

4 October 2016



Ms Sarah Proudfoot  
General Manager-Retail Markets Branch  
Australian Energy Regulator  
GPO Box 520

Melbourne VIC 3001

Dear Ms Proudfoot

### **Minimum Disconnection Amount Review**

Thank you for the opportunity to provide feedback on the Australian Energy Regulator's (AER) Review of the Minimum Amount for Customer Disconnections.

Energy is an essential service and disconnections can have significant impacts on customers and households. Aurora Energy recognises the broader impacts that disconnection places on customers and will always seek to exhaust all other options prior to disconnection for non-payment. Aurora Energy views disconnection as an action of last resort, for customers not willing to engage regarding repayment options or continually failing to meet mutually agreed and fair payment commitments.

Aurora Energy supports the AER view that a single, nationally consistent minimum disconnection value for electricity and gas is appropriate. Aurora Energy further supports the proposal to maintain the minimum disconnection amount of \$300 (GST inclusive). This provides retailers the flexibility to make a commercially prudent decision which takes into account individual customer circumstances. Aurora Energy considers that the threshold value (\$300) should be dollar based and not relative to the number of quarterly bills outstanding.

Aurora Energy maintains an internal policy not to disconnect customers for non-payment for any outstanding amount below \$500. This level is considered appropriate to Aurora Energy's specific circumstances including:

- Larger than the national average bill value with electricity being the main source of energy for Tasmanian households;
- A single quarterly bill is often well in excess of \$300 during the winter periods;
- Disconnection and reconnection fees added to the outstanding invoice amount can result in a substantial increase in the accumulated debt level placing the customer further into financial difficulty. By disconnecting for an amount of \$300, the application of fees (for disconnect & reconnection) could potentially double the initial outstanding debt amount.

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While the national minimum disconnection amount remains at \$300, this provides Aurora Energy the flexibility to revert to that lower amount if a particular customer situation merits disconnection at the lower threshold. Aurora Energy therefore values the flexibility that the current minimum amount allows retailers.

In regards to timeframes for future reviews, Aurora Energy considers a period of at least every 5 years as appropriate, or sooner if market conditions warrant.

I trust this information will be of assistance to you. Please contact me if you require any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Kane Ingham".

Mr Kane Ingham  
General Manager Commercial Services