

Electricity Code Consultative Committee (ECCC)

Draft decision – Repeal and replacement of the Code of Conduct for the Supply of Electricity to Small Use Customers 2018

Attention: Mr Paul Kelly, Chairman ECCC

Submission by email: <publicsubmissions@erawa.com.au>

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Submission in Response to *Draft decision – Repeal and replacement of the Code of Conduct for the Supply of Electricity to Small Use Customers 2018*

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Thank you for the opportunity to make a submission in response to the Economic Regulation Authority's (ERA) *Draft decision – Repeal and replacement of the Code of Conduct for the Supply of Electricity to Small Use Customers 2018* dated 9 December 2021. Our submission offers a response to selected issues in the ERA's draft decision. As researchers at the ANU we are keen to engage in further discussions and our contact details are available above on our ANU websites.

We note that many of the suggested changes to the Code of Conduct for the Supply of Electricity to Small Use Customers ('Code') make improvements for customers. New protections for customers experiencing family and domestic violence including privacy protections, a moratorium on disconnection and greater levels of staff training are all welcome changes. We agree with setting a minimum bill debt of \$300 before a residential customer can be disconnected for non-payment. The

amendment to consolidate information requirements and make information available online is an important step. We commend the decision to extend assistance measures offered to customers experiencing payment difficulties to all residential customers who request them and can appreciate that many of these changes better align elements of the Code with the National Energy Customer Framework (NECF) and bring customer protections in WA closer to the national standard.

We now focus our remarks on the areas of pre-payment metering, disconnections, and aspects of information provision. The Code continues to ensure that small use residential pre-payment customers ('pre-payment customers') remain an exception to the widely accepted principle that disconnection from household energy services is only ever 'a last resort'—and we note that for many pre-payment customers disconnection is effectively routinized and the vulnerability of pre-payment customers overlooked. We refer the ECCC to the following research, published in December 2021 and January 2022, regarding the frequency of disconnection for prepayment customers and the greater likelihood of these customers facing disconnection at times of extreme temperatures when electricity can be most critical for health and comfort:

- Longden, T, Quilty, S, Riley, B, White, LV, Klerck, M, Davis, VN & Frank Jupurrurla, N 2021, 'Energy insecurity during temperature extremes in remote Australia', *Nature Energy*.

Available at: <https://www.nature.com/articles/s41560-021-00942-2.epdf>

- Longden, T, Quilty, S, Riley, B, White, LV, Klerck, M, Davis, VN & Jupurrurla, NF, 2022, 'Temperature extremes exacerbate energy insecurity for Indigenous communities in remote Australia', *Nature Energy*, pp.1-2.

Available at: <https://www.nature.com/articles/s41560-021-00968-6.epdf>

- Davis, VN, White, LV & Riley, B, 2021, 'Temperature extremes exacerbate energy insecurity – Australia needs to better support remote Indigenous communities to prepare now', *Nature Sustainability Community*.

Available at: go.nature.com/31WxDNn

Remote living customers on pre-payment meters can experience very high rates of involuntary self-disconnection from energy services in the home. Research by members of our team demonstrates that, in the Northern Territory, over 90% of 3,300 households in 28 communities utilising pre-payment metering experience disconnection from electricity at least once a year with over 70% disconnecting more than 10 times in a year (Longden et al. 2021). This experience is evidently at odds with the

guiding principle expressed in the Code, of small customer disconnection being ‘a last resort’ (referred to in the draft decision at paragraphs 38 and 84). While the new \$300 minimum bill debt provides additional safeguards for post-payment customers in avoiding disconnection, similar sureties and safeguards from the known harms of disconnection do not apply to customers using pre-payment meters. We urge consideration of how the guiding principle of disconnection as a ‘last resort’ is extended to pre-payment customers.

We understand that there are 1,359 households in regional and remote Western Australia using pre-payment meter systems for electricity supply, based on figures reported in ERA’s Annual Data Report 2020-21. This includes 1,348 remote households within Horizon Power’s licensed service area and 11 households within Synergy’s licensed service area. An outcome of the proposed changes to the Code, as well as changes to funding arrangements for the provision of essential services to many small, widely dispersed remote Aboriginal communities since 2015, is that numbers of pre-payment customers in Western Australia will likely increase. Data published by ERA indicates that pre-payment meter customers experience extremely high levels of disconnection in Western Australia. During 2020-21:

- Synergy had 11 pre-payment households, but 249 disconnections across these households
- Horizon Power had 1,348 pre-payment households, but 30,307 disconnections across these households
- For Synergy’s pre-payment customers, there were 21 instances where disconnections exceeding 120 minutes occurred twice or more within any 1-month period
- For Horizon Power’s pre-payment customers, there were 2,454 instances where disconnections exceeding 120 minutes occurred twice or more within any 1-month period.

This contrasts dramatically with levels of disconnection for residential customers, with Horizon Power reporting 251 disconnections for non-payment amongst its 36,256 residential customers and Synergy reporting 2,432 disconnections for non-payment amongst its 1,023 854 residential customers during the same period.

Evidence shows remote living customers on pre-payment meters are most likely to experience disconnection when temperatures are very hot or very cold. For pre-pay customers temperature extremes increase reliance on the services that access to energy provides, while simultaneously increasing the risk of disconnection of those services. This could foreseeably exacerbate risks for residents with underlying health conditions, and cause discomfort even for otherwise healthy residents. Within this frame and additionally within the guiding principle of disconnection as a last resort, we are concerned by the amendment to remove the requirement for a recharge facility to be

within 40km of a customer's pre-payment meter (clause 61 'Recharge facilities' in the amended Code). Residents who are disconnected unexpectedly may face severe challenges in purchasing pre-payment credit. If meters and/or displays showing remaining credit are not easily visible in the home, disconnection for a prepayment customer may occur abruptly and at a time when it is challenging to access a payment top up. The Code does not contain any requirements for the meter to be conveniently located and visible within the customer's household, therefore it cannot be assumed that residents will have advance warning before disconnection occurs. Difficulties faced following abrupt disconnections could be exacerbated further if the recharge facility is very far away, with transport fuel precarity foreseeably amplifying energy insecurity in the home. It cannot be assumed that remote living residents will always have access to internet-based payment options. Likewise, it cannot be assumed that remote living residents will have access to credit cards for online payment options.

As mentioned above, we commend the proposed Code amendments to make payment assistance, namely payment extensions and instalment plans, available to all residential customers who use post-payment billing. Yet, these forms of financial assistance do not extend to pre-payment meter customers whose energy choices and options seem limited in comparison. While the amendments address the long-term interests of a significant cohort of residential customers, they do not adequately address the interests of prepayment customers experiencing ongoing financial difficulties. We also draw attention to the specific circumstances and needs of pre-payment customers under clause 46 'Hardship policies and hardship procedures.' This clause applies to pre-payment customers as well as post-payment customers, but we seek clarification as to whether retailers will be required to provide specific hardship provisions, policies and/or procedures for pre-payment customers. Additionally, we encourage the application of clauses 44 'Reduction of fees, charges or debt' to pre-payment customers, who seem to be excluded from the benefit of this provision.

We acknowledge the clarifications in clause 52 concerning general limits on disconnection and encourage additional protections against disconnection during an extreme weather event e.g., as declared by Emergency WA. This suggestion also applies to pre-payment provisions in clause 60(2) and is consistent with protections afforded under the NECF.

Generally, we urge further consideration of how the circumstances of remote customers with life support needs are addressed in the Code. Prepayment metering is not compatible with life support needs (clause 59), and anecdotal evidence suggests some remote living customers with genuine life support needs are not registering their needs in order to continue to use pre-payment metering that is prevalent in their communities. This concern warrants further investigation of the numbers of

customers with life support needs where pre-payment metering is used (whether registered or not), and how their needs can be recognised and accommodated by the retailer and within the context of regulatory protections.

We commend the monitoring and reporting of data on pre-payment customers in Western Australia, in particular the requirements in the Electricity Retail Licence Performance Reporting Handbook April 2019 which operates alongside the Code. This level of reporting contributes to the visibility of disconnection levels among prepayment customers, yet we note these figures are not included in ERA's Annual Energy Report 2020-21. We encourage ongoing monitoring and reporting in this area and the inclusion of prepayment disconnection levels in future annual energy reports. In the context of the draft decision, we note that reporting requirements are comprehensively removed from the Code. The reasoning provided in the ECCC Final Review Report is that reporting obligations arise under the relevant retail licenses and the removing requirements in the Code avoids unnecessary duplication. Our position is that reporting obligations should be referred to in the Code as a means of supporting and informing small use customer interests. Customers may look at the Code but are less likely to locate and read a licence agreement. A reference to reporting requirements in the Code will help to make these requirements visible to customers and provide a safeguard for reporting to remain if the requirements under the licences change.

Given the disproportionate use of prepayment metering in Aboriginal communities it is important to note that energy services networked to information technology introduce novel ways of generating value through data. Internationally the movement to secure local ownership and control of data relating to Indigenous peoples is known as Indigenous data sovereignty (Yu 2012, Kukatai and Taylor 2016). In Australia research is needed to ensure that the energy data rights and interests of Aboriginal communities are secured and leveraged for Aboriginal benefit. The Council of Australian Governments 'Closing the Gap in Partnership: Priority Reform Four' (COAG 2019) calls for the greater sharing of, and access to, data and information at a regional level, noting that "disaggregated data and information is most useful to Aboriginal and Torres Strait Islander organisations and communities to obtain a comprehensive picture of what is happening in their communities and to support decision making" (NACG 2020). Greater capacity building and sharing of data can do much to support community and service provider efforts to improve energy security for pre-pay customers within remote communities.

Focusing on other proposed changes in Part 9 'Pre-payment meters', we make the following submissions:

- Clause 63(3) 'Meter check or test' should be amended to cover reasonable "published" charges only—the customer needs to know the costs involved before requesting a pre-payment meter check or test.
- Clause 67(2) gives the retailer discretion about whether to charge a pre-payment customer experiencing financial difficulties where they request a switch to post-payment metering. This seems to favour the interests of retailers rather than customers facing genuine financial difficulties. To align with the NECF Rule 141(2) there should be no charge to the customer. Proposed amendments to Code afford residential customers new and more expansive protections to prevent them from reaching positions of real hardship (e.g., through payment assistance mechanisms in Part 6) and additional and specific safeguards for customers experiencing hardship (e.g. in Part 6, Division 3) but pre-payment customers in the state's most remote regions experiencing poverty, energy insecurity and on the frontline of climate change impacts are not afforded equivalent financial protections.

We thank you for the opportunity to make submission of the draft decision and will be pleased to discuss any aspects of our submission with you.

References:

Council of Australian Governments (2019) Partnership Agreement on Closing the Gap 2019-2029, https://www.coag.gov.au/sites/default/files/agreements/partnership-agreement-closing-the-gap_2.pdf

Kukutai, T., Walter M. (2015) Recognition and indigenizing official statistics: reflections from Aotearoa New Zealand and Australia. *Statistical Journal of the IAOS* 31 p. 321 – 326.

Longden, T, Quilty, S, Riley, B, White, LV, Klerck, M, Davis, VN & Frank Jupurrurla, N 2021, 'Energy insecurity during temperature extremes in remote Australia', *Nature Energy*.

NACG (2020) National Agreement on Closing the Gap in Partnership, Reform Priority 4: Shared access to data and information at a regional level <https://www.closingthegap.gov.au/priorityreforms>

Yu, P. (2012) The power of data in Aboriginal hands. Topical Issue 4. *Centre for Aboriginal Policy Research*, Australian National University.