

16 December 2004

Lew Owens
Chairman
Essential Services Commission of SA
GPO Box 2605
Adelaide SA 5001

Dear Mr Owens,

Draft 'Prepayment Metering Code'

I refer to the Essential Services Commission's ('ESCOSA') invitation for submissions on the draft 'Prepayment Metering Code'.

As you are aware Aurora has already installed approximately 30,000 prepayment meters in Tasmania, which continue to receive a high level of acceptance and customer satisfaction.

Aurora supports the introduction of a Code that underpins the introduction of prepayment metering in South Australia.

Retailers need to be provided with a framework that allows them to provide flexibility in pricing, as well as the nature and quality of service to be provided. This allows customers to signal their preferences through retailer selection, and is a key fundamental on which the National Electricity Market operates.

Retailers also promote long term efficiency, innovation, productivity improvement and customer choice. To achieve this retailers are continually looking for new ways for consumers to pay for their energy.

Prepayment solutions have the potential to provide a very real and potentially popular payment option for a number of consumers.

In our previous submission to the KPMG study Aurora put forward the following principles;

- Pre-payment solutions must not be forced onto any customer, and must be a product of choice,
- Pre-payment solutions should not be limited to a particular type or class of customer, or demographic groups,
- Customers should be able to easily revert to standard metering & billing arrangements,
- Implementation should involve the key community groups and stakeholders,

- There must be safeguards provided for the customers in relation to - emergency credit facilities, non-disconnection periods, and Point of Sale Agent availability,
- ESCOSA should form a view as to what information should be made available to customers through the metering technology i.e. historical consumption information, and
- Prepayment solutions should be limited to two way metering solutions, which will ensure that retailers (and subsequently regulators) can receive data from the meters for reporting and statistical purposes, as well as providing the facility to identify consumers who may potentially be in financial difficulty.

Against these principles Aurora makes the following comments in relation to the specific parts of the Code which may be improved, so that it is not restrictive.

2.5.1(a) Mandatory Trial Period

Aurora believes that to prescribe a mandatory trial period is too onerous.

Retailers should be provided with the discretion to decide whether or not a trial period is offered and the duration. This should be a part of the overall product offering and would be a competitive advantage for retailers who wish to offer a trial.

A mandatory trial period also has the potential to make prepayment more expensive than it otherwise may be, as retailers would have to include a premium to allow for the costs of replacement meters, and administration costs.

As long as customers receive all the necessary information when they enter into a market contract, including all of the fees and charges then no trial period should be mandated.

Further to this is, a retailer should not be expected to cover the cost of any connection fee or any other fee associated with switching to another retailer on removal of the prepayment meter – only the removal of the meter itself.

2.7.1(a) Meter Display – The information requirements specified in the Code may not be able to be met by any existing metering technology. Aurora suggests that this section is reworded to ensure that the meters display consumption information and balance information only.

2.5 & 2.15.2 Reversion and Transfer – Aurora supports the principal that customers should be able to have easy reversion to standard metering.

However for the retailer to bear the financial impost of all costs is not reasonable. If customers are adequately informed of reversion costs (installation, or removal) then retailers should have the option to charge, and this would form the basis of the market contract, which is separately approved by ESCOSA.

I trust that you will find this information satisfactory, and if you require any additional information please feel free to contact me on (03) 62373508.

Yours sincerely,

Darren Hill
Retail Regulatory Manager