

19 February 2016



Jacqueline Crawshaw
Manager, National Energy Policy
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NSW Department of Industry and Investment

By email: energy.submissions@industry.nsw.gov.au

Dear Ms Crawshaw

NSW Government proposal to streamline the NSW regulatory frameworks governing metering installations

The Public Interest Advocacy Centre (PIAC) thanks the NSW Government for the opportunity to comment on its proposal to streamline the NSW regulatory frameworks governing metering installations. PIAC supports the introduction of smart meters and believes that a consumer or market-led rollout is the most appropriate model for introducing smart meters in NSW. As such, PIAC supports the proposed regulatory changes and agrees that they are appropriate to address existing barriers to a market-led roll out of smart meters.

PIAC has previously emphasised that, in order to ensure an effective rollout, it is important that consumers be properly educated about smart meters and their potential benefits. The costs to consumers of a smart meter rollout must not be allowed to outweigh the benefits and exacerbate the struggle that low-income and vulnerable consumers face in remaining connected to this essential service. PIAC believes that a guiding policy principle for the smart meter rollout should be that low-income and vulnerable consumers must not be worse off as a result.

In this context, PIAC provides comment on the use of the remote disconnection and reconnection function of smart meters. Please note, in our submission we have replaced the term 'de-energisation' with 'disconnection'. The term disconnection is employed in energy laws, regulations, policies, contracts and bills to describe the withdrawal of energy due to non-payment or breach of contract terms and is commonly understood and accepted by customers across all jurisdictions. There is no such widespread familiarity with and comprehension of the term de-energisation.

Remote disconnection and reconnection services

The use of the remote disconnection function has the potential to remove an important final safety check available to customers faced with disconnection. Manual/on-site disconnection provides an opportunity for distribution businesses (acting on the instruction of retailers) to identify errors or health or safety concerns prior to disconnection. Remote disconnection permits disconnection of customers more easily and more cheaply than manual/on-site disconnection, thus reducing the likelihood that errors or health and safety concerns will be identified. The removal of the physical and financial disincentives may also make disconnection more likely.

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In light of the safety risks associated with disconnection and reconnection where there are life support arrangements in place or where electricians are undertaking planned work, PIAC agrees with the Consultation Paper that additional requirements should be placed on retailers.¹

The current practice in Victoria is for retailers to enter into an MOU with the safety regulator. The MOU requires retailers to develop a process and script before undertaking remote disconnection and reconnection services.

PIAC notes that consumer advocates in Victoria have begun to question whether remote disconnection is too easy for retailers, contributing to more disconnections than should be expected. PIAC understands that the intention of the MOU process was to use the most light-handed form of regulation possible to achieve the appropriate level of consumer protection. In light of the Victorian experience, it appears to PIAC that direct measures are more appropriate to ensure that customers are appropriately serviced and do not suffer detriment.

Accordingly, PIAC recommends that the NSW Government create a direct regulatory obligation on retailers in relation to the actions they must take when undertaking remote reconnection and disconnection services. PIAC believes that this approach appropriately addresses the safety risks and is the approach that will best ensure an adequate and consistent standard of practice. PIAC is of the view that the regulatory burden involved in both developing and monitoring compliance with a single set of standards is less than that of developing and monitoring a range of individual standards and processes.

In terms of what the direct obligation may include, we draw the NSW Government's attention to the New Zealand jurisdiction, where there is an obligation on retailers in the form of a Guideline that deals specifically with vulnerable groups. The New Zealand Electricity Authority is responsible for monitoring compliance with guidelines around arrangements to assist medically dependent and vulnerable consumers. The *Guideline on arrangements to assist medically dependent consumers*² is particularly relevant, and articulates the Electricity Authority's expectations of electricity retailers in respect of medically dependent consumers (MDCs). It represents a minimum standard that the Authority expects retailers to meet. However, retailers may choose to design alternative methods for assisting MDCs, so long as retailers meet or exceed the minimum standards.

The requirements include:

- Regular communication to all consumers on their payment options
- Arranging debt recovery in a time-frame that avoids an adverse credit situation for the retailer and minimises hardship for the consumer
- Ensuring consumers enter into the most appropriate contracts for their needs
- Providing consumers the opportunity to identify themselves as potentially vulnerable
- Consulting, with the consumer's consent, with Work and Income to assist vulnerable consumers unable to pay
- A visit to the consumer's home before the final disconnection takes place.

The requirements address the particular risks faced by vulnerable groups of consumers by requiring extra steps to be taken in relation to those consumers, including extra steps to be taken prior to disconnection. These are the types of steps that PIAC considers relevant and

¹ NSW Department of Industry, *Smart meters: Removing regulatory barriers and maintaining consumer safety for a market-led roll out of smart meters in New South Wales*, January 2016, p 5.

² New Zealand Electricity Authority, *Guideline on arrangements to assist medically dependent consumers*, November 2010, available online at: <http://www.ea.govt.nz/operations/retail/retailers/retailer-obligations/medically-dependant-and-vulnerable-customers/>

appropriate in relation to remote disconnection, and urges the NSW Government to take into consideration in framing a direct obligation.

If the Government determines that greater flexibility is needed, and wants to allow scope for the development of individualised processes, PIAC recommends that the Government facilitate this through an exemption framework. Such a framework would allow retailers to be exempt from the set obligation if they are able to meet a high threshold based on clear criteria. If this option is to be taken up, PIAC recommends that the Government undertake research and consultation on what the criteria should be. A direct obligation would ensure consistency and accountability, and the exemptions with their high threshold would add flexibility where it is deemed necessary.

Once again, PIAC thanks the NSW Government for the opportunity to provide comment on its proposal to streamline the NSW regulatory frameworks governing metering installations. If you would like to discuss PIAC's submission further, please contact Tina Jelenic, Senior Policy Officer, Energy + Water Consumers' Advocacy Program, on (02) 8898 6522 or by email at tjelenic@piac.asn.au.

Yours sincerely



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