



## PROPOSAL FOR PREPAID SUB METERING

Prepaid Sub Metering has been recognized worldwide to reduce the risk of non-payment and electricity theft to ensure the landlords/property agents/body corporates maintain a strong financial position.

### 1. How electricity is normally managed

Electricity is normally managed by a body corporate in several different ways.

Firstly the electricity for the townhouse can be registered directly with city council. This means that each and every unit in the complex has a separate account with the specific city council and is invoiced accordingly.

Electricity can also be incorporated with the levy account. This means that there is one bulk electricity meter for the entire scheme registered with city council. **Each townhouse could then have its own sub meter installed by the body corporate from which they will be getting a supply from.**

### 2. Post Payment Systems: Recovery of electricity invoice to the occupant

Most body corporate operate on a post consumption billing system. This means that the occupant first consumes the electricity and then gets an invoice for what he has used. If the occupant does not pay the invoice, that invoice will simply be forwarded to the registered owner of the property.

City council and sectional title bodies corporate do not want to get involved with tenant disputes. **It is simply stated that the issue needs to be resolved between the landlord and the tenant / occupant.**

In addition to this, if the tenant has not paid his electricity, chances are that he will also not be paying rental. This causes further losses for the landlord and puts additional strain on the relationship between the managing agent / body corporate and the individual landlords. **Making use of Electrode Prepaid management solution obviously ensures that at the very least problems, costs are minimized for the body corporate and the landlord in these specific instances.**

### 3. Electrode Prepaid Pre-Payment Management Solution

Most city councils we have dealt with do not take physical meter readings for each and every meter each month. They simply take a reading every few months and project an average usage for the next couple of months. In theory this should work fine but the reality is that incorrect meter readings can be taken due to human error or usage differs from month to month. If you had a high usage, that high average will now be applied for the next couple of months.

The biggest problem with this system is that the occupant only wants to pay his portion of the electricity per month. If the occupant receives a large usage bill he is naturally a very unhappy and normally refuses to pay. An even bigger problem is that it is very difficult to dispute inaccurate readings. If an incorrect reading was registered, it is simply stated that you should pay the bill and then they will look at rectifying the account.

**From an occupants' perspective, most certainly the biggest advantage of working with Electrode Prepaid management solution is to know that the occupant is not being overcharged for the usage of Electricity due to incorrect readings. What he pays for is what he gets; it is as simple as that. Furthermore, occupants also then get to see the actual cost of electricity and they use it more sparingly.**



Using **Electrode Prepaid** management solution, the recovery of electricity consumption is upfront by means of a national pre pay system. Theoretically, your electricity account should always be in credit as electricity units purchased is paid by **Electrode Prepaid** before you are invoiced for electricity by city council.

It is also illegal to tamper with an electrical installation and stealing electricity is most definitely a criminal offense.

#### 4.1 Monthly Management Reports

A monthly utilities analysis report is available to the body corporate, the managing agent, the landlord and the letting agent in order for these service providers to keep track of all payments made by **Electrode Prepaid**. These individualized reports are specifically designed and arranged to assist each service provider to monitor their specific financial requirements and key performance indicators.

#### 4.2 Non Consumption Reports

It is also possible to view a non usage report. This enables the body corporate to monitor individual units which are not registering any usage on the specific electrical meter. It is especially valuable for the landlord and the letting agent. If a tenant does occupy the unit, then he is clearly stealing electricity or he is back on candle power.

Please see below for the **ADVANTAGES** of using **Electrode Prepaid** utility management system:

- ✓ **Better Control of Utility payments by tenants**
- ✓ **Better Control of Utility accounts from Council - no or reduced disputes**
- ✓ **Equitable billing for all - no cross-subsidizing of non-payers**
- ✓ **Reduced possibility of bad debts**
- ✓ **Improved cash flow available for maintenance and improvements of the property**
- ✓ **Ensure tenants pay for electricity before consuming it - no usage disputes/doubts**
- ✓ **Owners protected from large, unpaid accounts at the end of a lease period**
- ✓ **No Collection Hassles**
- ✓ **Continuous Monitoring**

#### 5. What is the process of installing a prepaid meter and what effect does it have on the existing electrical system?

- ✓ The **Electrode Prepaid** meter is installed inside the owners' unit right next to the Distribution board. It is the same as installing additional lightning protection to protect the internal electrical circuits.
- ✓ Each installation is done professionally. This guarantees the safety and correctness of the installation.
- ✓ The installation done does not affect the body corporate individual electricity meter already installed or the electrical system in general as the installation is only inside the owner's premises.



#### 6. How does the flow of money then work and how will the body corporate receive payment?

- ✓ **Electro Prepaid** management solution meter operates in a similar fashion as pre paid cell phone air time does. If there is no money loaded on the meter, there cannot be any electricity consumed.
- ✓ The occupants can purchase pre paid electricity tokens from several outlets countrywide. Mostly everywhere you purchase pre paid cell phone air time is where pre paid electricity can be purchased.
- ✓ Our billing cycle runs from the 25th to the 26th of every month, and on a monthly basis after this cycle we pay the money directly into your account.
- ✓ A monthly consumption report will also be emailed to the body corporate, landlord, managing agent and the letting agent.

#### **In Relationship with both Owner/Management Agent and Landlord, **Electro Prepaid** will have responsibilities in respect of providing a service:**

- ✓ Install and supply pre paid electricity meters.
- ✓ **Electro Prepaid** will commission and seal the meter before handover of each unit.
- ✓ Data Analysis
- ✓ Provide monthly targeted Revenue Protection Inspection list.
- ✓ Monthly reconciling and settlement of the transactions summary on the meter.
- ✓ Provide Prepaid metering consulting service.
- ✓ Monthly transaction summary reports.

#### **Clients' responsibility includes:**

- ✓ Give **Electro Prepaid** all the necessary information before receiving a meter (Application form, Proof of payment and existing utility bill)
- ✓ Reconciling the utility bill and paying (Settling) the utility bill from the council or body corporate.
- ✓ Client is in control of the tariff engine and need to inform **Electro Prepaid** as to what the tariff needs be set on.