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General Manager
Retail Markets Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

Dear Sarah,

RE: AER approval of minimum amount owing for disconnection, r. 116 of the National Energy Retail Rules

Thank you for the opportunity to respond to the AERs consultation regarding the establishment of the minimum disconnection amount to be approved under the Retail Rules.

Dodo Power & Gas Pty Ltd (Dodo) considers the proposed \$300.00 minimum disconnection amount to be too high. and whilst we acknowledge that one Jurisdiction has already established minimum disconnection amount, we strongly believe that this amount is not reflective of the lower disconnection rate but rather due to the distances required to be travelled in order to carry out the disconnection.

Dodo considers \$200 to be a more appropriate minimum disconnection amount as it is low enough to provide a "buffer" to stop indiscriminate disconnection for non payment activity by retailers, but high enough to ensure that consumers do not build crippling debt levels.

Dodo also considers that the minimum disconnection amounts **should not apply** to meter access disconnection, or illegal use of energy cases as:

- Disconnection for denial of access and illegal use is a problem shared between Distributors and Retailers, and disconnection for illegal use is often initiated by the distributor. Further, disconnection for denial of access to meters must follow a process that is independent of the customer's billed amounts, and should be based on a number of requests for access, and notification of pending disconnection; and
- Disconnection for Illegal use should be based on evidence from a qualified person (i.e. electrical inspector), and not subject to customer charges.

Dodo welcomes the AERs recognition that the minimum disconnection is only one (and possibly the last) in a series of protections for customers who may be having difficulty in pay their account. However Dodo believes that customers who are in payment difficulty or hardship should not be relying on the minimum disconnection amount as a debt management device. In particular, Dodo is concerned that some customers do not deal with their energy debt situation until disconnection (or serious threat of disconnection), and that an amount that is too high will force customers to build debt to a level that is difficult to manage. This will subsequently lead to an increase in Retailer bad debt, and thus forcing Retailers to increase energy costs.

Question 1: Should the AER publish the approved minimum disconnection amount? Why /why not?

- Dodo does not oppose the publication of the disconnection minimum amount. The minimum disconnection amount has been referenced in publicly available regulations with no adverse impact. Dodo's only concern is that if the minimum disconnection amount is too high, the publication of the disconnection amount will encourage customers to "game" retailers and churn another retailer to avoid disconnection.

Question 2: Should the minimum disconnection amount be the same for both gas and electricity? Why / why not?

- Dodo supports one minimum disconnection amount applying for both gas and electricity. We believe that one common amount promotes operational efficiencies in systems, processes and training.

Question 3: Should the AER apply the same minimum disconnection amounts to all states and territories applying the Retail Rules? Why / why not?

- Dodo supports one minimum disconnection amount applying across all jurisdictions. We believe that one common amount promotes operational efficiencies in systems, processes and training.

Question 4: What other factors (if any) should the AER consider when approving a minimum amount owing for disconnection?

- Dodo believes that the following additional factors should be considered in determining the minimum disconnection amount:
 - Cost to retailers holding larger uncollected revenue.
 - The amount of time that will elapse and debt level that will accrue before disconnection occurs. For example, a \$299 summer bill will not be able to be disconnected. The following autumn bill for \$350 dollars will not be disconnected for several weeks (while winter usage is incurred), leaving a customer with \$1000 potential disconnection debt that has to be paid off in some agreed manner, or may be subject to debt recovery action. A smaller disconnection amount means a lower eventual total debt level.

Question 5: Do stakeholders consider a minimum disconnection of \$300 (GST inclusive) to be appropriate? Why / why not?

- As previously stated Dodo considers that a \$300.00 minimum disconnection amount is too high. We believe this amount will serve to increase retailer and customer debt level. Whilst we understand that one Jurisdiction has already implemented a \$300.00 disconnection fee, we strongly believe that this amount does not correspond to a lower disconnection rate, and only reflects the associated travel costs in carrying out a disconnection.

Question 6: If no, what alternative amount do you consider would be more appropriate and why? Please ensure all amounts are GST inclusive in your response.

- As previously stated, Dodo considers a \$200.00 (inclusive of GST) minimum disconnection amount to be an appropriate minimum amount.
- Dodo believes that \$200.00 is an amount that will ensure that customers do not build too much debt before disconnection, and thus increasing a retailer's unrecoverable debt levels.

This amount is also reflective of the administrative costs involved in carrying out most disconnection activity.

Question 7: How often should the AER review the minimum amount owing for disconnection?

- Dodo considers that the minimum disconnection amount should be reviewed every 3 years.

If you require any further information on please do not hesitate to contact me.

Regards

Andrew Mair
Customer Operations Manager
Dodo Power and Gas