

19th August 2011

RESPONSE BY THE CARAVAN, CAMPING AND TOURING INDUSTRY AND MANUFACTURED HOUSING INDUSTRY ASSOCIATION OF NSW (CCIA NSW)

TO THE EXEMPT SELLING GUIDELINES ISSUED BY THE AUSTRALIAN ENERGY REGULATION JUNE 2011

Proposed Condition

Condition 1 - Information provision

1. The exempt seller must advise exempt customers at the start of their tenancy/residency of the following:

a. the exempt customer's rights in relation to dispute resolution including any right that the exempt customer has to access the energy Ombudsman scheme and any relevant complaints tribunal in the state or territory in which the exempt customer is located

CCIA NSW RESPONSE

This already exists in New South Wales where residents of residential parks under the Residential Parks Act 1998 are subject to the *Customer Service Standards for the Supply of Electricity to Permanent Residents of Residential Parks* issued by Fair Trading NSW in August 2006. Dispute resolution is managed by access to the Consumer, Trader and Tenancy Tribunal.

b. any flexible payment options for energy provided by the exempt person for exempt customers experiencing financial payment difficulties, including payment plans for payment by periodic instalments

CCIA NSW RESPONSE

Any provision about payment options should support the provisions of the Residential Parks Act 1998 where payment is a term of the residential tenancy agreement. Flexible payment options should be a matter for negotiation between the parties without imposing any public service obligations on the park owner. Costs of implementing and operating a rebate system should not be imposed on a park owner.

c. the availability of relevant government energy rebates, concession and relief schemes.

CCIA NSW RESPONSE

The CCIA supports the right of exempt customers to access these services directly from the support agencies. Exempt retailers do not have the capacity to administer such services directly. Exempt customers should receive payments or subsidies directly into their pension (in the same manner as rental assistance). The availability of these schemes must not impose additional costs, both actual and unseen, to the park owner. Information about the availability of the schemes could be provided by the relevant agencies for easy distribution through things like websites and dedicated publications.

d. any right of the exempt customer, under state/territory laws, to elect to purchase energy from a retailer of their choice and information on the options for metering that would allow this choice.

CCIA NSW RESPONSE

This should be provided for where the internal network infrastructure allows this to be offered. In other words, where the exempt customer is able to be a direct customer of the local standard retail supplier by virtue of the existing underground infrastructure and metering arrangements mandatory upgrades must be avoided. Retrofitting is expensive and involves substantial dislocation of dwellings and the digging up of roads and other capital works. These costs can only be recovered from exempt customers who are generally on statutory incomes who, in return, will only achieve minimal gains because of the relatively low consumption. Alternatively, if such mandatory upgrades are imposed, the exempt supplier must be compensated for the cost of any upgrade.

3. Information set out in paragraph 1 of this condition must be provided by an exempt person to existing exempt customers as soon as practicable (and at least within three months) after the determination is in force.

CCIA NSW RESPONSE

The AER could provide a “deemed to comply” statement to ensure total disclosure and National uniformity.

Condition 2 - Billing and payment arrangements

1. An exempt person must ensure that the meter for each exempt customer is read and bills are issued to each exempt customer:

a. at least once every three months, and

CCIA NSW RESPONSE

Clause 3.3.1 of the Customer Service Standards provides for billing no more frequently than rent is paid and no less frequent than quarterly, unless an alternative billing cycle is agreed between the park owner and resident. We suggest that this provision be adopted as part of the Guidelines.

Condition 4 - Pay-by date

1. The pay-by date for a bill must not be less than 12 business days from the date on which the exempt person issues the bill.

CCIA NSW RESPONSE

A more practical response would be for the tenancy agreement to set out times for payment taking account of direct debit provisions. If there is a default it should be conditioned “unless otherwise set out in the tenancy agreement”.

As there are some 30,000 exempt customers in our industry, the imposition of such a change would require amendments to the residential site agreements of each one. This would impose a huge financial impost on the industry.

Condition 5 - Receipts

1. An exempt person must provide each exempt customer with a receipt for any amount paid for energy.

2. An exempt person must provide the exempt customer with a separate receipt if a payment for energy was made together with a payment for rent but has not been separately identified on the rent receipt.

CCIA NSW RESPONSE

As provided in section 37 (c) of the Residential Parks Act 1998 (NSW) the provisions should be “that receipt is separate from any rent receipt provided to the resident or is identified separately on the rent receipt”. The system must ensure that payment of accounts can be acknowledged by electronic receipts as is the current practice. Any requirement to print and distribute paper receipts will impose unrecoverable costs on the park owner. The issue for parks is that most residents are using direct debit systems. The AER must make accommodation for this.

Condition 7 - Pricing requirements

1. An exempt person must, prior to selling energy to the exempt customer, inform the exempt customer in writing of the

tariffs and all fees and charges applicable to the exempt customer, and the basis on which tariffs, fees and charges are calculated.

CCIA NSW RESPONSE

If parks are required to use the tariffs of the local standard retailer for the area to bill exempt customers, any limits on charging should be limited to that published domestic tariff. Any increases can be given to the customer by notification such as affixing the notice with the relevant information about the change to the park notice board, as set out in clause 3.1.5 of the Customer Service Standards.

3. An exempt person must not charge the exempt customer tariffs higher than the standing offer price that would be charged by the relevant local area retailer for new connections, if the local area retailer were to supply that quantity of energy directly to the premises of the exempt customer.

CCIA NSW RESPONSE

The charging for electricity is limited in the Customer Service Standards to “that would have been charged by the local standard retail supplied under a standard form contract for the same level of consumption.

However, this does not take account of the costs imposed on the park owner maintaining and renewing the reticulation service, reading the meters, issuing accounts, issuing receipts, carrying the debt for the time between payment by the park owner and the payment by the resident and debt collection.

Any system under the Exempt Guidelines must have equitable provisions that take account of the costs associated with the supply and reticulation of electricity.

4. An exempt person must provide notice in writing to the exempt customer of any increases to the applicable tariff. Such notice must be provided within 5 business days of the exempt person becoming aware of the increase in the applicable tariff.

CCIA NSW RESPONSE

Imposing time limits like 12 days is not appropriate in these circumstances. Accounts are issued and payments usually are made with rent payments. Any notification should be in accordance with the existing provisions of the customer service standards that provide for notification on the park notice board.

Times limits in relation to notices about increases only add to the likelihood of disputes over technical issues about time of receipt of the notice. These are distractions from the main issue of supply and payment for electricity.

5. An exempt person must not impose any other charge on an exempt customer in relation to the supply of energy.

CCIA NSW RESPONSE

The payment of Service availability charges is fundamental to the operation of energy systems by park owners and should not be restricted in any way. These are normally charged by local standard retail suppliers and should be able to be charged by park owners to reflect the additional costs imposed on the park owner.

There should not be any restrictions on the charging of the service availability charge other than it should be in accordance with what the local standard retail supplier is able to charge.

The ability to impose service availability charges must not be lost because this is the only option for park owners to recover any costs associated with the management and upkeep of reticulation system. Already, the limiting of charging the full service availability has adversely affected the operation of parks in New South Wales. These huge losses cannot be recovered in rent increases.

Condition 8 - Payment difficulties and disconnection or cessation of supply

1. Subject to Condition 9, an exempt person must not proceed with disconnection or cessation of energy supply to an exempt customer unless the following requirements have been met:

Subject to Condition 9, an exempt person must not proceed with disconnection or cessation of energy supply to an exempt customer unless the following requirements have been met:

- a. the exempt customer has requested disconnection, or
- b. the exempt customer has not paid a bill by the pay-by date or has not adhered to the terms of a payment plan, and
- c. the exempt person has given the exempt customer a reminder notice following the pay-by date of the unpaid bill; and
- d. no less than 10 business days after issuing a reminder notice, the exempt person has given the exempt customer at least 10 business days written notice of the intention to disconnect and the reason for disconnection.

2. The exempt person must not disconnect the exempt customer if the exempt customer pays the bill, or makes any outstanding payments under the terms of the payment plan, after receiving notice of intention to disconnect.

CCIA NSW RESPONSE

Park Owners will comply with generally accepted practices in the energy supply industry. There should not be any additional obligations like having to obtain the consent of a tribunal or a court before disconnection.

Condition 11 - Concessions and rebates

1. Where an exempt customer is eligible to receive a government energy rebate, concession or assistance under a relief scheme, the exempt person must assist the exempt customer to access the government energy rebate, concession or assistance and must not hinder an exempt customer's attempts to establish eligibility.

CCIA NSW RESPONSE

Any provision about concessions and rebates should not impose additional costs and obligations on park owners as exempt providers. Any public service obligations should not be required of park owners.

Condition 12 - Choice of retailer

The exempt person must not seek to prevent an exempt customer who is eligible under jurisdictional laws to purchase energy from a retailer of their choice from electing to do so, whether by requiring the exempt customer to waive their ability to choose a retailer or by unreasonably hindering any metering or network changes required to enable choice of retailer.

CCIA NSW RESPONSE

Exemption is needed here for the many parks that have existing internal electricity or gas network configurations where it is impossible or impractical to facilitate connection to various providers of choice. Enforcing network reconfiguration may be costly for park owners and residents. The only other option would be to require the resident to pay all costs associated with changes in retailers.