



Review of the Electricity Industry (Metering) Code 2012 Life Support Equipment Provisions

Final Recommendations

Department of Treasury | Public Utilities Office

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Abbreviations

Term	Definition
Act	<i>Electricity Industry Act 2004</i>
Customer Code	<i>Code of Conduct for the Supply of Electricity to Small Use Customers 2014</i>
Caravan Park Order	<i>Electricity Industry (Caravan Park Operators) Exemption Order 2005</i>
Draft Report	Draft Recommendations Report
Exemption Order	<i>Electricity Industry Exemption Order 2005</i>
Final Report	Final Recommendations Report
Further Report	Further Consultation Report
Metering Code 2005	<i>Electricity Industry (Metering) Code 2005</i>
Metering Code 2012	<i>Electricity Industry (Metering) Code 2012</i>
Minister	Minister for Energy
Public Utilities Office	Department of Treasury, Public Utilities Office
SWIS	South West Interconnected System

1. Introduction

1.1 Purpose of this report

The purpose of this Report is to outline final recommendations to improve consumer protections for residents who rely on life support equipment and who are on-sold electricity (e.g. by a strata complex, caravan park or retirement village). The Report also summarises how the final recommendations can best be implemented.

The final recommendations will be provided to the Minister for Energy for consideration and approval and follow a review by the Public Utilities Office.

The final recommendations were developed after extensive consultation with industry stakeholders. During the course of the review, the Public Utilities Office produced a Draft Recommendations Report and Final Recommendations Report. Both reports are available on the Department of Treasury website [here](#).

Submissions made by stakeholders during the consultation phase of the review that were not provided on a confidential basis are also published on the Department of Treasury website.

1.2 Review objective

The Public Utilities Office conducted a review into protections for residents in on-selling arrangements who use life support equipment. The review looked at the following instruments:

- *Electricity Industry Metering Code 2012* (Metering Code 2012);
- *Electricity Industry Exemption Order 2005* (Exemption Order); and
- *Electricity Industry (Caravan Park Operators) Exemption Order 2005* (Caravan Park Order)

The objective of the review was to determine whether amendments to the Metering Code 2012 are required to more efficiently protect residents on life support equipment who are supplied with electricity through on-selling arrangements.

The review also assessed residential on-selling licence exemptions in the Exemption Order and Caravan Park Order to determine if conditions should be attached to the licence exemptions requiring on-sellers to carry out prescribed activities in relation to residents who rely on life support equipment, such as passing on planned outage notifications.

The review considered:

- the most effective method to ensure the life support residents are provided with relevant information (e.g. notice of a planned electricity supply outage to ensure they can take adequate precautions); and
- whether an electricity on-seller should be allowed to disconnect a life support resident for failure to pay an electricity bill.

A Fact Sheet that addresses electricity on-selling for all residents is available on the Department of Treasury website [here](#).

1.3 Review scope

To meet the review objective the Public Utilities Office undertook the following steps:

- Identified proposed amendments to the Metering Code 2012, the Exemption Order and the Caravan Park Order that:
 - facilitate regulatory efficiency; and
 - provide suitable protection to residents with life support equipment in on-selling arrangements.
- Consulted with stakeholders on the proposed amendments.

The work program undertaken by the Public Utilities Office to date is detailed below.

Activity	Date
Publish Draft Recommendations Report	May 2015
Publish Further Consultation Report	July 2016
Targeted Consultation about Implementation	May 2017

2. Reasons for reform

2.1 Electricity on-selling and life support equipment

In residential on-selling arrangements, it is common for on-sellers to purchase electricity from a licensed retailer at a master meter and on-sell the electricity under a licence exemption to consumers on sub-meters. Such arrangements typically occur in caravan parks, retirement villages and apartment complexes managed under strata title.

Before it was repealed and replaced by the Metering Code 2012, the Metering Code 2005 required licensed electricity retailers to collect and maintain certain information relating to customers who held a supply contract with the retailer¹. This information included customer contact details and whether there was any person(s) requiring life support equipment residing at the premises. A retailer was not required to collect and maintain this information for persons living in residential on-selling arrangements located behind the master meter.

Following amendments to the Metering Code made in 2012, a more expansive requirement under clause 5.19(2)(c) was implemented requiring electricity retailers to collect and maintain the street address and phone number of any person at a site requiring life support equipment.

This requirement applies regardless of whether a resident is directly or indirectly supplied by an electricity retailer. The effect of this provision is that retailers are now required to collect and maintain information from customers with whom they do not have a direct billing relationship, including customers in residential on-selling arrangements.

Despite this obligation, the *Code of Conduct for the Supply of Electricity to Small Use Customers 2014* (the Customer Code) only requires the network operator to notify the customer at the supply address of a planned outage. In the case of residential electricity on-selling arrangements, the person notified is the on-seller who controls the master meter, not the resident requiring life support equipment.

As the information collected by electricity retailers about residents with life support equipment in on-selling arrangements is not used to notify these residents of planned outages, the current requirements in the Metering Code 2012 offer no additional customer protections and have the potential to impose unnecessary costs on licensed electricity retailers.

2.2 Implications for retailers and network operators

Western Power has previously advised the Public Utilities Office that it has about 2,700 persons on its life support equipment register, with a majority being supplied directly from the South West Interconnected System (SWIS), that is, not subject to on-selling arrangements.

Western Power has identified 80 on-selling sites where a person with life support equipment resides within the SWIS, including 10 sites that have multiple persons with life support equipment. Based on this information, it is estimated that there are around 100 persons with life support equipment in the SWIS who are being provided with electricity through on-selling arrangements.

¹ Compliance with the Metering Code 2012 is a condition of electricity retail licences granted by the Economic Regulation Authority.

Western Power and Synergy have advised the Public Utilities Office that it will collectively cost them about \$1.4 million to upgrade their data systems and communication rules to comply with the Metering Code's life support equipment obligations relating to on-selling arrangements². Other licensed retailers operating in the SWIS may also incur system upgrade cost in complying with these requirements.

The Public Utilities Office, therefore, undertook a review of Western Australia's current regulatory framework to assess whether the customer protection measures afforded to persons with life support equipment in on-selling arrangements can be achieved in a more cost-effective manner.

In doing so, the Public Utilities Office identified possible improvements to Western Australia's regulatory framework to ensure residents relying on life support equipment in on-selling arrangements receive a level of protection proportionate to their health needs. The recommended changes to Western Australia's regulatory framework are discussed in further detail in Chapters 3 and 4 of this Report and involve making changes to the Metering Code 2012, the Exemption Order and the Caravan Park Order.

² Network operator communication rules set out the file formats, protocols and system designs for the transfer of customer supply address data (standing data) and meter data between a network operator and retailer.

3. Final recommendations

3.1 Summary of final recommendations

Regulatory instrument	Current requirements	Recommended requirements	Outcome
Exemption Order and Caravan Park Order	On-sellers and caravan park operators have no obligations under their licence exemptions regarding residents who rely on life support equipment.	<p>The recommended licence exemption conditions will require on-sellers and caravan park operators to:</p> <ol style="list-style-type: none"> 1. Collect and maintain records of persons they supply who require life support equipment, including a copy of the resident's medical certification, street address and phone number. 2. Register their supply address as a life support equipment address with the electricity retailer by providing the retailer with the resident's medical certification. 3. Notify their retailer if a resident with life support equipment vacates the on-seller's premises, or no longer requires life support equipment. 4. Comply with the retailer's annual re-certification requests. 5. Pass on planned outage notifications from the network service provider to the resident with life support equipment within no more than 48 hours. 6. Not disconnect a life support equipment resident for a failure to pay a bill. 7. Not arrange to interrupt the electricity supply to a life support resident (e.g. to undertake electrical work on site) unless 48 hours' notice has been given or the resident's consent obtained. 	<p>The purpose of these licence exemption conditions is to ensure residents in on-selling arrangements with life support equipment receive protection commensurate with their needs, through the most efficient and effective regulatory means.</p> <p>On-sellers are considered best placed to provide this protection, as they have visibility of and access to residents on their premises. As retailers have no direct billing relationship with residents in on-selling arrangements, it is difficult and costly for them to obtain information about such persons.</p>
Metering Code 2012	If a person at a supply address requires life support equipment, the electricity retailer is required to collect and maintain a record of the person's street address for outage notification purposes and a phone number to enable the network operator to contact the person (this person may be different to the supply address' customer).	The recommended amendments will remove the requirement for retailers to collect and maintain information about residents relying on life support equipment in electricity on-selling arrangements (i.e. their street address and phone number). Retailers will only need to collect and maintain information about their direct customers (i.e. the on-seller in an on-selling arrangement)	The amendments will save network operators and retailers the cost of upgrading their information technology systems to maintain information about residents in on-selling arrangements (estimated by Western Power and Synergy at about \$1.4 million in total).

3.2 Estimated compliance costs of proposed changes

If the final recommendations are accepted and implemented, on-sellers will be required to maintain a register of their customers who use life support equipment and ensure the details of the register are provided to their electricity retailer. This process is tabulated in Fact Sheets for on-sellers and residents located [here](#). On-sellers may choose to use the Registration Form prepared by the Public Utilities Office to assist with this process.

To register an address as a life support address for the first time, on-sellers will complete their contact and electricity account details on the Form and residents will arrange for their doctor to sign the Form to confirm they use life support equipment.

On-sellers will also need to ensure residents can provide information over time to confirm they still use life support equipment. Each year, electricity retailers contact on-sellers at registered life support addresses to query if their resident(s) continue to require life support equipment. Retailers require recertification from a medical practitioner that a resident uses life support equipment every three years. In both cases, residents will assist on-sellers to provide this information.

It is estimated that there are around 100 persons across the SWIS who use life support equipment and are on-sold electricity at up to 80 separate locations.

Using the WA Regulatory Burden Measure³ the Public Utilities Office estimates that total annual compliance costs of on-sellers due to the proposed changes will be \$4,000 shared across 80 businesses, or approximately \$50 per year per affected on-seller. This amount is calculated on the basis that a maximum of one hour per year will be dedicated to compliance by each business at a cost of \$50 per hour. Using a higher estimate of two hours per year, this equates to \$100 per year per on-seller. This amount is likely to be excessive as around 70 locations accommodate only one life support resident and on-sellers can efficiently provide residents with notification by email or in writing.

One hour per year should suffice to complete Registration Forms and provide them to their electricity retailer, to manage information requests from their retailer and provide notification of planned outages to residents who use life support equipment.

These costs are out-weighed by the anticipated benefits of the proposed amendments for residents of caravan parks, retirement villages or strata complexes who use life support equipment. The regulatory amendments will provide these residents with greater time to prepare prior to a planned electricity supply outage and protection against being disconnected for failure to pay a bill.

³ Department of Finance < <https://rbmwa.finance.wa.gov.au/> > <accessed 27 June 2017>.

4. Consultation

4.1 Stakeholders

During the review, the Public Utilities Office sought comment from a diverse group of stakeholders in a public consultation process. Reports generated by the Public Utilities Office were provided to these stakeholders for feedback. Stakeholders that were consulted included Horizon Power, Synergy, Alinta Energy, Western Power, caravan park operators, strata title industry representatives, property advocates, a retirement village representative and an embedded network consultant. Submissions were received from Synergy, Western Power, Horizon Power and a caravan park operator.

The consultation phase of the review is now completed. A summary of the reports provided by the Public Utilities Office to invite submissions from stakeholders is outlined below.

4.2 Draft Recommendations Report

The Public Utilities Office published a Draft Recommendations Report (Draft Report) on 1 May 2015 for public comment regarding the proposed amendments to the life support equipment provisions in the Metering Code 2012.

The Draft Report included recommendations to:

- amend clause 5.19(2)(c) of the Metering Code 2012 to clarify the role of licensed electricity retailers in collecting and maintaining information about persons with life support equipment in electricity on-selling arrangements; and
- attach new conditions to the residential on-selling licence exemptions in the Exemption Order and Caravan Park Order to require electricity on-sellers and caravan park operators to collect this information and pass on planned outage notifications to residents who use life support equipment.

Submissions received from Alinta Energy, Horizon Power, Synergy and Western Power in response to the Draft Report supported the proposed amendments. A caravan park operator expressed concern about the administrative costs of notifying residents who require life support equipment of planned power supply outages. However, the Public Utilities Office considers these costs will be minor and are outweighed by the benefits of improving the safety of persons in on-selling arrangements that rely on life support equipment.

Synergy and Western Power suggested consideration be given to imposing further consumer protection conditions on residential on-selling licence exemptions (in addition to those recommended in the Draft Report) to ensure persons relying on life support equipment in on-selling arrangements receive a level of protection that reflects their health needs.

4.3 Further Consultation Report

A Further Consultation Report (Further Report) included examination of the additional conditions suggested by Synergy and Western Power and was published on 1 July 2016. The Further Report included several recommendations about new conditions that should attach to licence exemptions that allow the residential on-sale of electricity to improve consumer protections for those residents who use life support equipment.

These recommendations were that on-sellers should be required to:

- register their supply address as a life support equipment address with the electricity retailer by providing the retailer with the resident's medical certification;
- notify their retailer if a resident with life support equipment vacates the on-seller's premises, or no longer requires life support equipment;
- comply with the retailer's annual re-certification requests;
- pass on planned outage notifications from the network service provider to the resident with life support equipment within no more than 48 hours (the requirement to pass on planned outage notifications within 48 hours ensures life-support equipment residents in on-selling arrangements are notified before a planned outage occurs, which will be at least 72 hours after the on-seller is notified by the network operator);
- not disconnect a resident relying on life support equipment for a failure to pay a bill; and
- gain consent from the resident to pass on their life support information to the relevant retailer.

Submissions were received from Alinta Energy, Synergy and Western Power. All submissions received were supportive of the additional licence exemption conditions being implemented. Electricity on-sellers were viewed by industry participants as being in a better position than network operators and retailers to provide customer protections to residents in on-selling arrangements that rely on life support equipment.

In addition to the recommended licence exemption conditions, Synergy suggested that the proposed conditions should either include a compliance audit framework to monitor and enforce an on-seller's compliance with the licence exemption conditions, or impose a requirement on electricity on-sellers to sign a statutory declaration confirming that they agree to record information on life support equipment residents residing at their premises and pass on planned outage notifications to those residents.

The Public Utilities Office considers that it is preferable to work with electricity on-sellers to achieve compliance with the licence exemption conditions, rather than implementing an audit framework that could increase costs for on-sellers who typically supply electricity as an ancillary service to their core business activities.

4.4 Further consultation – implementation

In May 2017, the Public Utilities Office conducted targeted consultation with stakeholders to determine how to best implement the recommendations outlined in the Further Report (listed in section 4.3 above). As part of the initial implementation process, the Public Utilities Office introduced a further protection to prohibit on-sellers from arranging to interrupt the electricity supply of life support residents (e.g. to conduct electrical work on site) unless 48 hours' notice had been given or the resident's consent to the interruption had been obtained.

The Public Utilities Office also determined that it was not necessary for the Exemption Order and Caravan Park Order to explicitly require the on-seller to gain consent from the resident to pass on their life support information to the relevant retailer. While there may not be a legal requirement for the on-seller to gain this consent, the Public Utilities Office still strongly recommends that on-sellers seek and obtain consent from the resident.

4.4.1 Materials distributed to stakeholders

Targeted consultation was conducted upon the following draft legal instruments and draft materials intended to educate stakeholders about the new licence exemption conditions and how they can be implemented efficiently:

- Fact Sheets for on-sellers and residents in on-selling arrangements to outline the effects of the proposed changes. The documents include specific information such as:
 - How an on-seller registers an address as a life support address;
 - The information that must be exchanged between the resident, on-seller and the on-seller's electricity retailer; and
 - The role of each stakeholder.
- A Registration Form prepared by the Public Utilities Office that residents and on-sellers are encouraged to use to register an address as a life support address.
- Proposed amendments to the Metering Code 2012, Exemption Order and Caravan Park Order.

No stakeholders objected to the approach and structure of the materials. A caravan park operator suggested that the proposed amendments to the Caravan Park Order should be more explicit that it does not refer to unplanned interruptions. The Public Utilities Office can confirm that the relevant clause does not apply to unplanned interruptions, and has also clarified the wording of the Fact Sheets on this point.

A caravan park operator suggested the proposed changes impose too much effort upon on-sellers and would result in a \$500 to \$700 per year compliance cost (per life support resident).

This amount was not itemised and is in excess of the compliance costs estimated by the Public Utilities Office in 3.2 above. The Public Utilities Office considers that compliance costs imposed on on-sellers due to the proposed changes are low and are outweighed by the benefits of the proposed approach.

4.4.2 Additional consultation

Additional consultation was undertaken with all small-use customer retailers on their ability to provide information to life support residents seeking confirmation that the on-seller's property they reside at is listed as a life support address.

One retailer considered that this information should be sought by the resident from the on-seller because, as the retailer, they have an obligation to discuss account information only with the account holder (on-seller).

5. Alternative Regulatory Options

5.1 Licensing Electricity On-sellers

To deliver the review objectives, an alternative to the preferred option may be to licence on-sellers. The effects of this option would include:

- Imposition of licensing and audit costs on on-sellers. An annual licence fee for an electricity retail licence is \$3,416⁴. Additional licensing fees include consulting fees to complete regular audits.
- Costs would likely be passed-through to all residents in on-selling arrangements, resulting in higher electricity charges.
- Most on-sellers do not have a life support resident at the property. Imposing this regime would be disproportionate to its benefits.
- Licence exemptions are in place in Western Australia for electricity generators and distribution systems in situations where the cost of regulation exceed the benefits.
- Other Australian States that comprise the National Electricity Market also exempt caravan parks, retirement villages or strata companies from retail licensing⁵ and provide for similar reporting and administrative tasks as proposed.

Given these concerns, the Public Utilities Office does not support the licensing of electricity on-sellers to deliver improved protections for residents who use life support equipment.

5.2 Status Quo

Residents who use life support equipment and are on-sold electricity do not have suitable protections in place given:

- The Customer Code 2012 only requires the network operator to notify the on-seller of an upcoming planned power supply outage (not the resident).
- The Metering Code 2012 requires retailers to collect information of all residents who use life support equipment, including those with whom they do not have a billing relationship.
- The Exemption Order and the Caravan Park Order do not impose a requirement on on-sellers to pass planned outage notifications to residents who use life support equipment.

Due to these impediments, the risk to residents who use life support equipment and are on-sold electricity is unreasonable. Therefore, this option is not recommended.

The proposed final set of recommendations will correct these impediments in the most economically efficient manner possible.

⁴ The *Economic Regulation Authority (Licensing Funding) Regulations 2014* (regulation 6(2)).

⁵ Australian Energy Regulator, Retail Exemptions < <https://www.aer.gov.au/retail-markets/retail-exemptions> > <accessed 28 June 2017>.

6. Post-implementation Review

To assess if the proposed amendments to the Metering Code 2012, Exemption Order 2005 and the Caravan Park Order 2005 are meeting their intended objectives, the Public Utilities Office will review their effectiveness two years after they come into effect. The review will involve consultation with on-sellers and residents with life support equipment to capture their feedback.

7. Next Steps

Once the proposed amendments to the Exemption Order and Caravan Park Order are approved by the Governor and the proposed amendments to the Metering Code 2012 are approved by the Minister, they will then be implemented.