

POLICY	ROBY COUNCIL	Responsible Department	Corporate Services
		Original Adoption Date	24.02.2011
		Current Adoption Date	25.10.2023
		Date of Next Review	25.10.2026

ELECTRICITY BOND	
Latest Review Changes	<p>1.1 Requirement of a credit check to determine risk of default and the requirement of a bond payment.</p> <p>3. Increase in bond amount from \$550 to \$650.</p>
Previous Council Reviews	24.02.12, 11.02.14, 30.09.20

Applicable Legislation

<i>Roxby Downs (Indenture Ratification) Act 1982</i>
--

Related Policies

--

Related Procedures

--

Reference Documents

--

Contents

1. INTRODUCTION	3
2. WHEN MAY AN ELECTRICITY BOND BE REQUESTED?	3
1.1. Residential Customers.....	3
1.2. Business Customers.....	3
3. AMOUNT OF ELECTRICITY BOND	3
4. TIMING OF PAYMENT OF ELECTRICITY BONDS	3
5. REFUND OF ELECTRICITY BONDS	3
6. OTHER ARRANGEMENTS IN LIEU OF ELECTRICITY BONDS	4
7. AVAILABILITY OF THE POLICY	4
8. REVIEW	4

1. INTRODUCTION

Council sells electricity services through its entity, Roxby Power. Council looks to responsibly manage its debtors. Due to its relatively small customer base, any default on an electricity account can result in an unfair burden on the other electricity customers. Council therefore requires Roxby Power to mitigate the risk of bad debts arising from its reliance on credit accounts for the sale of electricity services. Historically, electricity bonds have been used as one of a range of measures designed to mitigate this risk.

- Under the Retail Licence issued by the South Australian Industry Regulator, Roxby Power is entitled to charge an electricity bond where it deems it to be appropriate.
- Roxby Power is currently looking for alternative ways of mitigating this risk so it can move away over time from electricity bonds. Until a viable alternative is secured, electricity bonds will remain in Roxby Power's suite of risk mitigation measures.

2. WHEN MAY AN ELECTRICITY BOND BE REQUESTED?

Customers applying for a new connection or reconnection after being disconnected due to an overdue account balance, may be asked to pay an electricity bond. When this electricity bond is later returned to the customer, the customer will also be entitled to any interest that has accrued on it.

1.1. Residential Customers

Residential customers may be required to pay an electricity bond if they:

- Have not established a satisfactory payment history with Council in relation to Rates, Roxby Power or Roxby Water accounts.
- Have a pre-existing balance on any historic account relating to Rates, Roxby Power, Roxby Water or any sundry debt.
- Are deemed by Roxby Power to be at high risk of defaulting on any future payment in relation to an electricity account. This will be determined by a credit check.

1.2. Business Customers

Business customers, may be required to pay an electricity bond if they:

- Do not have a satisfactory credit rating or
- Do not have a satisfactory electricity account payment history.

To be recognised by Council as a business customer, they must be able to provide evidence of either an ABN or ACN relating to the account holder's name.

3. AMOUNT OF ELECTRICITY BOND

The amount of the electricity bond will be determined by one of the following:

- A flat rate of \$650.00, or
- Up to 37.5% of estimated bills over a twelve month period, based on either historical transactions or the average usage of a comparable customer over a twelve month period.

4. TIMING OF PAYMENT OF ELECTRICITY BONDS

Roxby Power will provide a period of 14 days for customers to pay their electricity bond. Failure to pay within this period renders the consumer liable for disconnection.

5. REFUND OF ELECTRICITY BONDS

Electricity bonds will be held in trust by Roxby Power and will accrue interest at an interest rate approved by the industry regulator. Retained amounts including interest will then be refunded when customers:

- Complete 24 months history of paying accounts by the pay by date, or

- Vacate the premises following a final meter reading and settlement of the final account.

Roxby Power may retain the electricity bond along with any accrued interest following disconnection of supply and use any portion of the amount to offset any outstanding balance following issue of a final account.

The refund of the Electricity Bond will normally be done by way of an electronic funds transfer. Other payment methods may be available and should be discussed with Roxby Power staff.

6. OTHER ARRANGEMENTS IN LIEU OF ELECTRICITY BONDS

Roxby Power may waive the requirement for an electricity bond if the customer agrees to an alternate arrangement. Council offers two such arrangement options for payment of accounts that will not require an electricity bond:

i. **Payment arrangements under which a residential customer pays in advance towards future accounts.**

In this instance an automatic monthly direct debit is made. Customers will need to complete a formal agreement which details the amount that is to be paid monthly, and which is subject to the discretion of Roxby Power staff. This will usually be determined from examination of the history of electricity consumption at the specific premises.

ii. **Quarterly billing in arrears.**

In this instance an automatic quarterly direct debit is made. Customers will need to complete a formal agreement.

If either of these arrangements are agreed to the Electricity Bond will be waived on the condition that they are adhered to.

It is the customer's responsibility to ensure that there is sufficient funds in the account to meet the agreed payment arrangements. Should the customer default then Roxby Power may rescind the payment arrangement and require the customer to pay a bond as outlined above.

Further Information and Advice

Phone: (08) 8671 0010 (office hours)

Email: roxby@roxbycouncil.com.au

7. AVAILABILITY OF THE POLICY

This Policy is available to be downloaded free of charge from Council's website: www.roxbydowns.sa.gov.au

Hard copies, for a fee, can be provided in accordance with Council's Fees and Charges Register at Council Office, 6 Richardson Place, Roxby Downs.

8. REVIEW

This policy will be reviewed at least once every three years.