



Tasmanian Council of Social Service Inc  
PO Box 1126, Sandy Bay, Tas 7006  
Phone: 03 6231 0755 Fax 03 6223 6136

Ray Chan  
Assistant Director – Codes, Licences and Compliance  
Office of the Tasmanian Economic Regulator  
[office@economicregulator.tas.org.au](mailto:office@economicregulator.tas.org.au)

24 March 2010

Dear Ray

The Tasmanian Council of Social Service (TasCOSS) welcomes the opportunity to comment on the proposed changes to the Tasmanian Electricity Code (the Code) detailed in the Tasmanian Economic Regulator's *Consultation Paper: Code Change Proposals*, March 2010.

We would like to comment specifically on two proposals and hope that our comments will be considered in the Code change process. These comments and our recommendations are detailed below.

**Proposal 2: Amending Clause 9A.4.3.5 to provide for an automatic annual review of the level of emergency credit in accordance with a predetermined method.**

TasCOSS fully supports the provision of an automatic review of the level of emergency credit provided by prepayment meters in order to maintain the value of emergency credit and its efficacy as a safety net. However, we have several concerns with the details of the proposal as outlined in the Consultation Paper.

Firstly, we are concerned with the Regulator's recent decision (2009) – and intention to codify that decision – to reset the amount of emergency credit to be equivalent to the average cost of **three days** electricity supply. The current Code specifies that *'the amount of emergency credit is maintained at a level equivalent to the average cost of **three to five days** electricity supply'* (Tasmanian Electricity Code, Chapter 9A.4.3.5, our emphasis). We believe that the proposed change to the number of days electricity supply to be provided by emergency credit has the potential to seriously disadvantage certain customers.

While we are unsure how the average cost is calculated, an average of three days electricity usage will be quite different for different households, depending on, among

other variables, the number of residents in each household and the season in which electricity is used. Given that the average household size in Tasmania is 2.4 people (ABS Census of Population & Housing, 2006), average usage over three days will not be adequate for larger households. Additionally average usage is higher in winter in Tasmania than it is in summer. We therefore suggest that to ensure sufficient emergency credit is provided for households of different sizes and for electricity use throughout the year, an amount is provided that is equivalent to the average cost of **five days** electricity supply.

The provision of credit for an average cost of five days supply would also cover situations where normal credit expires prior to a long weekend or extended holiday period when access to cash for re-charging a prepayment meter card may be difficult for some people to obtain.

We note that the emergency credit facility functions as a safety net to ensure that households are not immediately disconnected when their credit expires. It is critical that sufficient emergency credit is provided so that electricity supply is maintained while customers make arrangements to re-charge their cards.

We believe that an average cost of three days credit is insufficient and therefore recommend that this proposal be changed to provide an average cost of five days electricity supply.

Secondly, we are concerned that the proposed wording of 9A.4.3.5(b) does not convey the stated intention of the Code change proposal. The proposed additional clause does not state the frequency of the re-setting of the emergency credit level; that is, it appears to need a clause that specifies that the average cost must be recalculated **annually, at the time of a price change** as intended and detailed in the text accompanying the proposal.

Furthermore, the proposed new clause is unclear about the actual method to be used to calculate the average cost of electricity supply for the purpose of Clause 9A.4.3.5(a). The explanatory text states that the emergency credit level will be adjusted annually by a predetermined – and explicit – method. This proposed text does not make explicit the method to be employed, and we believe that it should.

We recommend that this clause – 9A.4.3.5(b) – be re-written to make explicit the methodology to be used to determine average usage in order to better accord with the stated intention of the Code change and to ensure maximum transparency.

**Proposal 3: Amending Clause 9.3(b)(9) and 9.7(a) to require Aurora (as the licensed retailer supplying to tariff customers) to promote all payment options to tariff customers.**

TasCOSS welcomes the listing on electricity accounts of all payment options available to customers and therefore supports the proposed amendments to 9.3(b)(9). However, we are concerned that **all** customers, and especially those who have chosen Aurora Pay As You Go (APAYG) as a payment method, need to be informed about the full range of payment options available to them, not only ‘tariff customers’.

It is our understanding that the term ‘tariff customers’ refers to those non-contestable customers receiving electricity supply under standard tariffs and it does not include prepayment meter (APAYG) customers. In Chapter 9A of the Code, ‘Retailing – Prepayment Meters’, the term used throughout is ‘customer’ while in Chapter 9, customers are referred to as ‘tariff customers’. This implies a difference in terminology.

The Regulator’s intention, as detailed in the text accompanying the proposed changes, is clearly that **all** new customers, including those intending to select the APAYG system, are provided with information about all of the payment options open to them.

In our reading of the proposal, Clause 9.7(a) does not apply to prepayment meter customers and we believe that it should, or that a similar clause should be inserted in Chapter 9A.

We recommend that the Clause 9.7 ‘Information to be provided on request’ be amended to ensure that all customers are included. This could be done by deleting the term ‘tariff’ before ‘customer’ so that prepayment meter customers may expect to be provided with the same information on request. Alternatively, a similar clause could be added to Chapter 9A to ensure that prepayment customers have the same right to request and receive information.

An additional issue is the question of how information on all payment methods is conveyed to prepayment meter customers since it is clearly the intention of the Regulator that all new customers are informed. The proposed amendments to the Code do not address this issue. We therefore recommend that the Code be amended to require Aurora Energy service staff to inform all new customers of all of the payment options available to them.

It might also be appropriate to consider an amendment to the Code that requires Aurora Energy to communicate directly, by letter, with their APAYG customers at least once each year. This communication could be required to be timed to inform APAYG customers of each price variation, their ability to move to the standard tariff within 28 days of the price variation without cost and of the full range of alternative payment options. The amendment could be made to Clause 9A.3.3(b).

Another concern we have with Clause 9.7 is the use of the word ‘or’ after 9.7(a)(2). While we are not experts in legal drafting, it seems that ‘or’ is a limiting term. We assume that the intent of the Clause is to allow customers to request advice on any or all of the issues listed (1) through (3), rather than one to the exclusion of others. We recommend that this be clarified in the final drafting process.

In summary we make the following recommendations:

1. In Proposal 2 that Clause 9A.4.3.5(a) be amended to read: ‘. . . the prepayment meter must provide an amount of emergency credit at a level equivalent to the average cost of five days’ electricity supply rounded to the nearest dollar.’

2. Also in Proposal 2, that Clause 9A.4.3.5(b) be re-written to make explicit the methodology to be used to determine average usage in order to better accord with the stated intention of the Code change and to ensure maximum transparency.
3. In Proposal 3 that the Clause 9.7 'Information to be provided on request' be amended to ensure that all customers are included. This could be done by deleting the term 'tariff' before 'customer' so that prepayment meter customers may expect to be provided with the same information on request. Alternatively, a similar clause could be added to Chapter 9A to ensure that prepayment customers have the same right to request and receive information.
4. That the Regulator also consider further amending the Code to require Aurora Energy to write directly to each APAYG customer at least once each year to inform APAYG customers of each price variation, their ability to move to the standard tariff within 28 days of the price variation without cost and of the full range of alternative payment options. The amendment could be made to Clause 9A.3.3(b).
5. Also in Proposal 3, that Clause 9.7(a)(1)-(3) be clarified to ensure that all customers can be provided on request with all or some of the information, listed in (1)-(3).

We hope that these comments and recommendations will be considered in your deliberations on this Code change process. If you have any questions or require further information about our recommendations, please contact Kath McLean at TasCOSS by phone: 6231 0755 or e-mail: [kath@tascoss.org.au](mailto:kath@tascoss.org.au) .

Yours sincerely



Tom Muller  
Chief Executive Officer  
Tasmanian Council of Social Service