



**Submission to the Essential Services Commission of South Australia's Review of
Electricity Price Path**

Draft Inquiry Report and Draft Price Determination

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Dr Patrick Walsh
Chairperson
Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001
By email: escosa@escosa.sa.gov.au

Dear Dr Walsh

Please find attached the South Australian Council of Social Service's submission to the Draft Inquiry Report and the Draft Price Determination for the Essential Services Commission of South Australia's 2007 Review of Retail Electricity Price Path. If you require any further information about this submission, please don't hesitate to contact me on 8305 4222.

Kind Regards

A handwritten signature in black ink, appearing to read 'K Grogan', written in a cursive style.

Karen Grogan
EXECUTIVE DIRECTOR

Introduction

About SACOSS

The South Australian Council of Social Service (SACOSS) is the peak body for social and community service organizations in South Australia. Our membership which numbers in excess of three hundred members includes peak bodies in the community sector and other membership organizations. Our members offer such services as counselling, family support, emergency relief, emergency accommodation, advocacy, information and referral to people in crisis, people with disabilities, migrants and refugees, youth, aged, people on low incomes and those otherwise disadvantaged.

SACOSS welcomes the opportunity to comment on the Draft Inquiry Report and Draft Price Determination. Our involvement in previous price path determinations and the experience of our membership means that we know first hand the effects that electricity reform is having on the community sector. It is our view that competition in the electricity market in South Australia has not been an effective exercise and we continue to express concern on a number of high level committees and advocacy bodies on the opinions of the community sector and the need to remain mindful of the concerns of low income and disadvantaged South Australians in the energy market.

Comment on the Draft Inquiry Report and the Draft Price Determination

SACOSS believes that the Commission's decision to increase the price path determination paralleled with the Consumer Price Index (CPI) and network charge increases only is a positive step. We noted in our original submission that increasing electricity charges and pricing structures beyond a CPI increase was not warranted and are pleased to see that the Commission has considered that in their initial application of the draft price path. We note the Commission's calculation that standing contract price increases have a representative dollar value of approximately \$40 on the average annual bill from 1 January 2008. We note with concern however that standard wage increases are not going up in parallel with CPI and that an increase in the cost of electricity at the rate proposed by the Commission might present a significant issue for low income and vulnerable consumers who more than most can have difficulty making ends meet. We urge the Commission to consider how this increase will impact low income and disadvantaged consumers.

We note the Commission's comments in relation to vulnerable consumers in that the view of the Commission is that the standing contract or the price path are not the places to address vulnerability concerns. SACOSS is of the view that any event that it likely to impact on the ability of vulnerable and disadvantaged consumers to access their essential services requires appropriate consideration from the Commission. We are pleased to note the Commission has recognised that in market surveys and data sources that vulnerable consumers are more strongly represented within the group of consumers who use standing contracts and suggest that on the basis of this, that vulnerability be considered a core element of the price path determination and that the Commission consider the impacts of any form of price determination on the elements of vulnerability within the group of consumers who remain on the standing contracts.

We note the Commission's comments in relation to credit management of energy services:

The extent to which customers are unable to pay for energy services can be affected by the credit management policies of energy retailers. Access to energy can then be described as a customer's ability (and indeed willingness) to pay for energy usage. In some instances, a customer will need to negotiate an achievable installment payment plan with their retailer to prevent disconnection.

In establishing an installment plan, a retailer must, among other things make an assessment of a customer's usage needs and capacity to pay. It is the retailer's responsibility to monitor the customer's compliance with the plan and have in place fair and reasonable procedures to address payment difficulties in meeting the terms of the plan.

SACOSS is pleased to note that the Commission has considered the needs of vulnerable consumers in the price path determination and we indeed recognise the critical need for a consumer to take ownership of their energy bills. We note the Commission's willingness to recognise the need to balance consumer autonomy with business interest and the need to ensure fair and reasonable procedures to address payment difficulty.

We note the Commission's efforts and indeed those of retailers to make good hardship policies and working towards fairness and equity. While we feel successful inroads have been made so far, there is a need for the Commission to play a role in regulating a fair and reasonable price path for low income and disadvantaged consumers. We look forward to reading the final determination and contributing to the final stage of this important process.