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Dear Ms Proudfoot

### **Notice of Draft Instrument Amendments to AER (Retail) Exempt Selling Guidelines**

National Seniors welcomes the opportunity to comment on the Australian Energy Regulator Draft Instrument Amendments and (Retail) Exempt Selling Guidelines.

National Seniors is a not-for-profit organisation that gives voice to issues that affect Australians aged 50 years and over. It is the largest membership organisation of its type in Australia.

National Seniors believes that electricity is an essential service and a continuous supply of electricity to vulnerable consumers should not be compromised. Many of our members reside in manufactured home parks, retirement villages or caravan parks and they should not be disadvantaged in either supply or cost when compared with others living in the community.

The following responses are provided in relation to the questions raised in the Notice.

#### **Questions for stakeholders**

- 1. Should the electricity tariff cap that exempt sellers may charge small customers (i.e. relevant retailer standing offer) be retained? If not, how else can small customer tariffs be kept to a reasonable level?*

Residents of manufactured homes parks, retirement villages and caravan parks should be able to purchase electricity at the same tariff rate applicable to other electricity consumers nearby. Where there may be more than one supplier, residents should at least have the benefit of receiving the lowest available tariff. These residents could be seen as being discriminated against without access to the competitive tariff or alternatively they may have concerns that the exempt-seller is

profiteering at their expense. National Seniors believes that the electric tariff cap should be retained.

2. *Are there any potential barriers to exempt sellers offering a customer a minimum of two payment methods (see new Condition clause 3(2)).*

Both the Queensland *Manufactured Homes (Residential Parks) Act 2003* and the *Residential Tenancies and Rooming Accommodation Act 2008* contain provisions for payment of rent in an approved way including: cash, cheque, deposit to a financial institution, credit card, EFTPOS system, pay or pension deductions or other way agreed on by the park owner and resident. In these situations payment methods are already established and should not cause any potential barriers.

In determining the appropriate payment method consideration should be given to the type of consumer and their ability to comply with the method or methods preferred by the exempt seller. Most of those paying rent or electricity in residential parks and villages are elderly. It is not unreasonable for an exempt seller to offer more than one payment method to park or village residents and other relevant consumers.

3. *Under Condition 11 - Reconnection of supply - the AER has removed the term 'as soon as practicable' in relation to the requirement that an exempt seller must reconnect the premises. We seek views on whether the obligation should be time limited and if yes, what limits should be imposed.*

National Seniors considers electricity as an essential service and reconnection should occur as quickly as possible after any dispute has been resolved. Any unnecessary delay could be seen as a punitive action against the person seeking reconnection.

A time limit should be imposed with provision for negotiation in the event of any unexpected delay. The exempt seller should be able to provide an estimate of the earliest date when the service will be reconnected and keep the consumer informed of any delays. The consumer should have access to arbitration if the delay is excessive or unjustified. Time frames for reconnection may vary depending on circumstances or location but a limit of five days is not unreasonable.

4. *We are proposing to require exempt sellers to claim government rebates or concessions on behalf of customers who cannot claim the rebates or concessions themselves. In the current guideline exempt sellers must use best endeavours only. We are interested to understand what this change would mean for exempt sellers—in particular, what costs exempt sellers would incur in making the claims. We are also interested in whether stakeholders see other possible solutions to this issue.*

National Seniors supports the proposal for making it mandatory that exempt sellers claim government rebates or concessions on behalf of customers who cannot claim

the rebates for concessions for themselves. This may incur some additional work for exempt sellers in the first instance as a result of the initial application. Exempt sellers will only incur additional expenses if new residents require assistance. New residents should be encouraged to make an application and the exempt seller will only be required to provide assistance if the new resident has any problems.

5. *We are proposing a new class for Power Purchase Agreement (PPA) providers who sell to business customers or residential customers where the PPA has particular characteristics, including limiting it to residential agreements of no more than a 10 year term.*

- a. *Is this term appropriate? Do you consider a different term would be better?*
- b. *Are there any other criteria the AER should include for eligibility for this class?*
- c. *Should the class be extended to cover other types of alternative energy seller?*

National Seniors supports innovation in industry which has the potential to provide competition resulting in lower tariffs and ensuring supply for consumers. New innovations such as alternative energy sellers should come under the guidelines which should be constantly reviewed to ensure that no unintended consequences arise.

The main issue is the length of the agreements and the ease of which customers could terminate their agreements. We understand that 10 years allows the provider to reasonably recover the cost of the asset while ensuring the customer has sufficient flexibility to leave the agreement if their circumstances change. Having a transparent termination process is essential.

Our concern is the buyout clauses in the agreement. Seniors entering into manufactured home parks, retirement villages and caravan parks are provided with extensive documentation on the terms and conditions of their residency. Having to also deal with buy out costs for termination of electricity supply has the potential to create further concern for elderly consumers as well as impacting on the industry with potential residents opting out of that type of retirement accommodation. The length of residency in parks/villages is often governed by health and other personal issues and a long term agreement would not be appropriate unless buy out costs were not charged.

We do not object to the concept of a PPA but oppose the payment of buy out costs for termination of contracts in manufactured home parks, retirement villages and caravan parks.

6. *Your views on any other proposed changes.*

We generally agree with the proposed changes but stress the need for ongoing education programs for industry and consumers to ensure that all parties are aware of their rights and responsibilities.

Should you require any further information, please contact Brendon Radford (Senior Policy Officer) on 07 3233 9125 or at [b.radford@nationalseniors.com.au](mailto:b.radford@nationalseniors.com.au).

Yours sincerely

**Michael O'Neill**  
**Chief Executive**