



AUSTRALIA & NEW ZEALAND
ENERGY AND WATER
OMBUDSMAN NETWORK

13 November 2008

Manager, MCE Secretariat
Department of Resources, Energy and Tourism
GPO Box 9839
Canberra ACT 2601

By email: MCETMarketReform@ret.gov.au

Dear Manager, MCE Secretariat

Re: Consultation Regulation Impact Statement National Framework for Regulating Electricity and Gas (Energy) Distribution and Retail Services for Customers.

Thank you for the opportunity to comment on the Ministerial Council on Energy (MCE) Standing Committee of Officials (SCO) Consultation on the Regulation Impact Statement for the National Framework for Regulating Electricity and Gas (Energy) Distribution and Retail Services for Customers (the 'Consultation RIS'), as released on 21 October 2008.

This is a joint submission by the members of the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) listed below. Our core business is resolving customer disputes about the essential services of electricity, gas and in some jurisdictions, water. We are therefore able to contribute our experience of customer issues to the discussion of customer protection regulation.

ANZEWON members believe that the preferred options for the proposed framework, as outlined in the Consultation RIS, provide an important overview and a sound approach for achieving the objective of a comprehensive national approach for energy distribution and retail services for customers. We point to the individual submissions from ANZEWON, EWON and EWOV over the course of this process and recommend them for your further consideration¹.

We wish to make further comment on two aspects of the proposed framework, as set out in the Consultation RIS.

¹ These submissions can be viewed on www.ewon.com.au (under 'Policy and research') and on www.ewov.com.au (under 'Responses to regulatory authorities').

5.1.5 Hardship regimes

It is critically important that in a national market there be a nationally consistent approach to hardship provisions for energy customers. The development of a national hardship regime is particularly relevant, with all indicators pointing to considerable increases in the costs of energy – including significant capital expenditure in transmission and network infrastructure, smart meter rollouts, carbon costs and increasing wholesale prices.

Critical aspects of such a regime include consideration of capacity to pay for customers in establishing payment plans and the provision of fair and reasonable processes for dealing with payment difficulties experienced while customers are participating in such a plan.

As such, ANZEWON supports Policy Option 1 at page 29 of the Consultation RIS – that is, imposing a requirement for a hardship regime on energy retailers. More specifically, ANZEWON strongly supports the proposal – as was set out at 1.20E in the MCE SCO Table of Recommendations in June 2008 – for the AER to establish hardship indicators and to undertake performance monitoring and reporting. We look forward to contributing to the development of such indicators. We also welcome the commitment of the MCE to monitor the effectiveness of these measures over time to ensure that customers in hardship are provided with adequate support, and that disconnection is not the response to financial hardship.

5.2 Distributor interaction with customers and retailers

ANZEWON notes that this area of the framework is identified – on page 50 of the Consultation RIS – as ‘undecided’. We believe that national consistency between gas and electricity distributors is of benefit. We support the approach discussed in the MCE SCO *National Framework for Regulating Electricity and Gas (Energy) Distribution and Retail Services for Customers Policy Response June 2008*. It recommended a contractual arrangement which clearly specifies a customer distributor interface and which allocates responsibilities between distributors, retailers and customers. In our experience there are clear distributor interactions with customers which, if artificially forced through a retailer interface, would add to complexity and reduce customer protection.

We welcome questions from MCE SCO about the above comments or our previous submissions. We also look forward to reviewing and commenting on the Initial Exposure Drafts of the Law and Rules.

Yours sincerely



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