

30th December 2004

Mr L Owens
ESCoSA
GPO Box 2605
ADELAIDE SA 5001

Attention: Margaret Cross

Dear Mr Owens

Re: Prepayment Metering Code – Consultation Draft

UnitingCare Wesley welcomes the opportunity to respond to this consultation draft on a topic that has generated considerable angst within the community services sector.

In our previous presentation to the Commission, through Mark Henley, we expressed concern at the potential of prepayment meters (PPMs) to exacerbate hardship for low income and vulnerable households. Our concerns centred on risk of self disconnection, particularly without the disconnection being observed external to the household. We also expressed concern about the potential for vulnerable households to be coerced into using PPM's and the relationship between debt recovery and PPM's. Our third set of concerns related to accessibility to concessions should low income households be using prepayment meters while our final set of concerns related to price and in particular maintenance of price parity with standard contract pricing.

UnitingCare Wesley Financial Counsellors are particularly concerned about the risks of self disconnection for their clients, about 80% of financial counselling clients report considerable difficulty in paying electricity bills at the moment, hence our initial call for a two-year moratorium on the introduction of PPM's into South Australia.

Since our initial submissions, we have been impressed by the technology and approach being proposed by Aurora Energy, and particularly their responses to the self disconnection risk.

We are also impressed by the work of ESCoSA in developing the draft code, which has responded to the vast majority of our concerns in a sensible and pragmatic manner.

The following brief comments are made against a selection of the elements of the proposed code.

2.3 Written Disclosure Statement.

It is assumed that all documents and communication referred to in this section is to be in English. We consider that the most important information provided to customers, should also be available in languages other than English that are in common use throughout South Australia. We therefore suggest that within two years of the initial adoption of the code that all core customer information documents be available at the least in Greek, Italian and Vietnamese languages.

2.4 Provision of Information

In line with the comments made above we would recommend an additional clause: 2.4.1 (f) options for interpreter service will be available to customers. The process for accessing this assistance will need to be clearly identified in communication with customers.

2.5 Minimum Terms and Conditions

We wish to highlight the importance of clause (c) which we understand means that a retailer cannot levy ancillary charges additional to those expressly listed within the prepayment metering code.

The importance of this clause is due to our major concern about the growth and range of ancillary charges that have been applied to customers by retailers over recent years. We believe that these ancillary charges generally are unnecessary and only serve to further disadvantage vulnerable customers.

We support clauses (e), (f) and (g) that deal with: limitation on the recovery of debt, credit retrieval and life-support equipment.

2.7 Requirements for Prepayment Meters

These clauses are supported

2.8 Payment Difficulties and Hardship

We recommend that all retailers with residential customers should be required to have a documented hardship policy and so believe that any retailer offering prepayment meters should be required to have a documented hardship policy that has at least been the subject of consultation with SACOSS.

Clause 2.8.2. We suggest the following for the second half of the introductory paragraph: "..... a small customer has self disconnected more than **two** times in any **three-month** period for longer than **180** minutes on each occasion the retailer must contact the small customer as soon as is reasonably practical and offer the small customer:"

We also continue to believe that an electricity industry levy should be applied to contribute towards processes that assist vulnerable and at risk households including support for agencies providing financial counselling. This area is significantly under funded by government and rising utility costs are a significant contributor to the growing demand for financial counselling services.

We therefore believe that the prepayment metering code should include provision for a contribution, via industry levy, towards the support services that support the electricity industry

2.9 Payment Towards Prepayment Meter Account

The clauses proposed in this section are reasonable. However, we are concerned that the code does not make specific mention of price and the level to which elements of pricing should be regulated within the code.

1. We believe that the basic supply charge should be the same, per kWh as standing contract prices.

Should this approach be unworkable, we recommend that a ceiling be set for supply price through a PPM and that this supply price be no greater than standing contract + 2%

2. One of the advantages of PPM's that has been presented to us is the capacity for customers to better manage their electricity use by exploiting the benefits of reduced off-peak prices. We therefore suggest that the code require that at least two off-peak prices, of at least three hours each, be available to all PPM customers.

We continue to be wary about ratifying a prepayment metering code that could be used by any retailer. We therefore support the SACOSS proposal of a further 18-month period for additional debate and particularly hardship policy development. We would however be amenable to an initial trial of prepayment metering by Aurora energy on the basis of their demonstrated commitment to work with stakeholders including community organisations and their demonstrated commitment to respond constructively to the risks associated with PPM's, particularly self-disconnection.

For further comment or clarification of any points raised in this letter, please contact Mark Henley 8202 5135, 0404 067 011.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Sue Park', with the date '11/25' written below it.

Sue Park
Chief Executive Officer
UnitingCare Wesley Adelaide