



Hon. Patrick Conlon BA LLB (Hons) MP

Minister for Infrastructure

Minister for Energy

Minister for Emergency Services

04MEN/1247

Mr Lew Owens
Chairperson
Essential Services Commission of South Australia
Level 8, 50 Pirie Street
ADELAIDE SA 5000

Dear Mr Owens *Len*

Please find attached comments the Government has received from the Energy Consumers' Council regarding ESCOSA's Draft Prepayment Meter Code, for your consideration.

Yours sincerely

Hon Jay Weatherill MP
MINISTER FOR ENERGY

23/12/04

ENERGY CONSUMERS' COUNCIL

Comments on ESCOSA's Draft Pre-Payment Meter Code

The Energy Consumers Council (ECC) welcomes the opportunity to comment on the Essential Services Commission's Draft Pre-Payment Meter Code.

The Energy Consumers Council (excepting one member) supports the introduction of prepayment meters as a voluntary tool to improve consumer choice and allow customers to select from various methods of payment. SACOSS, however, remains concerned that the introduction of pre-payment meters could detrimentally affect customers facing payment difficulties. SACOSS continues to support a moratorium of at least two years on the introduction of prepayment meters, to allow more time to investigate the recent increases in disconnections, and to allow the market more time to mature.

If prepayment meters are to be introduced, the ECC recommends the following issues be taken into consideration:

1. Information Provided to the Customer

- 1.1. The ECC believes that any prepayment contract should clearly identify all costs including termination and meter removal fees. The ECC believes that meter removal fees should be depreciated over a reasonable period, or should not apply beyond a certain duration of contract (e.g. when a customer cancels a prepayment contract after 5 years).

2. Mandatory Trial Period

- 2.1. The ECC recommends that for the first 2 years of operation of the Code, that there be a one year minimum trial period. At the end of this time, the ECC believes a 3 month period would be appropriate. This will allow time for the market to mature and for further investigations into disconnections and their causes to be undertaken.

7
,

3. Recovery of Debt and Charging for Other Goods

- 3.1. The ECC believes it is appropriate that debt and costs of other goods are not recovered through a prepayment meter contract. This will particularly assist customers repaying debt to identify and manage their true costs of consumption.

4. Level of Emergency Credit

- 4.1. The ECC believes that the level of emergency credit (\$10.00) is appropriate.

5. Payment Difficulties and Hardship

- 5.1. The ECC believes that the actions within Clause 2.8.2. should:
- 5.1.1. Take effect when customers have been disconnected up to three times within a three months for longer than 90 minutes on each occasion.
 - 5.1.2. Be extended to situations where the customer has been operating primarily on emergency credit or has accessed the emergency credit more than three times within three months.
 - 5.1.3. Include a requirement to provide energy efficiency information to the customer.
 - 5.1.4. Be repeated if the customer has not been reconnected to a supply within a reasonable timeframe and that the customers details should be forwarded to social services or a relevant authority.
- 5.2. The ECC notes that on most contracts customers experiencing payment difficulties are usually offered an opportunity to repay debt through a hardship program, and that disconnection occurs only as a last resort. The ECC believes that when a customer notifies a retailer that he/she is experiencing payment difficulties, where available, such programs should be offered to a prepayment meter customer. Such schemes may be offered through an extension of the emergency credit, or via a standard meter.

6. Other Issues

- 6.1. The ECC is concerned that customers may be coerced into accepting prepayment contracts either by retailers or via a third party such as a landlord, retirement village contract or through reselling arrangements.
- 6.1.1. The ECC strongly recommends that ESCOSA ensure that the conditions within the prepayment metering code will sufficiently prohibit a pre-payment contract from being entered through another contract.
 - 6.1.2. The ECC recommends that retailers require prepayment meter contract customers to declare that they are not entering the contract as a condition of an another contract or lease arrangement.
- 6.2. The ECC suggests that:
- 6.2.1. The word “undue” be removed from 2.2.3.
 - 6.2.2. That the words “or concludes their contract” be added to the end of 2.5.1.(f)
 - 6.2.3. That 2.5.1.(g)(i) be reworded to “terminate the small electricity customer’s prepayment meter market contract”. Otherwise a clause should be included to ensure that the small electricity customer’s supply will not be disconnected even when the prepayment meter runs out of credit.
 - 6.2.4. That 2.15.1 include “(d) return to the customer any remaining credit in the prepayment meter”
- 6.3. When a new occupant of a premises with a prepayment meter has contacted the retailer, and does not wish to enter a prepayment contract, the retailer should ensure

that the customer is provided with credit until the meter is removed. The customer should be billed at the rate of their new contract for the credit (not at the pre-payment rate).