Tasmanian Council of Social Service Inc

Submission
to the
Utility Regulators' Forum
Steering Committee on National Regulatory Reporting Requirements –
Retail Working Group
on the

Discussion Paper: *National Energy Retail Performance Indicators*

April 2006

Authorised by:
Mat Rowell
Chief Executive Officer
Tasmanian Council of Social Service Inc.
PO Box 1126
Sandy Bay Tasmania 7006
Phone: 03 6231 0755
Fax: 03 6223 6136
mat@tascoss.org.au

Introduction

The Tasmanian Council of Social Service (TasCOSS) is the peak body for the community service sector in Tasmania. Its membership comprises individuals and organisations active in the provision of community services to low income, vulnerable and disadvantaged Tasmanians. TasCOSS represents the interests of its members and their clients to government, the public, the private sector and to the media.

TasCOSS has been involved in electricity issues for several years as advocates for low income and disadvantaged electricity consumers in Tasmania. TasCOSS is represented on the Tasmanian Energy Regulator's Customer Consultative Committee; in 2004, ran an electricity training program for domestic consumers and their advocates with funds from the National Consumers Electricity Advocacy Panel, and is actively involved in a national network of electricity consumer advocates. We are currently funded by the Advocacy Panel for a part-time electricity policy and advocacy position. Our interest in energy issues is focused on energy as an essential service and the maintenance of access to an affordable, reliable and safe energy supply for residential consumers and in particular, for low income and disadvantaged households.

We welcome the opportunity to comment on this *National Energy Retail Performance Indicators* Discussion Paper and congratulate the Utility Regulators Forum for its initiative in reviewing the national regulatory reporting requirements and for establishing this consultation process. We believe that periodic reviews of retail reporting requirements are vital to maintain the relevance and efficacy of the information provided in a rapidly changing energy environment.

We note that the Forum's objectives in requiring the regular reporting of retail performance data include to 'monitor key indicators of access, equity and affordability of electricity services'[1] It is this objective that informs our response to the proposals made in this Discussion Paper.

Revised Template Definitions

Telephone Service

TasCOSS supports the proposed changes to telephone service indicators, and in particular to the removal of the Integrated Voice Response (IVR) indicator. Consumers' problems begin to be addressed when they are connected to a human operator, not when they are placed in an automated queue. This is particularly important for the many people living on low incomes who now rely on pre-paid mobile phones with expensive timed calls. Human response time is particularly important to these consumers, and this issue might also be picked up by including, as is proposed, the number of abandoned calls in the telephone service reporting requirements.

[1] Utility Regulators Forum, 2002, *National regulatory reporting for electricity distribution and retailing businesses:* Discussion paper, March 2002, Commonwealth of Australia, p. 14.

Complaints

We support the amended complaint definition and the disaggregation of complaint types. The proposed definition of a complaint as an expression of dissatisfaction that seeks resolution or response explicitly or implicitly is logical, but its introduction should be accompanied not only by clear guidelines, but also by training of call centre staff. The issue here is the ability and willingness of call centre staff to identify an *implicit* desire for response or resolution of their complaint.

We note that the draft guideline that addresses the issue of implicit expectation of response or resolution (2.1.1 (c), Appendix 1, *Draft National Repor5ting Guideline – Complaints*) provides as an example a situation where a consumer 'has called more than once regarding a specific concern . . .'. We see this as a poor example, and if followed, would allow many genuine complaints not to be included. Surely if a consumer phones an energy company once with a complaint, that should be sufficient to imply that the consumer wants their concern appropriately dealt with. We suggest that a better example (of a single call) be provided in the draft guidelines.

The expansion of complaint types is also logical and will contribute to a clearer identification of problem areas which, in turn will allow regulators to better target investigations of particular retailer practices.

Direct Debit Payment Difficulties

We not agree that the current direct debit payment default indicator should be amended. Given the increasing promotion of the direct debit payment option by energy retailers (which in Tasmania includes a quarterly incentive payment), more consumers are choosing to pay their energy bills by direct debit from their bank or credit union accounts. While this is convenient for many consumers, and is especially so for energy retailers, it is also a potentially dangerous option for those on low incomes or with an irregular income source that can be a feature of casual and part-time work. Financial institutions tend to impose high penalties for direct debit defaults, which can cause additional hardship to people on low or irregular incomes.

Direct debit defaults are a clear indicator of financial stress and the number and percentage should continue to be recorded. It may also be useful to introduce as a new indicator the number and percentage of direct debit plans that are terminated as a result of repeated defaults, although it may be that retailers differ in their rulings on the cancellation of direct debit arrangements.

Instalment Plans

The existence of a debt to an energy retailer is an indicator of financial stress, and is often resolved by the introduction of an instalment plan. It is therefore appropriate that the number of instalment plans continues to be a reportable indicator. We agree it is appropriate to define an instalment plan as an arrangement involving at least three payments, as proposed. However, it would also be useful to keep track of the number of payment *extensions* granted by retailers to consumers requesting extensions of the payment period. This would capture those consumers experiencing at least short term financial stress and affordability problems.

Proposed New Affordability Indicators

While we agree that additional information on disconnections and re-connections will provide better and more useful information on the affordability of energy supply, these should not be the sole new affordability indicators introduced. We know from the experiences of our members and their clients that many low income households employ a range of strategies to maintain their essential connection to electricity. This is particularly relevant in Tasmania where electricity is still the only widespread energy source and where our cool climate requires homes to be heated for a large part of the year. Disconnections are avoided where-ever possible and this means that many households will forgo other household necessities such as clothing, food, transport costs, and so on in order to ensure that disconnection does not occur.

An additional significant factor in Tasmania is the widespread use of pre-payment meters for electricity supply. Almost 37,000 Tasmanian households (or 15%) use a type of pre-payment meter (made by Siemens) that cannot record self-disconnection at all. This leaves a considerable number of Tasmanian households out of these affordability indicators. We believe that energy companies should be required to use *only* meters that have the capacity to record self-disconnections, and that self-disconnections be reported to the relevant regulator along with details of debts being re-paid through pre-payment meters. It is imperative that the Utility Regulators Forum urgently develop affordability indicators that capture the experiences of consumers with pre-payment meters.

It is critical to understand that disconnection rates do not provide a full picture of affordability but must be seen in the context of other indicators such as instalment plans commenced, suspended and completed; payment extensions granted (discussed above), as well as information about levels of debt owed by consumers to energy retailers. We propose that the numbers of consumers with outstanding debts be reported, as outlined in the submission on this Discussion Paper from the Consumer Utilities Advocacy Centre and the Consumer Law Centre Victoria. That is,

> *as a stand-alone, additional, indicator: the number of customers owing debt of certain amounts to the retailer. Debt levels could be divided into appropriate bands (eg. Less than $100; $100-200; $200-400; greater than $1,000 etc)*[2]

We believe that information on debts and debt levels will provide significant insight into the affordability of energy.

The proposal to include disconnection data of Commonwealth concession card holders is a good one, but may prove problematic as we believe different concession systems apply in different Australian jurisdictions and not all retailers are involved.

Performance Indicators – Gas Sector

We support the inclusion of gas in this national retail template, and look forward to regulatory reports from gas retailers commencing operations in Tasmania.

---

[2] Consumer Utilities Advocacy Centre & the Consumer Law Centre Victoria, 2006, *Submission to the Steering Committee on National Regulatory Reporting Requirements Retails Working Group, April 2006*, p.4.

Categorisation by Fuel Type

We have no problem with the proposed introduction of electricity, gas and dual fuel categories, although we believe that telephone service and other indicators should be reported nationally (and within jurisdictions) on each individual category. This is particularly important in Tasmania where gas is currently being introduced. Discrete reporting will allow the performance of the developing gas retail sector to be closely monitored by the Tasmanian Energy Regulator.

Conclusion

We hope our comments are useful and we particularly look forward to seeing the introduction into national regulatory reporting requirements of additional energy affordability indicators. Maintaining access to electricity supply is not only essential, but has also long been a problem for many low income and disadvantaged households. We welcome the ongoing interest and involvement of jurisdictional regulators in monitoring affordability and in ensuring access and equity in energy supply, particularly in a market situation in which a number of players consider profit margins more important than issues of access, equity and affordability.