

Government of Western Australia Department of Finance Public Utilities Office

Review of the *Electricity Industry (Metering) Code* 2012 Life Support Equipment Provisions

Further Consultation Report

Department of Finance | Public Utilities Office July 2016



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Abbreviations

Term	Definition		
Act	Electricity Industry Act 2004		
AER	Australian Energy Regulator		
Caravan Park Order	Electricity Industry (Caravan Park Operators) Exemption Order 2005		
Draft Report	Draft Recommendations Report		
Exemption Order	Electricity Industry Exemption Order 2005		
Further Report	Further Consultation Report		
Metering Code 2005	Electricity Industry (Metering) Code 2005		
Metering Code 2012	Electricity Industry (Metering) Code 2012		
Minister	Minister for Energy		
NEM	National Electricity Market		
Public Utilities Office	Department of Finance, Public Utilities Office		
Small Use Customer Code	Code of Conduct for the Supply of Electricity to Small Use Customers 2014		
SWIS	South West Interconnected System		

1. Introduction

1.1 Purpose

The Department of Finance, Public Utilities Office (**Public Utilities Office**) is conducting a review of the *Electricity Industry (Metering) Code 2012* (**Metering Code 2012**) provisions relating to persons with life support equipment¹ in electricity on-selling arrangements.

The Public Utilities Office published a Draft Recommendations Report (**Draft Report**) on 1 May 2015 for public comment on proposed amendments to the life support equipment provisions in the Metering Code 2012.

The Draft Report recommended:

- clause 5.19(2)(c) of the Metering Code 2012 should be amended to remove the requirement for licensed retailers to collect and maintain information about persons with life support equipment in electricity on-selling arrangements; and
- conditions should be attached to the residential on-selling licence exemptions in the Electricity Industry Exemption Order 2005 (Exemption Order) and Electricity Industry (Caravan Park Operators) Exemption Order 2005 (Caravan Park Order) to require electricity on-sellers and caravan park operators to collect this information and pass on planned outage notifications to residents of their premises using life support equipment.

A majority of the submissions² on the Draft Report supported the recommendations. However, several submissions suggested that additional consumer protection conditions should be added to the licence exemptions (in addition to those recommended in the Draft Report), to ensure persons with life support equipment in on-selling arrangements receive suitable protection.

This Further Consultation Report (**Further Report**) examines the additional conditions suggested by industry, makes a draft recommendation on whether each condition should be adopted and seeks stakeholder views on the recommendations.

When the consultation on this Further Report is complete, the Public Utilities Office will publish a Final Recommendations Report, including final recommendations on the matters covered in the Draft and Further Reports.

The work program has been revised as detailed below.

¹ 'Life support equipment' is defined in the *Code of Conduct for the Supply of Electricity to Small Use Customers* as 'the equipment designated under the Life Support Equipment Subsidy Scheme'. Further information on the Scheme can be found on the Office of State Revenue website:

http://www.finance.wa.gov.au/cms/State_Revenue/Other_Schemes/Life_Support_Equipment_Energy_Subsidy.aspx.

² The submissions are available on the Department of Finance website: <u>https://www.finance.wa.gov.au/cms/Public_Utilities_Office/Energy_Initiatives/Review_of_the_Electricity_Industry_(Metering)_Code_2012_Life_Support_Equipment_Provisions.aspx</u>

Work program timetable

Activity	Date
Publish Draft Recommendations Report	May 2015
Review submissions on Draft Recommendations Report	July 2015
Publish a Further Consultation Report	July 2016
Review submissions on Further Consultation Report	August 2016
Publish Final Recommendations Report	September/October 2016
Seek Ministerial approval to amend the Metering Code 2012, Exemption Order and Caravan Park Order (if required)	September/October 2016

1.2 Review objectives

The review will determine whether amendments to the Metering Code 2012 are required to more efficiently protect residents on life support equipment who are supplied with electricity through on-selling arrangements.

The review will also assess residential on-selling licence exemptions in the Exemption Order and Caravan Park Order to determine if conditions should be attached to the licence exemptions requiring on-sellers to carry out prescribed activities in relation to residents who rely on life support equipment, such as passing on planned outage notifications.

1.3 Review scope

To meet the review objectives, the Public Utilities Office is undertaking the following steps.

- Identify possible amendments to the Metering Code 2012, Exemption Order and Caravan Park Order to ensure these instruments:
 - facilitate regulatory efficiency; and
 - provide suitable protection to residents with life support equipment in on-selling arrangements.
- Consult with stakeholders on the proposed amendments.
- Seek approval from the Minister for Energy (**Minister**) to arrange drafting of the recommended amendments to the Metering Code 2012, Exemption Order and Caravan Park Order, if required.

1.4 Invitation for submissions

The Public Utilities Office invites submissions on the recommendations outlined in Part 3 of this Report by **5.00 pm (WST)**, **1 August 2016**. Electronic submissions are preferred and should be emailed to: <u>PUOSubmissions@finance.wa.gov.au</u>.

Alternatively, printed submissions may be posted to:

Mr Alex Kroon A/Project Leader Markets and Regulation Division Public Utilities Office, Department of Finance Locked Bag 11 Cloisters Square WA 6850

Submissions should address the specific recommendations outlined in this Report.

Please indicate on the covering page of your submission if you wish part or all of your submission to be treated as confidential. Unless otherwise requested, submissions will be made available at www.finance.wa.gov.au/publicutilitiesoffice.

Requests for information relating to the review will be treated in accordance with the *Freedom* of *Information Act 1992* (WA) and Department of Finance processes (please see <u>http://www.finance.wa.gov.au</u> for further information).

Information on this Further Report, or the review process, can be obtained from:

- Alex Kroon, A/Project Leader, Public Utilities Office on (08) 6551 4686 or at <u>alexander.kroon@finance.wa.gov.au</u>.
- Anthony O'Connell, A/Policy & Research Officer, Public Utilities Office on (08) 6551 1132 or at <u>anthony.o'connell@finance.wa.gov.au</u>.

2. Current regulatory framework

2.1 Residential on-selling

In residential on-selling arrangements, it is common for on-sellers to purchase electricity from a licensed retailer at a master meter and on-sell the electricity under a licence exemption to consumers. These consumers sit behind the master meter and are supplied through sub-meters that are in an embedded network controlled by the on-seller. Electricity on-selling typically occurs in caravan parks, retirement villages and strata title arrangements.

It is important to have safeguards to ensure persons who rely on life support equipment that are supplied electricity through on-selling arrangements receive suitable protection, including being informed of planned electricity outages.

2.2 Metering Code and life support equipment

2.2.1 Metering Code

The Metering Code 2012 was established by the Minister under section 39 of the *Electricity Industry Act 2004* (Act).

In accordance with section 39 of the Act, the Metering Code 2012 sets out the rights, obligations and responsibilities of Code participants with respect to the measurement of electricity and the provision of metering services.

The Metering Code 2012 applies to electricity generators, network operators and retailers, in line with the terms of their operating licences. The Economic Regulation Authority grants these licences and enforces compliance with the Code obligations.

Following the review undertaken by the former Office of Energy between 2010 and 2012, the *Electricity Industry Metering Code 2005* (**Metering Code 2005**) was repealed and replaced by the Metering Code 2012. The Metering Code 2012 is, in effect, an amended version of the Metering Code 2005.³

2.2.2 Life support equipment

Before it was repealed, clause 5.19(2) of the Metering Code 2005 required electricity retailers to collect and maintain certain information relating to their direct customers (that is, only those customers with a direct billing relationship with the retailer). This information included customer contact details and whether there is a person requiring life support equipment residing within the premises.⁴ A retailer did not have to collect and maintain this information for persons living in residential on-selling arrangements.

³ Full details of the Metering Code 2005 review, including all published documents, can be found on the Department of Finance website at:

http://www.finance.wa.gov.au/cms/Public_Utilities_Office/Energy_Initiatives/Electricity_Industry_Metering_Code_Review.aspx

Clause 5.19(2)(c) of the current Metering Code 2012 includes a more expansive requirement for electricity retailers to collect and maintain the street address and phone number of any person at a site requiring life support equipment, which it supplies either directly or indirectly. The effect of this provision is that electricity retailers are required to collect and maintain information from customers with whom they do not have a direct billing relationship, including customers in residential on-selling arrangements.

Western Power has advised the Public Utilities Office that it has about 2,700 persons on its life support equipment register, with a majority being supplied directly from the South West Interconnected System (**SWIS**).

Western Power has identified 80 on-selling sites where a person with life support equipment resides within the SWIS, including 10 sites that have multiple persons with life support equipment. Based on this information, it is estimated that there are around 100 persons with life support equipment in the SWIS who are being provided with electricity through on-selling arrangements.

Western Power and Synergy have advised the Public Utilities Office that it will collectively cost them about \$1.4 million to upgrade their data systems and communication rules⁵ to comply with the Metering Code's life support equipment obligations relating to on-selling arrangements. Other licensed retailers operating in the SWIS may also incur similar system upgrade expenses to comply with these requirements.

As licensed electricity retailers have no direct billing relationship with residents in on-selling arrangements, it is difficult and costly for them to obtain information about persons requiring life support equipment subject to these arrangements.

The Public Utilities Office is assessing whether the customer protection measures afforded to persons with life support equipment in on-selling arrangements can be achieved in a more cost effective manner, particularly given that there are only around 100 people in this situation in the SWIS.

⁵ Network operator communication rules set out the file formats, protocols and system designs for the transfer of customer supply address data (standing data) and meter data between a network operator and retailer.

3. Recommendations for comment

In their submissions on the Draft Report, industry stakeholders suggested additional conditions should be added to the licence exemptions to ensure life support residents in on-selling arrangements are afforded a suitable level of protection.

The purpose of this section is to examine these additional conditions, which were not addressed in the Draft Report; make a draft recommendation on whether these conditions should be adopted; and seek stakeholder feedback on the merits of adopting the conditions.

3.1 Additional licence exemption conditions

3.1.1 Notifying retailer of residents with life support equipment

Under this licence exemption condition, an on-seller will be required to notify its electricity retailer that a person residing at the supply address requires / no longer requires life support equipment. This provision will be similar to condition 16 of the Australia Energy Regulator's (**AER**) equivalent licence exemptions that operate in the National Electricity Market (**NEM**).⁶

Western Power proposed this condition in its submission on the Draft Report because clause 7.7(4)(b) of the *Code of Conduct for the Supply of Electricity to Small Use Customers 2014* (**Small Use Customer Code**) requires a 'distributor'⁷ to give customers on their network (on-sellers in this case), who have registered persons living on their premises relying on life support equipment, at least three business days' notice of a planned outage⁸ and use best endeavours to ensure that the customer receives the notice.⁹

Including this condition will ensure that the on-seller's supply address is registered by the retailer and distributor as having a life support equipment resident and the on-seller will receive the distributor's planned outage notifications within the timeframes required by the Small Use Customer Code.

In order for the retailer to register the customer's supply address as a life support equipment address under clause 7.7(1) of the Small Use Customer Code, the condition will require the customer (the on-seller) to provide the retailer with the certification from an appropriately qualified medical practitioner that the resident requires life support equipment.¹⁰

This condition will give persons with life support equipment in on-selling arrangements similar protection to direct customers of licensed retailers (providing the on-seller notifies the person with life support equipment of the planned outage, once they have received the notification from the distributor).

⁶ AER (Retail) Exempt Selling Guideline, Version 4, March 2016.

⁷ Under the Small Use Customer Code, a 'distributor' is the holder of a distribution licence, such as Western Power or Horizon Power.

⁸ An outage is also known as an 'interruption'. The Small Use Customer Code defines 'interruption' as: "...the temporary unavailability of supply from the distribution network to a customer, but does not include disconnection..."

⁹ The Small Use Customer Code applies only to customers who consume less than 160 megawatt hours of electricity per year.

¹⁰ Under clause 7.7(1) of the Small Use Customer Code, a retailer must register the customer's supply address as a life support equipment address if the customer provides confirmation from an appropriately qualified medical practitioner that a person residing at the supply address requires life support equipment.

This proposal is supported by the Public Utilities Office. Passing on the life support equipment resident's medical certification to the retailer (and notifying the retailer if the resident with life support equipment vacates the customer's supply address, or no longer requires life support equipment) is not considered an onerous undertaking for on-sellers.

The benefits of the proposed licence exemption condition in the Draft Report to require on-sellers to provide planned outage notifications to residents with life support equipment will also be reduced if the distributor does not know that a person with life support equipment resides at the supply address. It is important that the retailer is notified that a person with life support equipment is residing at the supply address, so the retailer can notify the distributor accordingly (which it is required to do by the Small Use Customer Code).

3.1.2 Consent to pass on life support information to retailer

While it was not raised in stakeholder submissions, the Public Utilities Office has identified an additional licence exemption condition that may be required, in light of the condition proposed in section 3.1.1.

The additional licence exemption condition is a requirement for on-sellers to obtain the consent of the person with life support equipment to allow the on-seller to pass on the person's life support details to the electricity retailer.

As mentioned earlier, under clause 7.7(1) of the Small Use Customer Code, if a customer (the on-seller) provides a retailer with confirmation from an "appropriately qualified medical practitioner" that a person residing at the customer's supply address requires life support equipment, the retailer must register the customer's supply address and contact details as a life support equipment address.

This proposed licence exemption condition will require on-sellers to obtain the consent of the person with life support equipment to allow the on-seller to pass on the person's life support certification from the qualified medical practitioner to the retailer, to enable the registration of the life support equipment address under clause 7.7(1) of the Small Use Customer Code.

This licence exemption condition is to ensure the person with life support equipment has control over the disclosure of their life support information.

To assist on-sellers to meet this requirement, the Public Utilities Office would provide a standardised consent form (likely to be made available on the Department of Finance website) for persons with life support equipment to complete. It is noted that, as a comparison, Synergy requires its customers to complete a form to register life support equipment at the customer's supply address, which includes requiring the customer to confirm that they have the consent of the person with life support equipment to act on the person's behalf.

If the person with life support equipment declines to provide his / her consent to their life support information being disclosed to the retailer, the on-seller would not have to comply with the other licence exemption conditions relating to persons with life support equipment (with the exception of the proposed condition prohibiting disconnection for failure to pay a bill – this condition is discussed below in section 3.1.5).

3.1.3 Retailer re-certification requests

Under this licence exemption condition, the on-seller would be obliged to respond to a retailer's annual request for re-certification of residents requiring life support equipment.

Synergy recommended this condition, as it will allow electricity retailers to maintain up-to-date records of supply premises that have residents requiring life support equipment.

Clause 7.7(6) of the Small Use Customer Code requires a retailer to contact the customer (on-seller) annually to determine whether a person residing at the supply address still requires life support equipment. Once every three years, the retailer is required to seek from the customer re-certification from a suitably qualified medical practitioner that the person at the supply address with life support equipment still requires the use of this equipment.

The proposed licence exemption condition will require on-sellers to respond to the retailer's request for this information.

Condition 16 of the AER's equivalent licence exemptions in the NEM imposes a similar obligation on electricity on-sellers. The AER requires on-sellers to provide retailers and distributors with any relevant information about the premises for the purpose of updating their records and registers. It is noted that this requirement is more onerous than the licence exemption condition proposed by Synergy, which relates only to responding to annual requests for information about residents with life support equipment.

This proposed licence exemption condition is supported by the Public Utilities Office. The resources required by the on-seller to respond to the retailer's request are minor and the person with life support equipment will receive the substantial benefit of the supply address remaining on retailer and distributor life support registers (which is required in order to receive the regulatory protections afforded to persons with life support equipment).

In the cases where a person with life support equipment has moved out of the supply address or no longer requires life support equipment, the retailer's request will also prompt the on-seller to confirm this situation with the retailer to ensure unnecessary costs are not incurred by the retailer / distributor in meeting their Small Use Customer Code obligations.

3.1.4 Timeframe for passing on planned outage notifications to resident

In its submission on the Draft Report, Synergy recommended the addition of a licence exemption condition that requires on-sellers to ensure life support equipment residents receive prompt notification of planned outages.

The Public Utilities Office supports this proposed licence exemption condition, as it is imperative that persons on life support equipment receive notification of a planned outage before it occurs, so they can make any alternative supply arrangements that they require.

This condition would require on-sellers to pass on planned outage notifications as soon as reasonably practicable, but in no more than 48 hours of receiving the notification from the distributor. As the Small Use Customer Code requires the distributor to notify the customer at the supply address (the on-seller) of a planned outage at least three business days before it will occur, the 48 hour limit on the on-seller to pass the notification on to the resident with life support equipment will still leave the resident with at least 24 hours notice before the outage is due to occur.

This is not considered an onerous undertaking when considered against the benefits to the person with life support equipment and the minor resources required to pass on a planned outage notification to one or two residents (the most life support equipment residents an on-seller is likely to have).

3.1.5 Limitation on disconnection for failure to pay a bill

In its submission on the Draft Report, Synergy suggested that the Public Utilities Office consider additional licence exemption conditions that provide residents with life support equipment in on-selling arrangements a level of supply disconnection protection, similar to the protection afforded to direct customers of retailers under the Small Use Customer Code.

The Public Utilities Office considers that the provision under clause 7.7(4) of the Small Use Customer Code, which prohibits the distributor from disconnecting a customer's supply address for failure to pay a bill where life support equipment is registered at the address, is potentially a protection that residents with life support equipment in on-selling arrangements should also receive. The AER's equivalent licence exemptions in the NEM contain a similar condition (condition 10).¹¹

It is acknowledged that it is not in the interests of the on-seller (or the electricity market more generally) for customers to fail to pay a bill, and the aim of this licence exemption condition is not to encourage such conduct. Indeed, the Office of State Revenue's Life Support Equipment Subsidy Scheme enables life support equipment customers to access a subsidy to help meet additional costs associated with their energy needs and reduce the potential for customers being unable to pay their bills. However, this aim must be balanced against the detriment the person with life support equipment will suffer if they are disconnected.

3.2 **Recommendations**

The Public Utilities Office considers that all the proposed conditions outlined above are necessary to ensure persons with life support equipment in on-selling arrangements receive a level of protection required to address the needs and the risks involved with supplying electricity to such persons. The conditions will give residents relying on life support equipment a degree of protection similar to that afforded to direct customers of licensed retailers under the Small Use Customer Code.

These additional licence exemption conditions will also achieve more consistency with the AER's approach to life support equipment residents in on-selling arrangements within the NEM.

¹¹ AER (Retail) Exempt Selling Guideline, Version 4, March 2016.

Recommendations for comment

It is recommended that conditions are attached to the residential electricity on-selling licence exemptions in the Exemption Order and Caravan Park Order to require on-sellers and caravan park operators to:

- 1. register their supply address as a life support equipment address with the electricity retailer by providing the retailer with the resident's medical certification;
- 2. notify their retailer if a resident with life support equipment vacates the on-seller's premises, or no longer requires life support equipment;
- 3. comply with the retailer's annual re-certification requests;
- 4. pass on planned outage notifications from the network service provider to the resident with life support equipment within no more than 48 hours;
- 5. not disconnect a resident relying on life support equipment for a failure to pay a bill; and
- 6. gain consent from the resident to pass on their life support information to the retailer.

4. Appendix: Table of current and proposed regulatory requirements for life support equipment residents in on-selling arrangements

Regulatory Instrument	Current Requirements	Proposed Requirements	Outcome
Metering Code 2012	If a person at a supply address requires life support equipment, the electricity retailer is required to collect and maintain a record of the person's street address for outage notification purposes and a phone number to enable the network operator to contact the person (this person may be different to the supply address' customer).	The proposed amendments will remove the requirement for retailers to collect and maintain information about residents relying on life support equipment in electricity on-selling arrangements (i.e. their street address and phone number).	The amendments will save network operators and retailers the cost of upgrading their information technology systems to maintain information about residents in on-selling arrangements (estimated by Western Power and Synergy at about \$1.4 million in total).
Exemption Order and Caravan Park Order	On-sellers and caravan park operators have no obligations under their licence exemptions regarding residents who rely on life support equipment.	 The proposed licence exemption conditions¹² will require onsellers and caravan park operators to: 1. Collect and maintain records of persons they supply who require life support equipment, including a copy of the resident's medical certification, street address and phone number. 2. Register their supply address as a life support equipment address with the retailer by providing the retailer with the resident's medical certification. 3. Notify their retailer if a resident with life support equipment vacates the on-seller's premises, or no longer requires life support equipment. 4. Comply with the retailer's annual re-certification requests. 5. Pass on planned outage notifications from the network service provider to the resident with life support equipment within no more than 48 hours. 6. Not disconnect a life support equipment resident for a failure to pay a bill. 7. Gain consent from the resident to pass on their life support information to their retailer. 	The purpose of these licence exemption conditions is to ensure residents in on-selling arrangements with life support equipment receive protection commensurate with their needs and this protection is provided by the most efficient and effective means. The on-seller is best placed to provide this protection, as it has visibility of and access to its residents. As retailers have no direct billing relationship with residents in on-selling arrangements, it is difficult and costly for them to obtain information about such persons.

¹² For completeness, these are the licence exemption conditions proposed in this Further Consultation Report and the Public Utilities Office's Draft Recommendations Report.