

## Submission to the Electricity Code Consultative Committee on *Code of Conduct for the Supply of Electricity to Small Use Customers 2024 Draft Review Report*

[21 October 2024]

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The Western Australian Council of Social Service Inc. (WACOSS) welcomes the opportunity to make a submission to the Electricity Code Consultative Committee on the *Code of Conduct for the Supply of Electricity to Small Use Customers* ('the Code') 2024 Draft Review Report. This submission selectively responds to recommendations and issues raised in the Draft Review Report that are of particular relevance to the work of WACOSS.

WACOSS is the peak body for the community services sector in Western Australia and works to create an inclusive, just and equitable society. We advocate for social and economic change to improve the wellbeing of Western Australians, and to strengthen the community services sector that supports them. WACOSS is part of a network consisting of National, State and Territory Councils of Social Service, who advance the interests of people on low incomes and those made vulnerable by the systems that have been put in place.

### **Draft Recommendation One: Prohibiting paper billing fees for disadvantaged customers**

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WACOSS supports this recommendation and encourages amendment to the relevant by-laws to enable prohibiting paper billing fees for all customers. There are a range of reasons why customers may prefer to receive paper bills, including digital literacy, disability, and access to digital technologies and internet services, and they should not be penalised for that choice.

### **Draft Recommendation Two: Advising customers of available tariff options and products**

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A 2023 Energy Consumers Australia study found that only 56% of households felt they had access to enough easy to understand information about energy products and services. Households struggling to pay their energy bills and in financial hardship had less confidence in their energy knowledge and access to information, as did culturally and linguistically diverse consumers.<sup>1</sup> WACOSS considers the provision of tariff comparisons to customers based on their individual twelve-month rolling consumption data would be more helpful to customers than generic promotion of alternative tariffs.

### **Draft Recommendation Five: Incorporating up to three future bills into payment plan**

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WACOSS supports this proposal as a mechanism that can reduce bill shock and enable higher levels of customer control over their household budgets. The Draft Review Report notes that retailers will still be required to obtain explicit consent from customers before changing the repayment rate. This is critical, without which customers face higher risk of defaulting and falling further into arrears.

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<sup>1</sup> Energy Consumers Australia, [Understanding the Energy Divide](#), (December 2023).

### Draft Recommendation Nine: Customer's choice to exempt from disconnection moratorium

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The non-payment disconnection moratorium was put in place to ensure victim-survivors of family violence were not left without electricity in emergency situations. In some cases, the moratorium may alert the person using violence that the retailer is aware of the violence, increasing the danger for victim-survivors. WACOSS' primary concern with this amendment is ensuring that victim-survivors can make empowered and informed choices about whether the moratorium is a helpful safety option for them. There is a risk that the proposed amendment could enable systems abuse or rejection of the moratorium based in misunderstanding. We support the proposed requirement on retailers to obtain verifiable and informed consent. In adhering to this, WACOSS urges retailers to adopt robust practises of obtaining consent that are trauma-informed and guided by family and domestic violence experts.

### Draft Recommendation Ten: Increase Service Standard Payments

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WACOSS supports the proposal to increase service standard payments by CPI from 2010.

### Draft Recommendation Twelve: Streamlining information for frequent pre-payment meter disconnections

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WACOSS stresses the importance of customer access to targeted and accessible information about available supports. WACOSS understands Horizon Power has taken positive action in developing appropriate and accessible communications for customers in remote communities, including through the Customer Service on the Move Initiative and through various forms of media. WACOSS recommends that the ECCC, ERA or Horizon Power implement a mechanism to measure customer awareness of supports to ensure that this provision does not reduce access to information.

### Door Knock Prior To Disconnection

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WACOSS welcomes consideration of the Door Knock Prior to Disconnection initiative ('the Door Knock initiative'). Electricity is an essential service and customers unable to meet their energy costs should be afforded suitable supports to keep them connected. WACOSS contends that the Door Knock initiative would benefit WA customers, retailers and distributors, by reducing disconnection rates and improving customer and field crew experiences.

*Could the benefits of the 'Knock to stay connected' initiative being trialled in other jurisdictions be replicated in WA?*

In 2022/23, 11,488 WA electricity customers were disconnected for non-payment of bills.<sup>2</sup> This was an increase of 12.2 per cent compared to 2021/22, which retailers then attributed to the rising cost of living.<sup>3</sup> Recent media reporting suggests that disconnection numbers may have increased further

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<sup>2</sup> Essential Energy conducted a similar number of disconnections before they conducted the Door Knock Prior to Disconnection trial in 2019/2020.

WA's disconnection rate of 1.05 per cent in 2022/23 is significantly higher than in other jurisdictions. See Economic Regulation Authority, [Annual data report 2022/23 – Energy retailers](#).

<sup>3</sup> Economic Regulation Authority, [Annual data report 2022/23 – Energy retailers](#).

for 2023/24.<sup>4</sup> While concerning, this does not come as a surprise to WACOSS. Increased costs of living, particularly in housing, combined with restrained wage growth is continuing to deteriorate households' financial wellbeing. In a recent WA survey, 37 per cent of respondents said they would be unable to cover an unexpected \$500 bill without borrowing, selling something or putting it on a credit card. Around one in five reported constant difficulty in paying bills.<sup>5</sup>

Currently, the Code enables all customers to access a payment plan and prohibits non-payment disconnections where the debt is less than \$300 and the customer agrees to pay. Customers identified as experiencing family violence are also protected for nine months from disconnection. Additionally, the Code requires retailers to provide written warnings to customers and make best endeavours to contact customers before issuing a disconnection request, which generally occurs by way of phone call or written correspondence. These protections are critical, however disconnection data indicates that people experiencing financial stress remain subject to disconnections. In 2022/23, for Synergy's 8,688 electricity disconnections for non-payment:

- 72% involved customers who were on a payment plan (6,239)
- 37% involved customers who held a concession (3,236)

Significant financial stress may result in customers disengaging from retailers through shame, or fear or sense of hopelessness.

There are a range of other reasons why a customer may be disengaged from retailers and miss opportunities to avoid non-payment disconnection, which could be addressed through supportive in person contact:

- Literacy barriers may prevent customers from understanding written correspondence;
- Customers with English as a second language may have challenges understanding written or verbal communication in English;
- Fear or distrust of retailers may prevent engagement. This may be more likely in refugee and migrant populations, Aboriginal communities or other marginalised groups;
- Customers experiencing financial stress for the first time may be unaware of supports available or how to access them, or feel shame in asking for help;<sup>6</sup> and
- Incorrect postal address or damaged mail may prevent customer from receiving written correspondence.

The impact of disconnection for customers is significant:

- Loss of food and medications stored in fridge;
- Loss of heating or cooling;
- Loss of internet, computers and lights, interfering with work and children's homework;
- Incurring costs of takeaway food if unable to use oven, stove or microwave to cook;

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<sup>4</sup> The West Australian, [Synergy Disconnection Home From Power Every Half Hour As Household Grapples With Prolonged Cost of Living Crisis](#) (2024).

<sup>5</sup> WACOSS, [Cost of Living Survey Report \(2024\)](#).

<sup>6</sup> This is increasingly likely at present. Foodbank's [2023 Hunger Report](#) found that 77% of food insecure households had experienced this for the first time in the prior 12 months and most attributed this to increased cost of essentials. Respondents also reported embarrassment and shame and lack of knowledge of supports available.

- Mental distress and shame;
- Frustration and time to organise reconnect.

The impact of disconnection for retailers and distributors is also significant:

- Field crew may be required to interact with angry customers when conducting the disconnection which may be a work, health and safety issue and cause emotional distress;
- Organisation reputational risk;
- Compensation, penalties, fines and reputational risk if disconnection wrongfully conducted.

Non-payment disconnections incur significant costs and consequences, and in 2022/23 at least 50% of customers disconnected were reconnected within 7 days. If these customers could have been successfully prompted to engage with their retailer earlier, these disconnections and the associated costs could have been avoided.

Disconnection as a tool to cause customer engagement with an electricity retailer is punitive and imposes significant hardship. The pilot programs conducted by Essential Energy and several others across QLD, NSW, VIC and SA prove that personal contact, via a friendly door knock, is a positive mechanism to prompt engagement. It reduces disconnection rates and improves customer and crew experiences. Essential Energy has now implemented the program as business as usual for non-payment disconnection requests that require in person disconnection.

Additionally, the relative simplicity of the WA residential electricity market means the introduction of a Door Knock initiative would be less complex than in other jurisdictions. Further, should the distance of some remote communities from major centres pose an economical or logistical challenge, retailers/distributors could engage local organisations as partners to conduct the Door Knocks.

#### *What operational challenges and concerns do you have with this initiative?*

WACOSS recognises the introduction of a Door Knock initiative may incur costs, where a disconnection would have been conducted remotely or where a disconnection proceeds despite the Door Knock. Analysis by the Energy Charter however found significant saving opportunities for retailers and distributors in implementing the initiative<sup>7</sup>:

- Where a Door Knock avoided the need for crew to conduct manual disconnection, minimal or no additional costs were incurred;
- A Door Knock may re-engage customer with a payment plan which saves retailer on debt recovery action and unrecoverable debt;
- Connecting customers with supports may reduce repeat disconnection requests;
- Avoiding wrongful disconnection saves compensation costs.

It is critical that any additional costs are not passed onto customers. Electricity is an essential service and a recent WA survey found that 87 per cent of the WA population believe that the State Government has a primary role to play in supporting community members to access the basics.<sup>8</sup> As

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<sup>7</sup> Unpublished analysis provided to author.

<sup>8</sup> WACOSS, [Cost of Living Survey Report \(2024\)](#).

State Owned Corporations, it is appropriate that retailers and/or distributors bear the likely minimal costs associated with ensuring customers stay connected.

The Draft Review Report raises safety concerns for field crew conducting Door Knocks. In Essential Energy's trial, field crew reported significantly more positive interactions and reduced stress and anxiety compared to conducting disconnections.

The Draft Review Report also notes that it is not known whether customers who initially avoided disconnection because of a Door Knock, stopped payments some time later and faced disconnection again. It raises concern that the Door Knock may simply be postponing actual disconnection. However, analysis by the Energy Charter suggests the Door Knock improves customer adherence to payment plans and may reduce the rate of repeat disconnections.<sup>9</sup> As outlined above, the Door Knock pilot programs demonstrate that a friendly door knock is a positive mechanism to prompt engagement. There are a range of reasons a customer may find themselves facing non-payment disconnection, all of which could be addressed by face to face contact and advice on supports available.

The Knock to Stay Connected Customer Code under the Energy Charter provides guidance for retailers seeking to implement this program. Horizon Power is currently a signatory to the Energy Charter. Retailers and distributors could reduce operational challenges and costs by learning from the Customer Code and the experiences of implementation under the Energy Charter in other jurisdictions.

### Disconnection Moratorium in Extreme Heatwave or Fire Danger

WACOSS agrees that ensuring continuous access to electricity during days of severe heatwave or extreme fire danger is crucial for community health and safety. To assist consideration of the best way to achieve a non-payment disconnection moratorium during these events, WACOSS notes the following:

- The State Hazard Plan Heatwave classifies heatwaves into three types based on severity – low-intensity, severe heatwaves and extreme heatwaves. It notes that severe heatwaves are 'likely to be more challenging for vulnerable people, such as older people, particularly those with medical conditions'.<sup>10</sup> WACOSS suggests a non-payment disconnection moratorium for heatwaves should be activated when the heatwave level is at least *severe*. At this level, the Bureau of Meteorology begins sending out heatwave warning notifications.
- The mechanism used should have appropriate reporting requirements to facilitate monitoring.

### Contact Details

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<sup>9</sup> Unpublished analysis provided to author.

<sup>10</sup> WA Government, [State Hazard Plan Heatwave](#).



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