



Ms Madeleine Mispel
Director, Consumer and Competition Policy
Energy, Climate Change and Sustainability Directorate
Department of Planning, Industry & Environment

11 September 2019

Dear Ms Mispel,

The St Vincent de Paul Society NSW appreciates this opportunity to respond to the *'Digital metering: Improving Service Deliver in NSW'* Public Consultation Paper.

Our response to the Consultation Paper is founded on our desire for a more compassionate and equitable society where everyone can live with dignity. It is informed by the experiences of our members, our volunteers and staff, who every day provide assistance to some of the most disadvantaged and marginalised members of the community.

We are concerned that allowing the current moratorium on remote de-energisation (disconnection) to expire in June 2020 will have a detrimental impact on people experiencing poverty and disadvantage in NSW.

Being involuntarily disconnected from your energy supply can negatively impact people emotionally, physically and mentally. It can further isolate people who are already isolated, and cause feelings of shame and embarrassment. Disconnection can also exacerbate financial hardship – forcing people to throw out food that can no longer be kept cold, for example, or leaving people with little choice but to pay a premium for access to laundry services, showers, and other necessities. As research conducted by the Public Interest Advocacy Centre has found, many households who are disconnected from their energy supply are experiencing medical issues, job losses, domestic violence, or relationship breakdown. Being disconnected from your energy supply can make it harder to deal with these issues.¹

Introducing remote disconnections will likely significantly increase the number of customers who are disconnected from their energy supply. Conducting disconnections remotely, rather than manually, speeds up the process. Removing human contact from the disconnection process reduces the potential for a household's individual circumstances to be taken into account before finalising a disconnection. The St Vincent de Paul Society's research into disconnections found a strong link between the introduction of smart meters – which enable remote disconnections – in Victoria, disconnection completion rates, and the frequency with which households experience multiple disconnections.²

The likely increase in disconnection rates is reason enough to extend the current moratorium on remote disconnections. Even more reason is that consumer protections are not yet adequate to the task of

¹ Public Interest Advocacy Centre (2018) *Close to the Edge – a Qualitative and Quantitative Study*. Available at <https://www.piac.asn.au/wp-content/uploads/2018/11/PIAC-CTTE-Consolidated-Report-FINAL.pdf>

² St Vincent de Paul Society (2016) *Households in the Dark: Mapping electricity disconnections in South Australia, Victoria, New South Wales and South East Queensland*.

ensuring people are not disconnected from their energy supply without first being offered appropriate support.

In recognition of the need to better protect vulnerable customers, the Australian Energy Regulator (AER) earlier this year introduced a new Hardship Guideline for retailers. The consultation processes involved in developing this Guideline revealed that many customers are not receiving the assistance to which they are entitled. While implementation of the Hardship Guideline should improve access to support in the form of hardship programs, there is not yet any evidence of the effectiveness of this approach.

The St Vincent de Paul Society NSW was disappointed that the Guideline did not include clear requirements around how a retailer must proactively identify customers experiencing payment difficulties, and think it likely that the Guideline will need further strengthening. The AER's planned 12-month review of the Guideline in mid-2020 will provide an opportunity to reassess whether retailers are taking all reasonable steps to help vulnerable customers avoid being disconnected. Remote disconnections should not be introduced prior to this review.

Similarly, before allowing remote disconnections, efforts should be made to better understand the impact of current and proposed changes to the Energy Accounts Payment Assistance (EAPA) scheme. Our experience delivering EAPA vouchers suggests that the increased rigor being applied to the program can delay the application of vouchers. If combined with a shorter timeframe for the disconnection process, further increases in the number of households being disconnected is the likely result.

While there is significant risk associated with introducing remote disconnections for households that cannot pay their bills, there is little to be gained. The Consultation Paper identifies only one tangible benefit resulting from a move to remote de-energisations and re-energisations: fewer site visits resulting in reduced costs. Given the majority of de-energisations are voluntary – occurring when people move house, this benefit will be achieved even if the prohibition continues to apply for customers who cannot pay their bills. Further, retailers will need to maintain capacity for manual disconnections for households who do not yet have smart meters, meaning this will not require any efficiency gains to be forfeited.

For the reasons outlined above, we strongly recommend that the NSW Government continue its prohibition on remote disconnections for customers who cannot pay their bills. If you have any questions about this submission, please do not hesitate to contact Rhiannon Cook, Manager, Policy and Advocacy, via email at Rhiannon.cook@vinnies.org.au or phone on 0432 250 830.

Yours sincerely,



Jack de Groot
CEO

