



7 August 2017

Ms Sarah Woenne
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Public Utilities Office, Department of Treasury
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By email: PUOsubmissions@treasury.wa.gov.au

Dear Sarah

2017 Review of the Energy Customer Contract Regulations

Please find attached a submission from Alinta Sales Pty Ltd (**Alinta Energy**) concerning the *Review of Energy Customer Contract Regulations – Issues Paper* prepared by the Department of Treasury – Public Utilities Office.

If you have any questions concerning this submission please contact me.

Yours sincerely

Catherine Rousch
Manager Regulatory Compliance
Alinta Energy



Review of Energy Customer Contract Regulations – Issues Paper

Alinta Energy Submission

7 August 2017

Introduction

Alinta Sales Pty Ltd (**Alinta Energy**) is pleased to provide comment on the *Review of Energy Customer Contract Regulations – Issues Paper (Issues Paper)* prepared by the Department of Treasury – Public Utilities Office (**PUO**).

Alinta Energy is Western Australia's largest gas retailer and also supplies electricity to customers consuming over 50 MWh per annum. It is a condition of both Alinta Energy's Gas Trading Licence and Electricity Retail Licence that it complies with any applicable legislation.

Alinta Energy has been actively involved in the regular reviews of the *Compendium of Gas Customer Licence Obligations (Compendium)* and the *Gas Marketing Code of Conduct (Gas Marketing Code)*, collectively referred to as the Gas Customer Code, as well as the *Code of Conduct for the Supply of Electricity to Small Use Customers (Electricity Customer Code)*.

The *Australian Gas Association Natural Gas Customer Service Code AG 755-1998 (AGA Code)* is generally viewed by industry as being defunct and unusable. The Compendium, due to its regular review and stakeholder input, is considered to be of far more relevance.

Alinta Energy therefore supports:

- Removal of references to the AGA Code from the *Energy Coordination (Customer Contracts) Regulations 2004 (Gas Regulations)*;
- Retention of customer contract obligations in the Gas Regulations, with customer protection obligations addressed by the Compendium;
- Alignment of the Gas Regulations, to the greatest extent possible, with the *Electricity Industry (Customer Contracts) Regulations 2005 (Electricity Regulations)*. This will assist dual fuel retailers comply with the obligations pertaining to the retailing of both gas and electricity; and
- Removal of any references in both the Gas Regulations and the Electricity Regulations to marketing conduct provisions that are now regulated by the Australian Consumer Law (**ACL**).

Alinta Energy provides comments on the specific questions raised in the Issues Paper below.

Question 1

Is there any reason why the existing protections regarding disconnection for emergencies would not be sufficient to also cover disconnection for health and safety reasons?

Alinta Energy supports the PUO's recommendation that the reference in the Gas Regulations to the AGA Code concerning disconnection for health and safety reasons be deleted. Disconnection for health and safety reasons is sufficiently covered under disconnection for emergencies in clause 7.5 of the Compendium.

Question 2

Should the requirement for distributors to use best endeavours to minimise interruptions and restore supply as soon as practicable be retained within the regulatory framework?

Alinta Energy supports the removal of this reference in the Gas Regulations; planned maintenance is conducted by the distributor and not the retailer and therefore this reference is not suitable for inclusion in customer contract regulations.

Questions 3 & 4

Does there need to be provision in the regulatory framework to allow gas retailers to disconnect customers for refusing to pay a security deposit, provided the retailer has given the customer written notice of its intention to disconnect?

Do there need to be customer protections in the gas regulatory framework regarding when a retailer may use a customer's security deposit to offset an amount owed, and the return of the balance of the security deposit to the customer?

Alinta Energy supports the recommendation to remove references to clauses 5.1.7 and 4.4.6 of the AGA Code from the Gas Regulations and be replaced with equivalent provisions. To assist dual fuel retailers manage security deposits, Alinta Energy would encourage replication (where possible) of the equivalent clauses in the Electricity Regulations.

The ability for gas retailers to collect security deposits and disconnect customers for refusing to pay a security deposit is becoming more important with the recent growth in retail market competition in Western Australia and the increased propensity for customers to transfer from one retailer to another, leaving a succession of debt.

Question 5

It is proposed that a requirement for gas distributors to make supply available at new connections within 20 business days will be retained within the regulatory framework. What conditions should this requirement be subject to?

Alinta Energy supports the PUO's recommendation to remove the reference to clause 3.1.3 of the AGA Code from the Gas Regulations and insert new requirements into the Compendium or gas distribution licences as determined appropriate by the Economic Regulation Authority (ERA).

Alinta Energy notes that it is generally in the distributor's best interests to connect a customer as soon as possible.

Question 6

Does the Energy Operators (Powers) Act 1979 provide sufficient customer protections regarding (a) a retailer and/or distributor giving notice prior to accessing the supply address; and (b) the retailer and/or distributor's representative carrying identification when seeking access to a customer's supply address?

Alinta Energy supports the PUO's recommendation to remove the reference to clause 3.5.2 of the AGA Code from the Gas Regulations and insert access notification and identification requirements into the Compendium or gas distribution licences, as determined appropriate by the ERA.

Questions 7 & 8

Should any part of regulation 27 of the Gas Regulations be retained, given that the Australian Consumer Law contains more comprehensive protections regarding unsolicited consumer agreements?

Are there any other regulations within the Gas Regulations that create undue regulatory burden for retailers by duplicating or overlapping with requirements under the Australian Consumer Law?

The ACL contains comprehensive protection for customers concerning unsolicited consumer agreements, including those negotiated by door-to-door trading or by telephone. It does not discriminate between standard form contracts and non-standard contracts.

Alinta Energy therefore agrees with the PUO's recommendation to delete regulation 27 of the Gas Regulations, which is specific to gas standard form contracts entered into as a result of door-to-door trading only, as these would be covered by the ACL.

Alinta Energy would encourage a review of regulation 40, which concerns cooling off for gas non-standard contracts, to ensure there is no over-lap with the ACL.

Questions 9 & 10

Should any part of regulation 22 of the Electricity Regulations be retained, given that the Australian Consumer Law contains more comprehensive protections regarding unsolicited consumer agreements?

Are there any other regulations within the Electricity Regulations that create undue regulatory burden for retailers by duplicating or overlapping with requirements under the Australian Consumer Law?

Alinta Energy agrees with the PUO's recommendation to delete regulation 22 of the Electricity Regulations, which is specific to electricity standard form contracts entered into as a result of door-to-door trading only. Similarly to the above comments concerning regulation 27 of the Gas Regulations, these contracts would be covered by the ACL.

Similar to support for a review of regulation 40 of the Gas Regulations, Alinta Energy would advise a review of regulation 32 of the Electricity Regulations, which concerns cooling off for electricity non-standard contracts.

Question 11

Are there any further amendments to either the Gas Regulations or the Electricity Regulations that should be considered by the Public Utilities Office?

Alinta Energy would urge the PUO to consider a review of regulation 14 of the Gas Regulations concerning the components of the supply charge to a customer.

Specifically, regulation 14(2)(c) contemplates a supply charge that includes a fixed component and a usage component related to the quantity of gas consumed by the customer.

This inflexible structure restricts gas retailers developing and offering a wider range of retail products to customers. Given the recent entry of new retailers in the Western Australian gas market, it is an opportune time to review this stringent requirement.