



# TasCOSS

## Response to Code Change Panel Draft Recommendations to the Regulator In respect of a Proposal to include a Prepayment Meter Retail Code in the Tasmanian Electricity Code

The Tasmanian Council of Social Service welcomes this opportunity to respond to the Code Change Panel's draft recommendations on the inclusion of a Prepayment Meter Code in the Tasmanian Electricity Code.

The table that follows contains specific TasCOSS responses to each of the Panel's recommendations. It is clear that the Panel has applied sensitivity and intellectual rigor to the proposals put before it, and we congratulate members on their work. Nonetheless, TasCOSS wishes to highlight a range of issues where we believe alternative approaches should be taken to the protection of consumer interests.

We draw your specific attention to our responses to Panel recommendations relating to the capacity of consumers to revert, without financial penalty, to standard metering arrangements.

In our responses, we make reference to our recently-launched research into the experiences of Tasmanian pre-payment meter consumers. We are confident that this path-breaking research provides important insights into many of the issues tackled in the proposed Code changes, and we urge you to consider the report of this research as a formal attachment to the response below. Your office has previously been provided with copies of this report, and it can be downloaded from the TasCOSS website: [www.tascoss.org.au](http://www.tascoss.org.au)

Mat Rowell  
Chief Executive Officer  
20 October 2006

ISSUE	CLAUSE	PANEL RECOMMENDATION	TasCOSS RESPONSE
Self-Disconnection	3.4.1 (g) (7) 3.5.1 3.5.2	The inherent proposition in 3.5.2 should be retained and the Regulator ought give consideration to aligning the drafting expression of the principle with the SA Code. Provided that the gathering of the information is appropriate, the terms of clause 3.5.2 should be incorporated into the terms of the PPM agreement via clause 2.5.1 of the Code.	<p>Supported, with one proposed amendment. We note the advice received by the Panel with respect to compliance with privacy legislation. The incorporation of 3.5.2 into the PPM agreement should satisfy the compliance requirement without significant inconvenience to the parties.</p> <p>However, consideration of the privacy issue brings into sharper relief the importance of appropriate terminology in the clause. 3.5.2 currently distinguishes between “provide information about” and “[provide] referral to” assistance programs. It is important that the “referral to” be further clarified.</p> <p>Of concern here is the prospect that information on the financial circumstances of a consumer might be communicated to a third-party organisation without the express consent of the consumer. TasCOSS opposes the use of a blanket consent arising from the initial Agreement: consent should be obtained at the time that the Retailer is asked to communicate financial details to a third party, not in anticipation of such an event.</p> <p>TasCOSS recommends deleting the reference to a referral process, keeping the focus on the provision of information to consumers. This would not prevent a referral process occurring, but neither would it run the risk of legitimating inappropriate referrals. We hasten to add that we are confident that Aurora Energy have not engaged in inappropriate referral processes thus far.</p>

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Progress Rate	2.5.1 (f)	<p>The 50 cents per day recovery limit stands. Subject to any further submission, there be an allowance for recovery of PPM connection fees through the progress rate. The notion of 'review' may stand as it is taken that the term has been used advisedly, but there ought to be some clarification of its meaning and relevant process in this context. Subject to comment, the clause better reflect its intent that there be no debt by way of a loading on the energy rate.</p>	Supported.
Emergency Credit	3.4.1 (f)	<p>The notion of 'review' may stand as it is taken that the term has been used advisedly, though there ought be some clarification of its meaning and relevant processes in this context. Subject to comment, the Panel is inclined to support the additional wording proposed by TasCOSS.</p>	Supported, with thanks.
Reversion	2.5.1 (a) (b) (c) (d)	<p>Subject to any further submission, the Panel recognises that there is a proper interest in ensuring that customers notify the Retailer when they take responsibility for supply. The PPM scheme should not be undermined by customer failure in this regard, but nor should customers be unreasonably penalised. The Panel recommends the Code be amended as suggested. Subject to further submission, it is the inclination of the Panel that the trial period be three months.</p>	<p>This recommendation is of great concern to TasCOSS. We strongly urge the retention of the proposed six month trial period. For consumers to make a rigorous comparison of costs (PPM vs standard meter), they need to be able to use the PPM for at least one full quarter. Moreover, that quarter must align with a previously billed quarter under standard meter technology. Given that very few consumers will commence their PPM contracts on a date coinciding with the anniversary of the previous year's billed period, the question arises: what length of trial will guarantee that a consumer is able to make a direct comparison? We contend that the shortest applicable trial period that satisfies this criterion is six months.</p>

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Provision of information	2.3, 2.4	That clause 2.3.2 be amended to reflect that the Retailer must identify to the customer the personal information that will be collected by it pursuant to clause 3.5.2 and for which of its functions and activities this information is necessary.	Recent research conducted by TasCOSS confirms that PPM consumers are disadvantaged in terms of the information they receive. TasCOSS contends that crucially important information such as relating to changes to tariff prices (and by virtue of this, the opportunity for cost-free reversion to standard metering) must be provided by post. Even the companies responsible for Tasmania's daily newspapers recognise that their penetration rates are far from total (the website for the Mercury, for example, boasts a 64% penetration of the southern adult population <sup>1</sup> ). TasCOSS is not convinced that the provision of leaflets at point-of-sale outlets compensates for the hit-and-miss impact of reliance on newspaper advertisements. Direct mail is the only reliable mechanism for providing such important information. (See also 3.5.2)
Meter requirements	Section 3	No change to Code.	Supported.
	3.1.1	Subject to verification by the Regulator at the time of making of the Code, the appropriate reference should be included.	Supported.
	3.2.1	At the time of publication of the Code, the Regulator ought verify and amend or include the appropriate references.	Supported.
	3.2.2	The Code should be amended in accordance with this advice. [i.e., internal reference to 3.2.1, not 4.2.1]	Supported.

<sup>1</sup> <http://metro.newsmedianet.com.au/home/titles/title/Demographics.jsp?titleid=12>

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	3.2.3	The provision should stand, but as has been previously discussed, it is a matter for the Regulator to consider an implementation and compliance timetable.	As with our response to the Panel's recommendation on 2.4 above, TasCOSS urges the requirement that the Retailer use direct mail for the communication of important information. We view the information on the impact of switching and time keeping mechanisms to fall within this category. The phased introduction of appropriate labelling to meters should be augmented by the distribution of such information by direct mail – to all PPM consumers, in a short time frame.
	3.4.1 (a) 3.4.1 (a) (2) 3.4.1 (a) (5)	This approach would appear to meet the objectives of the respective parties in this matter, subject to any comment.	Supported.
	3.7.2	Change Code as proposed.	Supported, although greater clarity about the circumstances in which the Retailer would seek advance payment for a meter test would be helpful. It is also unclear whether the costs would otherwise be recovered using the 'progress rate' mechanism or via a separate invoice process.
	3.4.1 (b) 3.4.1 (b) (6)	No change to Code.	TasCOSS is not convinced by the argument made by the Panel on this issue. The promotional slogans used by Aurora relate to "No more bills, no more surprises". They do not include "No more information". When consumers were recently surveyed by TasCOSS on the reasons for installing/keeping pre-payment meters, they were given a "To avoid contact with the electricity company" option. Only 4% of respondents made use of this option. We reject the notion that a restricted

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Issuance of two cards		No change to Code.	level of communication with the retailer is somehow a necessary feature of PPM contracts, and again assert the principle that consumer protection cannot be ensured without regular, reliable information flows.
Informed Consent	2.2	No change to Code.	Supported. Supported. Recent TasCOSS research into the experiences of PPM consumers revealed that those most at risk of having incomplete information about the operation of PPMs were those consumers who had moved into residences where PPMs were already in use. While it is difficult to imagine how new occupants can be compelled to advise the Retailer that they are taking over an existing pre-payment meter 'contract', all efforts should be made to encourage a formalisation of the agreement between the parties. It is not appropriate to assume that these consumers have provided some form of 'deemed' consent.
Notification of Price Adjustment	2.4.5 2.4.1 (h)	Amend clause 2.4.5 to align with clause 2.5.1 (h)	The effect of the Panel recommendation will be to significantly reduce the actual period during which the consumer may opt for a penalty-free reversion to a standard meter arrangement. This is because the notification of a changed pricing structure would normally occur some time prior to the commencement of the new structure (under current 2.5.1(f), this would be a full 28 business days). Under the existing wording, the consumer would have that period of notice <i>plus</i> the 28 days following the commencement of the new price structure.

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Mandatory Trial Period – Costs	2.5.1 (b) (1) 2.5.1 (b) (2) 2.5.1 (c)	No change to Code.	<p>This effective reduction of the notice period is supported only if the mechanism for communicating the changed pricing structure is direct mail, not the current reliance on newspapers and point-of-sale outlets.</p> <p>It is clear that in the event that full retail contestability emerges after 2010, a number of elements of the Code will require attention. This is just one such clause, and no change is supported until there is greater clarity about the existence of, and nature of, FRC.</p>
Variation of charges	2.5.1 (f) 2.5.1. (h)	<p>Given the quite clear choice of a longer period in clause 2.5.1 (f) of the proposal, the Panel must let it stand subject to any subsequent submission. The Panel recommends that the terms ‘day’ and ‘business day’ be used consistently throughout the Code on the basis described above. There should be no deferral to separate contracting for PPMs as contended for by AGL as this would undermine the whole purpose of the proposed Code. The Panel must let the reference to fees stand at this time, as there is no basis on which to overturn the clear words of the proposed Code, although clarification of the underlying scheme in this regard may be of assistance to all parties.</p>	<p>It is clear that the intent of the original proposals was for “day” to apply rather than “business day” and TasCOSS has no objection to the consistent use of “day” in this instance. The issue of “fees” versus “rates” is more complex. TasCOSS does not believe that Aurora has made a compelling case for a different treatment of “fees”, although we acknowledge that some unintended consequences may arise. The charging of a fee for a meter check, for example, is covered elsewhere (3.7.1) and we would not expect that a small change in the amount relating to this fee would necessarily trigger the penalty-free reversion mechanism. The principle that should apply here is that those charges that apply normally to all consumers should not be alterable without those consumers being granted the option of reverting to a standard meter. Charges which only apply in special circumstances, and to a small subset of the consumer population, should not be covered</p>

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Limitation of recovery of debt	2.5.1 (j)	It is not appropriate for the Panel to undertake detailed drafting or revision of the proposal, but refers this matter to the attention of the Regulator at such time as final drafting may be settled.	by this reversion entitlement. Supported.
Credit Retrieval	2.5.1 (k)	This is not a matter for the Code	Supported.
Life Support Machines	2.5.1 (l)	The Panel does not have enough information or comment from other interested parties to do other than let the proposal stand.	TasCOSS is disturbed by the implications of the proposal from Aurora. If the general concept of electricity being a <i>utility</i> – a necessity of life – is not clear to a retailer even in the context of discussing possible interruptions to the supply of electricity to life support machines, it is difficult to imagine what could further clarify the matter. TasCOSS's position is clear: under no circumstances should supply to a consumer who is reliant on life support machines – irrespective of the categorisation of those machines – be threatened. There are no circumstances under which the proposed clause should be weakened in its effect.
Provision of information by direct mail	2.5.4	No change to Code.	TasCOSS reasserts the need for the specification of direct mail as the means of communicating material changes to the agreement. Aurora has already demonstrated its preparedness to rely on newspaper advertisements and point-of-sale brochures as a mechanism for advising of changes to pricing structures. It is important that this approach does not extend to other important changes that impact on consumers.

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Complaint handling	3.3.3	Consideration be given to consolidating the electricity retailer complaint handling provisions such that they are consistent across non-contestable customers (i.e., PPM and tariff customers).	Supported.
Recommencement of supply	3.4.1 (d)	Subject to comment, the Panel is inclined to recommend that the Code include a requirement that a minimum amount of energy be available upon recharge of the card.	TasCOSS strongly supports the Regulator's proposal to formalise the guarantee that a proportion of the recharge amount be immediately available for energy consumption, not just debt repayment. TasCOSS contends that this is in the interest of both parties, as there is relatively little incentive for a consumer to repay debt on a PPM that does not allow them to safely and comfortably occupy their dwelling. A protracted period of disconnection (possible if no energy is provided from a recharge card) would render the dwelling uninhabitable.
Dealing with payment difficulties	3.5.2 (a) 3.5.2 (c)	The Panel is inclined to support a requirement that the Retailer identify a list or schedule of non-government agencies that may be able to provide relevant assistance in the circumstances contemplated by this clause, though the Panel would be interested to take comment in this regard. The drafting error in the repetition of the phrase 'at no cost to the customer', at end of clause 3.5.2 (a) (2) needs to be deleted.	TasCOSS supports the development of a list of government and non-government agencies that may be able to provide relevant assistance to consumers experiencing hardship. The existing Aurora Energy Hardship Policy provides for consumers to be referred to financial counsellors where hardship is (self) identified. TasCOSS recommends that Aurora compile, in consultation with TasCOSS and the Tasmanian Department of Health and Human Services, a list of agencies that receive funding support from either the Tasmanian or Commonwealth governments and which provide financial

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			<p>counselling and/or emergency relief services. This list should be reviewed at least every two years.</p> <p>We restate our concerns about the potential misuse of the concept of “referral” in this context (see response on clause 3.5.2 in relation to disconnection), and again recommend deletion of references to “referral”, retaining the reference to “provision of information”.</p>
Overcharging	3.8	No change to Code.	Supported.
Undercharging	3.9	Change to the Code in the detail of the wording as submitted. There appears to be a minor drafting error in clause 3.9.4. The words ‘on the amount’ rather than ‘of the amount’ would appear to be the appropriate reference.	Supported.
Glossary		<p>The definition of self-disconnection be clarified by reference to the definition used in the SA Code (‘self-disconnection means the interruption of supply because a prepayment meter has no emergency credit available’) and the repetition of self-disconnection be removed from the definitions.</p>	<p>While we do not oppose the proposed amendments to the Glossary, we voice our concern about the frequent use of the term “self-disconnection” in the context of consumers no longer being able to afford continued supply of power. We recognise that the meter “self-disconnects”, but assert that the consumer does not. There is no element of volition in the interruption in supply of this essential service, and we urge the Retailer and other parties to ensure that they do not inadvertently give the impression that disconnection is somehow the choice of the consumer.</p>

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