

20 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'.

The Energy Retailers Association of Australia Incorporated ('ERAA') welcomes the opportunity to comment.

The ERAA is the focal point for matters of shared interest to Australia's energy retail organizations (both Government and privately owned), and it is also the peak body representing energy retailers in Australia.

The ERAA notes that the Commission has attempted to design a robust framework which would govern the introduction of pre-payment metering in South Australia.

Retailers need to be provided with a framework that allows them to provide flexibility in pricing, which permits customers to signal their preferences as to the nature, level and quality of service to be provided. Retailers also promote long term efficiency, innovation, productivity improvement and customer choice.

The ERAA has developed a set of key principles which we believe support the rollout of pre-payment metering in South Australia, which are as follows;

- 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 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).

It is the ERAA's observation that the majority of the Code comprises measures to ensure that consumers interests are maintained, and that consumers will be provided with all of the necessary information to make an informed choice, prior to electing to enter into a prepayment market contract.

Prepayment meters have a legitimate place in the National Electricity Market, and can be introduced in a form that protects the interests of consumers, as well as delivering innovation. This experience is already reflected in prepaid metering in Tasmania and a trial undertaken in South Australia where the technology has been enthusiastically accepted by a full cross section of consumers and Government bodies.

We do observe however that in some areas the Code may be too prescriptive, which would not allow retailers sufficient flexibility to offer alternative forms of prepayment. We have made some observations against each of the points below;

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. The ERAA suggests that this section is reworded to ensure that the meters display consumption information and balance information only.

2.5.1 Mandatory Trial Period – The requirement that the trial period be mandatory should be removed. While the ERAA acknowledges that some retailers may elect to offer a trial period, the other protections provided for in the Code (ie customers being fully informed at decision making point, and easy reversion to standard metering) remove the need for a mandatory trial period.

In the event that the mandatory trial period is retained, then it is important that retailers are able to recover the costs of reversion, which would be disclosed to a customer as part of the prepayment product offer.

2.5 & 2.15.2 Reversion and Transfer – The ERAA supports the principle 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. Customers should be adequately informed of reversion costs (installation, or removal) and retailers should have the ability to recover reversion costs. This is especially important where the charges may be a pass through of distribution or metering service provider charges.

We expect that retailers will consult with customers and other relevant stakeholders in developing prepayment products. As a result of such consultations negotiable features of the prepayment products such as emergency credit, non-disconnection periods, and Point of Sale Agent availability can be tailored to technical capabilities and to meet specific customer needs.

The ERAA would like to make itself available to assist with any further development of the Code.

Yours sincerely,

Deane Russell
Executive Director
Energy Retailers Association of Australia

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