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Small-scale energy networks consumer protection framework review

Draft Decision

August 2022

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Request for submissions

The Essential Services Commission (**Commission**) invites written submissions on this paper by **Friday, 30 September 2022**.

It is the Commission's policy to make all submissions publicly available via its website (www.escosa.sa.gov.au), except where a submission either wholly or partly contains confidential or commercially sensitive information provided on a confidential basis and appropriate prior notice has been given.

The Commission may also exercise its discretion not to publish any submission based on length or content (for example containing material that is defamatory, offensive or in breach of any law).

Responses to this paper should be directed to: **Small-scale energy networks consumer protection framework review: Draft Decision**

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Glossary of terms

Term	Description
AEMC	Australian Energy Market Commission
Commission	Essential Services Commission, established under the <i>Essential Services Commission Act 2002</i>
ESC Act	<i>Essential Services Commission Act 2002</i>
EWOSA	Energy and Water Ombudsman SA
NECF	National Energy Customer Framework
NERR	National Energy Retail Rules
PMSC	Prepayment Metering System Code
SAPS	Stand Alone Power System
VTA	Verified Trust and Accountability

1 Improving small-scale energy network consumer protections

The Essential Services Commission (**Commission**) is a statutory authority established as an independent economic regulator and advisory body under the *Essential Services Commission Act 2002* (**ESC Act**). The Commission's primary objective under the ESC Act is to protect the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.

The Commission licenses the retail, distribution and generation services provided by a range of small-scale electricity and gas network operators. The networks are mostly located in regional and remote areas across the State, serving small communities, with the majority serving fewer than 500 customers. Some of these networks are also regulated under the Australian Energy Regulator's [exempt seller](#) and [network exemption](#) schemes.

In February 2021, the Commission released the [Inquiry into regulatory arrangements for small-scale water, sewerage and energy services](#) Final Report, which recommended that efforts to harmonise current licence and code obligations across the small-scale industries should occur as part of the Commission's regular reviews of codes and guidelines.

The Commission commenced this review into small-scale energy networks' consumer protections in November 2021 with a [Consultation Paper, gas](#) and [electricity](#) consumer protection factsheets, and a [Prepayment Meter System Code review update paper](#).

Five submissions were received on the Consultation Paper, which largely supported the Commission's proposals. Feedback is now sought on the following draft changes to the small-scale energy networks consumer protection framework set out in this Draft Decision:

- ▶ The establishment of a Small-scale Electricity Networks Code, to move the detailed obligations currently contained in individual electricity licences to an industry code. The Reticulated LPG Industry Code will be renamed the Small-scale Gas Networks Code, to capture small-scale natural gas networks licensed by the Commission.
- ▶ Stronger and more consistent consumer protections for small-scale energy network customers, including providing customers with a summary of their rights and obligations, ongoing price disclosure, greater clarity around available payment methods and issuing reminder notices where a bill has not been paid by the due date.
- ▶ Aligning hardship and disconnection protections with those in the National Energy Customer Framework (**NECF**) where appropriate. In particular, by including a 'debt trigger' to assist retailers to proactively identify customers who may be experiencing financial hardship, requiring retailers have a stand-alone hardship policy, updating life support provisions, and improving protections from disconnection. These changes will bring small-scale energy network consumer protections closer to those currently in place in the small-scale water sector.
- ▶ Updating the Prepayment Meter System Code to remove the trial period and associated reversion costs to enable customers to revert to post-payment at no cost and at any time, the introduction of retailer public quarterly reporting requirements on six metrics, clarified and improved explicit informed consent requirements, and enabling payment splitting arrangements for the repayment of emergency and friendly credit debt.

1.1 Who is directly impacted by this review?

The small-scale energy networks licensed by the Commission provide services to around 11,000 customers. Of these 11,000 customers, approximately 5,500 are exclusively covered by the Commission’s small-scale energy consumer protection framework. Their networks are mostly located in regional and remote areas across the State, serving small communities, with the majority serving fewer than 500 customers.

The remaining customers are primarily protected under the Australian Energy Regulator’s [exempt seller](#) and [network exemption](#) schemes, supported by distribution licences issued by the Commission.

This review only applies to the small-scale energy networks regulated exclusively by the Commission, as set out in Table 1. A separate review of other distribution licensees will be undertaken following the completion of the AER’s review of its network exemption scheme in 2023.

Figure 1: Small-scale energy network locations and percentage of networks by number of connections

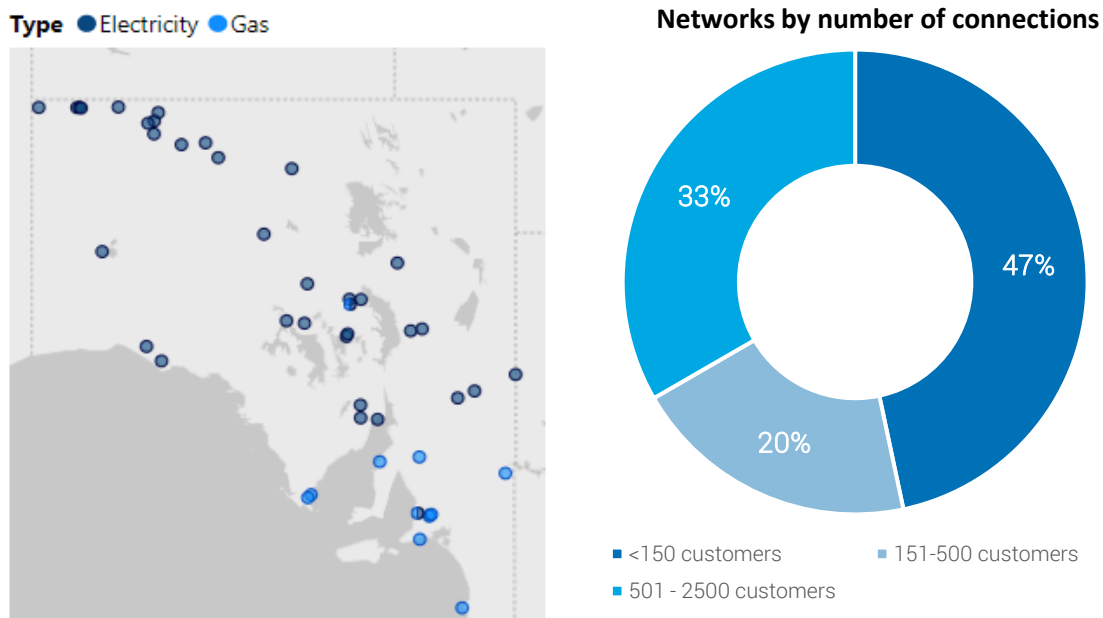


Table 1: Small-scale energy networks subject to this review

Electricity	Gas
Cowell Electric Supply Pty Ltd (excluding distribution licence conditions for Iron Knob and Pimba)	Australian Gas Networks Ltd (LPG licence)
Dalfoam Pty Ltd	CPE Tonsley Pty Ltd
District Council of Coober Pedy	Elgas Ltd
Jeril Enterprises Pty Ltd	Environmental Land Services (Aust) Pty Ltd
	Origin Energy LPG Ltd
	Origin Energy Retail Ltd

In early 2022, all 5,500 customers covered by the Commission's small-scale energy network consumer protection framework received either a [gas protections factsheet](#) or an [electricity protections factsheet](#). These factsheets aimed to counter concerns that small-scale energy network customers were not aware of their consumer protections, and also sought feedback directly from customers on their experience with their suppliers. The Commission also published the factsheets in regional newspapers. The Commission heard back from three customers who were experiencing issues that could not be resolved with their supplier and were referred to the Energy and Water Ombudsman SA (EWOSA) for assistance.

From 1 July 2022, the Commission began implementing a [verified trust and accountability \(VTA\) approach](#) to regulate small-scale networks. This included requiring all small-scale network operators to become members of EWOSA, so that customers have access to a free and independent third-party resolution service where their supplier cannot resolve their complaint.

1.2 Proposals in the Consultation Paper

The Commission sought feedback from stakeholders in the following three areas:

1. A comparison of consumer protections across small-scale gas and electricity networks.

There are currently some differences between the protections offered to small-scale gas and electricity customers. Where practical, changes were proposed so that customers have a more consistent set of core protections across the two fuel types. This will result in some additional protections being introduced for small-scale gas customers and some additional protections for small-scale electricity customers.

Proposals contained in the Consultation Paper required licensees to: provide contractual information to customers, publish price lists, improve information on bills, inform customers about their options in relation to bill disputes, and add direct debit as a payment method. The development of an Off-grid Electricity Retail Code was also proposed.

2. Where proportionate, making hardship and disconnection protections for small-scale energy networks customers more reflective of protections under the National Energy Customer Framework.

There are a range of protections for small-scale energy networks' customers experiencing hardship, with some differences to those offered under the NECF. The Commission welcomed feedback on any consumer impacts of these differences for small-scale networks' customers.

Feedback was requested on hardship topics, including: providing additional information on payment plans, CentrePay as a payment option, proactive identification of customers experiencing financial hardship, waiving late fees for these customers, and requiring retailers have a hardship policy and hardship processes.

Feedback was requested on disconnection topics, including: extending the protected period, not disconnecting a customer where a complaint has been made and remains unresolved or where a customer has applied for a concession, and updating the life support equipment definition.

3. Updating consumer protections contained in the Prepayment Meter System Code.

Responses to an earlier Issues Paper on this code highlighted some areas for possible change. The Commission sought further feedback on these possible amendments. See the [PMSC review update paper](#) for more details.

Proposals in the Consultation Paper included: retaining the existing emergency credit amount, removing the trial period and reversion costs, quarterly public reporting, allowing umbrella consultation groups, developing an explicit informed consent template, and amending the limitation on recovery of debt.

Five submissions were received on the Consultation Paper from a mixture of retailers, consumer advocates and academic researchers.¹ The Commission's proposals were largely supported and have been reflected in the draft regulatory instruments.

The Commission welcomes any feedback on the costs and benefits of adopting the proposals in the Draft Decision but also specific feedback on:

- ▶ the proposed amendments to improve the strength and consistency of consumer protections for small-scale energy networks customers
- ▶ the proposed additional hardship and disconnection protections for small-scale energy networks customers, including greater alignment with the NECF, and
- ▶ the proposed changes to the Prepayment Meter System Code.

¹ Submissions are available at: <https://www.escosa.sa.gov.au/view.aspx?ArticleID=71923>

2 Improving clarity and consistency between small-scale networks gas and electricity consumer protections

The Commission's consumer protections for small-scale networks gas and electricity consumers include:

- ▶ minimum contractual terms and conditions
- ▶ dispute resolution obligations
- ▶ supply obligations, and
- ▶ billing and payment requirements.

At present, there are different approaches to how these consumer protections are implemented across electricity and gas services:

- ▶ **small-scale network electricity services:** there is not an industry code, all consumer protection requirements are set out in individual licences.
- ▶ **reticulated LPG services:** there is an industry code, which contains the consumer protection requirements.
- ▶ **small-scale natural gas services:** there is not an industry code, all requirements including consumer protection requirements, are set out in individual licences.

The Consultation Paper proposed to harmonise the consumer protections for small-scale gas and electricity networks, where possible, practicable and beneficial for customers, as foreshadowed in the [Inquiry into regulatory arrangements for small-scale water, sewerage and energy services](#) Final Report.

2.1 Small-scale Electricity Networks Code

The Consultation Paper proposed to develop and implement an Off-grid Electricity Retail Code. The purpose of this proposal was to improve consistency and clarity of consumer protection obligations for small-scale electricity networks and ensure that any changes to these obligations are implemented quickly and efficiently for all licensees and customers. This proposal was supported by all stakeholders.

The proposed Off-grid Electricity Retail Code will be instead called the Small-scale Electricity Networks Code, as the distribution and generation licence conditions will also be moved from individual licences to the code. The new requirements for electricity retailers are set out in Table 2, Table 3 and Table 4. A draft of this code is provided as Appendix 1. A draft model licence is provided as Appendix 2. Any licensee-specific requirements will be retained in licences.

2.2 Small-scale Gas Networks Code

The Reticulated LPG Industry Code will now be called the Small-scale Gas Networks Code to reflect the expansion of the code to include small-scale natural gas licensees, not just reticulated LPG licensees. This change will only affect CPE Tonsley Pty Ltd, which is licensed by the Commission to distribute natural gas. The provisions currently contained in its licence mirror the distribution requirements in the proposed code. The new requirements for gas retailers are set out in Table 2, Table 3 and Table 4. A draft of this code is provided as Appendix 3.

2.3 Strengthened protections

The Consultation Paper proposed to amend the consumer protections for small-scale gas and electricity customers to rectify any identified differences between the protections offered across industries. As such, where there was no clear reason for a difference, the Commission proposed to set a standard requirement for both electricity and gas, based on the strongest current protection.

The Commission proposes to implement the specific proposals that were supported by stakeholders. Table 2 sets out the draft protection and the instrument it is contained in. A draft of the Small-scale Electricity Networks Code is at Appendix 1, and a draft amended Small-scale Gas Networks Code is at Appendix 3.

Where a proposal was not supported the reasons why have been identified.

Table 2: Improved consistency between small-scale electricity and gas protections

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Contractual information disclosure: Energy retailers must, as soon as practicable following the commencement of a contract for the sale and supply of energy to a small customer (and in any event no more than 10 business days after that date), provide the small customer with a written notice including key information, such as:</p> <ul style="list-style-type: none"> - contract commencement date - the prices, charges, tariffs and service levels that will be applicable in respect of the contract (and the manner in which any changes will be effected) - the costs to the small customer associated with entering the contract - life support protections - type and frequency of bills, payment methods and options, and dispute resolution options. <p>The provision of this information will improve customer understanding of their rights and obligations.</p>	<p>New requirement. Electricity retailers will be required to provide contractual information to their customers.</p> <p>See clause 4.4.</p> <p>Amendment to proposal:*</p> <ul style="list-style-type: none"> - a 'written notice' can be provided by email as long as this delivery method is agreed with the customer. <p>See clause 2.3.</p> <p>* This amendment was proposed by Cowell Electric in its submission to the Consultation Paper.</p>	<p>New requirement. Gas retailers will be required to include information on life support protections in the contractual information disclosure.</p> <p>See clause 2.5.</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Price disclosures: Energy retailers must publish on their website a list of all prices charged by the licensee for the sale and supply of energy; and a list of all fees and charges by the licensee associated with the sale and supply of energy. Any variation of prices must be reflected in published price lists within five days.</p> <p>This obligation will improve transparency for customers in relation to costs associated with their energy service.</p>	<p>New requirement. Electricity retailers will be required to publish and maintain a list of all fees and charges on their website.</p> <p>See clause 2.4.</p>	<p>Current requirement.</p>
<p>Billing: Energy retailers must use best endeavours to issue bills at least quarterly. A range of minimum information must be provided on a customer’s bill, including available payment methods.</p> <p>If a customer has not paid a bill by the due date, the licensee may send to that customer a reminder notice that its bill is past due.</p> <p>Requiring retailers to provide information on available payment methods in customer bills, and establishing a consistent reminder notice period, improves clarity for customers.</p> <p>The Commission proposed to require retailers to include on customer bills <i>‘the amount of any government concessions or rebates applicable to the small customer separately itemised’</i>. Retailers identified that they do not have access to the relevant concession data to provide this information on customer bills.</p> <p>This proposal has not been made.</p>	<p>New requirement. Electricity retailers will be required to include payment methods on their customer bills.</p> <p>See clause 4.5.4.</p> <p>New requirement. Where a reminder notice is issued, electricity retailers must provide at least 6 business days (from the date of issue of the reminder notice) in which to make payment of the bill. This requirement is consistent with reminder notice provisions under the NECF (rule 109 of the NERR).</p> <p>See clause 4.11.</p>	<p>Current requirement.</p> <p>New requirement. Where a reminder notice is issued, gas retailers must provide at least 6 business days (from the date of issue of the reminder notice) in which to make payment of the bill. This requirement is consistent with reminder notice provisions under the NECF (rule 109 of the NERR).</p> <p>See clause 5.8.3.</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Billing reviews and dispute resolution: Energy retailers must review a customer's bill when asked by that customer and must inform the customer of the outcome of that review as soon as reasonably possible, but in any event, within a regulated timeframe. Where a retailer is, after conducting a review, satisfied that the bill is correct they must advise the customer of the existence of their dispute resolution processes.</p> <p>The retailer must inform a customer about the outcome of a bill review within 20 business days.</p> <p>The Commission also proposes to adjust the timeframe for which retailers can recoup undercharged amounts from a customer (where the undercharging is the result of the retailer's error) to 9 months, from the existing 12-month timeframe. This proposal is in line with rule 30 of the NERR.</p> <p>These amendments improve consumer protections for small-scale electricity customers where a bill dispute occurs.</p> <p>Note: All small-scale energy retailers were required to become members of the Energy and Water Ombudsman SA scheme by July 2022.</p>	<p>New requirement. The regulated timeframe to inform a customer about the outcome of a bill review will be 20 business days.</p> <p>See clause 4.17.</p> <p>New requirement. Electricity retailers will be required to inform a small customer that:</p> <ul style="list-style-type: none"> - they may lodge a dispute with the Ombudsman, and - advise the small customer of the process for lodging such a dispute. <p>See clause 4.17.7.</p> <p>New requirement. Where a retailer proposes to recover an amount undercharged as a result of the retailer's error, the retailer must limit the amount to be recovered to the amount undercharged in the 9 months prior to the meter reading date on the customer's last bill.</p> <p>See clause 4.7.</p>	<p>Current requirement.</p> <p>Current requirement.</p> <p>New requirement. Where a retailer proposes to recover an amount undercharged as a result of the retailer's error, the retailer must limit the amount to be recovered to the amount undercharged in the 9 months prior to the meter reading date on the customer's last bill.</p> <p>See clause 5.6.2.</p>
<p>Payment methods: Energy retailers must offer at least the following payment methods to small customers:</p> <ul style="list-style-type: none"> - in person - by mail, - CentrePay and - direct debit <p>CentrePay is a service run by the Commonwealth Government.² Requiring small-scale energy retailers to offer CentrePay will provide customers who receive Centrelink payments with greater payment options.</p>	<p>New requirement. Electricity retailers will have to offer direct debit and CentrePay as a payment method to their small customers.</p> <p>See clause 4.12.</p>	<p>New requirement. Gas retailers will have to offer CentrePay as a payment method to their small customers.</p> <p>See clause 5.9.</p>

² Businesses must get approval from Services Australia to use CentrePay. CentrePay is free for Centrelink customers but costs retailers \$0.99 per transaction. For more information see: <https://www.servicesaustralia.gov.au/how-centrepay-works-centrepay-for-businesses?context=23256>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>New proposal – Variation of charges</p> <p>The Commission proposes to include a requirement that retailers provide customers with at least 20 business days' notice of a change to energy charges</p> <p>Proposed clause:</p> <p>Variation of charges</p> <p>A variation in the tariff rate or charge applying to a customer may only be imposed if notice of new rates or charges is provided to the customer at least 20 business days before the variation takes effect.</p> <p>Notice must be given in accordance with the method outlined in the relevant standard terms and conditions.</p>	<p>New requirement. Electricity retailers will have to provide at least 20 business days' notice to customers of any change to charges that apply to that customer.</p> <p>See clause 4.9</p>	<p>New requirement. Gas retailers will have to provide at least 20 business days' notice to a small customers of any change to charges that apply to that customer.</p> <p>See clause 5.3</p>

2.4 Additional feedback from stakeholders

- **Origin Energy** noted that the Commission should carefully consider the definition of an 'off-grid' customer to ensure customers already covered under the national framework are not inadvertently captured. For example, customers who are supplied by embedded networks or other forms of exempt selling.

Commission response: The Small-scale Electricity Networks Code will apply only to '*persons licensed by the Commission to provide an electricity retail, distribution and generation service under Part 3 of the Act, or if notified by the Commission in writing*'. It will not apply to entities captured by the national regulatory framework or where other statutory exemption regimes apply.

- The **South Australian Council of Social Service** submitted that the Off-grid Electricity Retail Code should include the Commission's prepayment metering consumer protections.

Commission response: Not all small-scale electricity customers will have access to prepayment as a payment option, so including the Prepayment Meter System Code in the Small-scale Electricity Networks Code may create confusion for customers. Additionally, as the Prepayment Meter System Code could potentially apply to small-scale gas retailers, the Commission considers it should remain as an energy-neutral standalone industry code.

- The **South Australian Council of Social Service** also submitted that the Commission should undertake consultation with the Australian Energy Market Commission (**AEMC**) on the range of protections proposed under its Stand-Alone Power Systems (**SAPS**) Priority-2 work program.

Commission response: Ongoing consultation between the Commission and the AEMC is being undertaken on the SAPS Priority-2 work program. No detailed consumer protections have been proposed at this stage of the AEMC's review. Any future outcomes of the AEMC's review will be considered by the Commission.

- ▶ The **South Australian Council of Social Service** and **MoneyMob Talkabout** both raised concerns in their submissions on the recent review of amendments to Cowell Electric's licence to provide protections for prepay by default customers³ that there are no specific protections proposed for prescribed customers experiencing domestic and family violence, given the high incidence in relevant communities.

Commission response: The Commission's consumer protection codes across the electricity, gas and water industries do not currently contain any requirements in this area, and so this matter needs to be considered across the board. This is a complex issue that will require further engagement and consultation between the Commission and stakeholders in all relevant industries before any amendments are made in this area. The Commission considers this an issue of high importance and is itself a White Ribbon Accredited organisation committed to ending domestic and family violence.

Consultation questions

- ▶ Do stakeholders have any questions or feedback on the proposed amendments to improve the strength and consistency of consumer protections for small-scale energy customers?
- ▶ Are there any electricity distribution or generation specific requirements that need to be considered if current standard conditions are transferred from licences to the code?
- ▶ Do stakeholders have any comments on additional consumer protections the Commission should consider?

³ [Cowell Electricity licence variation](#), Final Decision, June 2022

3 Improving hardship and disconnection protections for small-scale energy network customers

Since the current consumer protection frameworks were introduced for small-scale electricity in 2008, and small-scale gas in 2014, the NECF, which provides consumer protections for the majority of energy customers in South Australia, has evolved considerably. The Commission looked at the extent, and relevance, of any differences in hardship and disconnection protections offered under the two regimes and identified some areas of difference.

The Commission sought stakeholder feedback on these differences. In general, stakeholders supported updating the Commission's small-scale protections for hardship and disconnection to reflect those in the NECF, where proportionate, practicable and of benefit to customers.

In assessing the differences between the two regimes, the Commission has carefully considered the capacity of small-scale energy networks licensees to meet any amended consumer protection. In particular, the small-scale networks licensed by the Commission have small customer bases from which they can recover their costs, and limited resources.

The proposed consumer protections are considered fit-for-purpose to address the key gaps identified between the NECF and the Commission's framework, with a focus on achieving positive outcomes for consumers without being overly prescriptive. The table below sets out the draft protection and the instrument it is contained in. A draft Small-scale Electricity Networks Code is at Appendix 1 and a draft amended Small-scale Gas Networks Code is at Appendix 3. Clauses that are new or amended have been highlighted yellow in the industry codes.

Table 3: Improved hardship protections for small-scale energy customers

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
Draft hardship protections		
<p>Hardship Policy: Energy retailers will be required to develop and maintain a hardship policy that consolidates all rights and obligations for consumers in one place, and they will be required to communicate their hardship policy to their customers.</p> <p>The hardship policy will be a customer-facing document that clearly outlines protections available to the customer and the actions the retailer will undertake to deliver these protections.</p> <p>The Commission will develop a template hardship policy to assist retailers to meet the obligation.</p> <p><u>Consistency with NECF</u></p> <p>The proposed requirements for small-scale retailers to have a standalone hardship policy are similar to those under rule 75B of the National Energy Retail Rules (NERR) (and section 44 of the National Energy Retail Law) but are less prescriptive about the contents of the policy. For instance, there is no obligation on retailers to include standardised statements or comply with a hardship policy guideline.</p>	<p>New requirement</p> <p>See clauses 4.14 and 4.15.</p>	<p>New requirement</p> <p>See clause 5.11.</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Hardship programs and processes: The hardship policy must contain clear and specific statements of the actions the retailer will take to enable it to meet its obligations to customers under this industry code in a consistent and timely manner.</p> <p>In reading the hardship policy, customers will have a clear understanding of what they can expect the retailer to do to meet their consumer protections obligations.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is consistent with the requirements on retailers contained at rule 75B(c) of the NERR.</p>	<p>New requirement</p> <p>See clause 4.14.2.</p>	<p>New requirement</p> <p>See clause 5.11.2.</p>
<p>Identifying hardship: Energy retailers will be required to proactively identify and contact customers who may be experiencing payment difficulties. The obligation requires a retailer to use its credit management processes to identify customers who after two (quarterly or otherwise) billing cycles remain at least \$55 in debt.</p> <p>The Commission has chosen to implement a \$55 debt trigger to:</p> <ul style="list-style-type: none"> - provide a definite point at which an energy retailer must engage a potential hardship customer, and - assist in reducing the accumulation of further arrears, mitigate disconnections, and ensure retailers engage potential hardship customers early. <p><u>Consistency with NECF</u></p> <p>The NECF requires retailers to take active steps to identify customers experiencing financial hardship. However, aside from staff training on hardship identification, there is no specific measure, threshold or action required. The AER's hardship guideline (p.10) notes the use of a debt trigger in Victoria as one such measure for identifying and assisting customers who are experiencing financial difficulty. The Commission has chosen to initially implement the same debt trigger (\$55) as Victoria. The efficacy of this amount to identify hardship as intended will be monitored by the Commission.</p>	<p>New requirement</p> <p>See clause 4.14.5(c)(iii).</p>	<p>New requirement</p> <p>See clause 5.11.5(c)(iii).</p>
<p>Payment methods: Energy retailers will be required to offer CentrePay as a payment option.</p> <p>Requiring small-scale retailers to offer CentrePay will provide customers who receive Centrelink payments with more payment options.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is largely consistent with rule 74 of the NERR.</p>	<p>New requirement</p> <p>See clause 4.12.</p>	<p>New requirement</p> <p>See clause 5.9.</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Payment plans: Energy retailers will be required to confirm with customers in writing the number and frequency of instalments, and the basis on which any instalments are calculated.</p> <p>This amendment will enable customers to better understand the basis of any payment plan they enter into.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is largely consistent with the rule 72 of the NERR.</p>	<p>New requirement</p> <p>See clause 4.13.4.</p>	<p>New requirement</p> <p>See clause 5.10.4.</p>
<p>Late payment fees: Energy retailers will be required to waive late payment fees for hardship customers on instalment plans or flexible payment plans.</p> <p>Small-scale energy customers who are experiencing financial hardship will not be subject to further penalties due to late payment.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is consistent with the rule 73 of the NERR.</p>	<p>New requirement</p> <p>See clause 4.15.1(b).</p>	<p>New requirement</p> <p>See clause 5.12.1(b).</p>

Table 4: Improved disconnection protections for small-scale energy customers

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
Draft disconnection protections		
<p>Where a customer has applied for assistance: Energy retailers will be prevented from disconnecting a customer’s energy supply where the customer has formally applied for a rebate, concession or relief available under any government funded scheme and a decision on the application has not been made.</p> <p>This amendment aims to protect vulnerable customers from disconnection while they are waiting for financial assistance.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is consistent with the rule 116 of the NERR.</p>	<p>New requirement</p> <p>See clause 4.22.1(c).</p>	<p>New requirement</p> <p>See clause 6.3.1(b).</p>
<p>Protected period: Energy retailers cannot disconnect a customer before 8am on a business day and on the days between 20 December and 31 December (both inclusive). Energy retailers are already prohibited from disconnecting customers’ energy on a Friday, after 3pm on a business day, the day before a public holiday, on weekends and on public holidays.</p>	<p>New requirement</p> <p>See clause 4.22.1(f).</p>	<p>New requirement</p> <p>See clause 6.3.1(e).</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
<p>Extending the protected period to cover the end of year holiday period is designed to protect customers from disconnection when a range of support services may not be available.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is consistent with the rule 116 of the NERR.</p>		
<p>Where a complaint is unresolved: Energy retailers will be prevented from disconnecting a customer where a complaint has been made in relation to the reason for the proposed disconnection to the retailer or the Ombudsman and the complaint remains unresolved.</p> <p>Preventing disconnection where a relevant complaint is ongoing protects small-scale energy customers from being unfairly disconnected until an issue has been resolved.</p> <p><u>Consistency with NECF</u></p> <p>This requirement is consistent with the rule 116 of the NERR.</p>	<p>New requirement</p> <p>See clause 4.22.1(d).</p>	<p>New requirement</p> <p>See clause 6.3.1(c).</p>
<p>Life support equipment: The life support definition applying to small-scale energy retailers has been updated to reflect chronic health issues in remote South Australian communities.</p> <p>Additionally, the Commission has:</p> <ul style="list-style-type: none"> - updated the life support clause to improve clarity around retailer and customer obligations, including: requirements for medical confirmation, timeframes for the return of medical confirmation documents, and clauses relating to the cessation of life support system requirements - proposed a requirement to include information on life support protections in the 'contractual information disclosure'. <p>Updates to the life support clause create a two-step notification and confirmation process. An initial notification step requires a retailer to immediately register the supply address as a life support customer address and commence providing life support customer protections. A secondary step requires customers to provide medical confirmation within a stipulated timeframe to remain registered as a life support customer.</p> <p><u>Consistency with NECF</u></p> <p>Requirements relating to the prohibition on disconnection for life support customers, timeframes for the return of medical confirmation documentation and the cessation of life support system requirements are largely consistent with the NECF.</p> <p>While the definition of life support equipment contained in the NECF is much broader, the Commission retains the power to broaden the definition of life support equipment to include other</p>	<p>New requirement</p> <p>See clause 4.25.</p>	<p>New requirement</p> <p>See clause 7.</p>

Consumer protection	Electricity entities	Gas entities
	Instrument: Small-scale Electricity Networks Code	Instrument: Small-scale Gas Networks Code
types of equipment where considered appropriate in the circumstances.		

3.1 Additional feedback from stakeholders

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** submitted that the Commission should consider hardship as an additional key metric for performance reporting.

Commission response: From 1 July 2022, small-scale energy retailers have been required to report on additional metrics related to customer hardship, including the number of customers on flexible payment arrangements and the number of registered life support customers.

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** proposed that disconnection protections should be expanded to include consideration of the role that solar photovoltaic systems installed in support of vulnerable public housing tenants and households (including those using prepayment metering) might feasibly play in support of small-scale customers to reduce the frequency and duration of disconnection events.

Commission response: This is a policy matter for the South Australian Government.

- ▶ The **South Australian Council of Social Service** submitted that it is inclined to support additional protections being contained within the Small-scale Electricity Networks Code, rather than in a separate hardship policy document.

Commission response: The additional protections will be included in the Small-scale Electricity Networks Code and the Small-scale Gas Networks Code, as well as an energy retailer's hardship policy. The benefit of requiring these protections to also be included in a hardship policy, as well as the industry codes, is that the standalone hardship policy is expected to be a consumer-friendly document, developed and published by the retailer. Unlike the industry codes, a hardship policy would include the need to meet any information accessibility requirements placed on the retailer.

- ▶ The **South Australian Council of Social Service, Origin Energy** and the **Australian National University Centre for Aboriginal Economic Policy Research** submitted that the life support equipment definition should reflect the definition in the NECF.

Commission response: The definition of 'life support equipment' has been expanded to include medical equipment that reflects the identified chronic illness needs of some customers in remote areas of South Australia where the framework applies and retains the Commission's discretion to declare other medical equipment life support equipment in the future, where evidence indicates this is necessary. A timeframe for the return of life support medical confirmation documentation and requirements around removing customers from the life support register have also been included. The addition of a public reporting metric on the number of life support customers registered with a retailer will assist in providing greater transparency in regard to life support needs in remote and regional South Australia.

- ▶ The **South Australian Council of Social Service** also submitted that a central register for all small-scale life support energy customers, maintained by an independent party, should be considered, and that protections for life support customers need to be better communicated, monitored and enforced.

Commission response: The Commission has proposed that information on life support protections must be included in the contractual information disclosure that must be provided to small-scale energy customers. Additionally, new reporting metrics on life support customer numbers are proposed to improve monitoring and transparency over these customers. The Commission does not support introducing a centralised life support register to be maintained by an independent third party, as this could lead to delays in registering customers and confusion for retailers and customers.

Consultation question

- ▶ Do stakeholders have any further feedback, comments or questions on the proposed hardship and/or disconnection protections for small-scale energy customers?

4 Updating consumer protections contained in the Prepayment Meter System Code

The Commission regulates prepayment meter systems for small-scale energy operations in South Australia through the Prepayment Metering System Code (**PMSC**). The PMSC applies as a condition of every small-scale energy licence granted by the Commission, and provides minimum consumer protections. A small-scale energy licensee can only introduce prepayment with the written approval of the Commission. Prepayment meters have not been in operation in South Australia since 2011.

A review of the Prepayment Meter System Code commenced in March 2021 with the publication of an [Issues Paper](#). The Off-grid energy consumer protection framework review included the [PMSC review update paper](#), which provided initial responses to [submissions](#) received on the Issues Paper, as well as setting out proposals and topics for further consultation.

The table below sets out the draft protections for inclusion in the PMSC. A draft amended PMSC is attached at Appendix 4; clauses that are new or amended have been highlighted yellow.

Where a proposal was not supported the reasons why have been identified.

Table 5: Proposed amendments to the Prepayment Meter System Code

Consumer protection	Off-grid electricity and gas entities
	Instrument: Prepayment Meter System Code
<p>Emergency credit requirements: The existing emergency credit requirements will remain.</p> <p>Emergency credit requirements are:</p> <ul style="list-style-type: none"> – \$10.00 for electricity and – \$5.00 for gas. 	<p>No change to existing requirements</p> <p>See clause 4.6.</p>
<p>Discretionary loans: Feedback was invited on introducing a requirement for energy retailers to offer customers discretionary loans.</p>	<p>No change to existing Code requirements</p> <p>Not supported by stakeholders.</p>
<p>Removal of the three-month trial period and reversion fees: The trial period, and the energy retailer’s subsequent right to charge exit fees and reversion costs, will be removed from the PMSC.</p> <p>Removing the trial period enables a customer in a prepayment arrangement to go back to a post-payment arrangement at any time and at no cost to them.</p>	<p>Removed clauses</p> <p>See clauses 3.2 and 5.2.</p>

Consumer protection	Off-grid electricity and gas entities Instrument: Prepayment Meter System Code
<p>Standard contract: Energy retailers will be allowed to develop standard contracts that cover both pre-paid and post-paid arrangements.</p> <p>This will make moving from post-paid to pre-paid metering, and back, simpler for both the customer and the retailer.</p>	<p>No change to Code requirements.</p> <p>A retailer will need to provide its proposed standard terms and conditions for the Commission's approval prior to Gazetting and publication on its website.</p>
<p>Retailer public reporting requirements: Energy retailers will be required to report on the following metrics (as at the end of each month), quarterly and in aggregate:</p> <ul style="list-style-type: none"> - Total number of prepayment customers - Number of times emergency credit was accessed - Number and duration of self-disconnections - Number of times the minimum requirements for retailer follow-up were met - Where follow-up is undertaken, the reasons for any disconnection - Number of prepayment customers reverted to post pay <p>These public reporting metrics will improve transparency around the use of prepayment metering in South Australia.</p>	<p>New requirement</p> <p>When finalised through this review process, the new reporting requirements will be included in the Regulatory Reporting Requirements for Small-scale Networks – Guideline No. 5</p>
<p>Prepayment System Customer Consultation Groups: Energy retailers who offer prepayment arrangements to specific categories of customers (for instance, retailers operating within the Remote Area Energy Supply scheme) will be allowed to establish an umbrella consultation group.</p> <p>The Commission has also amended the requirement to establish, or be a part of, a consultation group to one that is <i>'on written notice by the Commission'</i>.</p> <p>As prepayment meters have not been in operation in South Australia since 2011, the extent of the benefit of requiring consultation groups for retailers offering this optional payment method is unknown. This amendment aims to give the Commission more control over when these groups are required and for how long they should continue in operation, particularly where evidence indicates no consumer protection issues arise.</p>	<p>Amended requirement</p> <p>See clause 4.1.</p>
<p>Explicit informed consent: Energy retailers who offer prepayment metering will be required to confirm with a customer that they understand the use of a prepayment meter system is associated with an increased risk of disconnection than a post-payment arrangement.</p> <p>The aim of this amendment is to ensure customers are fully cognisant of the risks of entering into a prepayment meter arrangement.</p>	<p>Amended requirement</p> <p>See clause 2.2.</p>
<p>Limitation on the recovery of debt: Customers can choose a prepayment splitting process where part of the prepaid funds can be used to repay existing customer debt (friendly credit and emergency credit only). This requires explicit informed consent by the customer.</p>	<p>Amended requirement</p> <p>See clause 3.3.</p>

Consumer protection	Off-grid electricity and gas entities Instrument: Prepayment Meter System Code
This amendment enables small-scale energy customers who use prepayment meters to remain connected to their energy supply where they have an emergency or friendly credit debt.	
<p>Life support system definition: The life support definition has been updated to reflect identified chronic health issues in remote South Australian communities that are covered by the Commission’s small-scale energy consumer protection framework.</p> <p>Additionally, the Commission has updated the life support clause to improve clarity around retailer and customer obligations.</p>	<p>Amended definition and requirement</p> <p>See clause 3.5.</p>

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** proposed that the existing emergency credit requirements could be strengthened by additional protections designed in partnership with people from communities where use of prepayment meters is contemplated or mandated. One potential mitigation strategy might be to consider developing a specific health and safety circuit ensuring access to a specified limited number of appliances—such as refrigeration—providing a minimum service level upon the expiry of emergency credit and as an alternative to complete de-energisation of the home.

Commission response: All small-scale energy customers choosing to use prepayment metering under the Prepayment Metering System Code terms and conditions will have the right to revert to a post-payment option where they are experiencing payment difficulties. Payment options for post-payment customers include flexible payment arrangements, such as instalment plans, must take into account the customer’s energy use requirements and capacity to pay.

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** suggested implementing formal requirements around the conduct and regularity of meetings and processes for decision-making based on community and stakeholder input.

Commission response: The Commission intends to leave the establishment of formal requirements around conduct and regularity of consultation group meetings to members of those groups. The Commission’s expectation is that the group members will establish expectations for those consultation sessions that meet their specific requirements.

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** also recommended aligning the standard consent document developed by the Department for Energy and Mining with the intent and purpose of explicit informed consent established by clause 2.2 of the PMSC.

Commission response: The Commission had initially proposed to develop a standard explicit informed consent template in the Consultation Paper. Rather than take this approach, the Commission has made explicit informed consent requirements clearer in the Code. This includes the requirement that customers are made aware that prepayment metering arrangements are associated with a greater risk of disconnection than post-payment arrangements.

- ▶ The **Australian National University Centre for Aboriginal Economic Policy Research** and the **South Australian Council of Social Service** both proposed additional reporting metrics.

Commission response: The majority of these have been accepted by the Commission in this Draft Decision. Exceptions were:

- numbers of prepayment customers self-reporting or identified as experiencing hardship
- numbers of customers who have requested to revert to post payment metering

- numbers of complaints received from prepayment meter customers
- proportion of disconnections above and below temperature thresholds specified in consultation with climate experts and/or epidemiologists, and
- the total number of prepayment customers that receive an energy concession.

Reasons why the above proposed metrics were not included in this Draft Decision include:

- customers identified or self-reporting as experiencing payment difficulties must be offered the option of reverting to post-payment
- customers who request reversion must be immediately reverted to post-payment
- complaints not satisfactorily addressed by retailers must be referred to the Energy and Water Ombudsman SA (who undertakes public reporting on these)
- prepayment meters will not record the temperature at which a self-disconnection occurs, and
- small-scale energy retailers do not have access to customer concession data.

Consultation question

- ▶ Do stakeholders have any further feedback on the proposed consumer protections contained in the Prepayment Meter System Code.

5 Next steps

The Commission welcomes feedback and submissions on the proposals in this Draft Decision by **Friday, 30 September 2022**. All feedback provided by stakeholders will be considered, and additional consultation may take place, depending on the issues raised. All submissions will be placed on the Commission's website, subject to any confidential material being excluded.

The Commission also welcomes discussions with stakeholders on the matters raised in this Draft Decision or on any related matters.

If you do not wish to make a submission, but would like to be updated on progress with this review, please subscribe for updates at the Small-scale networks consumer protection framework review [project page](#).

Stage	Timing
Consultation on Draft Decision	Submissions due 30 September 2022
Final Decision	November 2022
Implementation	From February 2023

5.1 Appendices

Appendix 1: Draft Small-scale Electricity Networks Code (proposed new protections are highlighted yellow).

Appendix 2: Draft model small-scale electricity licence.

Appendix 3: Draft amended Small-scale Gas Networks Code, formerly the Reticulated LPG Industry Code (proposed new protections are highlighted yellow).

Appendix 4: Draft amended Prepayment Meter System Code (proposed new protections are highlighted yellow).



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