

2 July 2004

The Manager
Essential Services Commission of South Australia

TXU submission to ESCOSA Consultation - Consumer Issues with Electricity Prepayment Meters

Thank you for the opportunity to comment upon the KPMG report, 'Consumer Issues with Electricity Prepayment Meters'.

At TXU, we generally support the opportunity for stakeholders to review of the benefits and risks, as well as the opportunities provided by pre-payment meters and acknowledge the work done by ESCOSA and the KPMG report in informing the community in this regard. The KPMG report was wide ranging and thorough in its issues identification and analysis.

Much of the KPMG report draws upon the experiences of overseas markets. In many of these markets, the purpose of pre payment metering is debt and credit management, occasionally of a punitive or enforced nature, and so it is not surprising that some consumer responses in those markets are negative. However, the overwhelming majority of consumers surveyed in Australian trials have had an entirely different experience within the context of the trial or permanent pre payment metering regimes.

We support a regulatory framework that will provide alternatives and opportunities for both retailers and consumers. This means that the framework must support technologies that permit flexibilities in pricing, terms and conditions. Consumers may then respond with signals of their preferences as to the nature, level and quality of services provided. This regulatory regime should not limit Retailers in the promotion of efficiency, innovation and customer choice.

Pre-payment solutions are a very real and potentially popular payment option for a number of consumers. Pre-payment solutions change the current concept of purchasing energy. Consumers pay for energy as they use it, which provides a greater level of control, and with adaptive technologies they can see and with appropriate responses or additional technology even control how much energy they are using and what it is costing.

We acknowledge concerns about the impact of pre paid metering on vulnerable customers. Protection of vulnerable customers should not limit the efficiency or effectiveness of competitive markets. Vulnerable customers should be identified and

protected through targeted programs rather than through broad and intrusive market regulation that restricts the adaptation of efficient and effective technology.

As a member, we support the Energy Retailers Association of Australia's key principles that support the rollout of pre-payment metering in South Australia, being;

- Pre-payment solutions must not be imposed onto any customer, and must be a product of choice - it is simply another payment option,
- Pre-payment solutions should not be limited to (or directed at) any particular type or class of customer, or demographic groups, and
- Customers should be able to easily revert to standard metering & billing arrangements (allowing for reasonable recovery of costs).

Further enquiry should be directed to me on 03 8628 1156.

Yours sincerely,

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