

## ECCC - Summary of Submissions – Targeted Second Round Consultation

| Clause      | Proposal   | Comment  | Recommendation   | Decision made 30 April 2009   | Decision made on 28 May 2009   | Summary of Submissions received 30 June 2009  | Comment / Proposal  | Final Decision |
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| Clause 6.10 | The prevalence of Utility Hardship in WA is a critical concern to WACOSS. WA has amongst the highest rate of disconnections in the country, complaints to the Energy Ombudsman continue to rise,11 and pressures on consumer representatives in the community services sector for financial and representative assistance continue to grow. Despite commendable improvement in the past twelve months by retailers, issues of Utility Hardship remain very live. | Significant concerns continue to exist regarding the disconnection rates and existence / application of financial hardship policy (e.g. see Horizon Power Operational Audit). These issues may be overcome through requiring submission of the reviewed policy annually to the ERA (as is the case with reviewed Customer Service Charters currently). | The ECCC to consider amending clause 6.10 to read: Obligation to develop hardship policy (1) a retailer must develop a hardship policy to assist customers in meeting their financial obligations and responsibilities to the retailer. (2) The hardship | Vote –<br>Yes = 4<br>No = 4<br><br>Status quo remains – no new recommendation.<br><br>Debate to be noted in Final Report. | WACOSS proposed the following new recommendation:<br><br>Amend clause 6.10 5) to read:<br><br>The <i>retailer</i> must, unless otherwise notified in writing by the <i>Authority</i> , review the <i>Hardship Policy</i> at least annually | Horizon Power – Does not support 6.10(5)(c) on the basis that it believes that clause 6.10 is already rigorous and that it seems unreasonable that a utility business should need to have it's policies critiqued on Authority's website.<br><br>WACOSS – | The Synergy proposal provides further clarity to the clause.<br><br>The ECCC is asked to consider amending the proposed recommendation according to Synergy's proposal. |                |

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|            | <p>WACOSS believes that the current regulatory provisions for customers experiencing financial hardship do not afford WA consumers adequate protection, nor meet best practice regulation in Australia.</p> <p>The Code currently requires retailers to develop a Hardship Policy, but the content of those policies and their application is not regulated. The ERA Guidelines on Financial Hardship policies serve as a useful tool for retailers, but do not afford vulnerable consumers in the WA market with adequate regulatory</p> |         | <p>policy must-</p> <p>(a) Comply with the guidelines set and be approved by the Economic Regulatory Authority.</p> |                             | <p>and submit to the <i>Authority</i> the results of that review within 5 <i>business days</i> after it is completed .</p> <p>a) The <i>retailer</i> may, at any time, review the <i>Hardship Policy</i> and submit to the <i>Authority</i> the results of that review with 5 <i>business days</i> after it is</p> | <p>strongly supports proposed recommendation.</p> <p>Synergy: supports the ECCC's proposal subject to:</p> <p>The Authority's review occurring no more than once per year.</p> <p>amending clause 6.10(5)(c) as follows: When the retailer has reviewed the Hardship Policy pursuant to clauses 6.10.5 or</p> |                    |                |

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|        | <p>protection.</p> <p>Complaints to the Energy Ombudsman involving disconnections have increased by ten per cent over the past three years.<sup>12</sup> 1123 consumers were disconnected more than once in the past two years.<sup>13</sup> Consumers in financial hardship are being charged late fees despite the good intentions, but lack of authority, of the current Code, and WACOSS experience with the HUGs hotline shows that a significant number of consumers are not accessing all available rebates.</p> <p>Furthermore, the Code requires</p> |         |                |                             | <p>completed .</p> <p>b) Any review of the <i>Hardship Policy</i> must have regards to the ERA Financial [Hardship] Policy Guidelines</p> <p>c) When the <i>retailer</i> has reviewed the <i>Hardship Policy</i> pursuant to clauses 6.10.5 or 6.10.5 a, the <i>Authority</i> will examine :</p> <p>i) the</p> | <p>6.10.5(a), the Authority will examine: (i) the review pursuant to clause (b) to assess whether a retailer's Hardship Policy has been reviewed consistent with the Financial Hardship Policy Guidelines; and (ii) The Hardship Policy to assess whether a retailer's Hardship Policy complies with clause 6.10 of the Code.</p> |                    |                |

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|        | <p>retailers to develop their Hardship Policies in consultation with relevant consumer representative organisations. However, there is no definition or enforcement of 'consultation' in the Code and the consultation can be as thorough or as weak as the utility chooses. This creates the risk of consumer representative organisations being used to in effect 'rubber stamp' poor policy development and review processes. There are suggestions in the ERA's Financial Hardship Policy Guidelines on how the utilities should consult, but again,</p> |         |                |                             | <p>review pursuant to clause b; and<br/> ii) The <i>Hardship Policy</i></p> <p>and publish the review and the Authority's assessment of the review on the Authority's website within a reasonable time of receiving the review.</p> <p>The ECCC agreed to</p> |  |                    |                |

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|            | <p>they are not enforceable. WACOSS suggests that WA consumers will continue to be at a disadvantage unless the regulatory protections concerning Financial Hardship policies are improved, through the enforcement of the ERA. Current Australian best practice is for a regulatory body to approve retailers hardship policies. In Victoria, the Energy Legislation (Hardship, Metering and Other Matters) Act 2006, empowers the Essential Services Commission (Victoria's regulatory body) to approve utilities hardship policies against</p> |         |                |                             | <p>this recommendation (allowing for minor drafting corrections).</p> |  |                    |                |

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|        | <p>guidelines set by the Commission.<sup>14</sup> This allows the Commission to publish compliance audits of the utilities to ensure the application of their hardship policies is monitored, reported and enforced. WACOSS suggests that WA consumers should be afforded a similar level of regulatory consumer protection.</p> <p>WACOSS proposes the following amendment:<br/> 6.10 Obligation to develop hardship policy<br/> (1) a retailer must develop a hardship policy to assist customers in meeting their financial obligations and</p> |         |                |                             |                              |  |                    |                |

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|             | responsibilities to the retailer.<br>(2) The hardship policy must-<br><br>(a) Comply with the guidelines set and be approved by the Economic Regulatory Authority.  |  |  |   |   |   |  |                |
| Clause 13.9 | WALGA note that under the current Code there are no Service Standard Payments applying when a distributor fails to meet the targeted fault rectification performance standard (for street lights). This contrasts with the approach adopted in some other Australian jurisdictions where Service Standard Payments can be | Other jurisdictions include a service standard payment for failure to repair street lights within prescribed times (SA \$20 (one-off), NSW \$15 (one-off), ACT \$60 per day. | The ECCC to consider requiring a service standard payment of \$20 per day for failure to repair street lights within 5 days (metropolitan) and 9 days (regional) (benchmark timeframes prescribed in | Subject to advice by Horizon Power, add a new service standard payment of \$20 per day for failure to repair street lights within 5 days (metropolitan) and 9 days (regional) (benchmark timeframes prescribed in | Agreed subject to provision limiting liability in regard to "acts of god" such as cyclones etc. | WALGA – Support ECCC proposal. In addition propose:<br><br>1. aligning timeframe for repairs in major regional centres with metropolitan timeframes.<br><br>2. a whole code be developed in relation to | In light of the submissions received the ECCC is asked to confirm their support for the recommendation.<br><br>Both WALGA additional proposals are beyond the scope of the proposed recommendation. As these |                |

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|        | <p>claimed by those reporting street lighting faults, if these are not repaired within the target time-frames.</p> <p>Western Power no longer inspects street lights for faults, relying instead on preventative maintenance (bulk globe replacement program) and reporting of faulty street lights by individuals and Local Governments. The provision of a Service Standard Payment when faults are not repaired would provide positive incentives for both the reporting of faulty street lights and their repair. The Association urges the Committee to</p> |         | Code)          | Code).                      |                              | <p>street lights.</p> <p>Western Power – Does not support proposal for a range of reasons (see submission) including the fact that they are considering recommencing street light patrols and they have established a payment scheme to local government.</p> <p>Horizon Power – has no objection to the proposal subject to the “acts of god” provision.</p> | are new issues they should be raised at next review or as requests for amendment. |                |



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|        | review the effectiveness of Service Standard Payments for street lighting services in other States. |         |                |                             |                              |  |                    |                |
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