



Minimum Disconnection Amount

Deanna Foong

Consumer Utilities Advocacy Centre

Residential electricity disconnections (per 100 customers)

Jurisdiction	2006-07	2007-08	2008-09	2009-10	2010-11
Victoria	0.33	0.29	0.43	0.59	0.77
New South Wales	0.7	0.6	0.6	0.6	0.61
ACT	0.3	0.43	0.27	0.56	na
South Australia	0.76	0.85	0.87	0.66	1.01
Queensland	Na	1.13	Na	0.9	na
Tasmania	0.47	0.39	0.45	0.59	0.51
Western Australia	0.97	0.77	0.55	0.39	0.9

ESC, Energy retailers comparative performance report : Customer service 2010-11, at 29



Residential electricity disconnections (cont)

- Disconnection figures in each State varies
- Main customer protections in each State deliver different outcomes
- As States move to a national framework, consumer advocates would like to:
 - Keep disconnection figures down for all States;
 - See best practice regulation and enforcement.



Policy framework

- Minimum disconnection amount is ONE, out of a suite of customer protections under the NECF.
- Must work concurrently with other customer protection provisions including the disconnection provisions.
- Minimum disconnection amount must help to keep customers on supply, no disconnection because of inability to pay.
- As energy is an essential service, consequences of disconnection severe, the amount set should err on the side of benefit to customers.

Principles to consider in setting minimum disconnection amount

- For dual fuel customers, minimum disconnection amount must be treated separately for each fuel.
- Electricity and gas minimum disconnection amounts need not be the same.
- Minimum disconnection amount needs to be indexed annually - average price increase for an average household over the past 12 months in that jurisdiction.
- Minimum disconnection amount should be GST inclusive.
- Publication of the amount - AER guideline and public communications (e.g. Fact sheet, website).



How should a minimum disconnection amount be struck? Various views

- In Victoria, the minimum disconnection amount of \$120 was based on the estimated cost of disconnecting and reconnecting the customer and the associated retailer costs (collection cost etc).



How should a minimum disconnection amount be struck (cont)?

- Average household quarterly bill on standing offer rates for each distribution zone in jurisdiction
- Average quarterly bill for that particular customer (over the previous 4 quarters);
- Amount on that customer's last bill

whichever is the greater amount (?)



Conclusion

- This forum is a good starting point for discussion
 - Points raised need further consideration
 - More consultation and discussion required
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