
Submission to the Review of the
Regulatory Arrangements for
Aurora's Pay As You Go Service

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ANGLICARE

TASMANIA

Background

In preparing a response to the Review of the Regulatory Arrangements for the Aurora Pay As You Go Service, Anglicare invited low income earners to participate in a focus group discussion about Pay As You Go. A flier advertising the focus group was distributed to Anglicare's financial counsellors, Centrecare and the No Interest Loans Scheme (NILS) Network, who in turn invited clients to participate. In order to participate, people needed to be eligible for a Health Care Card or Pension Concession Card and be using, or have used, Aurora's Pay As You Go. Seven people attended the focus group.

Participants were asked questions framed around the Regulator's terms of reference for the review and these findings form the first part of this submission (Part 1). These questions included:

1. How, or why, did you start using Pay As You Go?
2. What is the best thing about Pay As You Go?
3. Have you experienced problems with Pay As You Go?
4. Are there ways that you think Pay As You Go could be improved?
5. Do you have any comments about the emergency credit facility of Pay As You Go?
6. Are you aware of other options for paying for your electricity – Easypay, Prepay and Centrepay? Are there reasons why you chose Pay As You Go over these options?

There was overall support in the focus group for Pay As You Go, with participants believing that Pay As You Go was cheaper and provided them with more control over their electricity budget. Participants also raised a number of issues for improvements to Pay As You Go, which have been incorporated into Anglicare's recommendations.

In addition to the issues raised in the focus group discussion, Anglicare evaluated the Pay As You Go service in terms of fairness to consumers compared to tariffs (Part 2 of the submission).

The final section of the submission lists Anglicare's recommendations (Part 4).

Part 1: Consultation with low-income Tasmanians

1. How, or why, did you start using Pay As You Go?

Two participants started using Pay As You Go as part of the initial testing for the scheme. All other participants applied for Pay As You Go because they

believed that Pay As You Go is cheaper and would make it easier to budget, stressing that it gave them 'greater control' of their budgets.

"Well, I like Pay As You Go because my husband's on compo and it's cheaper. I think it's great especially with a family." (Sarah, 35, own home in West Moonah, Workers Comp)

"Yes, well we've got five adults at the moment living at our place. So you can imagine and we've got electric heating. But about \$55 a fortnight covers it. And it's easier to fork out \$55 than it is to.... I just can't begin to imagine what the power bill would be." (Cheryl, 52, public housing in Glenorchy, Disability Support Pensioner)

Some participants also described their shock at receiving large Aurora tariff bills.

2. What is the best thing about Pay As You Go?

Participants liked the increased control that Pay As You Go provides them, including the ability to ration their electricity use.

"I like the control. You know, we budget and at the moment there's five of us and so yeah, I'm a little bit mean with the heater, we're getting a bit low, and pay day and if you're cold you have to use blankets or something. The heater is not a priority but we don't go cold.... If I haven't got any money I can blackmail my sons not to use the heaters. It's not really blackmail you know.... You can keep an eye on how much you've got and you can think how long's it going to last." (Cheryl, 52, public housing in Glenorchy, Disability Support Pensioner)

"Just that it helps me to budget my money more.... You just know how much you use. You can actually see it ticking over." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

Some participants feel that they save money with Pay As You Go.

"I just find the cost's the best thing for me... I put \$100 going on 3 months ago and I still got \$35 on it.... [Pay As You Go] a lot cheaper.... The establishment fee is a lot cheaper." (Pamela, 48,

public housing in South Hobart, Disability Support Pensioner)

Access to emergency credit was also cited as a good thing about Pay As You Go.

“And there is the convenience if it’s a really bad fortnight or whatever you know you’ve always got that emergency money there. They can’t cut it off once it gets to a certain time at night and they can’t cut it off on weekends even if you run out of your emergency credit it’s still there just when you put your money back on it takes off what you’ve used. But at least you’ve got that security there too.” (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

3. Have you experienced problems with Pay As You Go?

The cost of a replacement card and the way in which that cost comes off the card when inserted into the meter was a cause of frustration for participants.

“They say it will happen on the third time you use your card but it doesn’t but they said after the third go it will take the money out but it happened on the fifth go.” (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

“I’ve lost me card twice and they’ve charged 20 bucks. But every time you put money on it you’re not ready for it after the third go and the 20 bucks just comes straight out and you’ve hardly got any power and you’ve got to run back again.” (Glen, 35, public housing in Gagebrook, Disability Support Pensioner)

“Last December somebody pinched my bag then all my cards is gone so it is not my fault and then they say that’s alright and we’ll just give you this one and then we’ll take out \$20 and I said I cannot afford \$20 at the moment ... and they said it’s alright just pay when you’re ready but when I put money in and the card in there was nothing, it had taken the \$20. I don’t know but I explain to them that it’s not my fault and I couldn’t budget my money that week so I have to suffer that one.” (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

Participants said it was difficult only having one card issued per household. This issue was raised again when improvements to Pay As You Go were suggested.

“And they won’t issue more than one card, right and I think they should issue at least two cards per household because if someone else has gone out and the thing runs out you don’t have an extra card to do it. It’s not a totally sensible thing expecting someone to pay \$20 for something that is out of their hands. I think they should issue two cards or at least a maximum of 2 that they can issue per household so that if something does happen to one card you’ve got another card.” (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

“I agree two cards would be easy. Not that long ago my daughter went into hospital and she didn’t have much power left and it was a pain to have to go all the way into hospital just to pick up the card.” (John, 30, public housing in Gagebrook, Disability Support Pensioner)

One participant went without power because of a faulty meter.

“I put 50 bucks on my card and the box wouldn’t take my card said invalid card so I had no more money to put power on or nothing and I think it was about 8 o’clock at night and they cut our power off and they put a new box in and fixed it all up.” (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

Regarding Point of Sale agents, participants raised concerns about opening hours, the lack of agents in some suburbs and the variable level of service provided by agents. Participants said that some suburbs were well supplied with agents and others were not, despite there being many households with Pay As You Go meters. People without cars appeared to be more inconvenienced by the distance to the nearest agent and described having to walk to the next suburb each time they needed to recharge their Pay As You Go card.

“They did nearly every housing house in Chigwell but there’s no agent. Dad’s had it since it started but it’s getting to somewhere to fill it up. There’s well over 400 houses in Chigwell and yet there’s not in Claremont [which has the nearest agent to Chigwell].”

(Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

"No, there's only one in our area, at Rokeby, and I live in Clarendon Vale and I think the next one's in Eastlands.... Yeah, I don't have a car." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

"From Gagebrook I have to walk to Cove Hill [Bridgewater].... My father has to come from Geeveston up to Huonville to get the power and that's a little bit ridiculous just to get \$20 worth of power." (John, 30, public housing in Gagebrook, Disability Support Pensioner)

"And where we live in Cascades, there's one in town at the chemist, and then the only other one is at Sandy Bay at the chemist so if it's late at night or on a Sunday you can't get any. You've got to go into Glenorchy or down to Kingston to get it." (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

Participants said that there were differences between the minimum amount agents will accept. They also noted that some agents would only accept payments in whole dollars.

"You can't put \$3.50 on it and I think that's wrong because everyone runs out of money before pay day and if you haven't got that \$5 and you've got a freezer of meat you've just wasted all your meat because you couldn't get \$3.50 in power.... And if you've got cents you should be able to put cents on too. At Bridgewater you can't put the 20 cents on. If you have \$6 they'll let you. But if you have \$6.75 they won't take the cents." (John, 30, public housing in Gagebrook, Disability Support Pensioner)

"I think [the amount you can put on] needs to be regulated because the Caltex service station at Glenorchy they'll let you get \$2 if you need it." (Cheryl, 52, public housing in Glenorchy, Disability Support Pensioner)

One participant identified that Pay As You Go meters are not set at real time which created confusion when people attempted to use the system most effectively in off-peak periods.

“When I rang up Aurora to ask them about the time on the meter they said to me because we have daylight savings we set it roughly in between. Dad’s is 35 minutes, mine is 20, the lady next door is 15, the lady two doors up hers is 56 minutes out. That’s one thing they don’t tell you is to check the time on your meter. Only an electrician can change it. I was using a bit more power than I thought I should be and I rang Aurora and she said yeah, check your meter’s time and I thought nice to tell people.” (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

One participant’s meter was 55 minutes different to real time. A number of participants were not aware of the discrepancy with the time of the meter.

“I don’t even know how to check the time.” (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

Some participants had also experienced difficulties paying off their Aurora tariff bill debt before being able to have Pay As You Go installed. Often they wanted to go to APAYG because of big tariff bills, but the delay in installing the APAYG exacerbated the problem of debt accumulating with each tariff bill that arrived.

“I’ve been in Tassie for five years. The first bill was a bit off so I saw a flier from Aurora but they wouldn’t connect it before I paid off the first bill and that took a while.... Yeah it was pretty hard for me because once you’d paid the bill the next lot of power was running up.” (Glen, 35, public housing in Gagebrook, Disability Support Pensioner)

“My problem is when Pay As You Go come in you have to wait 6 or 8 months before you get [it]. I ring up the Hydro and ask for Pay As You Go and they say yeah but every 3 months I get a bill and I lost 200, 250, 400 and I would ring them up and ask where is this Pay As You Go and they say they can’t stick it on till you pay the bill but by the time I pay the bill another 3 months come up and I ring them back up and ask where is the Pay As You Go and they say no you’ve got to pay your bill.... It takes too long to hook up.... Yeah, ten months is a bit ridiculous, how many Hydro bills do you get in that 10 months?” (John, 30, public housing in Gagebrook, Disability Support Pensioner)

The amount of time people waited after paying their tariff debt before Pay As You Go was installed varied greatly.

"It took about 4 or 5 months after I pay the bill, yeah." (Glen, 35, public housing in Gagebrook, Disability Support Pensioner)

"Housing, you have to wait 6 to 12 months before they put Pay As You Go on. They make you wait." (John, 30, public housing in Gagebrook, Disability Support Pensioner)

"Yeah, up my way, a lady next door to me's been waiting a year and a half, and people that moved in to one of the other places they got theirs two weeks ago and she's still waiting and she still hasn't got hers." (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

The waiting time appears to be shorter for people in private rental or who owned their own home.

"I moved into a private rental a year ago and the day I moved in I said could you please put Pay As You Go on and he said sure and it was on the next day. The landlord organised that." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

"I own my house and I ring them and there's an electrician contracted to do that area and all I had to do is contact that contractor as long as I am the owner of that property." (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

The amount of information provided by Aurora about Pay As You Go was also identified as a problem by some participants.

"You don't get a lot of information from them." (Cheryl, 52, public housing in Glenorchy, Disability Support Pensioner)

"I've never had anything from them. I've been on it five years." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

4. Are there ways that you think Pay As You Go could be improved?

Some participants would like to have direct debit facilities for Pay As You Go linked to either their bank account or Centrelink payments.

“If it comes out your payment you don’t miss it anyway.” (John, 30, public housing in Gagebrook, Disability Support Pensioner)

“[You could] have a certain amount come out of the Centrelink payment and you can actually direct debit if they set it up... and then all you have to do is take your card to any point of sale and they update it and it’s on there automatically and if they did that here it would make a real difference for people on a low income. It comes automatically out of your Centrelink payment. It’s only a matter of typing a few things in and it can be done, it’s not as if it is a hard thing to do.” (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

The need for two cards per household was raised as a service that could be provided by Aurora (as discussed earlier on page 4).

Some participants felt that the cheaper evening rates should start earlier, particularly in winter.

“Evening is more like 5pm for me in winter. It is dark.” (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

“Especially in a colder state like here, I mean it gets dark at 4.30 and 5 o’clock and that is when they should be adjusting in winter time to a lower rate because you can’t put off cooking your food and letting the kids have a bath until 10 o’clock at night, they’re not up then.” (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

“With small kids it’s really hard.” (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

5. Any comments about the emergency credit facility of Pay As You Go?

Although participants had very different electricity expenditure levels, all participants felt that the level of emergency credit was sufficient.

“\$5 lasts me 3 days so on the third day I know I have to go get the power on.” (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

"I know I use too much power but \$5 is only overnight for me. I've got 2 freezers, I have a heater in the bedroom. This season it is really cold. The other day it cost me \$20 for the heater just for the day. I can't go cold because I have illness. It's really expensive but I have small kids and they must be warm, that's the priority in our house. [But I don't want it changed] because then you just owe them money." (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

"I'm lucky it will last me over a week because I don't use much.... I think if we had too much emergency credit on there, when you put your money in the emergency credit you use comes straight out of it and if we had too high an amount you're always playing catch up." (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

6. Are you aware of other options for paying for your electricity – Easypay, Prepay and Centrepay? Are there reasons why you chose Pay As You Go over these options?

Participants did not think adequate information about the different payment options was provided.

"I have an argument with that, with Easypay, with the normal bills, they [Aurora] wouldn't even put me on it. And that was from day 1, I asked if they had it like on the mainland and they said no we haven't got it like the mainland, I asked several times and they still said they didn't have it.... Yeah in Melbourne we had little pay books for the power and you could put \$20 on it each fortnight and I was trying to find if it happened in Tasmania and they said no.... It wasn't really advertised you could do Easypay it was just straight Pay As You Go." (Glen, 35, public housing in Gagebrook, Disability Support Pensioner)

"I never even thought about them. I was young and being young I just thought you got a bill and you have to pay it, that's all I knew about that. I only heard about Pay As You Go." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

"Centrelink have it [Centrepay] but 90% of the time if you ring up Centrelink and ask them what can I have taken out of my benefit and they say we don't know because you get a central call exchange and unless you physically walk in there and ask for the

list which they update all the time but if you call you get the central call and they could be in any state and they say no or I don't know." (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

Two participants knew about the other methods but chose Pay As You Go because they preferred it.

"I opt for Easypay for rates and insurance and other things. But for electricity I choose Pay As You Go because you know what you're doing." (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

"My sister had Pay As You Go as long as these ladies and I found it easier to have Pay As You Go than the other options." (Sarah, 35, own home in West Moonah, Workers Comp)

Participants believe that Pay As You Go is cheaper than tariff rates. Some participants made use of the Pay As You Go Time of Use pricing structure in an effort to reduce the cost of their electricity.

"I keep a diary of mine. I check the same time every morning and I write down how much I've used so I know how much I've used each day. I've got mine down to sometimes its less than \$5 or \$4 a week. And I have electric heating." (Pamela, 48, public housing in South Hobart, Disability Support Pensioner)

"My girlfriend always does her washing after 10 o'clock or half past ten." (John, 30, public housing in Gagebrook, Disability Support Pensioner)

"I do my washing after 10 o'clock at night. The kids' clothes and whatever me and my husband take off that day and the morning wash I do at 5 o'clock." (Sarah, 35, own home in West Moonah, Workers Comp)

Other participants did not target their useage for the cheaper times.

"I just chuck my stuff in and use it whenever I want to. I have two young ones and the night time is my free time I don't want to be doing house work." (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

Participants who did not target their usage for the cheaper times did not know if Pay As You Go is cheaper than a tariff rate.

“I have no idea. What I do is just check how much is there and then put another one.” (Sharon, 47, own home in Rokeby, Disability Support Pensioner)

“I think it just feels cheaper because you’re putting money on there regularly because you don’t get the big bill like \$400 or something.” (Mel, 22, private rental in Clarendon Vale, Family Payment Single)

Part 2: Fairness to consumers

Many APAYG customers are low income earners (40% are pensioners or receive the Health Care Card discount as opposed to 32% of tariff customers) (Issues Paper: 8). According to Aurora, APAYG offers “no more surprises and more control over your budget”. Participants in the Anglicare focus group appreciated not receiving a single large bill and felt they had more control over their budget.

While prepayment meters have the potential to offer greater control over budgeting, the inability to pay for the electricity used by a household is not necessarily a budgeting problem. The age and efficiency of high consumption appliances such as space heating, water heating and refrigeration and the extent to which household members are home during the day (the most expensive time for APAYG rates) are largely outside the control of low income households. Further, low income households suffer from a mismatch between household income and household expenses. Thirty six per cent of Tasmanians rely on Centrelink payments as their main source of income and there is a significant proportion of “working poor” in the State.

Disconnections

Whilst people using the regular tariff may be disconnected by Aurora once their debt reaches several hundreds of dollars, APAYG customers disconnect instantly when their meter runs out of funds and emergency credit. Although this reduces the problem of debt it also provides less of a buffer for difficult financial times. A survey of recipients of emergency relief found that 10 per cent of respondents ranked electricity as the main cause of financial crisis (Madden 2004).

Many community service organisations in Australia are concerned that self-disconnection by users of prepayment meters (PPM) may hide financial

hardship. In a submission to the New South Wales Government on the proposed introduction of prepayment meters, the Australian Consumers' Association (ACA) suggests that, "The use of PPM must not undermine the commitment of the community to provide energy security to low income families" (ACA, 2003: 6). The Victorian Council of Social Service (VCOSS) believes that, "By effectively privatising the act of disconnection, PPM technology removes companies' responsibility for supplying essential services to vulnerable customers" (VCOSS, undated: 1).

In Tasmania, APAYG customers are disadvantaged over tariff customers regarding the times that a disconnection can take place. A tariff customer cannot be disconnected after 2 pm Monday to Thursday or on a Friday, weekend, public holiday or the day before a public holiday. However, an APAYG meter will disconnect power when the meter runs out up to 8 pm (winter) and 9 pm (summer) and there is no allowance made for Fridays, weekends or public holidays even though the meters at least recognise weekends by adjusting the rates charged. Further, an APAYG meter cannot be recharged over the phone and very few Point of Sale agents are open after 8pm. There seems no reason to allow APAYG disconnections up to 8 or 9 pm.

Of the 54 Point of Sale agents listed in Aurora's web site, 29 of them close before 8 pm. Some close as early as 4 – 5 pm on a weekday and 1 pm on a weekend. People who are serviced by agents based in the following suburbs and towns are disadvantaged by early closing times: Bicheno, Deloraine, Georgetown, Exeter, Scottsdale, St Helens, Penguin, Smithton, Somerset, Ulverstone, Risdonvale, Rokeby, Goodwood and Orford. This is in contrast to Aurora's claim that agents are "carefully selected for their long business hours, location and weekend operation" (Aurora Submission: 19).

Provision of information

Customers need to have clear and sufficient information for them to make an informed choice; however, the information on energy rates provided by Aurora is confusing. The pricing structure for APAYG makes it almost impossible for consumers to assess whether it is a cheaper alternative to the tariff. The cheaper times of the day vary for week days and weekends and for different energy types (Standard, HydroHeat and Off Peak).

In its submission to the NSW Government on prepayment meters, NSW's Office of Fair Trading recommends that before being offered a contract to sign, each customer should be advised of, amongst other things, "the different costs between supply with the PPM under the negotiated contract and supply

under a standard customer contract with the local standard retailer” (Office of Fair Trading: 3.4). Such a comparison is currently not possible in Tasmania.

Promotion of load shifting

Aurora advises that “you are more likely to save on APAYG if you....use most of your power during the evening”. “Evening”, however, is after 10.30 pm for the summer rate and after 8.00 pm in winter.

It seems misleading for Aurora to advertise APAYG with, “Even simple things like doing the ironing in a cheaper time slot will help you save money” when it is difficult for consumers to verify cost savings. According to the Energy Calculator on Aurora’s web site, an hour of ironing uses approximately 0.02 kWh. This would cost 22 cents using the Standard APAYG rate in the middle of the day (11 am – 4.30pm weekdays) or 13 cents if the customer waits until after 10.30 pm (a saving of just 9 cents).

For a consumer to calculate savings in load shifting, they must know the output of each of their appliances, the time of day each appliance is in use and then calculate the cost for each appliance over 16 different electricity rates over 2 seasons, 2 day-types and 4 time slots. Tasmania’s Energy Regulator acknowledges this difficulty in its modelling of consumption and costs for APAYG customers as compared to tariff customers. Unfortunately, there has not been any research conducted into the ability of low income Tasmanians to adjust their consumption to maximise use during the cheaper times.

Reduction in services provided

Prepayment meters offer a considerable reduction in service for its customers which should result in a cheaper price for electricity. The responsibility for meter reading and “billing” is transferred to the consumer. To ensure electricity is not disconnected, a consumer must plan ahead for increased consumption resulting from visitors, cold spells and weekend activities. There is no protection offered prior to disconnection other than the \$5 emergency credit. APAYG customers are not offered financial counselling or payment plans for difficult financial times.

Prepayment meters also impose fewer costs to Aurora and this should also contribute to cheaper electricity prices for consumers. The risk to Aurora of incurring debts is kept at a low \$5 per household. Aurora is not required to provide administration or service charges for the collection of credit or disconnection nor do they need to monitor APAYG disconnections. Further, Aurora incurs no expenses for meter reading, billing or accounting and receives payment for electricity prior to its use.

Recovery of debt

Anglicare supports Aurora's initiatives to offer a range of methods for the repayment of debts incurred by customers. Aurora's current proposal for the recovery of debt through APAYG would introduce a "progress rate" of 1.5 cents per kilowatt hour. This means that debt recovery increases with increased consumption of electricity. This is likely to have the greatest impact on households with children. The ACA, NCOSS and NSW's Office of Fair Trading argued against the use of prepayment meters for the collection of debt in NSW as the debt repayment would be "coupled to the coercive power of disconnection of electricity supply, albeit self administered by the consumer". (ACA, 2003: 5)

An alternative, which was raised in the Regulator's Issues Paper and preferred by community groups in NSW, would be to link the debt payment to the daily fixed charge. This would ensure that repayments were capped, which is consistent with a recommendation made by the Office of Fair Trading to the NSW Government. Customers should also have the choice of how they can best pay their debt – for some people a payment plan would be more appropriate.

Complaints about APAYG

The nature of some of the complaints made to the Electricity Ombudsman deserve further investigation, in particular the reliability of the meters (raised 7 times with Ombudsman from 2000-2003 and once in Anglicare's focus group) and the pensioner discount being removed from cards (raised 4 times with Ombudsman).

Connection fees

Customers of APAYG in Tasmania are required to pay only half the regular connection fee if they move into a dwelling with a pre-existing prepayment meter. Whilst this is a discount offered to APAYG customers, it disadvantages those customers who would prefer to use the regular tariff. People may choose to keep APAYG because of the discounted connection fee. This is of particular concern since Aurora is unable to advise customers as to whether they will pay more or less for electricity by using APAYG as opposed to the regular tariff.

The ACA recommends that consumers must be able to revert to tariff metering without additional fees and that people "are not pressured to take up PPM just because such a meter is installed." (ACA, 2003: 5) The Council of Social Service of New South Wales (NCOSS) recommends, "The cost of

removal of a PPM should also be subject to regulation because it has the capacity to eliminate consumer choice.” (NCOSS, 2003: 2)

Meter clocks

That meters are not set accurately at real time is a concern for the protection of customers. Aurora’s web site states this is a “‘Soft start’ for safety”, a method to limit the load burden. Aurora says the meter may be 15 minutes out either side of real time, however participants in the focus group reported up to 55 minutes difference. The meter’s time also does not change for Daylight Savings and customers are required to make their own calculations if they want to use the APAYG’s Time of Use rates.

Part 4: Recommendations

Some of the problems identified in the discussion above relate to the technology available for prepayment meters, raising the question, does Aurora have a duty of care for the provision of electricity that cannot be met by the current technology of prepayment meters?

Aurora’s tariff customers have access to electricity on credit, payment plans in times of financial difficulties and a guaranteed supply of electricity for a set period of time. In contrast, APAYG customers receive less consumer protection and service but without a comparable reduction in the price paid for electricity. Indeed, “customers would have to be able to shift large amounts of consumption to the lowest cost periods to have any significant impact on weekly cost” (Regulator, 2004: 25).

In its submission to the Regulator, Aurora raised a number of technological limitations with the prepayment meters, including not being able to prevent disconnections on Fridays and public holidays and not being able to recharge cards over the phone. Anglicare contends that these limitations in technology should not set the standard for the protection of APAYG customers.

Anglicare recommends that performance indicators and measures should be applied to APAYG, as raised in the Regulator’s Issues Paper. In its analysis of disconnections, Aurora identified “intentional” and “unintentional” disconnections and said that “lack of funds” was different to “used funds for other expenses”. Anglicare disagrees with Aurora’s analysis and recommends that the performance indicators for disconnections needs to have clearer categories for “cause of disconnection” to remove these ambiguities.

Anglicare makes the following further recommendations.

Recommendations on pricing policies

- The cheaper APAYG evening rates should commence from 6 pm in summer and winter.
- The Time of Use pricing structure should be made simpler.

Recommendations on consumer choice

- More Point of Sale agents are required as well as more agents with 24-hour access.
- Payment options for APAYG should be increased.
- Each APAYG household should be allocated two cards.
- Aurora should advertise Easypay, Centrepay, Prepay and Pay As You Go equally.
- Aurora should provide a price comparison between APAYG and the regular tariff to all potential APAYG customers prior to agreeing to a contract.
- The discounted connection fee offered to customers who choose to keep a pre-existing prepayment meter when they move into a dwelling should also be offered to customers who choose to keep the tariff meter.

Recommendations on customer impacts

- Immediate instalment of APAYG when requested, with the choice of a regular payment plan for the outstanding tariff bill or to pay it off via a “progress rate”.
- APAYG “progress rate” should be linked to daily fixed charges.
- APAYG disconnections should not occur after 2 pm on a weekday or anytime on a weekend.

Recommendations on consumer protection mechanisms

- APAYG meter must be set at real time. A sticker should be attached to the meter to inform customers that the meter’s time will not adjust for the daylight saving period.
- Emergency credit should provide a minimum three days of electricity to each APAYG customer.
- APAYG customers should be provided with information and have access to financial counselling and payment plans if required.
- The Regulator should further investigate some of the complaints made about APAYG, in particular the reliability of APAYG meters and the claims that the pensioner discount had been removed from cards.

References

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