

REPORT

Electricity supply disconnection on change of tenancy

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1. INTRODUCTION

This document reports on a project that has been undertaken to research the current working practices of electricity retailers and distributors in various jurisdictions worldwide.

This research was undertaken to address issues that have arisen in some jurisdictions, where electricity supply is physically disconnected (or de-energised)¹ when a customer leaves a premise. There are many instances where supply may be physically reconnected only days later when the new customer requests connection. The purpose of this project was to research whether this practice is economic, and to identify business practices in other jurisdictions worldwide in order to establish a best practice approach.

The focus of this research is primarily to investigate opportunities to improve the process in South East Queensland where these issues have been identified. However, the findings may be relevant for consideration by government, industry and consumer representatives in other jurisdictions. The outcomes of this research project may lead to advocacy for change in industry practices, to provide economic benefits to the industry and ultimately to electricity customers in Australia.

Importantly, this project focuses on options and opportunities where smart electricity meters have not been installed. Smart electricity meters which include two-way communication allow remote meter reads to be taken, usage to be remotely monitored or restricted, and for supply to be remotely disconnected or reconnected. The opportunities, costs, benefits and features of the customer change of tenancy processes are quite different where there are smart meters, and this is outside the scope of this research.

This project set out to consider the quantitative and qualitative costs and benefits from various practices. However, it is difficult to obtain reliable information on the actual quantitative costs of various practices, which limits the ability to conduct a robust quantitative cost-benefit analysis. Instead, this research will focus on providing analysis of the qualitative issues, and to provide a coherent set of research and analysis findings, options for implementation, and recommendations on that qualitative basis.

Given that this report will be made publicly available, it will be open to any party to use this report (with appropriate acknowledgement and citation) to support their own advocacy positions and policy making in other jurisdictions worldwide.

¹ Disconnection and de-energisation can mean different things, and it can vary by jurisdiction. In this paper we use the term disconnection, and intend it to mean de-energisation where that term is separately used. Similarly, we use the term connection, and intend it to mean energisation where that term is separately used.

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The scope of this report covers residential and small business customers. Funding for this project has been obtained via two grants from the Australian Consumer Advocacy Panel:²

- One grant was provided to the Queensland Council of Social Service (QCOSS)³ in respect of residential customers; and
- One grant was provided to Etrog Consulting Pty Ltd⁴ in respect of small business customers.

While the focus in Queensland on current practices has been on residential customers, the research that has been undertaken shows that in other jurisdictions there are not significant differences between the treatment of residential and small business customers. This report therefore combines research findings in regard to both residential and small business customers.

² For more information on the Consumer Advocacy Panel, please visit the Panel's website at www.advocacypanel.com.au

³ For more information on QCOSS, please visit www.qcross.org.au

⁴ For more information on Etrog Consulting, please visit www.etrogconsulting.com.au

2. OUR RESEARCH AND ANALYSIS FINDINGS REGARDING CHANGE OF TENANCY

This project arose through consideration of issues in South East Queensland, where it has been common practice that supply is physically disconnected when a customer leaves a premise. Concern has been raised that this practice may not be economic in respect of residential customers. The issues that have arisen in Queensland are documented in Appendix A of this report.

This project commenced with desk research on how changes in residential and small business tenancy are handled in other jurisdictions. This research was augmented with findings obtained by contacting parties in other jurisdictions who provided further information and references. Information was gathered from stakeholders about practices in Victoria, New South Wales, South Australia, Tasmania, Western Australia, England and Wales, and New Zealand. The findings in regard to the current practice in these jurisdictions are documented in Appendix B of this report.

This section reports on the research findings, and provides additional analysis informed by the general findings and practices in place across jurisdictions.

2.1. MATCHING OF MOVE-OUT WITH MOVE-IN

In those jurisdictions where supply is routinely disconnected when a customer moves out, special consideration needs to be given to the case where there is a customer known to be moving into a premise on the same day that a customer is moving out.

If the data for moving in and out of the same premise on the same day were not matched, then supply could be disconnected and then reconnected on the same day, which would be wasteful of resource and uneconomic. Alternatively, a worse scenario could occur where the person tasked to connect supply may arrive at the premise first, find the supply already connected, and therefore have no need to carry out connection. Then the person who comes to disconnect comes and does their job, leaving the incoming occupant without supply.

Where the customer moving into the premise requests to obtain supply from the same retailer that was supplying the customer moving out of the premise, the retailer should be able to match the data and ensure that unnecessary disconnection and reconnection does not occur.

Where there is retail competition, the customer moving into the premise may be obtaining supply from a retailer that is different from the retailer that was supplying the customer moving out of the premise. In this case, no single retailer will have access to the information that there is a new customer moving in on the same day that the previous customer is moving out.

The research that has been undertaken shows that in those jurisdictions where supply is routinely disconnected when a customer moves out, there are procedures in place to ensure that data is matched where there is a customer known to be moving into a premise on the same day that a customer is moving out. In the first instance, matching is done by the retailer, which can be effective provided that the retailer is serving both the outgoing and incoming customers. In the second instance, the single network business acting on the requests of both retailers is able to match the data so that unnecessary disconnection and reconnection does not occur.⁵

The research shows that generally data matching processes work well, and prevent these undesirable outcomes occurring.

2.2. GENERAL PRINCIPLES

There were several areas of consensus that have been identified in the research regarding what should be the general principles and objectives of practices on change of tenancy. These are presented here as the key principles to be considered in developing appropriate practices for managing the process for disconnection on change of tenancy

2.2.1. Payments for services that are provided

Where a network business or other authorised party is requested to perform a connection or disconnection by another party, it is reasonable for the party carrying out the disconnection to be paid for providing the service.

Where electricity is connected at a premise because a customer wants the supply to be connected, the customer should pay for the supply and for the electricity that is consumed at the premise (fixed charges and unit charges). Deliberately withholding or supplying false information to avoid paying electricity charges is fraudulent and may involve theft. Practices and processes should be designed to facilitate retailers being able to identify their customers, so that retailers know to whom they are providing retail electricity services, and can provide effective billing and other services to their customers.

Where a supply of electricity is in use, the network business should also be paid its network use of system charges.

Conversely, it is not reasonable for customers to pay for supply that they did not request and from which they do not benefit.

⁵ Theoretically, market rules and procedures could be envisaged under which different retailers could contract with different approved contractors for disconnection and reconnection. Were this the case, it would still be important for a single entity to maintain a register that records disconnection and reconnection requests, that could be interrogated quickly and easily, to avoid issues arising with same day move-out and move-in. This did not arise as an issue in the research.

Customers who are liable to pay electricity charges should have certainty regarding the tariffs they are paying and the retailer to whom they are contracted for their retail electricity supply at any given time.

2.2.2. Efficiency of processes and avoiding of unnecessary costs

Processes should be efficient. Costs should not be incurred by electricity supply industry participants or by customers unless there is a reason for incurring the costs. Rules and processes can and should change over time, as the environment changes, and as opportunities arise to increase efficiency. In the short term, it is incumbent on all parties to comply fully with all legislation, regulations and rules simply for the purposes of compliance. In the longer term, if the laws, regulations and rules do not meet the needs of the industry and of consumers then they should be changed and adapted to be fit for purpose.

There are also costs to consumers from various practices, and these should be factored into efficiency considerations along with industry costs.

2.2.3. Electrical safety

Electrical safety is important and should not be compromised. Practices should be consistent with safety legislation, regulations and rules. As with other areas, if the safety laws, regulations and rules do not meet the needs of the industry and of consumers then they should be changed and adapted to be fit for purpose.

2.2.4. Retail competition

Where retail competition has been implemented, the practices regarding change of tenancy should be complementary to and should support retail competition. This means that an incoming customer should have free choice of retailer in a competitive market, and not be bound in the long term to supply from the outgoing customer's retailer.⁶

2.2.5. Consumer education

Consumers need to understand practices with regard to change of tenancy. Different industry practices require different responses and actions from consumers. All consumers need to understand what their rights and obligations are, what costs they will incur and what actions are required from them.

⁶ In some jurisdictions, as discussed later in this report, it is common practice for an incoming customer to be served at least initially by the outgoing customer's retailer, for short period of time until the incoming customer exercises their ability to choose a different competitive retailer. However, they are not bound to use the outgoing customer's retailer in the long term.

2.3. DIFFERENT PRACTICES FOR CHANGE OF TENANCY

The research showed that there are several different practices for change of tenancy where a customer is moving out but another customer is not known to be moving in on the same day. The key issue is whether supply is routinely left connected or disconnected on change of tenancy. Thus there are two core different approaches, which can be summarised as follows:

1. **Supply is initially left connected:** In some jurisdictions, the current practice is to leave the supply connected even if there is no known customer taking over responsibility for the supply. These jurisdictions include Great Britain and New Zealand. Even if the supply is initially left connected, a later event may trigger supply disconnection to occur. That event is generally the passage of time. There may also be other triggers, such as a meter reading showing that electricity is being consumed but attempts to identify and contact the consumer responsible for taking the supply have been unsuccessful.
2. **Supply disconnection:** The current practice in some jurisdictions is to disconnect supply immediately when the customer moves out. This is generally the current practice in the Australian National Electricity Market. As discussed below, there are different types of disconnection.

Each of these approaches is considered below.

2.3.1. Supply is initially left connected

Where supply is left connected, no technician is sent to the customer site to carry out disconnection.

A meter reader could be sent to read the site meter without actually disconnecting supply, but in practice, reliance is often placed on customer own reads for closing and opening meter reads.

Customer own reads can be provided in various ways. They are generally provided over the phone or online, while some retailers in Britain have smartphone apps where customers can manage their accounts including providing meter readings.

If there is a discrepancy between the closing and opening meter reads, there may be unaccounted for energy. The retailer appointed by the outgoing customer remains responsible for the supply point until the incoming customer appoints a new retailer, and thus that retailer is responsible for the unaccounted for energy in the wholesale electricity market. As discussed later in this report, arrangements have been put in place in Queensland where in some circumstances the local distribution business compensates the retailer for energy that is used within an initial compensation period which is not attributable to a customer. The research shows that a compensation arrangement with the distribution business is not in place in other jurisdictions. In other jurisdictions, the retailer seeks to charge the energy cost to a responsible customer, and otherwise has to bear the cost itself.

The onus is on the incoming customer to contact a retailer to regularise their supply arrangements. In the meantime, until the incoming customer contacts a retailer to agree a new tariff and terms and conditions of supply, they are deemed in law and in regulations to be supplied by the retailer that served the outgoing customer, based on standard default prices and terms and conditions that are published by the retailer to be applicable in these circumstances.

2.3.2. Supply disconnection

When a premise is connected or disconnected at or near a metering point, a meter read is taken – and this is used as the basis of opening and closing reads for customer accounts, and for the other usual purposes to which meter reads are put – including network use of system charging and wholesale energy settlement.⁷

As stated in Appendix A.1.3, there are two types of disconnection:

- **Physical disconnection:** A physical disconnection comprises removal of the main supply fuse, meter disconnection, or disconnection at a nearby pole or pillar box or pit.
- **Main Switch Seal (MSS) disconnection:** In a MSS disconnection, the main switch is turned off and an adhesive label being placed over it along with information advising the customer to contact a retailer to arrange for reconnection.

Commonality between physical disconnection and MSS disconnection

Physical disconnection and MSS disconnection have in common the following characteristics:

- A technician is sent to the customer site to carry out the disconnection, and to take a meter read.
- There is a cost to send out the technician, though the cost of the technician may differ as a lower level of expertise and training may be required for MSS disconnection as against physical disconnection.
- Where a meter read is obtained on disconnection, that meter read is used to send the leaving customer a final bill and close their account.
- Supply of electricity ceases at the time of the disconnection.

⁷ There are circumstances where disconnection occurs away from the metering point, such as at a pole transformer, generally because access to the metering point of connection is restricted. In these cases, connection and disconnection may occur without a meter read taking place.

Differences between physical disconnection and MSS disconnection

Physical disconnection and MSS disconnection differ in the following characteristics:

- Physical disconnection requires a further site visit (and associated cost) to connect the new customer to electricity supply. In contrast, with MSS disconnection, when the customer contacts a retailer, they can be advised by the retailer how to reconnect supply themselves by removing the adhesive label and turning on the main switch. This would be accompanied by safety information to ensure that the customer disconnects / switches off their appliances before turning on the main switch.
- Physical disconnection may require the customer to be present for reconnection for safety reasons when the site visit for reconnection occurs. After MSS disconnection, the customer reconnects supply at the site and is advised by their retailer regarding safety considerations as discussed above.
- Retailer responsibility for the site in the wholesale market ceases when physical disconnection occurs. On reconnection, a new retailer (who may be the same retailer as the previous retailer) takes responsibility for the site. In the case of MSS disconnection, the retailer responsibility does not cease until a new retailer takes over responsibility.

The customer must make contact with a retailer for reconnection in the case of physical disconnection. In the case of MSS disconnection, the customer should make contact with a retailer for reconnection as advised on the MSS sticker, but may not. If the customer does not make contact with a retailer for reconnection, but simply removes the seal and reconnects themselves, then the following additional differences between physical disconnection and MSS disconnection:

- In the case of physical disconnection, reconnection cannot occur until a new retailer takes responsibility for the site, so there is no possibility of unaccounted for energy. In the case of MSS, if reconnection does occur without a retailer being contacted, there may be unaccounted for energy.
- MSS followed by reconnection without a retailer being contacted can leave a customer receiving supply without knowledge of the retailer from whom they are purchasing electricity or the supply terms and conditions and tariff.

2.3.3. The key differences between the different approaches

This section discusses some of the key differences between the different approaches that have been presented above.

Costs of disconnection

The major downside of disconnection is the costs involved in disconnection, and particularly the site visit of a skilled technician, which may be avoided if the supply is left connected. There may also be customer costs and loss of convenience if an incoming customer has to get a supply connected. These costs are not incurred if the supply is left connected. Costs of disconnection vary widely between jurisdictions. Appendix A discusses some of the costs that have been presented in Queensland.

Accounting for energy

If the supply is disconnected, there is very clear separation of accounting for energy as between the outgoing customer and their retailer and the incoming customer and their retailer. There is no ambiguity in the arrangements, and there is no unaccounted for energy. If the supply is left connected, there may be unaccounted for energy.

Administration costs

All cases of change of tenancy incur retailer costs to close off one account for the customer leaving the premise and to open a new account for the incoming customer. Where the supply is disconnected, the retailer is involved in requesting the local distribution network business to disconnect supply and then to reconnect supply. Where the supply is left connected, there may be requirements for the retailer to be involved if there are disputes regarding unaccounted for energy.

Besides their involvement in carrying out disconnections and reconnections, network businesses are involved if there is a change of retailer or other changes to use of system charging.

Retailer competition issues

Where there is retail competition, customers should have choice of retailer.

Where an incoming customer finds the electricity supply disconnected, they have to choose a retailer with whom to connect. They may not know the identity of the retailer that supplied the outgoing customer, and are therefore not biased in any way by any previous choice of retailer at that premise.

Where an incoming customer finds the supply already connected, with the previous retailer still responsible for the supply, the incoming customer is tied to the retailer that previously served the premise, at least for an initial period until they can exercise choice of retailer.

In the Australian National Electricity Market, in the absence of remotely read metering, customers generally only change retailer at the next scheduled meter reading, which may be three months away.⁸ It could be regarded as being against the principles of retail competition if an incoming customer were tied to a previous customer's retailer for such an extended period of time. This could be alleviated through a special read or a customer-own read being used for change of retailer, as is the case in other jurisdictions outside Australia, where customers can change retailer in a matter of days or weeks, generally on the basis of a customer's own meter read.

Incoming customer responsibility

Different approaches involve different levels of responsibility for the incoming customer.

- Where supply is routinely physically disconnected on change of tenancy, the incoming customer clearly has a responsibility to arrange supply with a new retailer before they move in. Otherwise they will have no electricity supply. If they find no electricity supply on move-in, they have to arrange that supply as a matter of urgency.
- Where supply is disconnected using MSS disconnection, the incoming customer should also contact a retailer to arrange supply in advance, but if they only do so at move-in they do not face a period of time without electricity supply.
- Where supply is left connected, the incoming customer is still encouraged to arrange supply ahead of moving in, but if they do not do so, there is some leeway: they still remain connected and supplied. The consequences of not getting in touch with a retailer until a little while after moving in are that the customer may not be supplied by their retailer of choice or on their preferred tariff.

⁸ Separate research is being undertaken regarding issues with transfers between retailers

3. ISSUES TO BE ADDRESSED AND POSSIBLE APPROACHES TO IMPLEMENTATION

As stated in Section 1 above, the purpose of this project was to research whether the current practices are economic, and to research business practices in various jurisdictions worldwide in order to establish best practice. It was difficult to obtain reliable information on the actual quantitative costs of various practices, which limits the ability to present a full quantitative cost-benefit analysis. Instead, this report focuses on consideration of the qualitative issues, and on providing a coherent set of research and analysis findings, options for implementation, and recommendations on that qualitative basis.

Disconnection when a customer leaves a premise provides a clean break between customers and leaves no unaccounted for energy. However, it comes at a cost. There are three possible approaches that were identified in the research as options for avoiding or at least reducing that cost:

- Undertake MSS disconnection instead of full physical disconnection;
- Only disconnect (or only undertake physical disconnection) after a certain amount of time has elapsed; or
- Leave premises connected.

The first two of these possible approaches are discussed in Appendix A of this report in the context of the consultation undertaken by the Department of Energy and Water Supply in Queensland in regard to residential customers. While that consultation specifically related to residential customers, the issues would be the same in regard to small business customers, but the materiality of the energy that might be consumed that may not be attributable to a customer would differ. The third possibility is discussed in Appendix B as it has been implemented in other jurisdictions.

The issues with implementation of these possible approaches are as discussed above in the areas of:

- Accounting for energy;
- Administration costs;
- Retail competition issues; and
- Incoming customer responsibility.

In other jurisdictions, various ways have been implemented to address the issues that arise where a supply is not disconnected. These include:

- A culture of accepting customers' own meter reads, where customers are used to reading their own meters. This is for example entrenched in Britain, in general, and not just on change of tenancy. In Britain, many meters are inside premises, and access for meter reading can be unreliable. Customers have in some cases been given additional financial incentives such as bill rebate or loyalty points for providing their own meter reads.
- Retailers (or distributors) need to have in place robust systems for accepting and validating customer own reads. In Britain, many means have been provided for customers to provide their own meter readings, including freephone telephone numbers, websites, and smartphone apps. Retailers and distributors also need B2B systems to communicate customer-own reads between them and to the market operator as required.
- In some cases, the default tariffs that apply to customers who start consuming electricity without notifying the retailer are higher than the tariffs customers would otherwise pay. This provides a financial incentive for customers to contact the retailer to formalise their supply arrangements at an early opportunity (assuming they understand their obligations and know they are required to do so).
- Consumer education and publicity that seeks to inform customers that they must contact a retailer if they start consuming electricity at a premise. This has been in place in Britain.
- Retailer tracking of customer responsibility at a premise, with capability to treat the responsible party at a premise as their customer. Thus when a customer notifies a retailer that they are leaving a premise, they are asked by the retailer if they are selling the property – and if so to whom. If they are renting a property and ending a lease, they are asked regarding the identity of the landlord and the landlord's contact information. Retailers thus attempt to know at all times the identity of their customer. This is in order that premises are not left with electricity supply without the retailer knowing the responsible party. Once the retailer knows who is the landlord and they bill the landlord for supply, it is in the landlord's interests to finalise that arrangement and inform the retailer who a new tenant is – so the retailer may know who the new occupant is, even before the new occupant contacts them. The advantage of this arrangement is that the party who can benefit from supply should be billed for that supply at all times.
- Recognition that there may be unaccounted for energy, but steps are taken to minimise that, and to aim to ensure that the cost of the unaccounted energy overall is low compared to cost savings from not disconnecting vacant premises.
- Where there is retail competition, customers can change retailer at short notice, without having to wait for the next scheduled meter read which could be months away. This means that customers that move into premises where the supply is already connected do not have to stay with the existing retailer for any considerable period of time.

4. KEY RECOMMENDATIONS

As stated above, disconnection when a customer leaves a premise provides a clean break between customers and leaves no unaccounted for energy. However, it comes at a cost. To avoid or at least reduce that cost, there are three possible approaches that have been researched and discussed. The following recommendations have been developed based on this research and analysis of the experiences and approaches in various jurisdictions. These recommendations are applicable to all jurisdictions. Within Australia, there is also merit in harmonisation across States and Territories, to enable consistency and to reduce the costs of operating different processes and procedures in different jurisdictions.

- A quantified cost-benefit analysis is required to determine which approaches are best suited to which jurisdictions. This analysis would require industry participants to provide information which clearly quantifies the impacts of different approaches, and where costs are incurred the likely impacts on customers in their electricity prices and electricity bills. Where there are differences between residential and small business customers, separate analysis would be required.
- Any moves away from physical disconnection must be implemented in a way that mitigates some of the adverse situations that may arise from not disconnecting premises. At minimum, this includes implementing a robust education campaign to ensure consumers are aware of their rights and obligations, and providing targeted information through real estate agents, property managers and other associated agencies and community organisations. This is particularly important for:
 - Vulnerable and disadvantaged consumers, such as culturally and linguistically diverse consumers;
 - Those with limited experience of changes in tenancy, such as young people; and
 - People who move interstate where circumstances for connecting electricity may be different.
- Increasing acceptance of customer-own reads if a meter reader is not sent to site on change of tenancy will reduce costs. This would require ensuring that the market rules and systems are in place to accept customer-own reads. Consideration is also required to ensure that customers who are unable to provide a self-read are not disadvantaged through incurring additional costs.
- Implementing increased capability for retailers to track who their customer is. This can be achieved by asking leaving customers who will be the next party responsible for the supply as a first step, and then communicating with that party to keep the information current. Jurisdictional arrangements may also be required to allow the retailer to treat the party responsible for their premise as their customer and to bill them for electricity supply, even if that party has not formally requested supply.

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- Smart meters will address the issues raised on change of tenancy, through remote meter reading, monitoring, and disconnection and reconnection capabilities. Opportunities for greater smart meter uptake should be investigated, and benefits to change of tenancy procedures from smart metering should be factored into any future analysis of cost benefit of smart meter rollout.

5. NEXT STEPS

This report will be published on the websites of QCOSS, the Consumer Advocacy Panel and Etrog Consulting. We will send a copy of the report to other parties, including consumer groups, governments, regulators and ombudsmen, as well as industry. We will also send a courtesy copy of the report to all those who assisted with the research. The report may also be used to support advocacy for change in industry working practices in Australia, and in Queensland in particular.

As stated above, given that our project report will be made publicly available, it will be open to any party to use our report (with appropriate acknowledgement and citation) to support their own advocacy positions and policy making in other jurisdictions worldwide.

APPENDIX A: ISSUES REGARDING ELECTRICITY SUPPLY DISCONNECTION ON CHANGE OF TENANCY THAT HAVE ARISEN IN QUEENSLAND, AUSTRALIA

A.1 QUEENSLAND GOVERNMENT CONSULTATION

In July 2012, the Queensland Government published a discussion paper on Customer move-in move-out (MIMO) regarding residential customers.⁹

In July 2013, the Queensland Government reported that sixteen submissions were received from a range of interested stakeholders in response to the July 2012 discussion paper. Building on the results of that consultation process and further analysis, the Queensland Government provided a supplementary paper for informal consultation on options being considered to improve the efficiency of existing processes.¹⁰

A.1.1 Background

The July 2012 discussion paper noted that a high number of disconnections, and subsequent reconnections, are performed when customers move out of premises in South East Queensland, which raises cost and efficiency issues for distributors; and convenience issues for customers. The purpose of the paper was to discuss cost, efficiency and customer convenience issues associated with the current processes for residential premises in Queensland, consider alternative options, and seek feedback from interested stakeholders.

Full retail contestability (FRC) in electricity supply commenced in Queensland in 2007, and there are now several competing retailers serving the south-east Queensland area, where the local distribution company is Energex.¹¹

⁹ *Customer move-in move-out (MIMO) process for residential premises*, Discussion Paper, Department of Energy and Water Supply, Queensland Government, 2012, available at www.energy.qld.gov.au/documents/energy/MIMO-discussion-paper.pdf. A media release that accompanied the release of the discussion paper can be found at statements.qld.gov.au/Statement/Id/79863.

¹⁰ The July 2013 supplementary paper was emailed to stakeholders on 15 July 2013.

¹¹ In the rest of Queensland, the local distribution company is Ergon Energy. Retail competition is not fully effective in the Ergon Energy area. The reasons for that are beyond the scope of current research.

Under FRC, when a customer advises their retailer of their intention to move out of premises, the customer's retailer arranges with the local distributor for a final meter read in order to prepare the move-out customer's final bill. Disconnection may also be requested at that time. When a new customer moves in, if the power has been disconnected, the new customer's retailer arranges with the distributor for reconnection. The distributor performs the reconnection on the same business day if the request is received by 1pm, otherwise the next business day.

The relevant industry documentation that sets out the processes that are followed includes the Queensland Electricity Industry Code (the Code)¹² and the Australian Energy Market Operator's (AEMO) B2B (Business to Business) procedure – service order process (the B2B procedures).¹³

The discussion paper stated that since the commencement of FRC, there has been a significant increase in the number of disconnection and reconnection service order requests submitted by retailers, particularly in South East Queensland. Prior to FRC approximately 4,000 disconnections were undertaken per year in the Energex distribution area. In 2010-11, this increased to 155,000, though only an estimated 91,000 of these requests were completed due to an inability to gain access to premises or new customers having already moved in.

The large increase in disconnection requests since FRC was attributed to the privatisation of Energex's retail arm and the introduction of FRC. Prior to FRC, Energex operated as both retailer and distributor. At that time, Energex made a commercial decision to limit the number of disconnections being performed by leaving premises energised when customers moved out. While this exposed its retail arm to possible losses as a result of energy consumption at unoccupied premises, it was determined that this was an acceptable risk given the cost impacts on its distribution arm of performing numerous disconnections and reconnections.

In instances where significant energy consumption was recorded at premises without an account having been established, or where premises remained unoccupied for a period of time, disconnection would be arranged. It is understood that this is generally the case for MIMO situations in the Ergon Energy distribution area, given Ergon Energy's status as both distributor and non-competing retailer.

12 See www.qca.org.au/electricity-retail/industry-code

13 See www.aemo.com.au/Electricity/Policies-and-Procedures/B2B/BB-Procedures

A.1.2 Recovery of costs

The fees that distributors can charge retailers and customers to disconnect and reconnect premises are capped under Schedule 8 of the *Electricity Regulation 2006* (Qld) (the Regulation).¹⁴ Schedule 8 provides that distributors generally can not charge customers or retailers a fee for disconnections or reconnections.¹⁵

This protects electricity consumers from the costs associated with the performance of these services when they move between premises. At the time of introduction, the Schedule 8 caps represented a relatively low cost to distribution businesses based on the number of related service order requests made at that time.

The allowed costs of performing disconnections and reconnections are assessed by the Australian Energy Regulator (AER) as part of distribution determinations and annual pricing proposals under National Electricity Law. Because these costs are not factored in to general use of system charges and Schedule 8 of the Regulation restricts what customers and retailers can be charged, distributors have to absorb the difference between the AER approved price and the price that is allowed to be charged under Schedule 8 of the Regulation.

A.1.3 Types of disconnection

Where disconnection occurs, approximately 64 percent are physical disconnections; and approximately 36 per cent are Main Switch Seal (MSS) disconnections.

Physical disconnection / reconnection process

A physical disconnection involves a final meter read being undertaken and removal of the fuse, meter disconnection, or disconnection at the pole/pillar box or pit by a licensed electrical mechanic.

To reconnect premises after a physical disconnection, the *Electrical Safety Regulation 2002* (the Safety Regulation) requires that a visual examination of the premises be undertaken by a licensed electrical mechanic in addition to reconnection of the fuse (or similar).

14 See www.business.qld.gov.au/industry/energy/electricity-industry/electricity-regulation-licensing/electricity-regulatory-framework for current Queensland electricity laws and regulations, including the *Electricity Act 1994*, the *Electricity Regulation 2006*, and the *Electrical Safety Regulation 2002*.

15 There are a limited number of exceptions, for example when a reconnection is requested outside business hours; or after a debt related disconnection. Otherwise, Schedule 8 caps the charge at zero.

Main Switch Seal (MSS) disconnection / reconnection process

A MSS disconnection involves a final meter read being undertaken, the main switch being turned off and an adhesive label being placed over it along with information advising the customer to contact a retailer to arrange for reconnection.

MSS disconnections usually occur where there is not an individual connection point (e.g. an apartment block) and physical disconnection is difficult to perform without disrupting other customers. As with a final meter reading, a MSS disconnection is less skill and labour intensive than a physical disconnection, and ultimately costs less to perform.

To reconnect, the retailer contacted by the customer provides information to enable the customer to turn on their main switch after completing their own visual examination.

Given that electricity supply is not physically disconnected as part of a MSS disconnection, there is a risk that consumers can reconnect premises by taking the sticker off the main switch and turning the power back on themselves without contacting a retailer to set up an account – although the sticker advises the customer to contact a retailer in order to arrange reconnection. It is understood that this matter is of particular concern to retailers.

Energex advises that if it becomes aware that electricity is being consumed at premises where a MSS disconnection has occurred, the retailer is notified. In this event, Energex provides compensation to retailers for a period of time between the MSS and when the premise is presumed to be re-occupied as agreed.

A.1.4 Retailer process

Retailers are not required to submit a service order request for a disconnection once advised of a customer's intention to move-out of premises.

However, by raising a service order request for disconnection at the request of, or on behalf of, a move-out customer, a retailer guarantees that no more electricity will be supplied at the connection point, thereby eliminating any financial responsibility for energy consumed while premises remain unoccupied.

This decision appears to be a commercial one based on reducing the instances of unbilled energy use. This may be considered to be reasonable,¹⁶ given retailers' responsibility for settling the wholesale market for all electricity supplied at their customers' premises.

¹⁶ The Government Discussion Paper stated more emphatically "*This is not unreasonable*". We have used the words "*This may be considered to be reasonable*" instead, because we do not want to assume at this stage what is reasonable behaviour.

A.1.5 Issues for consideration in Queensland

The July 2012 discussion paper discussed the issues with the move-in move-out processes in Queensland to relate to cost, efficiency and customer convenience.

Cost

In Queensland, the Safety Regulation obliges distributors to send a licensed electrical mechanic to perform physical disconnections and reconnections. It also requires that a visual examination of the premises be undertaken to ensure there are no serious defects prior to reconnection.

The processes of fuse removal, subsequent replacement and visual examination associated with these services is also time consuming and therefore costly to perform in real terms. Conversely, a final meter read does not require specific qualifications to perform (although field workers are trained appropriately) and it is less time consuming. The real cost to distributors of performing a physical disconnections and reconnections is significantly more than the cost of performing a final meter read.

Distributors are currently unable to recover the cost of performing disconnections and most reconnections, due to the restrictions imposed by Schedule 8 of the Regulation. Energex estimates the revenue shortfall as a result of performing disconnections and reconnections in MIMO situations during the 2010-11 financial year was approximately \$12.5 million. Ergon Energy estimates the revenue shortfall for the same period at approximately \$2.7 million.

Further, capping the fee for disconnection and reconnection at zero dollars may incentivise demand for these services unnecessarily. The absence of a price signal means that there is no impact, financial or otherwise, on the retailer or the move-out customer for requesting a disconnection, which is more labour intensive and costly to perform in real terms than a final meter read.

Retailers can avoid significant costs from disconnections. For example, the Queensland Government estimated that retailers trading in South East Queensland are avoiding a combined total of approximately \$1.7 million per year in unbilled energy consumption costs as a result of premises being disconnected while they are unoccupied. However, this also needs to be put into perspective that the distributor Energex estimated the maximum cost of energy consumption at unoccupied residential premises at \$1 per day (approximately 3kWh per day – taking into account premises with pool pumps and electric hot water systems).

Efficiency

There is a belief that disconnections are being performed unnecessarily in many instances. Energex frequently attends the same premises to perform a reconnection within a short time of disconnection, leading to wasted resources. It estimates that 50 per cent of premises are requested to be reconnected within five calendar days of receipt of a disconnection request and 70 per cent are requested to be reconnected within 20 calendar days of a disconnection request. This suggests that if premises were to remain energised for a short time after a customer moves out, many disconnections and subsequent reconnections would not need to be performed because a customer would already have moved into the premises.

Customer convenience

Outcomes for move-in customers could be improved if premises remain energised for a period of time after a customer moves-out.

Move-out customers are generally concerned with a final meter reading occurring so that they can receive their final bill. This can be done either through a final meter reading only or through a disconnection which includes a final meter reading. The issue of convenience therefore, centres on whether premises are disconnected when a customer moves in.

When premises require reconnection after a physical disconnection, the incoming customer is required to be on site for up to five hours during business hours to permit a visual examination of the premises prior to work being performed. This lack of flexibility may be inconvenient for customers who need to plan their time around the appointment, or organise time off work to be home during this time. This also has implications for customers in terms of possible lost wages when taking time off work.

If a move-in customer is not aware that the premises they are moving into is disconnected they may not have arranged for reconnection; and may therefore move into a premise without power. This has implications for customers who move in on a weekend, where a charge is incurred.¹⁷ If a customer is unwilling or unable to pay for reconnection on the weekend, they may not be able to arrange for reconnection until the next business day.

Disconnecting unoccupied premises may also have other adverse impacts such as security systems being disabled, and potential health and safety implications for swimming pools and electric hot water systems.

¹⁷ During business hours on weekdays, the charge to the customer for reconnection is capped at zero.

A.1.6 Regulatory options

The July 2012 discussion paper put forward and discussed two broad approaches with the potential to reduce the number of requests for physical disconnections in MIMO situations. Both options aim to provide improved customer outcomes and reduce the number of disconnections taking place:

1. Introduce a charge for the provision of disconnection services in MIMO situations – to act as a financial disincentive for customers or retailers who can opt to pay for a disconnection; or opt for a free final meter read and avoid the associated charge. After a set period of time (and following a final meter read), retailers would be able to request a disconnection at no charge if the premises remained unoccupied. It would lead to increased risk of unbilled energy consumption for retailers who would have to manage the decision of whether to pay for a disconnection, or wait until a customer moves-in. However, this risk is limited by the amount of time allowed before premises must be disconnected at distributor expense.

This approach is directly affected by how long premises should remain energised before the distributor is required to de-energise at their own expense (e.g. 5, 10 or 20 business days). The longer the wait the more likely there will be a move-in customer and the costs of a physical disconnection avoided. However, charges for energy supplied/consumed in the interim also increase the longer a premise remains unoccupied.

2. Place a regulatory restriction on retailers from requesting disconnections for a set period of time (e.g. 5, 10 or 20 business days) after performance of a final meter read – to create an opportunity for premises to become occupied before being disconnected.

The financial impact of following these options was considered to be:

- **Move-out customers** – will experience no financial impact, unless they choose to request a disconnection under option 1 (and there is no obvious reason why they should request a disconnection unless they are not properly informed that they do not have to request a disconnection).
- **Distributors** – will achieve cost savings from reduced disconnection and reconnection request numbers, and under option 1 from being able to charge cost-reflective prices for disconnections performed within a set period.
- **Retailers** – will incur new costs (unless move-out customers choose a disconnection under option 1). These will be either:
 - Unbilled energy costs from the move-out customer's final meter read until a new customer moves in or the distributor is required to disconnect premises at its own expense after the set period has elapsed; or
 - Disconnection fee costs (under option 1).

- **Move-in customers** – will experience no financial impact (unless move-in customers were required to pay for energy consumed while premises are unoccupied, as a trade off for the convenience of moving into energised premises).

A.1.7 Questions asked in the Queensland Government's July 2012 Discussion Paper

The Queensland Government's discussion paper asked various questions regarding the move-in move-out process and the regulatory options. Submissions to the discussion paper were requested to be provided to the Queensland Government by 6 August 2012. To date, the submissions have not been published.

A.2 QUEENSLAND COMPETITION AUTHORITY

A.2.1 Electricity Industry Code amendment request

On 21 December 2012, the Queensland Competition Authority received a request from Energex for certain amendments to be made to the Electricity Industry Code.¹⁸ The proposed amendments relate to the use of a Meter Switch Seal (MSS) – where the main switch is turned off and a removable sticker is placed over the switch – as a means of disconnecting multi-occupancy premises.

Clause 5.7 of the Code requires a distributor (Energex) to complete a standard service order, in this case a disconnection request, within five days after receiving a valid request from a retailer. In the majority of cases, retailers request that the premises be physically disconnected via the removal of a fuse or fusible link. However, the electrical switchboards of some older multi-occupancy premises require power to be disconnected from all occupants in the building in order to disconnect a single apartment or unit. To deal with these situations, Energex established a compromise procedure where the main switch to an individual unit is turned off and a removable sticker is placed over the switch.

Energex proposed a Code amendment which would allow a physical disconnection service order to be completed via an MSS disconnection where a physical disconnection would require the disconnection of multiple premises, or where a physical disconnection cannot be completed due to safety reasons. The Code amendment would formalise current practice in respect of multiple-occupancy premises, but would not address the wider issue of the economics of disconnection in other premises.

¹⁸ Documentation on this request, including the Authority's Interim Consultation Paper and Draft Decision, and submissions on those papers, is available at www.qca.org.au/electricity-retail/industry-code/ReqAmndEICCDP.php.

A.2.2 The problem with Code compliance in multi-occupancy premises

Section 5.7 of the Code requires that a distribution entity complete a valid service order within five days (for a CBD or short rural connection) or 10 days (for a long rural or isolated connection). Alternately, the service order can be completed on a date agreed to with the retailer.

Current electrical standards require that all multi-occupancy dwellings have individual fusible links installed for each apartment. These links allow distributors to disconnect individual apartments, and fulfil a “remove fuse” service order without affecting the electricity supply to other apartments in the complex.

However, some older multi-occupancy dwellings (blocks of units/flats) were not built to the current standard, and require temporary interruption of the electricity supply for the entire complex in order to disconnect (as well as subsequently reconnect) a single unit, which will inevitably inconvenience other residents. Use of MSS disconnections to disconnect apartments in older complexes avoids this problem.

However, disconnecting a premise through an MSS where a retailer has submitted a “remove fuse” service order constitutes a breach of the current provisions in the Code.

A.2.3 Further general background information on disconnection and reconnection requests

The Authority’s consultation paper contains further general background information on disconnection and reconnection requests as follows.

On 1 July 2007, Full Retail Contestability (FRC) was introduced in Queensland. The introduction of new retailers also caused a significant increase in the number of disconnection and reconnection service order requests. Prior to the introduction of FRC Energex performed approximately 4,000 disconnections per annum. In the second year of FRC (2008-09) Energex received approximately 178,000 disconnection requests. This increase in disconnection requests led to Energex failing to meet its required timeframes under the Code.

To address this situation Energex devised an alternate means of disconnection called a Meter Switch Seal (MSS) disconnection. An MSS disconnection involves the master power switch being turned off in the meter box of the premises. The switch is then sealed with a sticker advising that it should only be removed by authorised Energex personnel. Performing an MSS disconnection meant Energex took less time and personnel to complete each disconnection request.

While completing an MSS disconnection was not strictly in accordance with the Code, retailers agreed to the use of MSS disconnections in certain circumstances as a temporary measure.

However, the use of MSS disconnection exposes retailers to financial risk. When a premises is vacated the existing retailer remains financially responsible for any charges associated with that connection until another customer moves into the premises. Where an MSS disconnection is performed, it is possible for a customer to restore the electricity supply by removing the MSS sticker and turning the main switch on. If the customer does this without notifying a retailer, the financially responsible retailer would be liable for the electricity use, but have no corresponding customer to charge. Compensation is usually offered by the distributor in such cases, though this has also been a source of contention between retailers and distributors.

To avoid this financial risk, retailers routinely request a “remove fuse” disconnection be performed. This requires Energex to remove a fusible link in the electricity supply. Where this type of disconnection is performed only electrical technicians can restore power to the connection, eliminating the risk that customers may commence consuming electricity without notifying a retailer.

A.2.4 Interim Consultation Notice

The Authority released an Interim Consultation Notice on the proposed changes on 22 March 2013, and received seven submissions in response.

A.2.5 Draft Decision

The Authority released a Draft Decision on 26 June 2013. The Draft Decision concluded that, on balance, MSS disconnections were the best practical solution to the problem of disconnecting individual customers in multi-occupancy dwellings that do not have individual fusible links. The Authority also considered it appropriate for retailers to be compensated for unbilled electricity and proposed to introduce a fee of \$4 per MSS disconnection to be paid by the distributor.

However, the Draft Decision did not support the second part of the Energex proposal regarding the use of MSS disconnections for safety reasons. The Authority considered that there are already adequate provisions regarding non-disconnection for safety reasons in the existing B2B procedures.

The Authority received six submissions in response to its Draft Decision.

A.2.6 Further Consultation Paper

Given the technical nature of disconnection processes, and that the use of MSS had been controversial for several years, on 27 September 2013 the Authority released a Further Consultation Paper on the wording proposed for the final Electricity Industry Code amendments.

In the Further Consultation Paper, the Authority referred to the previous Draft Decision where it had considered it appropriate for retailers to be compensated for unbilled electricity and that this should reflect the method previously agreed between Energex and retailers, as this was an approach reached voluntarily by market participants (even if the manner of its execution was disputed at times). The Authority had proposed in its Draft Decision a simple approach, whereby distributors would pay retailers a fixed \$4 charge for every MSS disconnection. This would have eliminated the need to calculate the cost of unbilled energy in every instance and may have reduced disputes between Energex and retailers about the level of compensation provided for unbilled energy.

This approach would result in less accurate levels of compensation to retailers than if compensation was calculated individually for each MSS disconnection, and would require that the charge be adjusted from time to time to reflect changing energy costs and other factors that may influence the cost of unbilled energy.

Submissions to the Draft Decision had generally preferred codifying the current negotiated arrangements for compensation rather than the proposed fixed charge per MSS. In the Further Consultation Paper the Authority stated that it was considering codifying the current negotiated compensation arrangements in a new clause 5.7.4 of the Electricity Industry Code. The wording of this clause and the associated definitions were also intended to clarify network billing arrangements when MSS disconnection occurs.

The Authority received seven submissions in response to its Further Consultation Paper.

A.2.7 Final Decision

The Authority released its Final Decision on 22 November 2013.

The Authority's Final Decision is to include a new clause in the Electricity Industry Code to:

- Allow distributors to complete standard disconnection service orders with an MSS disconnection to prevent multiple premises being disconnected;
- Codify the existing negotiated arrangements, whereby distributors compensate retailers for unbilled energy costs and do not bill them for network charges when distributors use MSS disconnections; and
- Prevent retailers from charging customers for retail services during the period they are receiving compensation.

Energex also proposed a sub-clause be added to the Code to allow MSS disconnections for safety reasons. The Authority considered that there are already provisions in place to address safety concerns, and there was a lack of support for this proposal in submissions to the Draft Decision. Therefore, the Authority's Final Decision maintained its position in the Draft decision not to propose including a safety-related sub-clause in the Electricity Industry Code.

APPENDIX B: HOW CHANGES IN TENANCY ARE HANDLED IN OTHER JURISDICTIONS

B.1 OTHER AUSTRALIAN JURISDICTIONS

This section discusses the research findings in other Australian jurisdictions. In Victoria, smart meters are being rolled out, and the industry is moving to new approaches to change of tenancy through remote disconnection and reconnection, rather than the approach discussed in this Appendix. Other than that, the research showed that changes in tenancy are generally handled in a similar fashion across the other Australian jurisdictions. There was support for harmonisation of practices across the jurisdictions.

Retailers generally do disconnect premises when a customer vacates, but this is not always the case. Customers leaving premises are not given a choice about whether to have the premises disconnected on leaving. Provided the customer leaving the premises received a final bill for electricity billed up to the time of their leaving, there were very few reasons put forward as to why the leaving customer would be concerned as to whether the premises were disconnected or not on their departure. Some cases were raised where there may be disputes about who was responsible for the bill, including cases of shared homes or relationship separations and domestic disputes where the occupancy may change through the addition or subtraction of individual occupants without full change of occupancy. In these cases the issue remained bill accuracy rather than disconnection.

Sometimes owners were concerned that they may be billed for energy use by others, including perhaps squatters who may be more likely to stay at vacant premises with electricity that is connected.

Charges to consumers for disconnection and re-connection differ across jurisdictions, but the issues raised in regard to the charges were similar across the jurisdictions. The issues that were generally highlighted in the research were transparency and disclosure of charges, and ensuring that customers were not charged for services that were not provided. Where customers have an option not to pay a fee for disconnection, views were expressed that this option should be made clear to customers so that they can exercise the choice. In practice, it seems that customers are not always clearly given a choice.

The situation can be confusing for customers who move into new premises and find that the electricity supply is already switched on. Thus, they do not contact a retailer to organise a “connection” or to set up an electricity account. While the retailer who is financially responsible for the meter may send “To the occupant / household” letters to the occupant asking the occupant to contact the retailer and set up an account, the occupant may not actually open such letters because the letter is not addressed personally to them. In such instances, the occupant will have a deemed contract, the details of which vary by jurisdiction, retailer, and network area. The occupant may also face the risk of disconnection.

There is also a problem of customers who move out without contacting the retailer – and thus attempt to skip paying their bills. When a new occupant moves-in and tries to set up an electricity account, they may encounter difficulties. The new occupant is at risk of disconnection from the retailer financially responsible for the meter. This has been the subject of some disputes that have been raised with the various State Ombudsmen.

B.2 ENGLAND AND WALES

In England and Wales there is not even a site visit to obtain a closing meter read from residential customers when a customer leaves a premise or an opening meter read when a customer moves in. Instead, customers are asked to provide their electricity retailer¹⁹ with closing and opening meter readings when they move out and move in.

Retailers request that information by telephone, and also request the moving customer to provide the name and address of the person moving to the customer's old address, and the name and new address of the previous occupier. For renters, the name and address of the landlord for both properties is requested.²⁰

Retailers provide a mechanism for a landlord, letting agent, housing association or house builder to provide information on a house move.²¹

Retailers also generally provide an online form for residential customers to provide meter readings when they move home.²² Meter readings can also be provided or by telephone, or in some cases via a smartphone app.²³

19 In England and Wales, electricity retailers are referred to as electricity suppliers.

20 See for example www.britishgas.co.uk/HelpAndAdvice/Solution/?solutionID=2206 and https://customerservices.npower.com/app/answers/detail/a_id/590

21 See for example www.britishgas.co.uk/youraccount/discover/homemove/homemoveservices.html and www.npower.com/home/help-and-support/moving-home/landlords-or-housing-associations

22 See for example <https://www.southern-electric.co.uk/ClosingReading> and <http://www.npower.com/Home/help-and-support/meter-readings/providing-a-meter-reading>

23 See for example www.npower.com/home/help-and-support/managing-your-account-online/our-smartphone-app and www.edfenergy.com/products-services/for-your-home/my-account/mobile-app.shtml

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A property owner or renter is responsible for the electricity supply from the day they take ownership or responsibility for the property, even if they don't move in on that day. By default, a customer moving into a premise where the electricity supply is connected is supplied under a deemed contract with the existing electricity retailer at the premise, until they switch to another arrangement with the same retailer or with a different retailer.²⁴ Customers can find out who the current electricity retailer is for a given premise by contacting the local distributor.

Electricity retailers generally follow the same procedure for business premises as for residential premises.²⁵

In summary, the aim in England and Wales is to keep supply connected, and the owner or renter of the property is liable for the electricity supply and any electricity consumed at the property even if the premise is unoccupied.

B.3 NEW ZEALAND

In New Zealand, customers leaving a residential or business premise can generally provide their own closing meter reading, or can arrange for a special meter reading for a fee.²⁶ Each point of connection for electricity supply is known as an Installation Control Point (ICP). The major industry code is the Electricity Industry Participation Code 2010 (known as the Code).²⁷

Retailers are responsible for the connection status of an ICP.²⁸ The connection status must be updated into the registry (which is the central database of record for information on points of connection), so that in the case of a switch the gaining retailer can find out whether the ICP will require re-connection.

24 See for example www.adviceguide.org.uk/england/consumer_e/consumer_energy_and_water_supply_e/consumer_energy_supply_e/consumer_energy_and_your_home_e/consumer_moving_house_e/moving_home_gas_and_electricity_supplies.htm

25 See for example <https://www.britishgas.co.uk/business/QueryManagement/HelpAndAdvice/?SXI=15,CASE=431,USETEMPLAT E=sublanding.tem> and www.edfenergy.com/products-services/sme/my-account/moving-location.shtml

26 See for example www.genesisenergy.co.nz/genesis/index.cfm?33E8AA4D-C09F-4299-6DAE-FD4EE32AA1BB and <http://www.mercury.co.nz/FAQs/FAQ-Listing.aspx>

27 The current version of the Code can be accessed at www.ea.govt.nz/act-code-regs/code-regs/the-code

28 See clauses 17 to 19 of schedule 11.1 of Part 11 of the Code

From the date of the updated event on the registry, a retailer can also tell for how long the property has been disconnected (“inactive”). If it is greater than six months, the installation requires inspection before it can be reconnected (“active”). In the case where the premises have been disconnected for more than six months, the customer moving in will need to contact a Registered Electrical Inspector to conduct a safety inspection before the electricity supply can be reconnected. The customer needs to pay for the inspection themselves, and ask the Inspector to furnish a safety certificate of compliance.²⁹

The Electricity Authority is currently carrying out modifications to the registry to indicate where the property is physically disconnected (e.g. AMI meter, pillar box fuse, meter box fuse, main switch etc.).

Retailers are responsible for the purchase of any electricity at any point of connection at which they are recorded in the registry as being the retailer.³⁰ This includes consumption while the property is vacant. Retailers can decide whether to disconnect a vacant property where they are responsible for the energy consumption. Generally, no visit to site to disconnect supply occurs when a customer vacates. Instead, typically, a retailer will disconnect a property about two weeks after the property becomes vacant. The economic driver is difference between the cost of disconnection and the retailer’s exposure to purchasing electricity when there is no consumer to invoice that consumption.

Disconnecting a property however is no guarantee that consumption ceases, as the person performing the disconnection may disconnect the wrong property, not disconnect at all, or in the most common cases new occupants may reconnect themselves.

If Advanced Metering Infrastructure (AMI) is fitted and allows for remote disconnection, the retailer may elect to disconnect a property immediately after the property becomes vacant. One of the benefits of AMI that is perceived to accrue to retailers in the NZ structure is that a retailer can determine when a vacant installation is consuming electricity, and chase the consumer for a contract, or arrange a disconnection.

²⁹ See for example www.welectricity.co.nz/network/Pages/Getting%20Connected.aspx

³⁰ Under clause 2 of schedule 15.3 of Part 15 of the Code