



2022D067473

8 June 2022

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

PROPOSED PREPAYMENT BY DEFAULT CONSUMER PROTECTIONS

Dear Adam,

I refer to the Commission's request for submissions to its Draft Decision Paper "Cowell Electric Supply Pty Ltd Licence Amendment: Proposed Prepayment by Default Consumer Protections".

The Commission has highlighted a number of 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 Remote Area Energy Supply (RAES) team.

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

The proposed requirements appear to adequately reflect the operational reality of providing information that is accessible, understandable and meets the reasonable needs of customers in the communities of Oak Valley, Yalata and the APY Lands.

To this end, the RAES team and Cowell Electric has been working with MoneyMob Talkabout, Uniting Communities, and Iriwi, a member-based Aboriginal Corporation for Anangu, to produce relevant and practical documentation, advice and education materials. These materials include visual poster books and videos, in both the local Pitjantjatjara language and English, to assist customers in understanding how to manage their use of, and payment for, electricity through the prepayment metering system.

These materials are presented to community members through door-to-door visits by Anangu Energy Education Workers in each community. A how to pay guide will be provided to each household detailing the operation prepayment system and where to go to for help. Materials to assist those in need of life support have also been developed.

It should also be noted that Iriwi has advised that direct translations of detailed legal/technical documents (such as the Standard Terms and Conditions) may be of limited value as they do not easily translate into Pitjantjatjara, with the focus better placed on providing brief summaries of critical operational and education information in language with the full documentation remaining in English.

All information will be provided to households and relevant services providers, as well as both the RAES and Cowell Electric websites.

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?

Per the advice provided in the Department's submission to the Commission's Off-Grid Energy Protection Framework Review, throughout the consultation processes undertaken by the RAES team, there has been a common theme from community members and advocacy groups that "friendly credit is not that friendly!" due to the potential for large amounts of friendly credit

debt to be accumulated (particularly over the weekend) which needs to be paid back after the protected period has ended to reinstate electricity supply.

To this end, the adjustment of the weekend protected period to allow disconnection between 10am – 3pm daily (excluding public holidays) is supported as it would substantially reduce the potential impact of friendly credit debt accumulation on customers.

However, an opt-in approach is not supported as it would be both operationally and administratively complex for the retailer, and likely further complicate what is already a reasonably complex customer transition for customers who have previously not had to monitor or pay for their electricity consumption.

From a retail and metering standpoint, the metering system is not designed to allow differences in core parameters (such as the pre-pay protected period) within a customer base, meaning that the retailer would effectively be required to operate and maintain two metering systems – one for the default customer base and one for the opt-in customer base – as well as maintain dynamic records of the two customer groups and each instance of movement between those groups.

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

Per the advice provided in the Department's submission to the Commission's Off-Grid Energy Protection Framework Review, the Department intends for Cowell Electric to primarily utilise the debt function to hold relatively small amounts of accumulated emergency and friendly credit debt to enable customers experiencing financial hardship to reconnect without having to first pay back the full amount of accumulated emergency and friendly credit.

To this end, modelling undertaken by the RAES team suggests that a maximum 30% payment split provides greater flexibility for customers as the relatively low tariffs would result in even small debts taking a significant time to repay.

To illustrate, at 10 cents per kilowatt hour and average consumption of 35 kilowatt hours per day, top-up requirements will be around \$20 per week (\$3.50 per day less \$0.662 concession by 7 days = \$19.87 per week). Consequently, a \$20 debt (\$10 weekend friendly credit + \$10 emergency credit used prior to friendly credit starting) would take around 5 weeks to pay back at a 20% top-up split (10 top-ups of \$12) versus around 3 weeks using a 30% split (7 top-ups at \$13).

This becomes even more pronounced if the level of debt increases, with \$100 requiring approximately 6 months to repay at average consumption/top-up levels on a 20% split (roughly \$4 per week) vs 4 months on a 30% split (roughly \$6 per week).

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

All proposed metrics are available either directly to customers from the meter display or to the retailer from the metering system. The RAES team will continue to work with Cowell Electric and the Commission to monitor and develop the reporting metrics to ensure that they are fit for purpose.

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

The proposal to allow the use of the life-support (no self-disconnect) mode within the pre-payment system is welcomed and will significantly reduce the administrative burden on both retailers and prescribed customers requiring a life support system.

However, of particular concern is the proposed wording in 1.10.1 (Life Support Systems) and 1.11 (Cessation of Requirement for Life Support System), which appears to inadvertently allow a customer be indefinitely registered as a life support system customer "pending receipt of appropriate medical confirmation".

In theory, this implies that a customer could notify the retailer that they are waiting on medical confirmation in order to be registered as a life support customer (thus being unable to be disconnected for non-payment), and then remain on the register indefinitely, without the need to provide the medical confirmation outlined in 1.10.2, given that there is little prospect of the retailer removing them in accordance with 1.11.2 as no medical practitioner or hospital details have been provided.

While it is a reasonable expectation that a customer requiring life support equipment should be prevented from being disconnected while awaiting the necessary medical confirmation to be completed, it seems an unintended consequence of the proposed provisions that a customer could indefinitely avoid disconnection for non-payment by notifying the retailer of an intent to provide medical confirmation, but never actually doing so.

Furthermore, somewhat counterintuitively, the retailer appears to have more likelihood of deregistering a customer that has provided medical confirmation as details of the authorising hospital or medical practitioner provided by the customer can be utilised to confirm the customer's life support equipment needs in accordance with 1.11.2.

Given the inconsistency in these provisions, it is suggested that the Commission should consider the addition of a clause setting a time limit within which medical confirmation must be provided before the preliminary provisions within 1.10.1 lapse.

The National Energy Retail Rules (NERR) provide a mechanism for retailers to follow up medical confirmation from customers and to deregister them if medical confirmation is not provided within a specified timeframe. While consideration would need to be given to the practical application of such a detailed process for a small of-grid retailer and its corresponding customer base, the introduction of a reminder and deregistration process for non-provision of medical confirmation would both be consistent with the on-grid provisions and remove the anomaly of the retailer being unable to deregister unconfirmed customers.

Other Key Issues

Fees and Charges (other than consumption tariffs and daily supply charge)

The Draft Decision Paper states that "the Variation Regulations require Cowell Electric to only sell electricity to prescribed customers using a prepayment meter system. This means all fees and charges associated with the 'sale of electricity', such as meter replacement or testing charges, must be charged through the prepayment meter".

It should be noted that the above interpretation is inconsistent with the intended drafting of the regulation (and by association operation of the pre-payment system) which was that only the consumption of electricity (and, if applicable, associated daily supply charges) would be charged via the metering system.

As this matter is being considered at the officer level between the Commission and the Department, I will defer further comment on the issue until the correct interpretation of the term 'sale of electricity' has been determined.

Payment Options

As has been previously advised, the requirements under 2.9.1 (a) to provide payment facilities "by cash, at a minimum of two locations which are readily accessible to the prescribed customer" is simply not possible as, with the exception of Pukatja, each of the Communities covered by the prepayment by default regulation have only one community store at which it is feasible to process cash payments.

While it is understood that this is simply maintaining consistency with the Prepayment Code, it is not relevant to the prescribed customers covered by the schedule and for practicality should be adjusted to reflect the actual circumstances within the affected communities.

I thank you for the opportunity to provide comment on the Commission's Draft Decision 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