



**Government of South Australia**

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Dear Ms Proudfoot

Thank you for the opportunity to comment on the consultation letter to stakeholders seeking views on the proposed minimum disconnection amount of \$300 (inclusive of GST). The Energy Markets and Programs Division (the Division) is broadly supportive of the proposed approach taken by the Australian Energy Regulator (AER).

The Division notes that the proposed minimum amount is substantially higher than the current amount set by the Essential Services Commission of South Australia (ESCOSA), however, the Division understands that the amount set by ESCOSA has not been reviewed since 2002. Accordingly, the Division considers that an increase in the threshold is timely.

The Division recognises that the increase will offer a higher level of protection to consumers, who may be experiencing temporary problems with payment of energy bills, than that currently afforded to South Australian consumers. The Division is also aware that setting the threshold too high may lead to increased debt problems for those customers experiencing payment difficulties and those experiencing hardship. The Division therefore supports the AER's proposed minimum disconnection amount of \$300 as a reasonable compromise between the disparate considerations.

The Division considers that review of the amount should occur at least every three years to ensure that it is set appropriately relative to prevailing energy prices. The AER should not be prohibited from initiating a review at an earlier time if the AER considers it necessary.

For the reasons of transparency as outlined by the AER in the letter, the Division supports the proposal to publish the minimum disconnection amount.

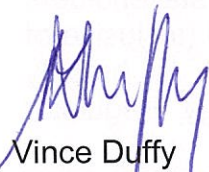
Currently in South Australia, there is one minimum disconnection amount for both electricity and gas. The Division is supportive of this continuing under the National Energy Customer Framework (NECF).

While the AER has acknowledged, by reference to rule 117 of the National Energy Retail Rules, that the disconnection of customers on dual fuel contracts is dealt with differently under the NECF from those customers on single fuel contracts, it is suggested that the application of the minimum disconnection amount to dual fuel contracts should be more clearly stated.

The Division acknowledges that while the minimum disconnection amount offers a protection to consumers it is only one of the protections afforded by the NECF. The NECF recognises the importance of energy as an essential service and the commitment of Australian governments to ensure that consumers are offered assistance well before disconnection becomes an option. The Division would hope that the AER keep the welfare of energy consumers as a focus of this process in line with the goals of the NECF.

Thank you again for the opportunity to comment on this matter.

Yours sincerely



Vince Duffy  
EXECUTIVE DIRECTOR  
ENERGY MARKETS AND PROGRAMS DIVISION

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