

8 March 2005

Mr Lewis W Owens
Chairperson
Essential Services Commission of SA
GPO Box 2605
ADELAIDE SA 5001

Dear Mr Owens

DRAFT ENERGY PREPAYMENT METERING CODE.

I provide the following comments on the Consultation Draft of a Prepayment Metering Code.

Clause 7.2 of the Energy Retail Code states that for Standing Contracts:

" A retailer must offer at least the following payment methods to its small customers:

- a) in person at a network of agencies or payment outlets;*
- b) by mail; and*
- c) by direct debit under a payment arrangement agreed by the small customer, the retailer and an ADI nominated by the small customer"*

(these requirements can be varied in a market contract.)

It is important to note that the above clause is a minimum condition and it has been my consistent view that retailers should be encouraged to offer a wide range of payment options to enable customers to choose an option that best suits their particular financial circumstances.

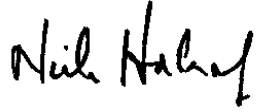
For this reason I have supported the introduction of prepayment meters (PPMS) as another payment method which may best suit some customers. This support has been on the basis that ESCOSA establishes a Code which clearly defines the basis on which retailers can introduce PPMS including:

- the information to be provided to customers.
- voluntary.
- limits on recovery of debt through PPMS.
- mandatory trial period.
- application of Energy Retail Code.
- cannot charge for other goods and services through the PPM.
- provisions for dealing with payment difficulties and hardship.

With reference to proposed clause 2.8.2 "*Dealing with Payment Difficulties*", I recommend two customer self-disconnections in any one month for longer than eight hours on each occasion. This recommendation has had regard to the safeguards provided in clauses 2.3.2(e) "*Emergency Credit*", 2.9.1 "*Recharge Facilities, Times and Locations*" and 2.9.2 "*Minimum Payment*".

Having regard to the extensive experience with PPMS in Tasmania and the research carried out in NSW and SA I consider that the proposed Code provides a sound base for the potential introduction of PPMS in SA.

Yours sincerely

A handwritten signature in black ink that reads "Nick Hakof". The signature is written in a cursive, slightly slanted style.

Nick Hakof
Energy Industry Ombudsman