



Energy & Water  
Ombudsman NSW

PO Box K 1343  
Haymarket NSW 1240

Admin (02) 8218 5250  
Fax (02) 8218 5233  
Freecall 1800 246 545  
Email omb@ewon.com.au  
Web www.ewon.com.au

ABN 21079 718 915

23 December 2004

Mr Anthony Poon  
Department of Energy, Utilities and Sustainability  
GPO Box 3889  
Sydney NSW 2001

Dear Mr Poon

Thank you for the opportunity to comment on the *Arrangements for Guaranteed Customer Service Standards – Issues Paper*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and water customers of Sydney Water, Hunter Water and Australian Inland.

Please find attached a copy of our submission, where we have addressed aspects of the Issues Paper where they relate to our experience.

Please contact me or Chris Dodds, Policy Officer, on 8218 5262 if you would like to discuss this matter further.

Yours sincerely

A handwritten signature in cursive script that reads 'Clare Petre'.

Clare Petre  
Energy & Water Ombudsman NSW



Energy & Water  
Ombudsman NSW

Department of Energy, Utilities and Sustainability

Arrangements for Guaranteed Customer Service Standards

*Issues Paper*

November 2004

Response by the

Energy & Water Ombudsman NSW

## **Introduction**

We note that the purpose of the Department's Issues Paper is to seek comments on the on arrangements and implementation issues for current and proposed Guaranteed Customer Service Standards (GCSS). EWON has contributed to and participated in discussion on GCSS issues with IPART. For the sake of completeness we have included in this submission (as an attachment) our previous submission to the IPART Review into Guaranteed Customer Service Standards and Operating Statistics.

While we are not in a position to comment on all aspects of the Issues Paper, we have addressed a number of issues from the perspective of EWON's experience as an independent dispute resolution mechanism for customers of electricity and gas providers in NSW, and water customers of Hunter Water, Sydney Water and Australian Inland.

For ease of reference, wherever possible we have adopted the same numbering as the Draft Recommendations.

### **Issue 1: Payments by cheque or by adjustment to the retail bill?**

There are three options explored in the issues paper:

- *the choice of payment method should continue to be left for B2B negotiation between individual distributors and retailers*
- *a standard NSW B2B procedure be developed and adopted, or*
- *the regulations should specify adjustment to the retail bill as the payment method*

EWON suggests that the most practicable and reasonable option is for payment to be made through adjustment to the retail bill.

EWON suggests that there should be an industry standard developed through a NSW B2B procedure and that such a procedure should ensure consistency for all consumers.

### **Issue 2: When should payments be made?**

There are three options suggested around this issue:

- *the choice of payment period should be left for B2B negotiation between individual distributors and retailers, or*
- *the payment period, whether specified or flexible, be provided in a standard NSW B2B procedure, or*
- *the regulations should specify a time period for GCSS payment. If so, what would be an appropriate payment period?*

EWON suggests that there should be an industry standard developed through a NSW B2B procedure and that such a procedure should ensure consistency for all consumers.

In reference to an appropriate payment period a deadline “by the next billing cycle” would appear to be appropriate. Concerns about the effect of shorter billing cycles and arrangements such as bill smoothing can be dealt with through a crediting of the account process.

#### **Issue 4: Payments on application vs automatic payments**

The issues paper indicates that IPART has recommended payment on application for reliability GCSS and therefore asks for submissions on:

- *DNSPs’ and retailers’ progress in implementing payments on application for Reliability GCSS from 1 July 2005*
- *whether retailers wish to manage their retail customers’ claims regarding DNSP GCSS, or prefer to provide relevant customer contact details to the DNSPs for direct response*

Although it appears that the IPART recommendation for payment on application will be accepted, the issue of application vs automatic payments is a difficult one. For example:

- Application for payment rather than automatic payment may mean that only the more aware and better informed consumers have access to the payment. This option also involves costs such as processing and confirmation of eligibility.
- Automatic payment simplifies the process and ensures all eligible customers are compensated for reduced reliability of supply. This of course increases the number of payments to all eligible customers rather than just to those who apply, with consequent increased cost.

EWON has previously suggested that there needs to be an emphasis on investment in networks rather than individual compensation. (See Attachment 1 EWON’s response to IPART’s Review into Guaranteed Customer Service Standards and Operating Statistics)

EWON suggests that it might be worthwhile to review the number of claims under an application process in comparison to the number of eligible consumers and assess the comparative price impacts. This could also be a useful exercise in relation to Issue 5.

To avoid customer confusion, EWON suggests that the customer’s retailer should manage all GCSS payments.

**Issue 5: Notification for customers**

IPART has suggested that a regular leaflet on GCSS should be included with the bill, website information and in telephone scripts at call centres.

While EWON supports these suggestions, we note that an overload of information often means that the message does not register with many customers. We suggest that the best time for communication is when the information is directly relevant. If payments are to be made on application by customers, then the delivery of information on GCSS entitlements should be more directly linked to known system failures and to incidents, which could generate the potential for GCSS payments being applicable.

EWON also suggests that the information for customers should be agreed through NSW B2B standards, and further that consumers should be consulted about the wording and format to ensure maximum comprehension.

**Issue 8: Definitions**

EWON suggests that there is a need for common definitions across the industry. These should be established through a B2B standard.

EWON would be pleased to participate in such a process to help ensure relevance from a consumer perspective.

**Attachment 1**



Independent Pricing and Regulatory Tribunal

Review into Guaranteed Customer Service Standards and  
Operating Statistics

*Draft Recommendations*

October 2003

Response by the  
Energy & Water Ombudsman NSW

## **Background**

We note that the purpose of this paper is to seek comments on the Tribunal's Draft Recommendations from their Review into Guaranteed Customer Service Standards and operating statistics. While EWON has attended the August workshop and participated in discussion on issues with the Tribunal, for the sake of completeness we have included in this submission comment on some of the issues we have already raised with the Tribunal.

While we are not in a position to comment on all aspects of the Recommendations, in this submission we have addressed a number of issues from the perspective of EWON's experience as an independent dispute resolution mechanism for customers of electricity and gas providers in NSW, and water customers of Hunter Water, Sydney Water and Australian Inland.

For ease of reference, wherever possible we have adopted the same numbering as the Draft Recommendations.

## **Introduction**

EWON supports the Tribunal's position that GCSS should be used to set minimum standards of service quality, rather than average standards. We note the Tribunal's advice that they support the idea of an integrated package approach to service quality standards, which would include both GCSS and some form of S-factor. EWON is supportive of the introduction of an S-Factor element in the 2004 electricity distribution network determination, as noted in our submission to that review,<sup>1</sup> and we agree that there is scope for both mechanisms to operate in the industry.

We note that there has been a degree of discussion among stakeholders about the issue of compensation to individual customers. At the August workshop, we advised that we were concerned that individual compensation for customers may not be the most appropriate means of achieving minimum service standards. We note that PIAC's submission raises this issue, and questions whether or not individual monetary compensation is preferable to allocating resources to fixing the problems that gave rise to the breach of the GCSS.<sup>2</sup>

In our experience, customers who contact EWON to complain that they have received an inferior standard of service are usually seeking resolutions other than monetary compensation, such as, an acknowledgement from the company that they have made an error, an apology from the company, and an assurance that the problem will be fixed. We suggest that these issues may need to be further reviewed by the Tribunal to ensure that the enforcement of GCSS achieves the desired outcomes for customers.

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<sup>1</sup> *2004 Electricity Distribution Review, Preliminary Analysis*, EWON's submission, October 2003, p3

<sup>2</sup> *Review of Guaranteed Customer Service Standards and Operating Statistics*, PIAC's submission, 27 May 2003

## **4.1 Draft recommendations on GCSS for electricity distribution**

### **4.1.1 Telephone services**

We agree that the requirement to provide a continuous telephone service for customers to report and enquire about faults should be retained, as either a GCSS or a licence condition.

We note the Tribunal's advice that they are reviewing the possibility of setting some form of quality standards for this service. We suggest that this may be appropriate, particularly as more DNSPs move towards automated telephone answering systems. We do appreciate, however, that the quality aspect of this service may be difficult to measure. We suggest that the Tribunal may be able to address some of the aspects of quality by reviewing the effectiveness of the telephone service, such as whether or not the information communicated to customers about the extent of an outage and likely response time was accurate.

In addition, we note from our experience that customers often contact our office, rather than the DNSP, to report faults. From our contact with customers, it appears they contact us either because we have a freecall 1800 number, or they found it easier to obtain our number in the telephone directory as we have a listing under "Electricity". We suggest that this customer feedback may be useful for the Tribunal to consider when evaluating the quality of the telephone service provided to customers. We would be happy to provide further information to the Tribunal on these issues.

### **4.1.2 Appointment keeping**

We agree that without a requirement to make an appointment, this GCSS would appear to have little effect on ensuring punctuality. We agree that setting a time window may be an appropriate compromise between allowing DNSPs flexibility in managing work requirements and providing a degree of certainty to customers about the time of an appointment.

### **4.1.3 Timely provision of services**

We agree that retaining this GCSS is appropriate, as it reflects the potential serious inconvenience to a customer of failing to provide a connection service.

### **4.1.4 Notice of planned interruptions**

We agree that it is important for customers to be informed of interruptions to supply that will affect them. We note that some customers who have contacted us in regards to planned interruptions have raised some concerns about the information provided to them in the notice about what steps they should take to protect their appliances while the power supply is switched off and on again. We suggest that the Tribunal may wish to review the sort of information communicated to customers in these messages.

#### **4.1.5 Streetlights**

We note that this issue was discussed in some depth at the workshop, and that a number of stakeholders considered that maintenance of streetlights was an issue for the larger community, not just for customers of the DNSP. We are concerned that the GCSS provides an incentive for DNSPs to repair streetlights that abut customers' (properties, but not other lights. In terms of public safety, we suggest that streetlights in public places, such as parks and laneways, are just as important as lights that adjoin private residences. We suggest that the GCSS may not be the most appropriate means of ensuring the regular maintenance of streetlights.

EWON supports an approach to streetlights that ensures all lights are regularly maintained, and that repairs are carried out speedily. We would be interested in discussing further with Tribunal the proposal of a street lighting code for NSW.

#### **4.1.6 Network reliability**

EWON broadly supports the introduction of minimum standards for network reliability. From our experience with customers, we agree with the Tribunal that there is information to suggest that network reliability is an important concern for customers, particularly those whose supply is less certain than others on the network. We agree that the minimum standards suggested by the Tribunal, and that are currently applied in Victoria, may be appropriate for NSW customers.

We note that the Tribunal has canvassed several options in relation to defining excludable events. As we stated in our submission to the network pricing review, "EWON supports options that clearly define and pre-determine what events are excludable to ensure consistency in reporting by all DNSPs."<sup>3</sup> We appreciate the difficulties in defining excludable events, and suggest that the Tribunal may need to monitor the situation during the implementation of the GCSS, and review to ensure consistency in reporting.

#### **4.1.7 Quality of Supply**

We support the Tribunal's proposal to introduce minimum standards in relation to quality of supply. We appreciate that limitations of the current data make it difficult to measure and record voltage levels for all end-use customers. Given these limitations, we support the Tribunal's option of adopting Ofgem's requirements that any voltage complaint is investigated promptly, and that detected faults are corrected within six months. We suggest that this approach will give customers assurance that DNSPs are committed to addressing customer complaints and improving the standards of quality of supply.

We suggest that it may also be appropriate to require DNSPs to provide information to customers about what actions are being taken to correct faults, particularly if the work being undertaken is part of a larger programme of upgrading or rectifications works.

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<sup>3</sup> 2004 *Electricity Distribution Review, Preliminary Analysis*, EWON's submission, October 2003, p4

We note that most of the complaints that EWON receives in relation to quality of supply are related to claims for compensation of damaged appliances. It appears that this review has not explored the possibility of introducing minimum standards or industry guidelines in relation to the payment of compensation for damage attributable to voltage variation. We note that the ESC has produced a guideline on voltage variation<sup>4</sup> that ensures all distributors compensate customers for damage caused by voltage variations on their network. We understand that this guideline has created a consistent industry approach to resolving compensation claims within Victoria.

It may be appropriate for the Tribunal to review mechanisms in NSW to provide best industry practice for compensation claims.

## **4.2 Draft recommendations on GCSS for gas distribution**

EWON encourages consistency in service standards across the gas and electricity industries, where appropriate, and we support the Tribunal's recommendations in relation to GCSS for gas reticulation.

## **4.3 Draft recommendations on GCSS for electricity and gas retail**

### **4.3.1 Appointment keeping**

We note the Tribunal's recommendation that GCSS for appointment keeping be removed, as there appears to be few appointments required for retailers. While we accept that this may be true, we note that some retailers do provide services to customers at their home, such as energy efficiency audits. Although it may not be appropriate to retain penalties for retailers who are late for such appointments, we believe it is that the removal of this GCSS not provide a disincentive for retailers to continue to provide this customer service.

We note that EWON receives complaints from customers who have tried to make an appointment with their retailer to discuss a problem, most often in relation to billing, but have been informed by the retailer that there is no facility for customers to make appointments at the retailers' offices. We note that this issue does not apply to all retailers. We suggest that all retailers be required to provide access to staff for face-to-face meetings, when requested by a customer and when appropriate to the resolution of the customer's problem.

### **4.3.2 Other GCSS requirements**

EWON believes that all of the other GCSS noted by the Tribunal provide important consumer protections, and we agree that they should be maintained in a form where the retailer is required to report on their compliance with the standards.

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<sup>4</sup> *Electricity Industry Guideline 11, Voltage Variation Compensation*, ESC, April 2001

#### **4.4 Draft recommendations on GCSS payments**

We reiterate our concerns, as noted earlier in this submission, that individual compensation payments may not be the most effective means of ensuring minimum standards of service within the industry.

However, if the Tribunal decides to retain individual payments, we believe that all customers should be made aware of their eligibility for payments.

#### **5. Draft recommendations for operating statistics**

We agree that all operating statistics, for both gas and electricity, should be published annually in a single, consolidated report.

##### **Complaints**

We note the Tribunal's advice that they will "Review complaints definitions to ensure clarity". EWON has previously discussed with the Tribunal the difficulties of providing a definition that will ensure consistent reporting by all providers. In our submission to the Tribunal's reporting manuals, we suggested that practical guidelines may be required to overcome these difficulties.<sup>5</sup>

We agree that it may be appropriate to extend the complaint categories to include complaints relating to transfers. Complaints from customers to EWON about this issue doubled from January 2003 to February 2003, and have continued to rise.<sup>6</sup> This trend suggests that transfer difficulties are a significant area of customer complaints within the industry, and we encourage further collection and analysis of information about this issue by the regulators.

##### **Erroneous transfers**

As stated above, EWON believes that it is important for regulators, and other stakeholders, to be aware of the extent of customer complaints in relation to transfer issues. We agree that the number of erroneous transfers should be reported as an operating statistic.

##### **Disconnections / reconnections**

Given the significant impact on customers of the disconnection of an energy supply, EWON is concerned that the rate of disconnections in NSW has historically been much higher than in other jurisdictions, such as Victoria. We support further research into this issue, and initiatives aimed at reducing this figure.

We understand that the MEU is currently collecting additional statistics on disconnections. We suggest that the regulators and industry may explore the possibility of providing more operational statistics in order to enable greater analysis of the causes and effects of disconnection of supply for residential customers.

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<sup>5</sup> *Review of Second Draft Reporting Manuals*, EWON's response, July 2003, p6

<sup>6</sup> *Report to IPART and MEU, FRC Matter Analysis*, September 2003

