



CONSUMERS SA

[CONSUMERS' ASSOCIATION OF SOUTH AUSTRALIA INC.]

Member of Consumers' Federation of Australia Inc.

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May 28th, 2015

Mr. Mike Philipson,
Principal Advisor,
Essential Services Commission of South Australia,
GPO Box 2605,
ADELAIDE, S.A.. 5001

escosa@escosa.sa.gov.au

Dear Mr. Philipson,

**RE: REVIEW OF THE OPERATION OF THE NATIONAL ENERGY
CUSTOMER FRAMEWORK IN SOUTH AUSTRALIA**

ConsumersSA is a community based, non-profit organisation that represents consumers' interests, encourages the dissemination of information on issues affecting consumers, provides a forum for discussion of those issues and lobbies on them to all levels of government.

Consumers SA (CSA) is grateful for the briefing given to the executive by ESCOSA's CEO, Mr. Adam Wilson, on the review of the NECF, and are also pleased that this subject was also covered by the ESCOSA Community Advisory Committee where we have a representative.

As indicated earlier, CSA has not received any individual complaints or suggestions for reform from its members with regard to the NECF so we are unable to provide any feedback apart from a few examples two executive members know of personally. However our representatives who attend other community/consumer advocacy groups involved with Water, Gas and Electricity are aware there are problems in the utility fields, most of which are not covered in this Review, e.g. the greatly increasing cost of water and energy.

In addition as the NECF has only been in operation since February 2013 it might legitimately be said that there has not been sufficient time under the NECF to judge whether it has been better for consumers, or worse, than under the previous state based system. Consequently we agree with the statement made in the Issues paper that "Many energy customers may not be aware of the new national arrangements and the introduction of NECF may have been seamless for them." In which case it would be difficult to ascertain who those consumers are, as they would have been ignorant of the changes and energy matters for them would have just gone on as previously. In this regard CSA were pleased to be of assistance to ESCOSA in putting their customer questionnaire on our website from which we hope ESCOSA gained some feedback.

CSA can however make some general comments:-

Billing: People are still confused over what information is given them in their bills and at times the delay in receiving them. One CSA member reported he spent an entire day trying to make comparisons between AGL and Energy Australia since it involved taking the previous 12 months usage and applying that to the different rates both companies were offering. He made the comment that this would not have been an easy task for example, for the elderly or some vulnerable people.

In addition we have heard of people not receiving their bills on time making it difficult to pay when they finally do get a bill. Some companies have blamed this on IT problems or not being able to have ready access to a meter, but whether this can be attributed to the NECF is arguable. Where bills are not being delivered to customers on time, it is unfair to impose late payment fees.

Hardship Programs: CSA is aware that generally there is better access to hardship programs and although we don't have data on this ourselves we are involved with other consumer advisory groups which support this view. This may also account for the downturn in complaints to Utilities. However it has been suggested that while it is easier to get into hardship programs it is not necessarily easy to get off them and there is still a good deal to be done in assisting long term hardship consumers to be able to pay off their debt. We do however credit the NECF (NERL) with requiring retailers to develop a hardship policy with flexible options to assist people in this situation, that more people have been able to take advantage of. A further concern of CSA is that as prices continue to rise, and with the future closure of Holdens in South Australia and other companies closing their doors, there will be more customers having to seek this option.

While the NECF has guaranteed that Retailers have a hardship policy in place there does not appear to be any compatibility between them making it difficult for a consumer to decide whether moving is a better option. It has been an advantage to vulnerable consumers that while on a hardship program the regulatory obligations under the NERL protect them from disconnections whilst on that program.

Disconnections: As CSA previously made known to ESCOSA, we have had no information regarding the problems of disconnections in South Australia, but our sister organisation in Queensland has - with regard to wrongful disconnection of small electricity customers. CSA is in possession of copies of letters written to the Minister for Energy and Water Supply in Queensland, Mark Bailey MP, from the Queensland Consumer Association on this matter. (Copies are attached.) CSA has queried whether the Energy and Water Ombudsman of South Australia would have any statistics on wrongful disconnections which may be helpful to the Review. Needless to say that disconnection fees imposed on consumers for whatever reason, who are already experiencing hardship, simply adds another level of burden upon them. The same may be said for re-connection fees.

There is ample evidence that some consumers have gone to great lengths to improve their energy consumption levels with the purchase of, for example, more efficient appliances, solar panels and better insulation. However consumers who have older, less efficient appliances are usually not in the financial position to be able to upgrade to more efficient models. That is simply not an option when you are living in impoverished circumstances.

Forgiving debt: A member of the National Council of Women advised a CSA executive member that she was paying energy accounts for both her own home and that of her elderly Aunt who had recently become a widow. Whether the Aunt had not paid the account recently or a debt had been accumulated earlier is not known, but the niece was paying for both accounts out of a single pension and after some months found she could not keep up with the payments on both properties. She rang the Retailer, Energy Australia, and explained the situation and the debt on her Aunt's account was forgiven. Her Aunt has since moved into a home for the elderly. CSA is unaware of whether this practice is widespread amongst utility retailers, but suspects it is not. It is certainly the situation with SA Water that debt is not waived and must over time be repaid. This case referred to above is an instance when the customer approached the retailer, but CSA would support a more proactive approach being taken by retailers contacting individual customers where

they observe there is a possibility the customer may be suffering hardship in being able to meet their energy bills.

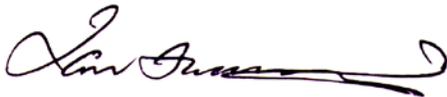
CSA is in agreement with SACOSS in that affordable access to energy supplies is impacted by a number of factors including the customer's level of consumption, the price of the energy, their income and where applicable, concessions. Not all of these can be addressed by retailers. In fact there is a shared responsibility between the consumer, the energy industry and to some extent the government.

CSA is supportive of energy retailers having complaints and dispute resolution schemes in place and that figures on the use of these have to be sent to the Australian Energy Regulator. In addition prior to the NECF this information was separated only into 'gas' and 'electricity' whereas the AER now has data separated into all 'energy' categories and also into residential and small business categories. This should in future provide more reliable statistics as to where and what complaints have been made and how they have been handled.

Thank you for the opportunity to comment on the NECF. CSA is aware that although we are a consumer advocacy group, complaints regarding Utilities, in this instance energy, would probably not initially come to us, especially as people are more aware these days that the particular utility they have an issue with, is the first place to lodge a complaint. and failing that the Ombudsman's office.

For the majority of consumers it is not whether the operation of consumer protection laws before or after the NECF that concerns them most, but the continuing spiral of the utility prices.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ian Butterworth', with a long, sweeping underline.

Ian D Butterworth
Vice President Consumers SA

attachments

Qld wrong connection pdf.