescribed customers? If not, what protections do you propose?

SACOSS welcomes energy retailer obligations around accessible communication for households. We do consider the adequacy and practical implementation of these obligations is a question for the residents of the communities affected by the mandatory prepayment regulations, as well as the local support services, and further consultation should take place with those stakeholders. We also understand MoneyMob is only contracted until the end of December 2022 to provide education and support for customers, we think it is of primary importance that MoneyMob continue their work with the community for at least a further 24 months, and that long-term funding for support is considered by government.

We note ESCOSA has stated the protections in the Schedule have been designed to address key stakeholder concerns, taking into consideration the operating environment of Cowell Electric. Similarly, the operating environment of the available support services and health clinics in the areas affected by mandatory prepayment must be considered as a priority. The introduction of mandatory prepayment carries with it obligations not just for the retailer and the households, but also for the health clinics and financial counselling services – both of which are currently stretched.

SACOSS supports the provision of a Written Disclosure Statement (WDS) in accessible format for residents of these communities. Clause 1.5 of the Schedule provides for the inclusion of required information within the WDS. SACOSS considers Clause 1.5 should be expanded to include additional information on customers rights and obligations, including:

- **life support provisions** – details of protections from disconnection for customers who may need a secure energy supply for health reasons, and how to access those protections
- **provisions relating to disconnection times and protection periods** so customers are aware of the risks of disconnection and accrual of emergency credit and friendly credit (as well as opting into disconnection if that is included by ESCOSA)
- **information around payment difficulties and hardship** – including the number of times and duration of disconnections within a three-month period after which the retailer **must** contact the customers and link the customer with supports
- **information about supports available to customers** – concessions, grants, financial counselling support

- **Information about the recovery of debt** through the prepayment system (if that provision is still included in the standard terms and conditions despite SACOSS' opposition)

MoneyMob plays a central role in ensuring residents of these communities understand the changes, the protections, the methods of payment and the ways in which households can reduce their energy use. We understand MoneyMob's education program was delayed due to COVID-19, and the ability to reach every household is challenging in one scheduled visit. Often three or more visits are necessary to reach people, given the transient population and cultural ceremonies. SACOSS is concerned to ensure MoneyMob is provided with more scope and flexibility to reach every household during the introduction of prepayment to enable the practical application of accessible information requirements.

Opt-in to self-disconnect during protected periods

2. Do you support the option to provide prescribed customers with the option to opt-in to self-disconnection between 10am and 3pm on weekends? If not, do you propose the protected period over the weekend remain or be removed?

This question illustrates the invidious choice facing mandatory prepayment households – a choice between debt or disconnection.

Every other household in South Australia is protected from disconnection as a result of inability to pay. As recently summarised by the Australian Energy Regulator (SACOSS' emphasis):¹⁶

Energy is considered an essential service given its role in providing vital daily needs in modern life such as lighting, heating, cooling, refrigeration and the operation of appliances and electronics. The NECF was enacted to supplement the ACL and regulates the sale and supply of electricity and gas to ensure all consumers can access energy on fair and reasonable terms. The implementation of the NECF was also driven by the recognition that small residential and small business customers have little bargaining power and can be put at a significant disadvantage by energy retailers and distributors if their practices are not regulated to ensure certain minimum service standards.¹⁷

In recognition of the essential nature of energy, off-grid protections require payment plans (taking into consideration a customer's capacity to pay) must be established prior to proceeding to disconnect a customer for inability to pay. For on-grid customers, the NECF provides for payment plans and hardship supports and prohibits disconnection if a customer is on a payment plan, hardship program, is applying for concessions or has disputed the bill. The overarching goal of protections for energy consumers is to avoid disconnection. As outlined in previous submissions, mandatory prepayment undermines the central principle

¹⁶ AER, [Retailer authorisation and exemption review: issues paper](#), April 2022, p.13

¹⁷ See: Second Reading Speech to the National Energy Retail Law (South Australia) Bill, South Australia, Parliamentary Debates, House of Assembly, 27 October 2010, pp 1748–1750.

that customers are only ever disconnected from their energy supply as a measure of last resort. Disconnection for mandatory prepayment customers is inevitable, and in circumstances where residents and health organisations in these communities are dealing with the impact of COVID-19 as well as the forthcoming winter flu season, SACOSS considers the potential impacts of disconnection present too great a risk to the health of the residents to allow an opt-in arrangement, and residents should be supported to maintain a connection to their energy supply,

Recent research has highlighted the health impacts associated with disconnection and extreme temperatures. The Centre for Aboriginal Economic Policy Research & Institute for Climate, Energy and Disaster Solutions at ANU found that of 3,300 households surveyed from 28 remote communities in the Northern Territory nearly all households (91%) experienced a disconnection from electricity during the 2018–2019 financial year. Almost three quarters of households (74%) were disconnected more than ten times, and households with high electricity use located in the central climate zones had a one in three chance of a same-day disconnection on very hot or very cold days.¹⁸

Whilst we appreciate ESCOSA is operating within its statutory obligations, SACOSS considers the impacts of mandatory prepayment cannot be mitigated by consumer protections alone, and the broader questions of costs of living and the delivery of essential services in remote communities should be the focus of extensive research, data collection and review to develop a suite of interrelated policy responses that best address the health, social and economic interests of community members. We agree with the ANU's recommendation that 'policy responses need to be informed by residents, local councils, healthcare professionals and other relevant organizations,' to account for the multifaceted nature of energy insecurity.¹⁹

SACOSS is strongly of the view that with the rising costs of living and the impacts of climate change, now is not the time to be asking households in remote Aboriginal communities if they would prefer to be without an energy supply or accrue debt. Climate extremes and the impacts of climate change are currently being experienced by remote communities, and are only going to worsen in the future. A recent Report by AHURI²⁰ has found that 'Indigenous regional and remote communities will experience the negative impacts of climate change earlier and disproportionately, compared with most urban Australian settings', and

¹⁸ Thomas Longden, Simon Quilty, Brad Riley, Lee V. White, Michael Klerck, Vanessa Napaltjari Davis and Norman Frank Jupurrurla, '[Energy insecurity during temperature extremes in remote Australia](#)' (2021) *Nature Energy* and [Policy Brief](#), and [Blog](#)

¹⁹ Thomas Longden et al, Nature Energy, [Temperature extremes exacerbate energy insecurity for Indigenous communities in remote Australia](#), 24 January 2022

²⁰ AHURI, [Sustainable Indigenous housing in regional and remote Australia](#), Final Report Np. 368, November 2021

‘addressing climate change in Indigenous housing and health policy is an urgent priority’. Access to an energy supply plays an essential role in mitigating these impacts.

SACOSS considers the choice being presented to households in these communities to either accrue debt, or suffer through disconnection, is unfair and unreasonable. In terms of the affordability of electricity for these households, ESCOSA has estimated that average daily electricity use is 35kWh and at the introductory tariff of 10 cents per kWh, the average household will be using \$3.50 of electricity per day²¹ (assuming households won’t be charged the 88.7 cent supply charge), that equates to \$24.5 per week, or 7.6% of the weekly single Jobseeker payment of \$321.²² Once the South Australia government increases the rate to the standard RAES consumption tariff of 32 cents per kWh, on the basis of ESCOSA’s usage estimations, households will face paying \$78.40 per week for energy or 24.4% of the weekly JobSeeker payment. These estimations do not take into account ESCOSA’s proposal to allow the accrual of debt for fees and charges associated with the supply of electricity, which are opposed by SACOSS, as outlined in further detail below.

Also relevant to this consultation question is the issue of the household’s ability to top up the meter over the weekend to avoid disconnection. Will stores be open during these times to allow for meter top ups? Are stores accessible to all members of these communities? Are stores prepared / willing to become defacto energy retailers? In terms of mobile top-ups, what is the state of digital access in these communities? What happens when the internet goes down? Will the digital / smart meters fail to work? Will customers have alternative means of topping up? Do customers have access to smart phones? SACOSS has been advised that the internet goes down on a relatively regular basis in these communities, and we have not been provided with any information from the Department about what occurs in these circumstances. Will the retailer take this into account when disconnection occurs?

SACOSS considers this consultation question should be the subject of further engagement with residents in the affected communities, as well as health and service providers. Should ESCOSA proceed with this provision, it will be necessary to properly inform residents of the risks of choosing to opt-in to disconnection, which will also be dependent on the availability of top up methods during protected periods. To date, this information has not been in the scope of MoneyMob’s education materials.

Debt accrual and recovery

3. Do you support a maximum 20 percent of each top-up payment going to pay down prescribed customer debt? If not, what should the ratio between debt payment and top-up amount be?

²¹ ESCOSA, [Cowell Electric Supply Pty Ltd Licence amendment: proposed prepayment by default consumer protections Draft Decision](#), May 2022p.7

²² Services Australia, [JobSeeker Payment](#) for single person with no children from 20 March 2022.

SACOSS does not support the accrual of debt for ‘fees and charges associated with the sale of electricity, such as meter replacement or testing charges’²³ for mandatory prepayment customers. Meters are essential infrastructure and form part of the distribution system. Households in these communities have not consented to prepayment, or the associated ‘fees and charges’ for the ‘supply’ of energy. Notably, clause 2.12.3 imposing these fees and charges on residents in the affected communities does not appear in the Prepayment Code, rather the Prepayment Code provides for a blanket protection from debt recovery under a prepayment contract.

SACOSS has requested a copy of the fees and charges from ESCOSA, and has been provided with Cowell Electric’s ‘Revised Electricity Tariffs to apply from 15 November 2021’,²⁴ which we understand will form the basis of the fees and charges to be included in the standard prepayment terms and conditions for mandatory prepayment customers (the consent of residents to these standard terms and conditions will not be required, a situation which is in stark contrast to the rights of other off-grid customers and on-grid customers who also have the availability of choice of energy retailer).

Households in these communities are not only new to prepayment, but are also new to charging and can be expected to experience some confusion about the workings of the household smart meter. It would not be unexpected for households to query the operation of the meter, especially if the meter is affected by internet outages. The charge for a meter test, where the meter is found not to be faulty, is **\$165**.

We understand that households in RAES Aboriginal communities the subject of mandatory prepayment were not supplied with an ‘in-home display’, whereas households in other RAES communities were. In order to bring the infrastructure up to the same standard as other RAES customers, the cost of installing an in-home-display is **\$120**, and this would be added as a ‘customer debt’ to the prepayment meter.

The cost of meter replacement, where the customer is shown to be responsible for the damage, is ‘full cost’. SACOSS is unable to determine the ‘full cost’ of replacing a smart meter, but understands it may be several hundred dollars not including installation.

Given it is government policy to impose prepayment on customers in these communities, SACOSS considers customers should not be expected to pay additional ‘fees and charges’ associated with the sale of electricity, accruing potentially unmanageable debts. SACOSS considers the burden this would place on households would be unacceptable and unfair.

SACOSS also broadly opposes the recovery of debt through the prepayment meter system. This has previously been established by energy Regulators as unfair, given the nature of prepayment and the risks of disconnection.

²³ ESCOSA, [Cowell Electric Supply Pty Ltd Licence amendment: Proposed Prepayment by Default consumer protections: Draft Decision](#), page 7

²⁴ Cowell Electric’s [‘Revised Electricity Tariffs to apply from 15 November 2021’](#)

Under the NECF and the Prepayment Code, there is an **express limitation** on the recovery of debt (except where the debt is due to the illegal use of energy etc.) for prepayment customers (SACOSS' emphasis):

National Energy Retail Rules

133 Limitation on recovery of debt

*(1) Where a small customer owes a debt to a retailer, other than of a kind referred to in rule 137 or 138, **the retailer must not recover any repayments of the debt under a prepayment meter market retail contract or under any other contract or agreement that adjusts the charges in the prepayment meter system to recover the amount of the debt.***

*Note: This subrule is a **civil penalty provision** for the purposes of the Law. (See the National Regulations, clause 6 and Schedule 1.)*

Prepayment Code

2.5.1 (f) Limitation on the recovery of debt

*subject to this industry code, where a small customer owes a debt to a(f) retailer, other than of a kind referred to in clause 3.9 or clause 3.10, **the retailer must not recover any repayments of the debt under the prepayment meter standard terms and conditions** or under any other contract or agreement which adjusts the charges in the prepayment meter system to recover the amount of the debt.*

That said, it is unclear from ESCOSA's Draft Decision whether the suggested 20% debt recovery provision would apply to friendly credit and emergency credit accrued over weekends and protected periods. SACOSS is open to residents being able to repay debt accrued in this way on a percentage basis. Feedback from stakeholders has indicated the need to pay friendly credit and emergency credit back in one go, places an enormous financial burden on households, and can often mean a choice between energy or food. The imposition of a debt cap may also address this issue, where the retailer is required to carry some of the debt (as opposed to none) with a view to keeping residents connected.

Proposed reporting metrics

4. Do you support the proposed reporting metrics and the quarterly timing of these reports? If not, what other metrics or timing requirements do you propose?

SACOSS supports the proposed metrics, but we consider more frequent public reporting should take place, especially over the next 12 months or so. As mentioned earlier, MoneyMob will play an important role in supporting customers, but is only contracted to December (which will encompass potentially only one quarterly reporting cycle). SACOSS considers reporting should take place at least monthly to provide greater understanding of the households' experience, and the impacts of mandatory prepayment, better informing MoneyMob's education, support and engagement work.

SACOSS considers the obligations contained in Schedule 2 dealing with life support customers should also be closely monitored and reported on. We note the retailer has been given the responsibility of identifying life-support customers and disabling the self-disconnection feature of the prepayment meter. The retailer's compliance with the life support obligation set out in the Schedule are of the highest importance, and SACOSS considers ESCOSA should monitor and report on those obligations through additional metrics.

SACOSS also has concerns around the use of credit cards with high interest rates to prepay for an essential service, resulting in the hidden accrual of household debt to maintain an energy supply. We would welcome measures to monitor the extent to which this is occurring.

SACOSS is seeking confirmation from ESCOSA that the metrics will be publicly reported, and an undertaking that they will be codified and not reduced in the future.

Life support protections

5. Do you support the revised definition of 'life support system' for prescribed customers? If not, what further amendments do you propose?

As noted earlier and in previous submissions, under ESCOSA's Prepayment Code, retailers are prohibited from entering into a prepayment meter supply contract with a customer who requires a life support system.²⁵ The effect of the previous State Government's mandatory prepayment regulations is to exclude residents in RAES Aboriginal communities from this prohibition, leaving life support customers exposed to repeated and frequent disconnection from an energy supply. SACOSS maintains this represents a complete departure from the consumer protections afforded to every other energy customer in South Australia.

In the absence of protection under the Regulations, SACOSS commends and supports ESCOSA's proposal to include an obligation on the retailer to disable the self-disconnection feature of the prepayment system where a life support customer is identified.

SACOSS also supports the Schedule's expanded definition of 'life support system' to include nebulisers and medically required heating and cooling.²⁶ As outlined in our previous submissions to ESCOSA and the Department for Energy and Mining, SACOSS supports ESCOSA further expanding the definition to align with the protections for life support customers under the National Frameworks.

SACOSS considers the category 'other equipment as notified by the Commission from time to time' should be replaced with 'other' that includes 'any equipment that a medical

²⁵ Clause 2.5.1(h) of the ESCOSA's [Prepayment Meter System Code 2013](#)

²⁶ For customers who are eligible for the [SA Medical Heating and Cooling Concession](#) Scheme 2021

practitioner considers essential for their patient' in line with the Australian Energy Regulator's *Life Support Registration Guideline*, as listed below:²⁷

Importantly, the definition of life support equipment includes a category for 'other', being any equipment that a medical practitioner considers is essential for their patient. 'Other' life support equipment may include, but is not limited to, the following:

- external heart pumps
- respirators (iron lung)
- suction pumps (respiratory or gastric)
- feeding pumps (kangaroo pump, or total parenteral nutrition)
- insulin pumps
- airbed vibrator
- hot water
- nebulizer, humidifiers or vaporizers
- apnoea monitors
- medically required heating and air conditioning
- medically required refrigeration
- powered wheelchair.

SACOSS notes ESCOSA's proposed expanded definition does not include insulin pumps or 'medically required refrigeration'. We understand from Nganampa Health that about 40% of the population over 30 in the affected communities have type 2 diabetes. SACOSS urges ESCOSA to further consult with health professions working in these communities to determine the impact of disconnection on people living with diabetes and other chronic health conditions, not listed in the Medical Heating and Cooling concession.

SACOSS is also concerned about the administrative burden placed on medical practitioners to navigate the eligibility requirements contained in the Medical Heating and Cooling Concession. As outlined earlier in this submission, this burden should be considered in an examination of the costs of mandatory prepayment on the community. Additionally, we have been informed that not all communities have access to a medical practitioner, and therefore obtaining the required forms and approvals may be problematic for residents.

Under the Medical Heating and Cooling Concession Scheme a 'medical practitioner' is defined to mean:

Medical Practitioner means: — *medical specialist OR general practitioner who has:*
a. treated the customer for at least three months, and;
b. seen a document from the medical specialist who diagnosed or treated the customer for the primary condition.

The medical specialist or general practitioner must have a Medicare Provider Number and be registered on with the Australian Health Regulation Agency or an approved registration body;

It appears that in order to be eligible under the Scheme, the resident must have seen both a GP and a specialist. Meeting these eligibility criteria will be extremely challenging in remote areas where there is not a doctor (let alone a specialist) in residence at every clinic. SACOSS strongly urges ESCOSA to revise the definition of 'medical practitioner' for the purposes of the life support requirements, to allow for residents to obtain a medical certificate from a

²⁷ AER's [Life Support Registration Guideline](#), p. 5

broader field of health professionals (including nurses). We also support a system where life support protections are immediately implemented by the retailer, allowing 30 days for the presentation of the relevant paper work to support the life support designation.

We understand MoneyMob has been meeting with residents of the affected communities and asking questions about their health needs on the basis the current definition of 'life support equipment'. It will be necessary for MoneyMob and others to provide updated information to residents of these communities given the changes to the eligibility criteria for life support customers.

Family and domestic violence protections

SACOSS is also concerned about the absence of protections for victim-survivors of domestic and family violence, and urges ESCOSA to consider how to include protections from family violence and economic abuse. The Australian Energy Market Commission (AEMC) is currently consulting on a Rule Change²⁸ to better protect customers affected by family violence, from the harms caused by energy accounts and services. We refer ESCOSA to the Public Interest Advocacy Centre's Joint Submission to this process.²⁹

Conclusion

Thank you for the opportunity to provide feedback in relation to this Consultation. We would like to repeat our call for ESCOSA to do all it can to delay the introduction of prepayment in RAES Aboriginal Communities.

This is particularly important given the tight time frame for implementation of the consumer protections the subject of this consultation. MoneyMob's engagement and education role has been extremely challenging up to this point due to the impacts of COVID-19, as well as the lack of clarity on the rights and obligations of residents in these communities, as they face payment and prepayment for the first time.

Even now, **four weeks** before implementation of prepayment and user pays in these communities, additional fees and charges are being flagged, recovery of debt through prepayment is being proposed, life support definitions are being expanded and customers could potentially be able to 'chase' between friendly credit accrual or disconnection on weekends. SACOSS submits this will be an extremely challenging transition for both community members as well as support and health organisations, and we are urging the State Government to consider a delay to these measures to allow for better preparation.

Please do not hesitate to contact Georgina Morris on 8305 4214, or Georgina@sacoss.org.au, if you have any questions in relation to this submission.

²⁸ AEMC, [Protecting customers affected by family Violence: Rule Change](#), 18 November 2021

²⁹ PIAC, ACTCOSS, QCOSS, Financial Rights Legal Centre, Good Shepherd, [Submission to AEMC Protecting Customers Affected by Family Violence](#), 9 March 2022