



ELECTRICITY CODE CONSULTATIVE COMMITTEE

Our Ref: D186386
Contact: Paul Kelly

Nicola Cusworth
Chair
Economic Regulation Authority
469-489 Wellington Street
PERTH WA 6000

Dear Ms Cusworth

Advice on ERA Proposed Amendments to the *Code of Conduct for the Supply of Electricity to Small Use Customers*

Thank you for your letter dated 22 February 2018 requesting advice on the amendments to the *Code of Conduct for the Supply of Electricity to Small Use Customers (Code)* proposed by the Economic Regulation Authority (**ERA**) in its Draft Decision dated 23 February 2018.

The Electricity Code Consultative Committee (**ECCC**), as required by the *Electricity Industry Act 2004*, provided an opportunity for interested parties to comment on the proposed amendments between 1 March and 26 March 2018.

The ECCC received submissions from the following parties:

1. Mr Sean Christie (member of the public)
2. Perth Energy
3. Western Australian Council of Social Service (WACOSS)
4. Western Power

A copy of each submission is attached (**Attachments 1 to 4**).

Perth Energy and WACOSS supported the Code amendments recommended by the ERA in its Draft Decision. Western Power and Mr Christie suggested changes to a small number of recommendations in the Draft Decision.

The ECCC considered the amendments set out in the ERA's Draft Decision, along with the submissions received, and makes three recommendations to the ERA.

1. Minimum billing cycle

In its Draft Decision, the ERA recommended amending clause 4.1(a) to shorten the minimum billing cycle from one month to 26 days. This is to allow for situations where the retailer with a customer on a monthly billing cycle (usually business customers) receives a meter reading from the distributor less than one month after the last bill was issued. This sometimes occurs because the distributor's meter reading schedules are not always exactly once a month. A retailer's automated billing system will normally issue a bill to a customer the day after

receiving the meter reading from the distributor. If the bill is issued less than one month after the previous bill, the retailer is in breach of the Code.

In its Draft Decision, the ERA also recommended the addition of a new sub-clause 4.1(a)(iv) to provide an exemption from the minimum billing cycle requirement if the retailer receives a meter reading from the distributor less than 26 days after the last bill.

The ERA recommended the following changes to clause 4.1(a):

4.1 Billing cycle*

A **retailer** must issue a bill –

- (a) no more than once ~~a month~~ every 26 days, unless the **retailer** has –
 - (i) obtained a **customer's verifiable consent** to issue bills more frequently;
 - (ii) given the **customer** –
 - (A) a **reminder notice** in respect of 3 consecutive bills; and
 - (B) notice as contemplated under clause 4.2; ~~or~~
 - (iii) received a request from the **customer** to change their supply address or issue a final bill, in which case the **retailer** may issue a bill more than once ~~a month~~ every 26 days for the purposes of facilitating the request; or
 - (iv) less than 26 days after the last bill was issued, received metering data from the distributor for the purposes of preparing the customer's next bill; and

In his submission, Mr Christie objected to reducing the minimum billing cycle to 26 days. Mr Christie believes the proposal will lead to customers being billed more frequently and at risk of having to pay more fees and charges, such as late payment fees and fees for issuing bills.

The ECCC reviewed the ERA's recommendation to amend clause 4.1(a). The ECCC does not believe a change to the minimum billing cycle from one month to 26 days is necessary if the retailer has an exemption under clause 4.1(a)(iv) from the minimum billing requirement if it receives the meter data early from the distributor.

While Mr Christie objects to bills being issued more frequently than once a month, the exemption will provide for circumstances where the retailer receives meter data more frequently than once a month (the distributor's meter reading schedule is outside of the retailer's control and, due to the location and number of meters, the distributor will not always be able to read every meter exactly once a month). This approach is also consistent with clause 4.1(b)(ii) of the Code, which allows a retailer to issue bills less frequently than the maximum billing cycle of three months if the retailer has not received the meter data from the distributor in time to prepare the bill.

The ECCC recommends that the current minimum billing cycle of one month remain unchanged in the Code, but that the new exemption in 4.1(a)(iv) is retained and based on the existing minimum billing cycle of one month.

The ECCC recommends the following Code changes:

4.2 Billing cycle*

A **retailer** must issue a bill –

- (b) no more than once a month, unless the **retailer** has –
 - (v) obtained a **customer's verifiable consent** to issue bills more frequently;

- (vi) given the **customer** –
 - (A) a **reminder notice** in respect of 3 consecutive bills; and
 - (B) notice as contemplated under clause 4.2; ~~or~~
- (vii) received a request from the **customer** to change their supply address or issue a final bill, in which case the **retailer** may issue a bill more than once a month for the purposes of facilitating the request; or
- (viii) less than a month after the last bill was issued, received metering data from the distributor for the purposes of preparing the customer's next bill; and

2. Disconnection or interruption for emergencies

Clause 7.5 sets out the obligations on a distributor if it disconnects a customer's supply address for emergency reasons. In its Draft Decision, the ERA recommended that the term "disconnection" should be broadened to "disconnection or interruption" to capture situations where electricity supply is interrupted temporarily by the distributor for emergency reasons and then restored after the emergency.

To ensure consistency with the proposed amendments to clause 7.5, the ERA recommended the following amendments to clause 7.6(3):

- (3) A **retailer** or a **distributor** may arrange for **disconnection or interruption** of **customer's supply address** if the **disconnection or interruption** —
 - (a) was requested by the **customer**, or
 - (b) was carried out for **emergency reasons**~~reasons~~.

In its submission, Western Power advised that a customer cannot request an interruption, only a disconnection, and the proposed Code changes should be revised accordingly.

Western Power explained that the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005 (Network Reliability Code)* defines "interruption" as a loss of electricity supply for more than one minute that is due to a cause beyond the control of the person to whom the electricity is supplied.

Western Power suggested the following changes to clause 7.6(3):

- (3) A **retailer** or a **distributor** may arrange for **disconnection or interruption** of **customer's supply address** if ~~the disconnection~~ —
 - (a) the disconnection was requested by the **customer**, or
 - (b) the disconnection or interruption was carried out for **emergency reasons**~~reasons~~.

To ensure consistency with the Network Reliability Code and what occurs in practice, the ECCC recommends that Western Power's suggested changes to clause 7.6(3) are adopted.

3. Notifying life support equipment customers of planned interruptions

To require distributors to send notifications of planned interruptions to both the life support equipment customer's supply address **and** any other address nominated by the customer, the ERA recommended the following amendments to clause 7.7(4)(b):

- prior to any planned **interruption**, provide at least 3 **business days** written notice ~~or notice by electronic means~~ to the **customer's supply address** and any other address nominated by

the customer, or notice by electronic means to the customer and, unless expressly requested in writing by the *customer* not to, use best endeavours to obtain verbal acknowledgement, written acknowledgement or acknowledgement by *electronic means* from the *customer* or someone residing at the *supply address* that the notice has been received.

This is to provide for a proportion of life support equipment customers (around 440 customers) who have a different postal address to their supply address.

An ECCC member sought advice from the ECCC on whether the proposed amendments could be made slightly clearer in terms of what a distributor is required to do (that is, either send a written notice to the supply address and any other address nominated by the customer, **or** a notice by electronic means to the customer).

Accordingly, the ECCC recommends that “and” is moved within the paragraph to after the comma (“and” is in green for ease of reference). This drafting change was proposed by Matthew Knox of Minter Ellison, who is the legal advisor to the ECCC for this Code Review:

prior to any planned *interruption*, provide at least 3 *business days* written notice ~~or notice by *electronic means*~~ to the *customer's supply address* and any other address nominated by the customer, or notice by *electronic means* to the customer and, and unless expressly requested in writing by the *customer* not to, use best endeavours to obtain verbal acknowledgement, written acknowledgement or acknowledgement by *electronic means* from the *customer* or someone residing at the *supply address* that the notice has been received.

In its submission, Western Power expressed concern that the recommended Code change to require it to potentially provide two written notices of a planned interruption to a life support equipment customer will result in duplication and additional costs. The ECCC notes that Western Power made a similar submission to the ECCC's Draft Review Report, which was published in September 2017. The ECCC does not consider that Western Power has provided any new information in its submission to warrant the ERA changing its recommendation.

Please find attached a marked-up copy of the proposed new Code (**Attachment 5**), including all the amendments recommended by this advice.

If you have any queries, please contact me.

Yours sincerely

PAUL KELLY
CHAIRMAN
ELECTRICITY CODE CONSULTATIVE COMMITTEE (ECCC)

30 / 4 / 2018