



8 August 2017

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Dear Ms Woenne

Review of Energy Customer Contract Regulations - Issues Paper

Origin Energy (Origin) appreciates the opportunity to comment on the Public Utilities Office Review of *Energy Customer Contract Regulations*. This review is timely given new energy retailers are entering the Western Australian energy market and developing contracts to comply with the relevant legislative and regulatory requirements in this State.

Overall, Origin supports the Public Utilities Office proposed approach to consolidate Western Australian specific electricity and natural gas provisions to the extent feasible to remove redundant requirements, ensure consistency in terminology and thus reduce ambiguities in the application of the legislation. In particular, Origin supports the Office's proposal to remove all references to the *Australian Gas Association Natural Gas Customer Service Code 755-1998* (the AGA Code). Many of the AGA Code requirements are outdated or conflict with requirements contained within the Gas Regulations and the Compendium of Gas Customer Licence Obligations (Compendium).

In the review of the legislative energy framework, Origin would encourage the Public Utilities Office to closely review and align (where possible) the Western Australian electricity and natural gas requirements with the uniform set of rules and requirements that have been implemented on a national level through the National Energy Consumer Framework (NECF). The NECF has delivered efficiency benefits and reduced regulatory burden through the implementation of nationally consistent energy laws and regulations. Many retailers operate across all jurisdictions and the single set of rules has resulted in increased competition and customers being offered additional price and service benefits.

Origin recognises that a move to the national framework will be a policy shift on a number of consumer protection items and that a stepped approach to achieving national consistency may be required. Origin believes that this review could be the first step in moving towards this framework.

Legislative and Regulatory Framework

The Western Australian regulatory and legislative energy framework is a complex one. In particular, there are approximately 15 different laws, regulations, codes and guidelines that need to be reviewed and complied with in order to supply natural gas to small customers. Origin understands the complexities have evolved over time with the addition of Codes, Guidelines and Compendiums without the necessary amendments to key legislative instruments or the removal of redundant Codes. This has resulted in similar regulatory provisions in Regulations and Codes with uncertainties arising over the policy intent of the requirement.

Origin thus supports a detailed review of the all the provisions to ensure that supply requirements are appropriately allocated to the most appropriate regulatory instrument and only necessary

regulations are included. Origin believes retailer supply obligations need to be clear and need to be found in a single regulatory instrument. As a general principle, Origin believes that:

- **Acts** should include the high level framework for the operation of the electricity and natural gas market. Provisions within Act can only be amended by Parliament which can be a lengthy process;
- **Regulations** should ‘flesh out’ the basic parameters of the regulatory framework, but not include specific supply details;
- **Licences** should confer an authority to undertake a licence activity and should specify the basic parameters of operating in the market (ie the supply area, terms of the licence such how the licence can be amended, surrendered and relevant fees); and
- **Codes, Guidelines and Compendiums** should contain the detailed and technical requirements with which customers are supplied and the manner in which retailers and distributors operate. The detail should be included in these instruments as requirements can be changed by agreement with the Regulator and relevant parties.

Further, Origin encourages consistency in the terminology adopted across the natural gas and electricity legal and regulatory instruments. Consistent language and terminology will improve regulatory certainty and reduce ambiguities with the application of the requirements.

Detailed Provisions raised in the Issues Paper

Generally, Origin supports the positions proposed by the Office on the specific provisions raised within the Paper on issues related to the AGA Code, notices of tariff variation and obligation to supply. Origin has however some specific comments in relation to the security deposit issues raised in the Issues Paper. These comments are set out below.

Request and Return of a Security Deposit

It is noted that the regulatory framework does not include any provisions that allow a retailer to request a security deposit from a natural gas customer. However, the AGA Code provides details of how a security deposit can be used and when a customer can be disconnected for not adhering to a request for a security deposit.

Origin believes that there should be a high level provision in the Compendium that allows a retailer to request a security deposit in certain circumstances. These circumstances are if the customer refuses to supply acceptable identification, has an unsatisfactory credit history or fraudulently used energy in the previous two years. Origin suggests that the Public Utilities Office review sections 40-43 of the *National Energy Retail Rules* to determine the requirements.

The Compendium could also include a provision requiring that a retailer returns the security deposit after the customer satisfies certain requirements such as:

1. completes 1 year’s payment (in the case of a residential customer) or 2 years’ payment (in the case of a business customer) by the pay-by dates for the retailer’s bills; or
2. vacates the relevant premises, requests de-energisation of the premises or transfers to another retailer.

These provisions align with s44 of the *National Energy Retail Rules*.

Use of Security Deposit

Clause 4.4.6 of the AGA Code states that a retailer is required to provide notice to a customer if a held security deposit is used to pay any residual amount of a bill. The Public Utilities Office proposes to delete the AGA Code and to not duplicate this requirement in any other instrument.

It is Origin's view that if there is a means to collect security deposits in the Compendium, then there should be customer protections on how the security deposit is used by a retailer. The provisions could align with the national consumer framework requirements.

Disconnection for refusal to pay refundable advance

Clause 5.1.7 of the AGA Code permits a retailer to disconnect a customer where the customer refuses to pay a security deposit or provide a bank guarantee. With the removal of the AGA Code, the Office proposes that this provision will not be replaced in the Compendium.

Origin supports this provision being retained as a means to which a retailer is able to disconnect a customer. If a retailer is able to request a security deposit, there needs to be a means by which a retailer can follow up on this request if a customer does not provide a security deposit.

Other Proposed Amendments to the Gas Regulations

Origin has recently reviewed the Natural Gas Regulatory framework to obtain a retail trading licence in Western Australia. Below are some proposed amendments to the regulatory framework that Origin would like the Office to consider:

| Obligation Summary | Reference | Origin's comment | Origin's proposal |
|---|---|---|--|
| Notice to Minister A retailer must notify the Minister at least 1 month before a change to any price, price structure, fee or interest rate under the Standing contract has come into effect | Trading Licence Schedule 3 - 4.1 | The Standard tariff notification requirements across all other jurisdictions is 10 business days. | To amend the notice period to 10 business days instead of 1 month. |
| Compliance with Service Standards A customer contract must comply with service standards set out in Part 5. Which includes providing a copy of the charter, regulations, the code or billing data on request. | S24 Energy Coordination (Customer Contracts) Regulations 2004 | In 2010, the Regulator removed the requirement to develop a service charter (notice on ERWA website). However, the requirement has yet to be removed from the Regulations. https://www.erawa.com.au/gas/gas-licensing/document-archive/customer-service-charters | Amend Regulations to reflect this policy. |
| Customer to be provided with copy of customer service charter A retail supplier must, if requested to do so, provide a customer with a copy of its customer service charter free of charge within 2 business days after receiving the request. | S45 Energy Coordination (Customer Contracts) Regulations 2004 | In 2010, the Regulator removed the requirement to develop a service charter (notice on ERWA website). However, the requirement has yet to be removed from the Regulations. https://www.erawa.com.au/gas/gas-licensing/document-archive/customer-service-charters | Amend Regulations to reflect this policy. |
| Calculation of amounts (1) In calculating an amount under Schedule 1, an amount calculated by reference to a rate expressed in cents per unit or cents per day is to be rounded to the nearest one hundredth of one cent except if it falls halfway between 2 consecutive | cl. 7 Energy Coordination (Gas Tariffs) Regulations 2000 | With the withdrawal of the copper coins (ie 1&2 cents) in 1990, the Price Surveillance Authority, now part of the Australian Competition and Consumer Commission (ACCC), released guidelines to help businesses in understanding the payment rules when consumers made payments via cash transactions | Origin seeks that the wording be removed from the Regulations and the industry relies on the general ACCC requirements. This would align the application of rounding across all industries |

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|---|---|--|--|
| <p>one hundredths of one cent, in which case it is to be rounded to the nearest even one hundredth of one cent.</p> <p>(2) In calculating a charge for the supply of gas, an amount that is not a whole number multiple of 5 cents is to be rounded to the nearest whole number multiple of 5 cents except if it falls halfway between 2 consecutive whole number multiples of 5 cents, in which case it is to be rounded to the nearest even whole number multiple of 5 cents.</p> | | <p>versus other payment methods (ie direct debit, credit card or cheque)¹.</p> <p>The guidelines stated that businesses were required to round <u>cash</u> transactions to the nearest 5 or 10 cents (depending on the amount)². However, where a consumer elected to pay by EFTPOS, credit card, cheque or other such methods it was unnecessary for businesses to round total payments as the consumer is able to pay the exact amount³.</p> <p>Origin issues invoices to consumers for the exact amount. The business also does not round amounts when consumers pay by non-cash methods.</p> <p>It is understood that all industries across Australia have also accepted and are following these guidelines. For example, if payments are made for telecommunication services or goods are purchased from a supermarket - the cash payments are rounded to the nearest 5 or 10 cent, but exact amounts are debited if a payment is made by credit card or BPay.</p> | and reduce customer confusion over the requirements. |
| <p>Standards of Conduct A retailer or gas marketing agent must ensure that the inclusion of concessions is made clear to residential customers and any prices that exclude concessions are disclosed.</p> | cl.2.4 - Gas Marketing code of conduct 2015 | This is a specific natural gas requirement. However, retailer concessions are administered through Synergy and Horizon Energy via an "Energy Concession" applied to the electricity bill. Therefore it is not applicable to include concessions in the disclosure of gas prices. | Remove the requirement or make it clear that it only applies when a concession is applicable to gas customers. |
| <p>Particulars on each bill (h) with respect to a residential customer, a statement that the residential customer may be eligible to receive concessions and how the residential customer may find out its eligibility for those concessions;</p> | cl.4.5 - Compendium of Gas Customer Licence Obligations | Please see above. Energy concessions are administered through Synergy and Horizon Energy. The main concession is the "Energy Assistance Payment" currently applied to the electricity bill only. This should not be a requirement on gas retailers. | Remove the requirement or make it clear that it only applies when a concession is applicable to gas customers. |
| <p>Minimum payment methods* Unless otherwise agreed with a customer, a retailer must offer the customer at least the following payment methods— (a) in person at 1 or more payment outlets located within the Local Government</p> | cl.5.2 - Compendium of Gas Customer Licence Obligations | S32 of the national energy retail rules requires that a retailer must accept payment from a customer in person. It does not stipulate the location of the 'in person' payment as businesses largely use Australia Post Offices for payment. Origin does not believe that the wording of | Remove the wording "at 1 or more payment outlets located within the Local Government District of the customer's supply address". |

¹ Australian Competition and Consumer Commission, "Rounding and EFTPOS Transactions", 11th December 2000.

² Ibid.

³ Ibid

| Obligation Summary | Reference | Origin's comment | Origin's proposal |
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| District of the customer's supply address; (b) by mail; (c) for residential customers, by Centrepay; (d) electronically by means of BPay or credit card; and (e) by telephone by means of credit card or debit card. | | the payment location within a local government district is required. | |
| Meter Reads To comply with the requirement to read the meter at the customer's supply address at least once in every 12 months, the supplier may, at its discretion, accept a customer's reading as its own reading. The supplier shall not make any adjustment to the bill for the billing cycle based upon this customer reading where the supplier subsequently reads the meter and finds an error in the customer's favour. | cl.4.2.4.2 - Natural Gas Customer Service Code | If a retailer accepts a customer's own read of the meter, they must not adjust the bill in their favour if they subsequently get an actual read and discover the customer own read was incorrect (in favour of the customer). This does not reflect the operation of the market in any other jurisdiction in Australia. Origin believes that the process should allow the retailer to adjust to the actual read (even if it is not in the customers favour). Retailers cannot authenticate a customer's own read. | Adjust the Code to allow a retailer to adjust the bill based on an actual read. |
| Disconnection Sets out the circumstances of when a supply address can be disconnected and limitations on disconnection. | Part 7 - Compendium of Gas Customer Licence Obligations | The gas regulatory framework allows for the disconnection of a supply address for non-payment of a bill, illegal use etc. There are no specific provisions that allow a retailer to disconnect a supply address if a move in customer or carry-over customers does not contact a retailer. Origin's experience is that customer's move into a supply address and often take supply without contacting a retailer with details for billing purposes. | Include a provision in the Compendium that allows a retailer to arrange for the disconnection of a supply address if a move-in customer or carry-over customer refuses or fails to comply with the application requirements. Origin acknowledges that the disconnection process would need to be followed in this circumstance. |

Closing

Origin would welcome the opportunity to work further with the Office of Public Utilities to streamline and harmonise the Western Australian legislative and regulatory framework to develop a consumer protection framework that provides the greatest benefits to both consumers and industry.

Should you have any questions or wish to discuss this information further, please contact Caroline Brumby.

Yours sincerely

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