

PREPAYMENT METER SYSTEM CODE DRAFT FINAL DECISION

March 2005



REQUEST FOR SUBMISSIONS

The Essential Services Commission of SA (the Commission) invites written submissions from interested parties in relation to the issues raised in this paper and the ***Draft Prepayment Meter System Code*** released at the same time as this document

Written comments should be provided by **5 April 2005**. It is highly desirable for an electronic copy of the submission to accompany any written submission.

It is Commission policy to make all submissions publicly available via its website (www.escosa.sa.gov.au), except where a submission either wholly or partly contains confidential or commercially sensitive information provided on a confidential basis and appropriate prior notice has been given.

The Commission may also exercise its discretion not to exhibit any submission based on their length or content (for example containing material that is defamatory, offensive or in breach of any law).

Responses to this paper should be directed to:

Prepayment Metering System Code: Draft Final Decision

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Public Information about ESCOSA's activities

Information about the role and activities of the Commission, including copies of latest reports and submissions, can be found on the ESCOSA website at www.escosa.sa.gov.au.

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1 BACKGROUND

Each of the electricity and gas retail licences issued by the Essential Services Commission of SA (the Commission) contain the following clause:

APPROVAL FROM COMMISSION TO ADOPT PREPAYMENT METERING SYSTEMS

The Licensee must not implement a prepayment metering system in respect of its small customers unless the licensee has obtained the Commission's prior written approval for the adoption of that prepayment metering system.

Prepayment meter systems are non-standard electricity or gas meters, or an additional functionality of a standard electricity or gas meter, designed to allow for the prepayment of electricity or gas through mechanisms such as token, electronic ticket, smart card or keypad technology. The consumer purchases credit and then uses gas or electricity until such time as the credit expires. The consumer can at any time purchase more credit for the system.

These meters have been used in the UK for many years. Tasmania is the only state in Australia where prepayment meters are widely used, although limited trials of such technology have been undertaken in some mainland states, including South Australia.

No retailer has formally approached the Commission for approval of a system under the licence condition.

However, the Commission considers it desirable to establish an appropriate regulatory framework against which it can assess any application for approval of a prepayment metering system.

The Commission spent much of 2004 focussing on identifying and addressing consumer issues with prepayment meters and developing a suitable consumer protection framework.

This Draft Final Decision outlines the work undertaken by the Commission, the stakeholder input, and the Commission's conclusions.

2 CONSUMER ISSUES WITH PREPAYMENT METERS – THE KPMG REPORT

In early 2004, the Commission's Consumer Advisory Committee (CAC) was asked to consider the conditions under which there may be a role for prepayment meters for residential customers in South Australia, and to address issues relating to consumer protection, monitoring and reporting.

The Commission advised the CAC that it recognised prepayment meters are a difficult and sensitive issue and that there are differing views in Australia and overseas about such meters.

2.1 The Project Brief

In February 2004 the CAC commissioned KPMG to undertake a comprehensive study into residential consumer issues and concerns with prepayment meters and to:

1. Undertake a literature review to identify consumer issues relating to prepayment meters in Australia, and where relevant, overseas.
2. Based on local, interstate and relevant overseas experience, assess whether there is evidence that prepayment meters provide any assistance to consumers with budget constraints or provide assistance to better manage consumption.
3. Based on local, interstate and relevant overseas experience, identify consumer concerns with prepayment meters and identify how those concerns are managed or could be managed.
4. Identify the consumer protection mechanisms that could be included in the Commission's regulatory framework for energy retailing to meet the consumer concerns identified in 3.
5. Identify performance indicators, monitoring mechanisms and additional obligations that could be included in the regulatory framework for energy retailing to assist the Commission to monitor issues and trends in the use of prepayment systems.
6. Identify the core technical capabilities of prepayment meter systems necessary to meet both consumer protection and monitoring and reporting obligations.



2.2 The KPMG Report

The KPMG Report was completed in May 2004.

2.2.1 Potential Benefits

The Report identified a range of potential benefits to consumers of prepayment meters including:

- ▲ Ability to monitor and adjust energy expenditure;
- ▲ Provision of real time information on usage rates and costs;
- ▲ Avoidance of disconnection/reconnection fees;
- ▲ No need to accommodate meter readers;
- ▲ Capacity to repay debt over time in small increments; and
- ▲ Potential for flexible tariff structures.

The Report also noted that many of these potential benefits are not exclusive to prepayment meters; they may also be delivered through alternative mechanisms.

2.2.2 Impacts of Prepayment Meters

The Report concluded that the impact of prepayment meters would vary across consumer groups, as the specific needs, preferences and situations of consumers vary. The Report suggested that, in the development of a regulatory scheme, the following matters should be considered:

- ▲ **Ability of consumers to make informed decisions** – ability to compare tariffs, understanding of meter costs, disconnection and complaints mechanisms, consumption information when bill information is no longer available.
- ▲ **Costs of prepayment meters** relative to other meters – potential higher cost meters, ability to retrieve credit, linking of past debt to current consumption, limits on the amount of debt to be recovered, retention of energy concessions, potential transaction costs, accuracy of prepayment meters.
- ▲ **Disconnection issues** – frequency, provision of emergency credit, onus on consumer to avoid disconnection, risks due to meter faults.
- ▲ **Consumer operation of system** – active onus on consumer to maintain supply (meter monitoring, credit purchase and recharge), access to points of sale for credit, location of meter, requirement for understanding of physical operation of system and activation of emergency credit.
- ▲ **Coercion** – potential for general coercion to install or to maintain a meter already installed, potential for coercion in cases of poor payment, barrier to switching retailers.

2.2.3 Impact on certain consumer groups

While recognizing that prepayment should be a matter of consumer choice, the Report identified that use of prepayment meters may require some sophistication on the part of the consumer, and that there were some consumer groups on whom the impact of prepayment meters may need special consideration:

- ▲ Low income households which need to “juggle” energy and other financial commitments and may need to regularly or occasionally defer payments to a later or last possible time;
- ▲ Older people whose frailty, health needs or living circumstances may result in difficulties in operating or understanding prepayment systems;
- ▲ Those with special health needs for heating and cooling who may not be able to take advantage of flexible tariff structures;
- ▲ People from culturally and linguistically diverse backgrounds who may have difficulty in understanding prepayment systems; and
- ▲ Rural households, which may be a long way from prepayment card, recharge service centres.

Two ***overarching consumer issues*** identified in the Report were:

- ▲ Potential for actual rates of disconnection to be hidden from support services and regulatory scrutiny;
- ▲ The potential lack of safety net for prepayment meter customers – hardship policies, time-to-pay and other matters dealt with by the Energy Retail Code for quarterly billed customers.

The Report suggested a range of regulatory options for dealing with these identified consumer issues.

2.3 Consultation Process

The KPMG Report was provided to members of the CAC for consultation with their organisations and broad constituencies.

The Report was also published on the Commission’s website and stakeholders and interested parties were invited to provide their comments.

The Commission received eleven (11) submissions on the KPMG Report.

Submissions from **industry** stakeholders generally argued that:

- ▲ The regulatory regime should be **flexible and high level**, provide alternatives and flexibility for retailers and should not specify particular products;
- ▲ Meter fees and charges and energy **charges should be unregulated**;



- ▲ Prepayment should be a consumer choice under a **market contract** with appropriate levels of **disclosure** and consumer information;
- ▲ Prepayment should be simply promoted as **another payment option**;
- ▲ Meters should **not be limited to or targeted** at any particular customer class, type or demographic group;
- ▲ Customers should be able to **revert to normal tariff** either by adjustment to the prepayment meter or by replacement of the prepayment meter with a standard meter;
- ▲ Implementation should **involve community groups and stakeholders**;
- ▲ The Commission should **specify consumer safeguards** such as emergency credit, non disconnection periods, availability of recharge services or facilities;
- ▲ To avoid regulatory inconsistency, the Commission should consider a guideline similar to that under consideration in NSW.

Some submissions noted that “two way” metering has the capacity to ensure that retailers and regulators can receive information for reporting and statistical purposes and to identify those consumers who are constantly in emergency credit or disconnect mode.

Submissions from some **consumer** groups argued that the Commission should consider a moratorium on the introduction of prepayment meters for at least two (2) years to allow for debate and consideration of the issues to minimise the risk of adverse outcomes to consumers.

The consumer stakeholder submissions raised a number of issues of concern, which largely built upon those issues identified by the KPMG Report:

- ▲ **Self-disconnection** was the issue identified as of most concern. Self-disconnection occurs when the supply of energy ceases because the prepayment meter system has no remaining credit. As customers self-disconnecting a prepayment meter do not have the usual hardship and consumer protection provisions to fall back on before physical disconnection, the PPM technology needs to ensure customers in difficulty with credit or supply come to the attention of the retailer. The retailer should have responsibility to identify and take positive action (remedy to include removing the meter and allowing access to hardship policies and programmes). To achieve this, stringent regulatory reporting requirements on disconnection should be required by the Commission.
- ▲ **Debt recovery**: use of prepayment meters to recover debt was not supported.
- ▲ **Coercion**: prepayment meters should be a product of choice only and there should be no coercion to have or keep a prepayment meter.
- ▲ **Concessions**: any prepayment meter system should ensure ongoing access to concession schemes.
- ▲ **Price**: some mechanisms to ensure parity with standard contract price.

- ▲ **Low-income households and special needs households:** Low-income households are most likely to be vulnerable to the difficulties with prepayment meters. Prepayment meters should not be permitted with life support equipment.
- ▲ **Training, assistance and information:** in the use of prepayment meters should occur at installation and the commencement of supply.
- ▲ **Location of the prepayment meter:** location should maximize the potential benefits from consumption feedback and time of use tariffs.
- ▲ **Provision of information to customer:** customer should continue to have access to bill like information.
- ▲ **Prepayment meter removal costs:** all costs associated with the removal of a prepayment meter should be borne by the retailer. No consumer costs.

3 DEVELOPMENT OF PREPAYMENT METERING CONSULTATION CODE

In August 2004, the CAC considered the submissions received on the KPMG Report.

In order to progress consideration of a possible regulatory framework for prepayment meters, it was agreed a proposed regulatory model should be prepared taking into account:

- ▲ Submissions and comments received on the KPMG Report;
- ▲ The need for any regulatory framework proposed by the Commission to fit with already established South Australian consumer protections and Commission Codes; and
- ▲ Work undertaken in NSW on the preparation of Guidelines for the Implementation of Prepayment Metering in NSW and in WA on a Draft Code of Conduct for the Supply of Electricity to Small Use Customers.

It was agreed that the proposed regulatory model would then form the basis for further consultation with consumers and industry stakeholders.

In developing the regulatory model, the Commission decided to focus on energy prepayment systems (electricity and gas) as the issues which were identified by the KPMG Report and the submissions were not fuel specific.

3.1 Features of the Consultation Code

The Commission sought to develop the proposed regulatory model through a Consultation Code proposing a set of mandatory requirements to address the major consumer concerns identified in the KPMG Report and submissions:

- ▲ Prepayment metering only to be made available under a market contract.
- ▲ Written information to be provided to the customer on entering into the contract including comprehensive operating instructions;
- ▲ A mandatory three month trial period during or at the conclusion of which the customer could have the meter removed at no cost and revert to standard metering;
- ▲ Strict limits on the recovery of debt and charging for other goods and services via the prepayment meter;
- ▲ Strict requirements on retailers to take positive action in relation to payment difficulties and hardship, including requirements for prepayment systems to identify consumers who persistently self disconnect and to offer alternatives to such customers including the removal of the meter if requested.

The Consultation Code was released in October 2004 for stakeholder consideration.



3.2 Submissions on the Consultation Code

The Commission received 19 submissions on the Consultation Code from a wide variety of stakeholders including energy retailers, meter manufacturers, consumer groups, ETSA Utilities, the Minister for Energy and the Energy Industry Ombudsman¹.

There were common themes and concerns raised by many of the submissions. These are discussed below, together with a Commission conclusion on each issue.

3.3 Undue harassment and coercion

The Consultation Code specifically required that a retailer not use undue harassment or coerce a customer to enter into a prepayment meter market contract. Some submissions questioned the Commission's use of the term "undue harassment".

The Commission notes that the *Trade Practices Act* specifically proscribes the use of undue harassment or coercion in connection with the supply or possible supply of goods or services or the payment for goods or services²

The Commission has deliberately used this language in its own code so that the legal interpretations of section 60 of the *Trade Practices Act* may provide assistance and guidance on the interpretation of the Prepayment Meter System Code.

3.4 Mandatory Trial Period

The Consultation Code proposed a mandatory three-month trial period at or before the conclusion of which the consumer can terminate the prepayment meter market contract and revert to standard metering arrangements at no cost to the customer.

The trial period proposed by the Commission applies every time a prepayment meter market contract is entered into. This has the effect that each new customer has the opportunity to decide whether to keep the meter or not. This will be of particular importance in rental premises.

Some retailers asserted that a mandatory trial period would result in prepayment meter products becoming uneconomic and unworkable and that it is unreasonable for a retailer to have to bear the cost of meter removal and replacement. Other retailers asserted that a trial period should be a point of market differentiation and should not be mandated by the Commission.

All consumer groups supported the mandatory trial period, and some suggested the Commission should consider a longer trial period.

¹ Appendix 1 lists submission received by the Commission on the Consultation Code. Submissions are also available from www.escosa.sa.gov.au

² Trade Practices Act section 60: "A corporation shall not use physical force or undue harassment or coercion in connection with the supply or possible supply of goods or services to a consumer or the payment for goods or services by a consumer."

The Commission understands that in Tasmania, Aurora Energy voluntarily offers a trial period and it reports a very small number of customers revert to standard metering after the trial period.

The Commission considers that a mandatory trial period will give consumers the opportunity to use the technology in the meter and the recharging mechanisms, assess the impact of using time of use tariffs (if these are offered) and to use the support facilities provided by the retailer.

The Commission is of the view that prepayment metering will not be suitable for everyone and that there will be some customers who, having made the choice to enter into a prepayment meter market contract, find that the prepayment meter system is or becomes unsuitable. Given the Tasmanian experience of few customers reverting to standard metering, the cost to retailers of having to bear the cost of meter reversion or removal and replacement during a mandatory trial period, is considered appropriate.

The Commission's decision is to implement a mandatory minimum trial period of three months, leaving open the option of a retailer offering a longer trial period.

3.5 Separate charging for other goods and services and limitations on the recovery of debt

The Consultation Code proposed a prohibition on the retailer recovering payments for other goods and services (such as household appliances) and recovering debt owed to the retailer (other than in the limited circumstances of undercharged electricity or gas and fraudulent use of electricity or gas) by means of the prepayment meter.

Consumer groups all supported these prohibitions.

Retailers generally considered that such recoveries should be permitted, arguing that consumers should be able to agree to make such payments via a prepayment meter.

The Commission's view is that given the potential for self-disconnection (that is the supply of energy ceases because the meter has no remaining credit), it is undesirable to allow any charges other than those directly associated with the provision of energy to be recovered via the prepayment meter market contract. Payment for other goods and services and for the repayment of debt would necessarily result in higher charges being applied on the prepayment meter, resulting in an increased risk of self-disconnection if higher payments into the prepayment meter account are not maintained.

The Commission also notes that for those customers on non prepayment meter contracts retailers are prohibited by the Energy Retail Code from disconnecting a customer for non-payment for other goods and services which are included on an energy bill (see Clause 9.7(e)). The Commission does not consider that prepayment meter customers should be in any different position.



The Commission's decision is to prohibit the recovery of debt (other than in limited circumstances) and payments for other goods and services via an adjustment to charges in the prepayment meter.

3.6 *Meter Display*

The Consultation Code proposed that the prepayment meter readily display the financial balance of the prepayment meter, an indication of whether the meter is operating in normal or credit mode, consumption information and consumption since last recharge.

Some retailer and meter manufacturers suggested that the proposed requirement that the meter display consumption since the last recharge may not be able to be met by currently available meters. This information would be available from "back office" data but not from the meter itself, but all meters would be able to display consumption information, balance information and mode information (ie whether the meter is operating in normal or emergency credit mode).

Other retailers suggested that the type of information displayed by the meter should be a matter of competitive differentiation by retailers and that customers would not enter into an agreement which did not meet their needs.

The Commission does not accept that a customer is in any position to require a retailer to provide it with a particular meter display. In practice, retailers will use a particular product and consumers will have to accept that product or not. The Commission is therefore of the view that it is appropriate for it to set the minimum display standards but agrees that the use of meter products with more sophisticated display should be a matter for market differentiation. The Commission is also of the view that some data, while not available from the meter itself, should nevertheless be available on request of the customer, and the proposed Code deals with this matter.

3.7 *Level of emergency credit*

The Consultation Code proposed the level of emergency credit to be provided by a prepayment meter should be at least \$10 or such other amount notified by the Commission from time to time.

Submissions from some retailers suggested that the level of emergency credit should not be set by the Commission but should be determined by negotiation with the customer. Other retailers generally agreed that the amount of emergency credit should be set at a level so as not to encourage consumers reliance on emergency credit other than as a means of "tiding over" the consumer until a further payment can be made by the consumer into the prepayment meter account.

Consumer groups supported the proposed level of emergency credit.

The Commission considers that in setting the minimum amount of emergency credit, the focus should be on discouraging reliance on the emergency credit facility while at the

same time providing sufficient electricity or gas to give the customer time to add to their prepayment meter account.

The Commission therefore considers that the level of emergency credit should be set at \$10 for electricity prepayment market contracts and, \$5 for gas prepayment market contracts. These sums will provide over three days electricity or gas supply for an “average” customer and will allow sufficient time for a customer to recharge the meter.

The Commission decision on this matter is influenced by the requirements in the Code concerning the availability of recharge facilities. The Commission has stipulated that if a retailer proposes recharge facilities which are physical locations (as opposed to recharge by telephone, the internet or some other electronic system), the recharge location must be open between 8.00am and 6.00 pm every day of the week including all public holidays except Christmas Day. Telephone and electronic payment systems must be available 24 hours a day, 7 days a week. In view of these requirements the provision of three days of energy should provide enough time to make a payment.

3.8 *Payment difficulties and hardship*

The Consultation Code proposed that retailers have a positive onus to track customers with payment difficulties and hardship by using prepayment meter management systems that can identify each occasion on which the customer self-disconnects. The Code also proposed that retailers who identified such customers would have the obligation of contacting the customer and offering them the option of having the meter removed and referral to support services.

This aspect of the Consultation Code attracted the widest range of responses. Key issues raised are detailed and discussed below:

3.8.1 Frequency and duration of self-disconnections triggering hardship provisions

The Consultation Code left open the issue of the frequency and duration of disconnection that should trigger the hardship response. On the issue of frequency, those submissions which addressed this issue agreed that two or more self disconnections in a quarter should trigger the response by the retailer, while on the issue of duration one submission proposed each disconnection be longer than six (6) hours, while another suggested each be longer than three (3) hours.

The Commission’s draft Code proposes that the hardship provision should be triggered by two or more self-disconnections in any three-month period, each disconnection being for a period exceeding four hours.

As this matter was not extensively addressed in comments received by the Commission on the Consultation Code, the Commission is interested to receive and consider further submissions on this matter.



3.8.2 Requirement for prepayment meter system to identify customers in hardship (“two-way” systems)

Some submissions suggested that the requirements set out in the Consultation Code unnecessarily mandated that retailers use a “two-way” card operated prepayment meter system, that is, a system that can provide data and information back to the retailer.

The Commission accepts that the requirements it has proposed for hardship and payment difficulties necessarily require a retailer to install a “two-way” system, but the Commission does not accept that this limits the type of system to a card operated system only.

The Commission understands that other prepayment systems can be either remotely or manually read, thus enabling the data required by the Commission to be collected. Retailers choosing to exclusively use such systems would not have the expense of establishing a network of agencies with recharge facilities.

3.8.3 Suggestions that customers in hardship self-identify

Many submissions from retailers suggested that, rather than requiring the prepayment meter management system to identify customers in hardship (placing a positive obligation on retailers), it should be the responsibility of the customer to identify himself or herself to a retailer as having payment difficulties.

The Commission notes that a major consumer issue with prepayment meters identified by KPMG and commented on by consumer groups, is the potential for those facing payment difficulties or hardship to self-disconnect.

It is not appropriate, in the Commission’s view, to rely on those customers to self identify to a retailer.

Indeed, the Commission notes it has placed a positive onus on retailers via the Energy Retail Code to use their credit management systems to identify residential customers who are experiencing payment difficulties and to offer those customers an instalment plan and referral to various assistance services. The Commission is of the view that it is appropriate to require retailers only to utilise prepayment meter systems which can provide information about customers that may be experiencing payment difficulties.

Consumer Groups all supported the provisions in the Consultation Code dealing with payment difficulties and hardship.

The Commission’s decision is to mandate the use of the prepayment meter system to identify to the retailer customers who may be experiencing payment difficulties and hardship.

4 PREPAYMENT METERING CODE

4.1 *Whether the Commission should make a Code*

The Commission considers prepayment metering is a valid option, which should be available to small electricity and gas customers in South Australia, provided an appropriate regulatory framework, and consumer protections are in place.

The Commission does not consider it desirable for it to consider applications to implement prepayment systems on a case-by-case basis, without having first set out its view on the minimum standards that should apply.

Some submissions suggested the Commission should consider a moratorium on the introduction of prepayment meters in South Australia.

As noted earlier, at any time a retailer could put forward a proposal for the Commission to approve the sale of electricity or gas by means of a prepayment metering system.

The Commission considers it is appropriate for it to state openly, transparently and in advance what its requirements and standards will be and the Commission does not consider it will be in any better position to develop a regulatory framework in two years time than it is now.

4.1.1 Limits on the customers who can contract for a prepayment meter

The Commission does not accept the argument put forward in one submission that there are some households which should be denied the choice of ever having a prepayment meter based on an arbitrary measure such as consumption threshold. It was suggested that the Commission prohibit retailers from offering a prepayment meter market contract to customers who have low consumption, and customers who have a history of payment difficulties.

The Commission does not consider low consumption is a reason for a customer not to have the option of a prepayment meter, and notes that a retailer different from a customer's existing retailer will not have any access to information about payment history or difficulties.

4.1.2 Objectives of the Regulatory Framework

The Commission considers that it should establish a regulatory framework to:

- ▲ allow all small customers to make an informed choice about entering into a prepayment meter market contract,
- ▲ provide all customers (including each new customer at a supply address) with the opportunity to assess the appropriateness of the meter in their own circumstances by mandating a trial period,



- ▲ place a strong onus on a retailer selling electricity or gas by means of a prepayment meter to have systems and processes in place to monitor and address cases of hardship and payment difficulties,
- ▲ require regular regulatory reporting, and
- ▲ take account of regulatory developments in other States.

4.1.3 Other matters

In view of the concern expressed by some community organisations about the introduction of prepayment technology, the Commission considers it appropriate to require each retailer which offers to sell electricity or gas by way of a prepayment meter system, to establish a prepayment meter consultative group with membership drawn from representatives of South Australian consumer groups and its South Australian prepayment meter customers.

Other than requiring that the group be formed and that information about its meetings and activities be reported on the retailer's web-site, the Commission has placed no other requirements on retailers regarding the consultative group.

The Commission proposes that the Group operate for a minimum of 3 years from the time the retailer receives the approval of the Commission to offer to sell electricity or gas via a prepayment meter system.

The Commission will expect to be provided with details of the retailer's proposed consultative group in any application made to the Commission to approve a prepayment meter system. The Commission has included this requirement in the Draft Code.

4.2 Prepayment Metering Code

The Commission proposes to make a Prepayment Metering Code. A draft Code is attached to this paper.

The draft Code takes into account the issues raised in the consultation processes which took place during 2004, and the Commission's conclusions on the particular issues raised in the context of the Consultation Code which are outlined in Part 3 of this Paper.

To assist readers to provide comments to the Commission, the draft Code has guidance notes relevant to the interpretation of some clauses. In the final version of the Code these guidance notes will be removed.

The Commission is in the process of making amendments to the Electricity Metering Code and the South Australian Metrology Procedures³ and will consider whether changes to these documents are required to accommodate prepayment meters. It will also revise its regulatory reporting Guideline 2 for retailers to ensure that important aspects of the Prepayment Meter System Code are regularly reported to the Commission.

³ See: Essential Services Commission of SA, *Electricity Distribution Price Review -Associated Review of Licences and Codes Discussion Paper*, February 2005 (refer http://www.escosa.sa.gov.au/resources/documents/050221-EDPRLicenceCodeReview_DiscPaper.pdf).

5 NEXT STEPS

The Commission invites comments on the draft Prepayment Meter System Code.

The Commission will take into account submissions received in response to this paper and the draft Code in making its final decision on the Prepayment Meter System Code.

Submissions should reach the Commission by **29 March 2005**.

The Commission intends to finalise its consideration of the Code by May 2005.

APPENDIX 1

Submissions on the Consultation Code were received from:

Consumer organisations

COTA National Seniors

South Australian Council of Social Service Inc

Unitingcare Wesley Adelaide

Western Region Energy Action Group

Energy Action Group (Victoria)

Energy Retailers

AGL (SA)

Aurora Energy Pty Ltd

Energy Australia

Energy Retailers Association of Australia

Origin Energy Retail Ltd

TXU

Roxby Power

Prepayment System providers and Meter manufacturers

EziKey

NGC Ltd

Polymeters Response International (PRI)

Other

Energy Consumers Council

Energy Industry Ombudsman

ETSA Utilities

Minister for Energy, the Hon Patrick Conlon

PREPAYMENT METER SYSTEM CODE

DRAFT

March 2005



AMENDMENT RECORD

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1. PRELIMINARY

1.1. Authority

- 1.1.1. This industry code is made by the **Commission** pursuant to the powers of the **Commission** under section 28 of the *Essential Services Commission Act 2002*.

1.2. Interpretation

- (a) Words and phrases in bold like **this** in this industry code are defined in clause 6.1.
- (b) This industry code must be interpreted according to the principles in clause 6.2.

1.3. Application

- 1.3.1. This industry code applies to each **retailer** as a condition of its retail licence granted under the Electricity Act 1996 or the Gas Act 1997 unless otherwise expressly provided in this industry code.
- 1.3.2. This industry code applies only to **retailers** that have the approval of the **Commission** to implement a **prepayment meter system** pursuant to their retail licence issued by the **Commission**.
- 1.3.3. Nothing in this industry code is to be taken as requiring a **retailer** to offer a **prepayment meter market contract**.

1.4. Interaction between industry codes

- 1.4.1. This industry code is to be read in conjunction with the **Energy Retail Code**, the **Energy Marketing Code** and the **Energy Customer Transfer and Consent Code**.
- 1.4.2. References in the **Energy Retail Code**, the **Energy Marketing Code** and the **Energy Customer Transfer and Consent Code** to **market contracts** are to be read as also referring to **prepayment meter market contracts**.
- 1.4.3. To the extent that there is any inconsistency between this industry code and an industry code specified in clause 1.4.1 in relation to a **prepayment meter market contract**, this industry code will prevail.



1.5. Other Acts, industry codes and guidelines

- 1.5.1. Not all aspects of a **retailer's** obligations in respect of a **prepayment meter market contract** are regulated by this industry code.
- 1.5.2. A **retailer's** obligations and some aspects of the relationship between a **small customer** and a **retailer** are also affected by:
 - (a) Acts of Parliament and regulations made under those Acts of Parliament;
 - (b) the retail licence held by the **retailer**;
 - (c) other industry codes made by the **Commission** from time to time; and
 - (d) the terms of an agreement in place between a **retailer** and a **distributor**.

2. PREPAYMENT METER MARKET CONTRACTS

2.1. *Prepayment meter market contract*

- 2.1.1. A **retailer** must only sell energy to a **small customer** using a **prepayment meter system** under a **prepayment meter market contract** or a **default contract**.
- 2.1.2. A **retailer** must not sell energy to a **small customer** using a **prepayment meter system** under a **standing contract**.

2.2. *Consent*

- 2.2.1. A **retailer** must obtain the **explicit informed consent** of a **small customer** to enter into a **prepayment meter market contract**.
- 2.2.2. The **explicit informed consent** of a **small customer** can be obtained only after timely, accurate, verifiable and truthful information about the **prepayment meter market contract** has been provided to the **small customer**.
- 2.2.3. A **retailer** must not use undue harassment or coercion in connection with the sale or possible sale of energy to a **small customer** under a **prepayment meter market contract**.

2.3. *Written Disclosure Statement*

- 2.3.1. Subject to this clause 2.3, a **retailer** must comply with the **Energy Marketing Code** in relation to the marketing of **prepayment meter market contracts**.
- 2.3.2. The **written disclosure statement** which must be provided to a **small customer** in respect of a **prepayment meter market contract** must include, in lieu of the information specified by clauses 14(c) to (l) of the **Energy Marketing Code**, the following information:
 - (a) the date of commencement of the **prepayment meter market contract**;
 - (b) the fees, charges and tariffs that will be applicable for the retailing of **energy** under the **prepayment meter market contract**;
 - (c) all costs to the **small customer** associated with entering into the **prepayment meter market contract** including fees, charges and tariffs;
 - (d) the method by which the **small customer** will receive any State Government energy concession to which they are entitled;



- (e) the methods by which the **small customer** can make payments to the **prepayment meter system** account and the locations of payment centres or recharge facilities (if relevant);
- (f) the amount of emergency credit to be provided in the **prepayment meter system**;
- (g) connection and installation costs;
- (h) termination and **prepayment meter system** removal or reversion charges which may apply and the method of calculation of those charges;
- (i) dispute resolution options which are available to **small customers**;
- (j) details of the right conferred on the **small customer** to rescind the **prepayment meter contract** in accordance with clause 1.3.3 of the **Energy Retail Code Part A**;
- (k) details of the **trial period** at or before the expiry of which the **small customer** may terminate the contract; and
- (l) contact details for the **retailer's small customer** enquiry, complaints and emergency service.

2.4. Provision of Information

Operating Instructions

2.4.1. A **retailer** must, at no charge, provide the following information on the use of the **prepayment meter system** to a **small customer** who enters into a **prepayment meter market contract** :

- (a) instructions on how to operate the **prepayment meter system** which are:
 - (i) expressed in clear, simple and concise language, and
 - (ii) in a format which makes it easy for a person not familiar with the operation of a **prepayment meter system** to understand;
- (b) Instructions on how to access the emergency credit facility of the **prepayment meter system** ;
- (c) Instructions on how to obtain a refund of remaining credit when the **prepayment meter market contract** is terminated;

- (d) Instructions on how and where payments to the **prepayment meter system** account can be made; and
 - (e) The **retailer's** telephone number(s) for complaints, enquiries and emergencies.
- 2.4.2. If requested by the **small customer**, the **retailer** must use its best endeavours to provide the operating instructions in a language other than English requested by the **small customer**.

Consumption Information

- 2.4.3. On request, a **retailer** must, at no charge, give a **small customer** the following information relating to the **small customer's supply address**:
- (a) total energy consumption;
 - (b) average daily consumption; and
 - (c) average daily cost of consumption
- for the previous two years or since the commencement of the **prepayment meter market contract** (which ever is the shorter) divided into quarterly segments.

2.5. Minimum Terms and Conditions

- 2.5.1. In addition to the requirement specified in clause 1.4 of the **Energy Retail Code** Part A, a **retailer** must ensure that the terms and conditions of each **prepayment meter market contract** it enters into with a **small customer** are not inconsistent with the following provisions:

Mandatory Trial Period

- (a) A **prepayment meter market contract** must provide for a minimum three-month period at or before the expiry of which the **small customer** may terminate the **prepayment meter market contract** with no penalty, exit fee or any other charge (the **trial period**);
- (b) Where a **small customer** exercises the termination right under clause 2.5.1(a), the **retailer** must make immediate arrangements for:
 - (i) the removal or rendering non-operational of the **prepayment meter system** at no cost to the **small customer**,



- (ii) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter** at no cost to the **small customer**; and

Note: in this Code, reference to the rendering non-operational of the prepayment meter system and reversion of the prepayment meter system to a standard operating mode so the system operates as a standard meter, is intended to minimize the need for meters to be physically removed and replaced. However, it is to be noted that the definition of standard meter means a metering installation of a type that would ordinarily be installed by the responsible person at the connection point. The purpose of this requirement is to ensure that in the case of electricity meters, the meter, in its standard operating mode is able to be read by ETSA Utilities which is proposed (under a derogation to the National Electricity Code) to be the responsible person for all Type 5M, 6 and 7 meters.

- (iii) provide information about and a general description of the **standing contract** and **market contract** options available to the **small customer**.
- (c) The **retailer** must send a notice to the **small customer** not more than twenty **business days** prior to the expiry of the **trial period** advising the **small customer** of the date of the expiry of the trial period and the options available to the **small customer**.

Note: A mandatory trial period will apply to every prepayment meter market contract. This means that if a prepayment meter is installed in premises that change hands frequently either because they are rental premises or for some other reason, each new small customer who enters into a prepayment meter contract will have the right to a mandatory trial period.

A new occupant in premises who is a default customer and who has not entered into a prepayment meter market contract can have the prepayment meter removed pursuant to clause 3 of this Code.

Specification of Fees and Charges

- (d) A **small customer** who is a party to a **prepayment meter market contract** is only liable for fees (which may include connection and installation fees, fees for the provision of or replacement of a card to operate the **prepayment meter system**, termination and removal fees) permitted by this industry code and other fees approved by the

Commission and charges (comprising distribution, retail and other charges relating to the sale and supply of energy at the **small customer's supply address**) specified and identified in the **prepayment meter market contract**.

Separate charging for other goods and services

- (e) Where a **retailer** provides goods and services, other than those goods and services referred to in 2.5.1(d), the **retailer** must bill the **small customer** for those goods and services separately and must not recover any payment for those goods and services under the **prepayment meter market contract** or under any other contract or agreement which adjusts the charges in the **prepayment meter system** to recover the amount.

Note: This clause is intended to be of similar effect to Clause 6.3.3 of the Energy Retail Code which requires separate billing for other goods and services or separate itemizing of other goods and services on a bill. A small customer cannot be disconnected for non-payment for other goods and services under the Energy Retail Code clause 9.7(e)

Limitation on the recovery of debt

- (f) Subject to this Code, where a **small customer** owes a debt to a **retailer**, other than of a kind referred to in clause 4.9 or clause 4.10, the **retailer** must not recover any repayments of the debt under the **prepayment meter market contract** or under any other contract or agreement which adjusts the charges in the **prepayment meter system** to recover the amount of the debt.

Credit Retrieval

- (g) A **prepayment meter market contract** must explain how a **small customer** can obtain a refund of any credit remaining in the **prepayment meter system** account when the **prepayment meter market contract** is terminated or otherwise ends.

Note: it is not the intention that the customer must be able to obtain a refund of unused credit from the meter itself, but the customer must be informed of how to obtain a refund.

Life Support Equipment

- (h) A **retailer** must not enter into a **prepayment meter market contract** with a **small customer** who requires a **life support system**.



- (i) If a **small customer** notifies the **retailer** that he or she now requires a **life support system**, the **retailer** must make immediate arrangements for:
 - (i) the removal or rendering non-operational of the **prepayment meter system** at no cost to the **small customer**,
 - (ii) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter** at no cost to the **small customer**; and
 - (iii) provide information about, and a general description of, the **standing contract** and **market contract** options available to the **small customer**.

2.6. Application of the Energy Retail Code

2.6.1. A **retailer** need only comply with the **Energy Retail Code** Part A in respect of a **prepayment meter market contract** to the extent provided in this clause 2.6:

- (a) Clause 1.3.3 Cooling off;
- (b) Clause 1.3.4 Compliance with applicable regulatory instruments;
- (c) Clause 1.3.5 Commencement of financial responsibility under market contracts;
- (d) Clause 1.3.6 Laws of South Australia to govern market contracts;
- (e) Clause 1.3.7 Restrictions on Retailer's limitation of liability in market contracts;
- (f) Clause 1.6.1 (b), (c) and (d) in situ terminations;
- (g) Clause 1.6.2 (a), (b) and (d) Termination for vacation of supply address;
- (h) Clause 2 Customer Charter and Service Standards;
- (i) Clause 3 Enquiries Complaints and Dispute Resolution;
- (j) Clause 4 Applications;
- (k) Clause 7.5 Concessions Rebates or Grants;
- (l) Clause 8 Security Deposits and Alternatives;

(m) Clause 11 Special Needs;

(n) Clause 12 Advice on the Use of Energy;

(o) Clause 13 Force Majeure;

(p) Clause 14 Retailer of Last Resort;

2.6.2. All references to **market contracts** or customer sale contracts in the clauses of the **Energy Retail Code** specified in clause 2.6.1 are to be read as including **prepayment meter market contracts**.

3. PREPAYMENT METER DEFAULT CONTRACTS

3.1. Default Contract Terms and Conditions

3.1.1. The **default contract** terms and conditions for electricity and gas **default customers** who take **supply** at a **supply address** at which a **prepayment meter system** is installed must include the following minimum terms and conditions:

- (a) That the **retailer** will not charge the **default customer** any fees, charges or other costs (other than energy costs and a fair and reasonable deposit for the use of a smart card or other similar technology if required to access the **prepayment meter system**) for using the **prepayment meter system**,
- (b) That the **retailer** will, if requested to do so by the **default customer** make immediate arrangements for:
 - (i) the removal or rendering non-operational of the **prepayment meter system** at no cost to the **default customer**; and,
 - (ii) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter** at no cost to the **default customer**.

Note: there is a legal obligation on every retailer to publish default contract terms and conditions, and a default contract price if the electricity entity proposes to charge a default contract price other than the price set under the Electricity Pricing Order as at 31st December 2003 (see Electricity Act section 36AB); or the gas entity proposes to charge a default contract price other than the price last fixed under the Gas Act (see Gas Act section 34B).

3.2. Obligations to advise of default contract

3.2.1. Where a **default customer** enters into a **default contract** with a **retailer** which is financially responsible to pay the wholesale energy market for energy used at a **supply address** where a **prepayment meter system** is installed, the **retailer** must, within five (5) **business days** of becoming aware that a **default customer** has entered into a contract with it, advise that **default customer** of:

- (a) the terms and conditions of the **default contract**,



- (b) information on how to operate the **prepayment meter system** and the location of recharge facilities (if relevant);
- (c) the existence and a general description of the **retailer's prepayment meter market contracts, market contracts**, if any and, if the **retailer** has the standing offer obligation under the **Electricity Act** or **Gas Act**, the **retailer's standing contract**;
- (d) whether or not the **retailer** proposes to offer the **default customer** a contract of a kind referred to in (b),
- (e) the ability of the **default customer** to choose a **retailer** from whom it wishes to purchase **energy**;
- (f) if the **retailer** does not propose to offer a **market contract** or a **prepayment meter market contract** to the **default customer**, the existence of the **standing contract** offered by the **retailer** which has the **standing offer obligation** under the **Electricity Act** or **Gas Act** and contact details for that **retailer**.
- (g) the ability of the **default customer** to request that the **retailer** make immediate arrangements for:
 - (i) the removal or rendering non-operational of the **prepayment meter system** at no cost to the **default customer** and
 - (ii) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter** at no cost to the **default customer**.

Note: the intention of this clause is to preserve the right of a new occupant to decide whether to keep a prepayment meter already installed in the premises. It is recognised that in order to quickly energise premises it may be necessary for a new occupant to use a prepayment meter system already installed, and that this initial taking of energy may be under a default contract arrangement as provided for in the Electricity Act and the Gas Act. Should the default customer enter into a prepayment meter market contract that new occupant will obtain the right to a trial period.

Should the default customer enter into a market contract or a standing contract the meter can be removed either pursuant to a request of the default customer under this clause or a request of the winning retailer under clause 5

4. REQUIREMENTS FOR PREPAYMENT METER SYSTEMS

4.1. Customer consultation

- 4.1.1. A **retailer** which offers to sell energy to **small customers** using a **prepayment meter market contract** must establish a Prepayment Meter Customer Consultation Group with membership drawn from South Australian consumers with its **prepayment meter systems** and South Australian consumer groups.
- 4.1.2. Information about the meetings and activities of a **retailer's** Prepayment Meter Customer Consultation Group must be detailed on the **retailer's** web-site.
- 4.1.3. The Consultation Group must continue in existence for a minimum of three years from the date on which the Commission approves the adoption of a **prepayment meter system** by a **retailer**.

4.2. Customer enquiries and complaints

- 4.2.1. A **retailer** must, prior to commencing to sell electricity or gas to **small customers** under a **prepayment meter market contract**, establish and maintain an enquiry, complaints and emergency telephone service to provide information, advice and assistance about the operation of the **retailer's prepayment meter system**.
- 4.2.2. If the service established by the **retailer** under clause 3.1.1 of the **Energy Retail Code**, is able to provide the information advice or assistance described in clause 4.2.1, then it may be used for the purpose of this industry code.

4.3. System Requirements

- 4.3.1. A **retailer** offering a **prepayment meter market contract** must ensure that:

System Display

- (a) the **prepayment meter system** displays:

- (i) the financial balance of the **prepayment meter system**, accurate as to within \$1.00 of the actual balance;
- (ii) whether the **prepayment meter system** is operating in normal credit or emergency credit mode; and
- (iii) current consumption information (in both kWh or GJ and \$AUD).



Disconnection Times

- (b) the **prepayment meter system** does not disconnect supply to the **small customer** other than between the hours of 10.00am and 3.00pm on a **business day**;

Recommencement of Supply

- (c) where supply has been disconnected through the means of the **prepayment meter system**, the **prepayment meter system** is capable of recommencing supply as soon as information is communicated to the **prepayment meter system** that a payment to the **prepayment meter system** account has been made which exceeds the amount of emergency credit;

Note: the effect of this clause is that in order to be reconnected a small customer must pay an amount that exceeds the amount of emergency credit set in the prepayment meter system. This means that if the prepayment meter system is set to allow \$10 of electricity emergency credit, a payment of at least \$11 will be required to recommence supply (for gas the payment would need to be at least \$6), whether or not the customer has used the emergency credit available in the system.

Concessions

- (d) **small electricity customers** who are entitled to the State Government energy concession receive the benefit of that entitlement;

Emergency Credit

- (e) the **prepayment meter system** must provide an amount of emergency credit not less than:
 - (i) for electricity - \$10 (or such other amount as is approved by the **Commission** from time to time);
 - (ii) for gas - \$5 (or such other amount as is approved by the **Commission** from time to time)

Note: the amounts of emergency credit will provide energy supply for approximately 3 days for an "average" customer. Recharge facilities must be 24 hour 7 days per week electronic or phone facilities or a physical location open 8.00 – 6.00 every day except Christmas Day.

Access to Metering Data

- (f) access is provided to **metering data** as required by all **applicable regulatory instruments**

4.4. Payment Difficulties and Hardship

Capacity of Prepayment Meter Management System

- 4.4.1. A **retailer's prepayment meter system** must be capable of identifying to the **retailer** every instance on which a **small customer** has **self-disconnected** and the duration of that disconnection.

Dealing with Payment Difficulties

- 4.4.2. Where a **small customer** informs the **retailer** in writing or by telephone that the **small customer** is experiencing payment difficulties, or the **retailer's prepayment meter system** management system identifies to the **retailer** in accordance with clause 4.4.1 that a **small customer** has **self-disconnected** more than twice in any three-month period for longer than 240 minutes on each occasion the **retailer** must contact the **small customer** as soon as is reasonably practicable to:

- (a) offer to make immediate arrangements for:
 - (i) the removal or rendering non-operational of the **prepayment meter system**; and
 - (ii) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter**;

at no cost to the **small customer**.

- (b) provide information about, and a general description of, the **standing contract** and **market contract** options available to the **small customer**,
- (c) provide information about and referral to State Government assistance programmes, and
- (d) provide information on independent financial and other relevant counselling services.



Record Keeping

- 4.4.3. The **retailer** must maintain verifiable records of customer contacts under this clause 4.4 in a format which permits the **retailer** to answer any enquiries by the **Commission**, the **Industry Ombudsman** or any other entity permitted by an **applicable regulatory instrument** to access that information.

4.5. Payment towards prepayment meter system account

Recharge Facilities, Times and Locations

- 4.5.1. A **retailer** which has entered into a **prepayment meter market contract** with a **small customer** must ensure that it has in place facilities for the **small customer** to make payments in relation to the **prepayment meter system** account by at least one of the following methods:
- (a) by cash, at a minimum of two locations which are readily accessible to the **small customer**, one of which is open between 8.00am and 6.00pm on any day of the week (including Saturdays, Sundays and public holidays (excluding Christmas Day)); or
 - (b) by a 24-hour, 7 days a week telephone service, using credit card, debit card, electronic funds transfer or any other telephone payment method which is acceptable to the **retailer** and agreed to by the **small customer**, or
 - (c) by a 24-hour 7 days a week electronic or other payment method which is acceptable to the **retailer** and agreed to by the **small customer**.

Minimum Payment

- 4.5.2. A **retailer** must ensure the minimum amount that the **small customer** can pay in relation to the **prepayment meter system** account is an amount between \$1.00 and \$10.00.

Note: the intention of this clause is to ensure that recharge facilities do not impose requirements on customers to pay large amounts into the prepayment meter system accounts. All recharge facilities must accept an amount of \$10. It is open for a retailer's recharge facility to accept a minimum payment of less than \$10. A retailer's recharge facility cannot insist on a payment of more than \$10, but a payment of more than \$10 can be made.

4.6. Variation of charges

- 4.6.1. Where a **retailer** has entered into a **prepayment meter market contract** with a **small customer**, a variation in the tariff rate or charge applying to the **small customer** may only be imposed if notice of new rates or charges is provided to the **small customer** at least 20 **business days** before the variation takes effect.
- 4.6.2. Notice must be given in accordance with the method outlined in the **prepayment meter market contract**.

4.7. System Testing

- 4.7.1. Where a **small customer** requests that the whole or part of the **prepayment meter system** be checked or tested, the **retailer** must make immediate arrangements for one or more of the following:
- (a) a check of the **metering data**;
 - (b) a check or test the **prepayment meter system** or
 - (c) a check or test by the **responsible person** for the meter installation at the **small customer's connection point**.
- 4.7.2. The customer must pay the **retailer** in advance, the **retailer's** (and, where appropriate, the **small customer's distributor's** or metering provider's) reasonable charge (whichever is applicable) for any checks or tests undertaken in accordance with clause 4.7.1.
- 4.7.3. If a **prepayment meter system** is found to be inaccurate or not operating correctly following a check or test undertaken in accordance with clause 4.7.1, a **retailer** must:
- (a) correct any overcharging or undercharging in accordance with clause 4.8 and 4.9;
 - (b) refund any fee paid in advance under clause 4.7.2;
 - (c) make immediate arrangements to replace or repair the **prepayment meter system**, and
 - (d) advise the **small customer** of the existence of its dispute resolution processes under clause 3 of the **Energy Retail Code**



4.8. Overcharging

4.8.1. Where a **small customer** has been overcharged as a result of an act or omission of the **retailer** or **distributor**, the **retailer** must inform the **small customer** of that overcharging within 10 **business days** of the **retailer** becoming aware of that overcharging and:

- (a) ask the **small customer** for instructions as to whether the amount should be:
 - (i) repaid to the **small customer** or
 - (ii) added to the balance of the **prepayment meter system** account.
- (b) where the **retailer** asks for instructions from a **small customer** under clause 4.10.1(a) and no instructions are provided by the **small customer** within 20 **business days**, the **retailer** must add to the balance of the **prepayment meter system** account the amount overcharged to the **small customer**.

Note: this clause is based on the Energy Retail Code clause 6.6

4.9. Undercharging

4.9.1. Where a **retailer** has undercharged a **small customer** as a result of an act or omission of the **retailer** or **distributor**, the **retailer** must inform the **small customer** within 10 **business days** of becoming aware of that undercharging and at that time indicate the amount undercharged and whether or not it proposes to recover from the **small customer** the amount undercharged.

4.9.2. Where a **retailer** proposes to recover an amount undercharged as a result of a **retailer's** or **distributor's** error, the **retailer** must:

- (a) limit the amount to be recovered to the amount undercharged in the 12 months prior to informing the **small customer** of the undercharging;
- (b) provide details and explanation of the amount to be recovered;
- (c) not charge the **small customer** any interest on the amount;
- (d) offer the **small customer** time to pay the amount undercharged, by agreed instalments or by an agreed adjustment to the charges in the **prepayment meter system**, over a period nominated by the **small customer** being no longer than the period during which the undercharging

occurred (if the undercharging occurred over a period of less than 12 months) or in any other case 12 months

Note: This clause is based on the requirements of the Energy Retail Code, clause 6.5.

4.10. Illegal Energy Use

4.10.1. Despite clause 4.8 and 4.9, if a **retailer** has undercharged or not charged a **small customer** as a result of the **small customer's** fraud or intentional consumption of **energy** otherwise than in accordance with **applicable regulatory instruments**, the **retailer** may estimate the consumption for which the **small customer** has not paid and either:

- (a) bill the **small customer** for all of the unpaid amount or
- (b) make an agreed adjustment to the charges in the **prepayment meter system** to recover the unpaid amount.

Note: this clause is based on Energy Retail Code Clause 5.1

5. REVERSION AND TRANSFER

5.1. *Customer termination or request for removal*

- 5.1.1. If a **small customer** who is a party to a **prepayment meter market contract** terminates the **prepayment meter market contract** or requests the removal of the **prepayment meter system**, otherwise than in accordance with 2.5.1(a) and (b) or and (i) or 4.4 of this Code, the **retailer** must make immediate arrangements for:
- (a) the removal or rendering non-operational of the **prepayment meter system**,
 - (b) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system** operates as a **standard meter** and
 - (c) the provision of information about, and a general description of, the **standing contract** and **market contract** options available to the **small customer**.
- 5.1.2. Subject to the provisions of this Code relating to the **mandatory trial period**, **life support systems** and hardship, a **retailer** may recover from a **small customer** who was a party to a **prepayment meter market contract**, the fair and reasonable costs incurred pursuant to 5.1.1 (a) and (b), if permitted to do so by the **prepayment meter market contract** and if the termination occurs after the **trial period** has elapsed.

5.2. *Different Retailer*

- 5.2.1. A **retailer** which is financially responsible to pay the wholesale energy market for energy used at a **supply address** where a **prepayment meter system** is installed must, if requested to do so by a different **retailer** which has entered into a **market contract** or a **standing contract** with a **small customer** at the **supply address** at which the **prepayment meter system** is installed, make immediate arrangements for:
- (a) the removal or rendering non-operational of the **prepayment meter system** at no cost to the different **retailer** and
 - (b) the installation of a **standard meter** or the reversion of the **prepayment meter system** to a standard operating mode so that the **prepayment meter system**



meter system operates as a **standard meter** at no cost to the different **retailer**

- 5.2.2. A **retailer** may recover from a **small customer** who was a party to a **prepayment meter market contract**, the fair and reasonable costs incurred pursuant to 5.2.1 (a) and (b), if permitted to do so by the **prepayment meter market contract** and if the termination occurs after the **trial period** has elapsed.

Note: the intention of this clause is to ensure a retailer that wins a small customer who occupies premises at which a prepayment meter system is installed, does not face the disincentive of meter removal costs. The retailer who is financially responsible for the connection point will only be able to recover the meter removal, installation or reversion costs from a small customer who has entered into a prepayment meter market contract and the trial period has elapsed. If such a customer wishes to move to a market contract arrangement with another retailer, that small customer will have to pay the meter removal costs identified in the contract.

6. DEFINITIONS AND INTERPRETATION

6.1. Definitions

In this industry code:

applicable regulatory instrument means any Act or regulatory instrument made under an Act, or any industry code, guideline or regulatory instrument issued by the **Commission** that applies to a **retailer**.

business day means a day on which banks are open for general banking business in Adelaide, other than a Saturday or a Sunday.

Commission means the Essential Services Commission established under the Essential Services Commission Act 2002.

connection point means the agreed point of connection between a **small customer's** electricity or gas installation and the distribution network.

distributor means the holder of a licence to operate an electricity distribution network under the *Electricity Act 1996* or the holder of a licence to operate a gas distribution network under the *Gas Act 1997*.

default contract means the **customer sale contract** between a **retailer** and a **default customer** arising in accordance with the regulations under the *Electricity Act* or the *Gas Act*, as the context requires;

default customer means, in relation to a **connection point**, a person who is deemed pursuant to the regulations under the *Electricity Act* or the *Gas Act*, as the context requires, to have a **default contract** with a **retailer** in relation to that **connection point**;

Electricity Metering Code means the industry code of that name made by the **Commission** as amended from time to time.

energy means either or both of gas or electricity.

Energy Customer Transfer and Consent Code means the industry code of that name made by the **Commission** as amended from time to time.

Energy Marketing Code means the industry code of that name made by the **Commission** as amended from time to time.



Energy Retail Code means the industry code of that name made by the **Commission** as amended from time to time.

explicit informed consent means the consent provided by a **small customer** in accordance with the relevant provisions of the **Customer Transfer and Consent Code**.

Gas Metering Code means the industry code of that name made by the **Commission** as amended from time to time.

Industry Ombudsman means the ombudsman appointed under the scheme approved by the **Commission** in accordance with the **retailer's** licence.

life support system has the same meaning given to that term in clause 11 of the **Energy Retail Code**

market contract has the meaning given to that term in the **Energy Retail Code**.

metering data has the meaning given that term:

- (a) in the case of electricity, in the *National Electricity Code*; and
- (b) in the case of gas, in the *Retail Market Rules*.

metering installation type 5R means a **metering installation** installed at a **connection point** through which the **annual electricity consumption level** is less than 160 MWh that meets the requirements specified in Schedule 1 and Schedule 3 of the "South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations" published by the **Commission** in accordance with clause 7.3.1(ba)(2) of the **National Electricity Code** and which has communications for remote reading of data;

metering installation type 5M means a **metering installation** installed at a **connection point** through which the **annual electricity consumption level** is less than 160 MWh that meets the requirements specified in Schedule 1 and Schedule 3 of the "South Australian Electricity Supply Industry Metrology Procedure for Type 5, 6 and 7 Metering Installations" published by the **Commission** in accordance with clause 7.3.1(ba)(2) of the **National Electricity Code** and which does not have communications for remote reading of data;

prepayment meter system means a device, componentry, software or other mechanism associated with a **metering installation type 5M**, **metering installation type 5R** or a **standard meter** at a **small customer's connection point** which operates to permits the flow of **energy** through the **meter** when activated by a card, code or some other method.

prepayment meter market contract means a contract between a **retailer** and a **small customer** under which the **small customer** agrees to purchase **energy** by means of a **prepayment meter system**.

responsible person :

- (a) in the case of electricity, has the meaning given to that term in the **Electricity Metering Code** and the National Electricity Code; and
- (b) in the case of gas means the **distributor**.

retailer means a person licensed under the *Electricity Act 1996* to sell electricity or under the *Gas Act 1997* to sell and supply gas, as the case may be.

self-disconnected means the interruption to supply because a **prepayment meter system** has no credit available and includes an interruption to supply because the **prepayment meter system** has no emergency credit available.

small customer has the same meaning as is given to that term in the *Electricity Act 1996* or the *Gas Act 1997* as the case may be.

small electricity customer means a **small customer** who has entered into a contract for the sale of electricity with a **retailer**.

standard meter means a metering installation of the type that would ordinarily be installed by the **responsible person** at the **small customer's connection point** in accordance with the requirements of the **Electricity Metering Code** or the **Gas Metering Code** or the National Electricity Code as the case may be.

standing contract has the same meaning as given to that term in the **Energy Retail Code**

standing offer obligation has the same meaning as given to that term under the **Energy Retail Code**.

trial period has the meaning given to that term in clause 2.5.1(a) of this Code.

written disclosure statement means the document described in clause 14 of the **Energy Marketing Code**.



6.2. Interpretation

In this industry code, unless the context otherwise requires:

- 1.1 Headings and footnotes are for convenience or information only and do not affect the interpretation of this industry code or of any term or condition set out in this industry code.
- 1.2 Words importing the singular include the plural and vice versa.
- 1.3 An expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency and vice versa.
- 1.4 A reference to a clause or appendix is to a clause or appendix of this industry code.
- 1.5 A reference to any statute includes all statutes varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, ordinances, by-laws and determinations issued under that statute.
- 1.6 A reference to a document or a provision of a document includes an amendment or supplement to, or replacement of or novation of, that document or that provision of that document.
- 1.7 A reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns.
- 1.8 Other parts of speech and grammatical forms of a word or phrase defined in this industry code have a corresponding meaning.