SACOSS
South Australian Council of Social Service

SACOSS' Submission to the Essential Services Commission of South Australia on The Review of Small-scale network reporting requirements and prescribed customer consumer protections

February 2024

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Introduction

The South Australian Council of Social Service is the peak non-government representative body for health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. SACOSS does not accept poverty, inequity or injustice. Our mission is to be a powerful and representative voice that leads and supports our community to take actions that achieve our vision, and to hold to account governments, business, and communities for actions that disadvantage vulnerable South Australians.

SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income consumers in South Australia. With a strong history of community advocacy, SACOSS and its members aim to improve the quality of life for people disadvantaged by the inequities in our society.

SACOSS has a long-standing interest in the delivery of essential services. Our research shows that the cost of basic necessities, like water and electricity, impacts greatly and disproportionately on people experiencing vulnerability and disadvantage.

SACOSS would like to thank the Essential Services Commission of South Australia (**ESCOSA**) for the opportunity to provide our views on the review of the *Regulatory Reporting Requirements for Small-scale Networks – Guideline No. 5* (**Guideline 5**) and the current consumer protections in place for mandatory prepayment customers included in Cowell Electric's Licence.[1]

SACOSS has provided ongoing feedback to ESCOSA on the regulatory and reporting frameworks relating to small-scale networks in South Australia, and we refer ESCOSA to the following documents which contain SACOSS' concerns and recommendations specifically relating to reporting requirements under Guideline 5:

- SACOSS letter to Mr Adam Wilson, Chief Executive Officer of ESCOSA on the absence of regulatory reporting requirements for Small-scale Networks (SSN), dated 5 June 2023 (**attached**)
- SACOSS' submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022[2]

We are seeking ESCOSA consider the feedback provided in the above letter and submission, as part of this consultation.

[1] ESCOSA, Review of small-scale network reporting requirements and prescribed customer consumer protections, 4 December 2023

[2] SACOSS, SACOSS' submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022, see pages 18-22 and 23 -25

The importance of data on the supply of essential services cannot be overstated, particularly in light of increasing climate extremes in regional and remote South Australia, the energy transition and rising cost of living pressures. Data is needed to inform appropriate policy development and regulatory reform to ensure equitable access to affordable, clean and reliable energy and water for remote and regional South Australian communities into the future. The outcome of this consultation will have significant impacts on the availability of information needed for governments to make positive changes for the benefit of remote communities.

While robust data is critical to appropriate policy development and regulatory reform, it is also essential that the data is endorsed and brought to life by the experience of those who are affected. There is therefore a need to gather and collate documented information on the lived experience of households in communities affected by Mandatory Prepayment. SACOSS would welcome the resourcing of Aboriginal-led organisations, or organisations with close existing relationships in the communities, to speak with affected community members. In particular, this would include documenting community views about the experience of moving from fully subsidised electricity to mandatory prepayment and repeated disconnections, and the ways in which this has impacted their lives, health and family. We believe this qualitative narrative evidence would complement the data and is essential to informing a review of the adequacy of consumer protections and the broader mandatory prepayment regime.

Summary of Submissions

SACOSS has provided a summary of relevant submissions contained in our previous submission on ESCOSA's Review of the Small-scale energy Network Consumer Protection Framework,[3] as well as additional submissions made in response to this consultation. We look forward to receiving ESCOSA's response to each of these submissions:

- SACOSS strongly submits the current monitoring and reporting requirements for small-scale networks consumer protection obligations under ESCOSA's 2022 *Regulatory Reporting Requirements for Small-scale Networks, Guideline No.5*[4] (Guideline No. 5), are inadequate.
- As an initial point, we submit the title of the reporting requirements listed in Annexure A to Guideline 5 under **Proforma AR3 – Hardship** should be renamed '**Proforma AR3** - **Payment Difficulty and Hardship**' to better reflect the consumer protection frameworks in place for energy and water customers of Small-scale networks.
- Additional performance indicators and reporting requirements for consumer protection obligations contained in the relevant Small-scale frameworks need to be included in Guideline No.5. At a minimum, SACOSS considers indicators relating to debt / energy consumption / water consumption / disconnection / restriction / credit-collection / complaints and Centrepay should be included within Guideline No. 5 (as set out in the body of this submission).
- SACOSS supports the reintroduction of a reporting requirement on the number of complaints received for **all retail licences**.
- SACOSS strongly supports the reintroduction of reporting requirements relating to disconnection and water restriction for non-payment.
- SACOSS does not think the current debt indicator proposed by ESCOSA is appropriate in and of itself. However, SACOSS strongly supports the introduction of reporting requirements relating to debt levels for customers of small-scale networks in Guideline 5, and we are keen to engage further with ESCOSA on developing appropriate 'debt-related' reporting requirements for small-scale energy and water networks, to better inform SACOSS' understanding of the affordability of essential services in regional and remote areas of the state (as set out in the body of this submission).
- Data on eligibility and access to concessions is essential to understanding the accessibility and effectiveness of government supports. If retailers are unable to

[3] SACOSS, SACOSS' submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022, see pages 18-22 and 23 -25

[4] ESCOSA, Guideline No.5: Regulatory Reporting Requirements for Small-scale Networks, July 2022, p.5

access information on concessions households, then SACOSS submits concessions data for regional and remote energy and water customers should be provided by government and published by ESCOSA.

- SACOSS supports the automatic application of concessions for eligible households for all customers of Small-scale networks.
- SACOSS considers ESCOSA's proposed indicator for voluntary prepayment customers on the 'number and duration of self-disconnections' should be expanded to three indicators in alignment with the AER's requirements, including:
    - *The total number of prepayment meter self-disconnection events*
    - *The total number of prepayment customers self-disconnected*
    - *Average duration of self-disconnection events.*
- In addition, SACOSS supports the inclusion of the following metrics for voluntary prepayment customers to align with Cowell Electric's reporting requirements:
    - *The number of customers on payment splitting arrangements*
    - *The number of times friendly credit was accessed.*
- SACOSS supports the existing requirement for all electricity and water licensees to report on the total number of registered life support customers in Guideline No. 5.
- SACOSS supports the alignment of the quarterly reporting requirements and timeframes contained in Cowell Electric's licence variation (for mandatory prepayment customers in remote Aboriginal communities), with the reporting requirements for other licensees providing prepayment in small-scale networks in South Australia. Quarterly reporting is essential to gaining a deeper understanding of the drivers of consumption, disconnection and payment difficulty.
- SACOSS supports all reporting requirements being quarterly.
- SACOSS is calling for qualitative evidence of the lived experience of residents in remote Aboriginal communities affected by mandatory prepayment to be documented, potentially by energy support workers already working within the communities.
- SACOSS continues our call for the ongoing review of the mandatory prepayment Regulations by ESCOSA and the State Government, informed by the reporting data published on ESCOSA's website and the lived experience of residents in communities affected by mandatory prepayment and increased rates of disconnection.
- SACOSS will always remain strongly opposed to any increase in the mandatory prepayment tariff (currently 10 cents per kWh) and we repeat our call for a broader policy response developed together with community members focussing on energy efficiency measures and access to roof top solar.

- SACOSS strongly supports ESCOSA's inclusion of consumption data in the reporting metrics for Cowell Electric, including a breakdown of consumption per kWh per household.
- SACOSS supports energy and water consumption reporting requirements for all energy and water Small-scale networks.
- SACOSS strongly supports the inclusion of metrics relating to CentrePay deductions. We are urging ESCOSA to monitor the application of CentrePay deductions for households in affected communities, and to look to imposing an upper limit on the percentage of income that can be deducted using CentrePay to prepay for energy.
- Noting that since May 2023, energy retailers in South Australia have been required to comply with new family violence obligations under the *National Energy Retail Rules* to protect residential and small business customers affected by family violence from harm, SACOSS strongly supports the introduction of Family Violence provisions to protect all customers of small-scale networks, including post-pay customers, prepay-customers and mandatory prepayment customers.
- SACOSS is seeking ESCOSA do all that it can to support all regional and remote customers' access to solar, energy efficient appliances and energy efficiency advice to assist with reducing consumption and addressing energy affordability.
- SACOSS is seeking further information on tariffs (incorporating reduced renewable generation costs), time-of-use tariffs and the application of the Australian Energy Regulator's default market offer for customers of small-scale networks.
- SACOSS considers robust compliance and enforcement of Small-scale licensees' consumer protection obligations is essential, and we support ESCOSA being adequately resourced to enable a strong compliance focus on protections for regional and remote customers on low-incomes, in vulnerable circumstances or experiencing disadvantage, who may be struggling to afford essential services.

Guideline No. 5

Guideline 5 contains all annual reporting requirements for small-scale networks licenced by ESCOSA, including water, sewerage and community wastewater management systems, electricity and gas operations.[5] SACOSS is particularly focussed on the reporting requirements listed in Annexure A to Guideline 5 under **Proforma AR3 – Hardship**.

As an initial point, we consider the title of the reporting requirements should be renamed '**Proforma AR3 - Payment Difficulty and Hardship**' to better reflect the consumer protection frameworks in place. The current 'hardship' reporting requirements under Guideline 5 are:

PROFORMA AR3 – Hardship

Hardship	Annual
Water retail licensees - Total number of **residential customers** participating in a **financial hardship program** as at 30 June	
Water retail licensees - Number of **residential customers** who entered the **financial hardship program** during the year	
Water retail licensees - Number of **residential customers** who successfully exited the **financial hardship program** during the year	
Water retail licensees - Total number of **residential customers** receiving a water **concession** as at 30 June	
Water retail licensees - Total number of **residential customers** receiving a sewerage **concession** as at 30 June	
Energy retail licensees - Total number of **residential customers** receiving an energy **concession** as at 30 June	
All retail licensees - Total number of **residential customers** on **flexible payment arrangements** as at 30 June	
Electricity and water licensees – total number of **residential customers** on registered as **life support customers** as at 30 June	

General Guidance:

1. **Water retail licensees** include water and sewerage (including **CWMS**) retail **licensees**.
2. **Financial hardship** means a situation where a **customer** desires to pay an account, but is unable to pay all or some of the account by the due date, due to financial difficulty
3. **Energy retail licensees** includes electricity and gas retail **licensees**.
4. **All retail licensees** includes water and sewerage (including **CWMS**) retail **licensees**, as well as electricity and gas retail **licensees**.
5. A **flexible payment arrangement** means an arrangement under which **residential customers** are given more time to pay a bill, to pay by instalments and/or to pay arrears (including any **restriction**, disconnection, restoration or reconnection charges).

[5] ESCOSA, Guideline No. 5: Regulatory Reporting Requirements for Small-scale Networks, July 2022

As part of this consultation, ESCOSA is proposing to make the following amendments to Guideline 5:

- An **additional** reporting requirement for **all retailers** – '*number and average duration of supply interruptions*'
- An **additional** reporting requirement **on hardship for all retailers** – '*average amount of bill debt for customers participating in a financial hardship program*'
- An **additional** reporting requirement **on hardship for energy retailers** – '*number of customers disconnected for failure to pay a bil*l'
- An **additional** reporting requirement on hardship for water retailers – '*number of customers whose water supply is restricted for failure to pay a bill*'
- A **change to the timeframe** for all retailers to provide information to any material service issues from '*as soon as reasonably practicable*' to '*within 3 business days*', and
- The **removal** of the following reporting metric for **all retailers** – '*number of customers receiving a concession*'.

Complaints data

We note ESCOSA has not proposed to include a reporting requirement relating to 'the number of complaints received by each off-grid retailer and distributor', as was envisaged in ESCOSA's *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*,[6] and Decision 4 of ESCOSA's *Final Decision* on the Verify Trust and Accountability approach.[7] SACOSS supports complaints data being collected and reported on, and welcomes further discussion with ESCOSA with a view to introducing a reporting requirement to this effect, for **all retail licences**.

Disconnection and water restriction reporting requirements

As previously submitted, SACOSS strongly supports the reintroduction of reporting requirements relating to disconnection and water restriction for non-payment.

Data on the number and frequency of disconnections and restrictions for non-payment is vital to understanding the level and severity of payment difficulty being experienced by households in these communities. Given the well-known, invidious impacts of living without access to essential services,[8] disconnection and restriction due to inability to pay must be an option of last resort after all supports have been offered by the relevant retailer.[9] Access to

[6] ESCOSA, *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*, February 2021.

[7] ESCOSA, *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*, February 2021, p.38.

[8] Public Interest Advocacy Centre, Close to the Edge, 14 November 2018, p. 39

[9] See for example Clause 5.3 of the Small-scale Electricity Networks Code., July 2023

data on the number of disconnections or restrictions for non-payment therefore informs a better understanding of both the affordability of the essential service and the effectiveness of the supports being offered by the retailer to remain connected.

Debt Indicators

We also strongly support the introduction of reporting requirements relating to debt levels for customers of small-scale networks. As noted by the Australian Energy Regulator (AER) in its recent *Annual Retail Market Performance Report*:[10]

> *The proportion of customers in energy debt and the average level of debt provide an insight into:*
>
> - *the extent to which customers are experiencing difficulty paying their energy bills*
> - *whether customers in certain jurisdictions are more susceptible to experiencing difficulty paying their energy bills*
> - *whether retailers are effectively assisting their customers to meet their energy debt repayments.*

SACOSS has consistently called for ESCOSA to introduce reporting requirements covering energy and water debt, and we welcome ESCOSA's proposal to include a debt-related metric in Guideline 5.

However, we do not consider the current proposed reporting requirement relating to '*average amount of bill debt for customers participating in a **financial hardship program***' is appropriate or sufficient, as we believe it fails to reflect the current consumer protection frameworks that apply to small scale water and energy networks in this state, and would not provide a meaningful insight into the extent to which households are struggling to pay their bills, are able to access supports, or the level of support received.

Current consumer protections for water customers of small-scale water retailers are contained in the *Water Retail Code – Minor and Intermediate Water Retailers*, March 2015.[11] Current consumer protections for energy customers of small-scale energy retailers and networks are contained in the *Small-scale Electricity Networks Code*,[12] the *Small-scale Gas Networks Code*[13] and the *Prepayment Meter System Code,*[14] all dated July 2023.

Whilst there is provision for a hardship policy, and a hardship program is referenced under the *Water Retail Code*, there are no similar provisions relating to hardship policies or

[10] AER, Annual Retail Market Report 2022-23, 30 November 2023 p. 64

[11] ESCOSA, Water Retail Code – Minor and Intermediate Water Retailers, March 2015

[12] ESCOSA, Small-scale Electricity Networks Code, July 2023

[13] ESCOSA, Small-scale Gas Networks Code, July 2023

[14] ESCOSA, Prepayment Meter System Code, July 2023

programs under the relevant Codes dealing with energy. The term 'financial hardship' is defined under the Energy Codes, as is a 'financial hardship factsheet' but there is no reference to a 'financial hardship program'.

ESCOSA's *Financial Hardship Factsheet*[15] broadly describes some examples of the causes of financial hardship, but also notes that the causes can be many and varied, and should not be limited to defined criteria or circumstances:

> *'Financial hardship can be due to multiple factors and* ***the above examples are not an exhaustive list of situations which can cause financial hardship****.*

SACOSS expects retailers to take a broad, inclusive (rather than exclusive) approach to offering customers experiencing payment difficulty a range of supports (including 'hardship supports') to help pay their bills and remain connected to an energy supply. Early identification of payment difficulty, and application of supports like appropriate and sustainable payment plans is essential to avoiding spiralling household energy debt. The importance of payment plans as a support measure for customers experiencing financial hardship is noted in the Fact Sheet:

> *'The* ***primary method*** *used by a retailer to assist a residential customer experiencing financial hardship is by using a* ***payment/instalment plan****.'*

It follows that under the current energy consumer protection frameworks, customers of small-scale energy networks who are experiencing payment difficulty or 'financial hardship', and are being supported by their retailer, are also likely to be payment plan customers. When reporting against ESCOSA's proposed debt indicator, it is unclear how small-sale energy retailers would distinguish between customers on a 'hardship program' (receiving hardship supports?) and 'payment plan customers' – or whether that delineation would be necessary? SACOSS considers that rather than a sole indicator requiring bill debt information for energy customers 'participating in a hardship program', a more useful alternative (or additional) indicator would be to report on the amount of energy bill debt for payment plan customers.

Further, we believe a reporting requirement for energy and water retailers which specifies '*bill debt for customers participating in a* ***financial hardship program***' is unlikely (in and of itself) to be useful in shining a light on the broader affordability of essential services. This is highlighted below when looking at the more detailed breakdown of energy and water debt for households (not just hardship households) in the District Council of Coober Pedy's (DCCP's) Meeting Agenda relating to Electricity and Water Debtors as at 29 December 2023:[16]

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[15] ESCOSA, Small-scale Energy Networks financial hardship Factsheet, March 2023

[16] DCCP, District Council of Coober Pedy Agenda 24 January 2024, p. 42

Category	COMMERCIAL		RESIDENTIAL		Non-Current		Total	
	Count	Amount	Count	Amount	Count	Amount	Count	Amount
Account in Credit	5	-$8,080.64	58	-$14,223.21	267	-$69,005.48	330	-$91,309.33
Current					1	$138.20	1	$138.20
Internal Billing			2	$630.06			2	$630.06
With Public Trustee	1	$81.56	1	$832.88			2	$914.44
For Write off			2	$699.32	4	$2,429.11	6	$3,128.43
With Council	1	$51.00			10	$5,344.66	11	$5,395.66
For Disconnection	3	$668.96	23	$42,792.77			26	$43,461.73
With Debt Collection Agency			4	$27,487.03	21	$95,287.70	25	$122,774.73
With Recurring Payment	2	$793.10	164	$166,023.16	10	$16,273.05	176	$183,089.31
Paid	54	$164,984.80	276	$90,148.51	4	$218.55	334	$255,351.86
Overdue	37	$83,364.20	289	$168,532.25	50	$33,119.07	376	$285,015.52
Hardship			41	$324,024.68	5	$25,469.94	46	$349,494.62
Grand Total	**103**	**$241,862.98**	**860**	**$806,947.45**	**372**	**$109,274.80**	**1335**	**$1,158,085.23**

Under the table of energy debtors (above), it appears the column of 'non-current' accounts refers to 'disconnected accounts that are being managed through the Council's debt recovery process' - it is unclear whether these households have been disconnected for non-payment. Notably, the Council's Agenda identifies that:

> *There are 46 accounts with an outstanding balance of $349K who are experiencing hardship.*

This represents an average 'hardship' customer debt of $7,500. By comparison, the average hardship debt for South Australian on-grid customers was $2,402 in 2022-23 (the highest in the National Electricity Market). DCCP's energy debt table indicates that 5 of these 46 hardship accounts are 'non-current', namely 'disconnected accounts'. SACOSS is concerned that 5 households identified as being in 'hardship' may have been disconnected for non-payment. If so, this may potentially be a breach of the Council's obligations under the Codes.[17] SACOSS once again repeats our strongly held view that robust monitoring and reporting of consumer protection obligations by the regulator is central to ensuring meaningful compliance with those obligations.

The DCCP's Agenda also notes that: [18]

- *The revenue team is currently managing the 376 with a value of $285K overdue accounts through Council's debt recovery process*
- *There are 176 accounts with $183K outstanding that are making recurring payments to reduce their outstanding balance. These accounts are a combination of accounts with payment plans covering both the current consumption and arrears and customers who are paying their accounts in instalments*
- *There are 25 accounts with a value of $122K that have either been identified to send to debt collection or that are already being managed by Council's debt collection agency*

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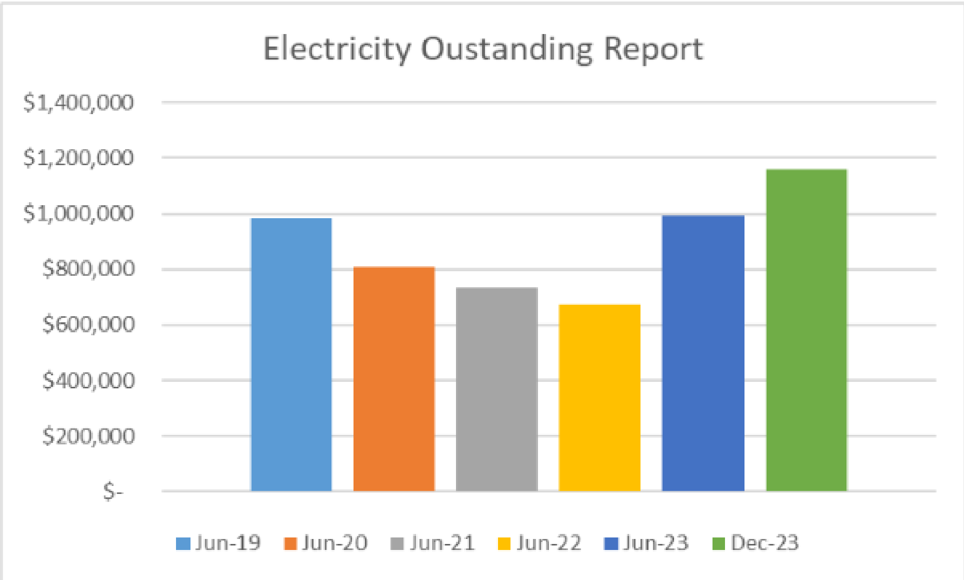
[17] SEE ESCOSA's Small-scale Electricity Networks Code, Clause 5.4.1(b)

[18] DCCP, District Council of Coober Pedy Agenda 24 January 2024, p.43

- *There are 26 accounts with a balance of $43Kwhich have been identified for disconnection in January 2024.*

In summary, the information above points to the high level of energy insecurity and bill stress experienced by customers in the DCCP. Data of this kind suggests that more intensive attention needs to be paid to the way in which payment difficulty and hardship supports are provided and structured.

The following graph shows DCCP's 'outstanding balances' (energy debt) was at its highest level for five years in December 2023, at nearly $1.2m. All this information paints a very clear picture of households increasingly struggling to meet their energy costs in Coober Pedy. Against this background, SACOSS notes the Department for Energy and Mining's recent decision to increase the standard domestic RAES tariff from 34.7c/kWh to 37.1c/kWh, to apply from 29 February 2024.[19]



With water tariffs that are four times higher than SA Water's rates for customers on its network,[20] the DCCP's Agenda paints a similar picture of households increasingly struggling to meet water costs and maintain their connection to an essential water supply. The Agenda notes:[21]

- *The revenue team is currently managing 343 accounts with a value of $152K through the Council's debt recovery process*

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[19] DEM, Revised Electricity Tariffs to apply from 29 February 2024.

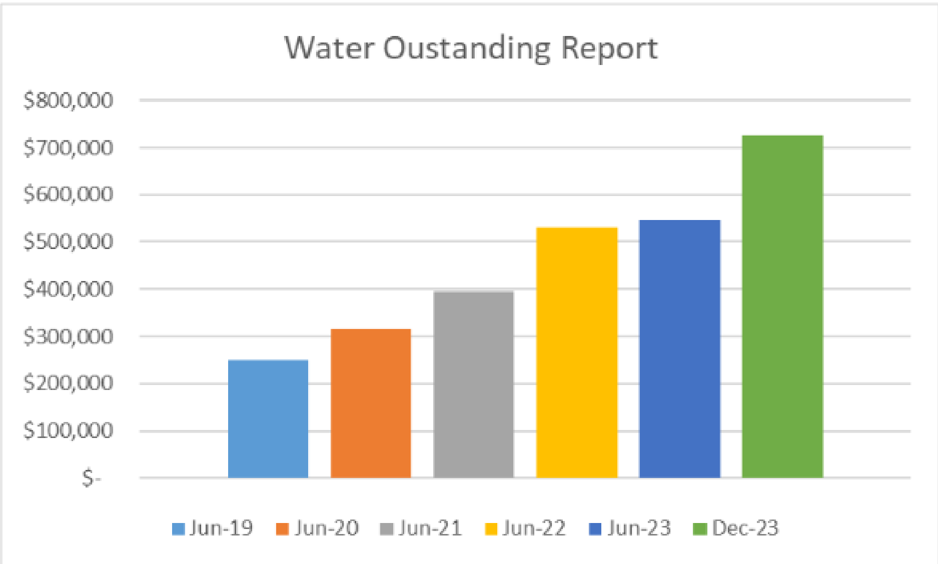
[20] Households in Coober Pedy currently pay $8.36 per kilolitre as at December 2023 – nearly four times as much as a SA Water customer. Similarly, households supplied by the Ceduna Kooniba Water West Scheme pay $5.20 per kilolitre if living outside the town boundary, and $4.76 per kilolitre if within – more than double the amount paid by a SA Water customer.

[21] DCCP, District Council of Coober Pedy Agenda 24 January 2024, p.43

- *There are 73 accounts with a value of $108K that have either been identified to send to debt collection or that are already being managed by Council's debt collection agency.*
- *There are 12 accounts with a value of $77K are identified as hardship. One of these accounts with a balance of $42K belongs to one customer*
- *There are 65 accounts with a balance of $36K that are receiving recurring payments from the account holders.*
- *There are 13 accounts with a value of $21K which are being reviewed for restriction in January 2024.*

SACOSS is extremely concerned by the growing inequity between the experience of 'on-grid' water customers (supplied by SA Water) and those customers supplied by Minor and Intermediate retailers. SA Water's full year reporting from 2022-23 shows ***no*** customers were restricted for non-payment of a water bill in that year.[22] It appears from Council's Agenda that 13 customers in Coober Pedy have been identified for restriction. This growing inequity is deeply concerning and requires the attention of the South Australia Government.

As with energy, the following graph starkly shows that water debt has grown exponentially in the District Council of Coober Pedy - now at around three times the level it was pre-COVID.[23]



The information provided in Council's Agenda highlights the central importance of ensuring data on energy and water debt is independently collected, monitored and published by ESCOSA. This is essential to gaining visibility of the experiences of South Australian water

[22] SA Water, Regulatory Report 2022-23, p 6

[23] DCCP, District Council of Coober Pedy Agenda 24 January 2024, p.46

and energy consumers on low-incomes, experiencing disadvantage or in vulnerable circumstances in remote areas of our State. Accurate data allows regulators, governments and policy makers to identify issues and work towards policy responses that ensure compliance with existing obligations, as well as affordable and equitable access to essential services for remote and regional customers into the future. This is increasingly important given the energy transition and the worsening impacts of climate change.

SACOSS is keen to engage further with ESCOSA on developing appropriate 'debt-related' reporting requirements for small-scale energy and water networks, to better inform an understanding of the affordability of essential services in regional and remote areas of the State. As outlined in previous submissions,[24] we believe the following indicators should be included in Guideline 5:

- Number of small customers repaying an energy / water bill debt (residential and small business)
- Average amount of energy / water bill debt for small customers (including residential and small business customers)
- Number of residential customers on a payment plan / receiving hardship supports (energy)
- Average energy debt of customers on a payment plan / receiving hardship supports (energy)
- Number of residential customers in the water retailer's hardship program and / or on a payment plan
- Average water debt of residential customers in a hardship program and / or on a payment plan
- Number of residential customers who have been referred to an external credit collection agency for the purposes of debt recovery
- The number of customers disconnected / restricted for non-payment
- The number of customers with debts at the time of disconnection / restriction
- The number of customers eligible for concessions
- The number of security deposits held by retailers for residential customers
- The aggregate value of security deposits held by retailers
- Average debt on entry into the retailer's hardship program / payment plan
- Disconnection / restriction of previous hardship program / payment plan customers

[24] SACOSS, SACOSS' submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022, see pages 18-22 and 23 -25

Given the roll-out of smart meters and current internal debt-reporting practices of licensees, information and access to data should be readily available to both energy and water retailers.

Concessions data

ESCOSA is proposing to remove the requirement for licensees to report on the 'number of residential customers receiving a concession'.

Concessions are an important support for customers experiencing vulnerability. The documenting of the number of customers receiving a concession also serves as a useful indicator and prompt for licensees and support agencies to respond more effectively to customers. SACOSS notes the AER's 'Game Changer Reforms' have identified concession and rebate system upgrades as a reform for governments to consider progressing, stating: [25]

> *We believe that concession and rebate systems should be improved to allow automation, portability and proactive support to ensure more consumers receive the concessions and rebates to which they are entitled.*

SACOSS supports government reforms which aim to automatically apply all applicable concessions to energy and water bills for eligible households. These reforms should cover both customers who fall under the National Energy Customer Framework (NECF) and customers of small-scale networks in regional and remote South Australia.

Data on eligibility and access to concessions is essential to understanding the accessibility and effectiveness of government supports. If retailers are unable to access information on concessions households, then SACOSS submits concessions data for regional and remote energy and water customers should be provided by government and published by ESCOSA.

Prepayment Meter System Code – Reporting Requirements

As outlined in our previous submission,[26] SACOSS considers ESCOSA's proposed indicator on the 'number and duration of self-disconnections' should be expanded to three indicators in alignment with the AER's requirements, including:

- *The total number of prepayment meter self-disconnection events*
- *The total number of prepayment customers self-disconnected*
- *Average duration of self-disconnection events.*

This will provide an indication of the *frequency* of disconnection events, the duration of those events and the number of customers disconnected. Noting that the frequency may be different from the number of customers disconnected.

[25] AER, Game Changer Report, November 2023, p. 18

[26] SACOSS, SACOSS, SACOSS' submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022, p. 23-24

In addition, SACOSS supports the inclusion of the following metrics to align with Cowell Electric's reporting requirements:

- The number of customers on payment splitting arrangements
- The number of times friendly credit was accessed.

Given prepayment is prohibited for life-support customers, SACOSS supports the existing requirement for all electricity and water licensees to report on the total number of registered life support customers in Guideline No. 5.

Quarterly Reporting

As previously submitted, SACOSS considers all relevant and agreed-upon data should be required to be reported on a quarterly basis (as opposed to annual), and published by ESCOSA. Quarterly reporting is extremely important in providing insights into the impact of different climate / seasonal conditions on energy and water use as well as affordability and rates of disconnection.[27]

Consumer protections for mandatory prepayment customers

ESCOSA is seeking feedback on the metrics Cowell Electric must report on in relation to its mandatory prepayment customers, including whether any changes are required to better identify drivers for 'self-disconnections'. ESCOSA is also seeking feedback on the effectiveness of the consumer protection framework, while acknowledging it is limited in the consumer protections it can impose, given the prescriptive nature of the government's Regulations making prepayment mandatory for households living in remote Aboriginal communities in this state. [28]

Effectiveness of the consumer protection framework

The identified limits of this consultation on consumer protections for mandatory prepayment customers once again highlights the inequities created by the decision of the South Australian government to mandate prepayment in the communities of Amata, Iwantja, Kalka, Kaltjiti, Kanpi, Mimili, Murputja, Nyapari, Pipalyatjara, Pukatja, Umuwa, Watinuma, Yunyarinyi, Yalata, Oak Valley, and associated homelands. People living in these communities do not have the benefit of key consumer protections established under the Prepayment Meter System Code, including the requirement for explicit informed consent before entering into a prepayment arrangement, and the option to revert to post-pay if experiencing multiple disconnections.

[27] Longden, T., Quilty, S., Riley, B., White, L., Klerck, M., Davis, V. N., & Jupurrurla, N. F. (2021). Energy insecurity during temperature extremes in remote Australia. *Nature Energy*, 7, 43-54

[28] Electricity (General)(Payment Condition) Variation Regulations 2021

SACOSS remains deeply concerned about the high rates of disconnection and the negative health, social and economic impacts of mandatory prepayment on people living in affected communities. The effect of the Regulations has been to create an alternative regime for the sale and supply of energy (an essential service) to residents in remote Aboriginal communities in this state, and we repeat our strongly held view that the Regulations are discriminatory and should be disallowed by the South Australian parliament. [29]

In response to the Legislative Review Committee's concerns about the discriminatory nature of the Regulations, SACOSS understands the government referenced advice received from the Crown Solicitor's Office (CSO) that the Regulations may be characterised as a 'special measure' under the *Racial Discrimination Act*, and are therefore not discriminatory.[30]

Mandating prepayment has had the effect of removing consumer protections under the Prepayment Meter System Code that would otherwise have applied to residents of affected communities. If the removal of these rights and benefits by the Regulations can be characterised as a 'special measure', then it should **not be a permanent measure**, as it arguably then *becomes* discriminatory:[31]

> *It is now generally accepted that the provision of special measures of protection for socially, economically, or culturally deprived groups is not discrimination, so long as these special measures are* ***not continued after the need for them has disappeared****. Such measures must be strictly compensatory and not permanent or else they will become discriminatory. It is important that* ***these measures should be optional and not against the will of the particular groups affected****, and they must be frequently reconsidered* ***to ensure that they do not degenerate into discrimination****.*

SACOSS maintains that the Regulations are discriminatory and are precipitating worse outcomes for certain communities that are already experiencing inequitable access to services and a decent quality of life. We therefore continue our call for the ongoing review of the Regulations by ESCOSA and the State Government, informed by the reporting data published on ESCOSA's website as well as the lived experience of residents in communities affected by mandatory prepayment and increased disconnection.

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[29] SACOSS, Submission to the Legislative Review Committee on the Electricity (General) (Payment Condition) Variation Regulations 2021 12 April 2022

[30] Letter from the Hon Tom Koutsantonis to the South Australian Legislative Review Committee dated 14 November 2022

[31] Warwick McKean, *Equality and Discrimination under International Law* (1983) 288, cited by Brennan J in *Gerhardy v Brown* (1985) 159 CLR 70,
130

The available mandatory prepayment reporting data published on ESCOSA's website[32] highlights the clear link between prepayment for electricity and disconnection from an energy supply.

The 'Appendix Data' tab breaks down customer numbers and disconnections in each community. For the two communities where prepayment commenced in July 2022, the average number of disconnections per household over the 12-month period was:[33]

- Pukatja – 76 prescribed customers, with 1,482 disconnections – average of 19.5 disconnections per household over 12 months.
- Mimili – 55 prescribed customers, with 974 disconnections – average of 18 disconnections per household over 12 months.

For the two communities connected in August 2022, the data shows:

- Amata – 65 prescribed customers, with 1,077 disconnections – average of 19.5 disconnections per household over 11 months.
- Pipalyatjara – 25 customers, with 336 disconnections – average of 13.4 disconnections per household over 11 months.

Noting, this is just a simple average and some households may have disconnected more frequently, and some less frequently. There are other graphs showing trends in disconnections related to increased energy needs associated with colder weather in winter.

By comparison, 835 of 809,585 South Australian on-grid (post-payment) energy customers (or 0.1% of customers), were disconnected for non-payment in Q1 2023-24. In mandatory prepayment communities, 100% of households were disconnected up to 19.5 times in a 12-month period (see reporting data on Pukatja, above).

We acknowledge and support ESCOSA's aim to protect mandatory prepayment households through the imposition of 'bespoke' consumer protections on Cowell's Licence. However, a mandatory prepayment regime will never allow for a choice in payment method, the ability to revert to post-pay, or meaningful protection from the harms of high rates of 'self-disconnection'. As referenced in previous submissions to the South Australian Government, the Legislative Review Committee and ESCOSA,[34] households in affected communities are

[32] ESCOSA, Regulatory Performance Small-scale electricity networks Cowell Electric

[33] ESCOSA, Regulatory Performance Small-scale electricity networks Cowell Electric

[34] SACOSS, Submission to the Department for Energy and Mining on its consultation on proposed amendments to customer payment under the Remote Area Energy Supply (RAES) Scheme, 16 September 2021, SACOSS, Submission to ESCOSA on the Prepayment Meter System Code Review, 11 May 2021, SACOSS, Submission to ESCOSA on its Draft Inquiry Report into the regulatory arrangements for small-scale water, sewerage and energy services, 30 September 2020 ,SACOSS, Submission to the Essential Services Commission of South Australia on the off-grid energy consumer protection framework Review: Consultation paper, March 2022

living without an energy supply for periods well in-excess of those experienced by every other household in the state.

The government's stated purpose for introducing 'user pays' and mandatory prepayment was to reduce energy consumption through the imposition of a price signal. As we argued at the time, a price signal is a blunt, punitive tool that has not been shown to be effective in reducing energy use, particularly in circumstances where large, sometimes over-crowded households are living in inadequate housing with inefficient appliances, in extreme temperatures. As outlined above, even with a reduced tariff of 10 cents per kWh, disconnection rates have been extraordinarily high since the introduction of mandatory prepayment. SACOSS remains strongly opposed to any increase in the mandatory prepayment tariff, and we repeat our call for a broader policy response developed together with community members focussing on energy efficiency measures and access to roof top solar.[35]

It is notable that the data shows household consumption has not meaningfully reduced since the introduction of mandatory prepayment in these communities. There has been a slight reduction which could be explained by the number of hours / days households were living without power due to 'self-disconnections'. This demonstrates that households have a limited ability to reduce consumption in affected communities, and are instead living without power and the associated impacts.

Mandatory prepayment metrics – consumption and CentrePay

SACOSS strongly supports ESCOSA's inclusion of consumption data in the reporting metrics for Cowell Electric, including a breakdown of consumption per kWh per household. Energy consumption data provides insights into seasonal energy use patterns, as well impacts of energy efficiency measures and household behaviour.

We would also strongly support the inclusion of metrics relating to CentrePay deductions. SACOSS is concerned about the percentage of household income being deducted from Centrelink payments to cover electricity costs in mandatory prepayment communities. It was unclear from engagement with Cowell Electric and MoneyMob whether there was a limit on the percentage of an individual's income that could be deducted for energy costs using CentrePay. SACOSS is concerned to ensure one member of a household is not spending a large percentage (over 5%) of their income covering energy costs. On this point, it is important to acknowledge the financial responsibility that frequently falls to community members receiving aged pensions and the potential for financial abuse of older people. The issue of elder abuse has been raised by support workers as a concern in some affected communities.

[35]

SACOSS notes that low-income 'on-grid' customers in South Australia, pay around 5% of their income on electricity costs – this is more than double the percentage paid by average-income South Australian households (at around 2%).[36] Acknowledging many residents of affected communities are on low fixed incomes, SACOSS is urging ESCOSA to monitor the application of CentrePay deductions for households in these communities, and to look to imposing an upper limit on the percentage of income that can be deducted using CentrePay to prepay for energy.

Family Violence provisions

SACOSS also strongly supports the introduction of Family Violence provisions to protect all customers of small-scale networks, including post-pay customers, prepay-customers and mandatory prepayment customers.

From 1 May 2023, energy retailers in South Australia have been required to comply with new family violence obligations under the *National Energy Retail Rules*[37] to protect residential and small business customers affected by family violence from harm. SACOSS refers ESCOSA to the joint PIAC submission[38] made to the Australian Energy Market Commissions (AEMC's) Family Violence Rule Change Process, and to the AER's Interim Guidance Note[39] which outlines the background, the importance of family violence protections in the provision of essential services, and retailers' obligations. As noted in the Guidance note, one in four Australian women and around one in thirteen men have experienced violence by a current or previous intimate partner.[40] The AER has provided the following examples of exploitation of essential services by perpetrators of family violence:[41]

- *using essential services to obtain personal information such as an affected customer's contact details and using these to locate or contact them*
- *forms of financial abuse such as controlling access to energy bills or refusing to contribute to their payment, leading to mounting debt and eventual disconnection, or*
- *pressuring affected customers to sign or agree to contracts or arrangements with energy retailers*

We acknowledge there are challenges with developing Family Violence protections for mandatory prepayment customers, as there is no option to revert to post pay. We support

[36] AER, Annual Retail Market Report 2022-23, 30 November 2023, p. 48

[37] National Energy Retail Rules, Rules 76A – 76M

[38] PIAC, SACOSS, Good Shepherd, FRLC, ACTCOSS, TASCOSS, Submission to AEMC Draft Determination Protecting Customers Affected by Family Violence Rule Change, 4 August 2022

[39] AER, Interim Guidance Note – Family Violence Rule, April 2023

[40] Australian Bureau of Statistics (2017) Personal Safety, Australia 2016.

[41] AER, Interim Guidance Note – Family Violence Rule, April 2023, p.2

ESCOSA working with the affected communities and relevant agencies to identify and design protections that meet the needs of community members.

Conclusion

Thank you for the opportunity to provide feedback in relation to the review of small-scale network reporting requirements and mandatory prepayment consumer protections. We would welcome the opportunity to expand on any of our submissions through further engagement, if required. Please do not hesitate to contact Georgina Morris on 8305 4214, or Georgina@sacoss.org.au, if you have any questions in relation to this submission or require any further information or clarification.

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5 June 2023

Mr Adam Wilson
Chief Executive Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

Dear Mr Wilson,

RE: Small-scale networks: absence of regulatory reporting requirements

The South Australian Council of Social Service (SACOSS) is the peak body for non-government health and community services in South Australia with a mission to advocate for the interests of people on low incomes or experiencing disadvantaged across the state. SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. SACOSS has a long-standing interest in the delivery of essential services. Our research shows the cost of basic necessities like water and electricity impacts greatly and disproportionately on people experiencing vulnerability and disadvantage.

SACOSS notes the Essential Services Commission of South Australia (ESCOSA) has published a 2021-2022 performance and compliance summary for small scale networks on its website.[1] In contrast to previous years (as a result of ESCOSA's adoption of a 'Verify, Trust, Accountability'[2] (VTA) approach to monitoring and reporting of small-scale networks), the performance outcomes have not been published in a Performance Report format,[3] but rather are summarised in four paragraphs (for electricity networks) on the website.

SACOSS has previously provided submissions to ESCOSA on its Small-Scale Networks Inquiry, opposing the introduction of reduced reporting obligations under the VTA approach, and urging ESCOSA to retain reporting of consumer protection obligations.[4] We also made a submission to ESCOSA in October last year[5] around the absence of important reporting

[1] ESCOSA, Regulatory Performance 2021-22: Small Scale Electricity Networks, Regulatory Performance 2021-22: Small-scale water networks

[2] ESCOSA, Fact Sheet: Licensee categorisation methodology, October 2021

[3] See ESCOSA, Energy Fact Sheet – Off-grid Energy Networks Regulatory Performance Report 2020-21

[4] SACOSS, Submission to ESCOSA's Draft Inquiry Report into Regulatory Arrangements for small-scale water, sewerage and energy services, September 2020

[5] SACOSS, Submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022.

requirements for small scale energy and water networks in *Guideline No.5: Regulatory Reporting Requirements for Small-scale Networks*[6]. Specifically, previous metrics on disconnection and restriction for non-payment, as well as the number of complaints and interruptions to supply, were excluded from the July 2022 Guideline. The decision not to include these reporting metrics within Guideline No. 5, is in conflict with the ESCOSA's *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*,[7] and Decision 4 of ESCOSA's *Final Decision* on the Verify Trust and Accountability approach.[8]

As set out in our October 2022 submission[9], ESOCSA's Final Decision found that:

> *'While the Draft Inquiry Report suggested that there might be reduced reporting on hardship and affordability, noting the concerns of SACOSS, and having considered the matter further,* ***the Commission will maintain reporting of those metrics, to at least the current level****.'*

This finding was reflected in the VTA Approach:

> ***VTA approach – Decision 4***
>
> *Category A licensees*
>
> *Category A licensees' annual reporting returns are required to be approved by the licensee's CEO (or equivalent) and comprise the following:*
>
> - *a list of office holders, to assure the Commission that the licensee is a fit and proper person*
> - *connection and customer numbers, to be used primarily for calculating Commission licence fees (water) and EWOSA membership fees respectively*
> - ***information on hardship and affordability, at least equivalent to that required prior to the VTA approach being formally implemented at 1 July 2022***
> - *identification of any material changes to operations, and*
> - *a statement of assurance that the licensee is complying with its obligations and engaging in a competent operation to the level contemplated (in Box 1).*

ESCOSA's *Off-grid Energy Networks Regulatory Performance Report for 2020-21* identified the following key consumer protection metrics for off-grid energy licensees, required prior to the formal implementation of the VTA approach on 1 July 2022:

- *the number of* ***complaints*** *received by each off-grid retailer and distributor*
- ***the number of disconnections for non-payment of a bill*** *made by each off-grid retailer*
- *the* ***number and duration of interruptions of supply*** *for each off-grid distributor, and*

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[6] ESCOSA, Guideline No.5: Regulatory Reporting Requirements for Small-scale Networks, July 2022.

[7] ESCOSA, *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*, February 2021.

[8] ESCOSA, *Final Report on its inquiry into regulatory arrangements for small scale water, sewerage and energy services*, February 2021, p.38.

[9] SACOSS, Submission to ESCOSA on the small-scale energy networks consumer protection framework review: Draft Decision, October 2022, pp 18-22.

- *licensees' **compliance** with their licence requirements.*

These consumer protection metrics do not appear in Guideline No. 5. Guideline No.5 establishes that Category A and Category B licensees must provide an *annual return* with the following information (as set out in Annexure A to Guideline No.5):

> *2.5 Annual return - Category A licensees*
> *(a) a list of office holders*
> *(b) connection and customer numbers*
> *(c) **number of customers on flexible payment arrangements***
> *(d) **number of customers receiving a concession toward their energy or water bill***
> *(e) **number of customers registered as life support customers***
> *(f) identification of any material changes to operations*
> *(g) information on all licensee compliance breaches in the preceding 12 months*
> *(h) information on all licensee material service issues in the preceding 12 months, and*
> *(i) a signed statement of assurance confirming that it is complying with its obligations.*

SACOSS considers the reporting requirements outlined in Guideline No.5, are not consistent with Decision 4 in ESCOSA's Final Report. Specifically, licensees are not required to report on the following metrics **that were required prior to 1 July 2022**:

- The number of complaints received by each off-grid retailer and distributor
- The number of disconnections for non-payment of a bill
- The number and duration of supply interruptions for off-grid distributors.

This is true for Minor and Intermediate Water licensees as well as small scale energy networks. These metrics, and in particular metrics around complaints and disconnections / water restrictions for non-payment, provide essential insights into the experience of off-grid energy and water consumers, and the adequacy of the operation of the protections in place.

SACOSS would be grateful to receive feedback from the Commission on when it will amend Guideline No.5 to include the missing metrics, in alignment with its previous decision. Given increasing energy prices and cost of living concerns for regional South Australians, it is particularly important that we have visibility of the number of customers who are struggling to pay their bills and are being disconnected or restricted from an essential service.

If you have any questions in relation to this letter, please contact Georgina Morris at georgina@sacoss.org.au or 8305 4214.

Yours sincerely,

Dr Rebecca Tooher
Director of Policy and Advocacy
South Australian Council of Social Service