

Water Retail Code – Minor and Intermediate Retailers

Restriction Thresholds – Debt and Flow Rate

Purpose

The Commission is seeking feedback from interested parties in setting the following thresholds, which form part of the *Water Retail Code - Minor and Intermediate Retailers (Code)*:

- ▲ The minimum outstanding debt amount on which a retailer may seek to restrict water services.
- ▲ The minimum flow rate to apply when a customer's water services are restricted.

Background

The Essential Services Commission of South Australia (**Commission**) is the independent economic regulator of a number of industries which provide essential services in South Australia. The Commission is a statutory authority, established under the *Essential Services Commission Act 2002 (ESC Act)* with the primary objective of:

“...protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services”.

The Water Industry Act 2012 (**Act**) commenced on 1 July 2012. The Act establishes the regulatory framework for the water and sewerage industry covering economic regulation, technical regulation, water planning and customer complaint handling. Under the Act, the Commission has various regulatory functions in relation to water and sewerage retail services in South Australia; including industry licensing, consumer protection and retail pricing.

The Act applies to all water and sewerage retailing operations, regardless of the number of customers to whom those services are provided. Recognising that there are differences in scale and scope of retail operations provided throughout the State, the Commission has established three retail licence classes:

- ▲ **Major**: those retailing more than 50,000 customers (currently only SA Water);
- ▲ **Intermediate**: those retailing to between 500 and 50,000 customers; and
- ▲ **Minor**: those retailing to fewer than 500 customers.

Water Retail Code – Minor and Intermediate Retailers

The Code covers the key consumer protections to apply to all Minor and Intermediate Retailers, regardless of whether the retailer is a Council or a private operator.

A summary of the key areas of the Code follows.

- ▲ **Customer Sale Contracts** – Commission approved contracts that set out the terms and conditions on which retailers provide water and/or sewerage services to customers;
- ▲ **Customer Information Obligations** – requirements for retailers to develop customer charters, enquiry, complaint and dispute resolution procedures (including escalation of complaints to an independent dispute resolution body), customer communication policies and to adopt the residential customer hardship policy published by the Minister for Water and the River Murray;
- ▲ **Retailer Supply Obligations** – requirements for retailers in relation to customer connections, the quality and reliability of the supply of retail services, supply interruptions and emergencies and the recovery of monies for the illegal use of retail services;
- ▲ **Customer Service Obligations** – requirements for retailers in relation to billing, billing disputes (including undercharging and overcharging), payment methods and flexible payment arrangements; and

- ▲ **Restrictions, Disconnections and Restoration of Supply** - prohibitions on the disconnection of sewerage services for non-payment and obligations on retailers prior to the restricting of water services and requirements relating to the timeliness for restoration of supply.

Restriction Thresholds

Under the Code, the Commission may prescribe thresholds to apply to Minor and Intermediate Retailers as follows:

- ▲ The minimum outstanding debt amount on which a retailer may seek to restrict water services.
- ▲ The minimum flow rate to apply when a customer's water services are restricted.

The Commission has prescribed thresholds which apply to SA Water under the *Water Retail Code – Major Retailers*, discussed further below. The Commission is seeking feedback on whether these thresholds are appropriate to be applied to Minor and Intermediate Retailers.

Prohibitions on water service flow restriction - Clause 6.2.1(b)

“A retailer must not arrange for the supply of a residential customer's water services to be restricted... for non-payment of a bill where the amount outstanding is less than an amount approved by the Commission and the residential customer has agreed with the retailer to repay that amount”

For SA Water the Commission approved a minimum water service flow restriction amount of \$300, consistent with Australian Energy Regulator's minimum disconnection rate.¹

The Commission proposes to approve a \$300 minimum water service flow restriction amount for Minor and Intermediate Retailers.

Minimum restricted water flow rate – Clause 6.6.1

“The restriction of the supply of water services to a supply address under clause 6.3² may reduce the supply of water to no less than the minimum flow rate prescribed by the Commission by notice in writing from time to time”

¹ Refer: <http://www.aer.gov.au/node/9518>

² Clause 6.3 - Ability to restrict water services

For SA Water the Commission approved a minimum flow rate of 2 litres per minute to the property. This flow rate has been identified as the unofficial accepted minimum flow rate adopted by water utilities around Australia.

The Commission proposes to approve a minimum flow rate of 2 litres per minute for Minor and Intermediate Retailers.

Request for Submissions

The Commission invites written submissions from all members of the community on this paper by 14 November 2014.³

Responses to this paper should be directed to:

Water Retail Code – Restriction Thresholds

It is preferred that submissions are sent electronically to: escosa@escosa.sa.gov.au.

Alternatively, submissions can be sent to:
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Commission Contact:

Natasha Cheshire
A/Director Consumer & Regulatory Affairs
Telephone: (08) 8463 4444
Free call: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Website: www.escosa.sa.gov.au

Next Steps

The Commission will release an open letter on its website in December 2014, detailing the approved thresholds, which form part of the Code.

A copy of the **Water Retail Code – Minor and Intermediate Retailers** can be found at <http://www.escosa.sa.gov.au/water-overview/codes-guidelines/water-codes.aspx>.

³ It is 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).