



AUSTRALIA & NEW ZEALAND
ENERGY AND WATER
OMBUDSMAN NETWORK

C/- Energy & Water Ombudsman NSW
PO Box K1343
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Energy Competition Committee (ECC)
PO Box 15216
CITY EAST QLD 4002

Dear ECC

The members of ANZEWON, the Australia and New Zealand Energy & Water Ombudsman Network, are pleased to provide a response to Consultation Paper No.3 *Electricity Full Retail Competition Proposed Policy Positions*.

We have commented on dispute resolution for electricity customers, and have also offered a response to other areas where our experience with customer issues has some relevance.

We would be pleased to discuss this further if appropriate.

Yours sincerely

ANZEWON
Australia and New Zealand Energy & Water Ombudsman Network

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Introduction

While the members of ANZEWON deal with a wide range of customer retail and network issues, we have confined our comments to those recommendations of the ECC where we have experience of issues raised by customers who have contacted our schemes in relation to retail competition in energy.

For ease of reference we have followed the numbering of the Consultation Paper.

2.3 Pensioner Rebate Scheme and other Tariff Concessions

Pensioner Rebate Scheme

New Policy

Pensioner rebates should be administered by all licensed retailers as a licence condition.

Comment: This is a positive recommendation. Pensioner rebates are an important means of assisting customers on low/fixed incomes to manage their electricity accounts.

It is important for retailers to identify customers who are eligible for a pensioner rebate at the time they sign a negotiated contract or open a standard account. This will minimise the risk of a pensioner missing out on rebate entitlements because the retailer has not checked their eligibility, or the customer has assumed that the retailer is aware of their entitlement, or the customer is not aware of the pensioner rebate on their energy account. This is consistent with other jurisdictions throughout Australia.

Electricity Life Support Concession Payments

Electricity Life Support Concession Payments

No Policy Change

Electricity life support concessions payments should continue to be administered and paid directly by the Concessions Unit of the Department of Communities.

Comment: This is a positive recommendation. Given the importance of concession payments for electricity customers on life support systems, it is essential that there is consistency in administration, particularly if customers move between retailers.

As a related but separate issue to concession payments, we suggest that consideration be given to registering customers on life support systems with their local network provider. Customers on life support might change retailers in a full retail competition environment but their network provider will be constant, and it will be important for network providers to know about customers on life support systems within their distribution area to ensure continuous supply to them. This approach is consistent with other jurisdictions throughout Australia.

2.7 Customer Reversion rights

Customer Reversion rights

New Policy

A customer, with annual consumption below 100MWh, who enters into a market contract, should be permitted to revert to uniform tariffs upon completion of the market contract.

The host retailer should be required to provide a deemed contestable contract at the uniform tariff.

The ECC recommends that the current system for defining a site rather than a customer as contestable be changed for customers below 100 MWh. It is not equitable for a retirement couple on a uniform tariff to sell their home and then be forced to go on a market contract simply because the previous owner of their new home or unit was on a market contract.

Comment: This is a positive recommendation. A market contract is attractive to many customers, however, other customers elect to stay on a standard contract/uniform tariff or to revert to a standard contract after their market contract has expired. This is consistent with other jurisdictions throughout Australia.

2.8 Retailer of last resort

Retailer of Last Resort

New Policy

The host retailers should be the retailer of last resort for all customers (domestic or business) who consumes less than 100 MWh per annum at a single connection point. The host retailer should be obligated to supply the customer at the uniform retail tariff.

Comment: This is a positive recommendation. Electricity is an essential service and there are significant negative consequences for customers if they cannot obtain and/or maintain supply. There are many customers who might not be attractive to retailers, eg because their electricity usage is very low or because of a poor credit history. It is essential for all customers to receive supply, and the recommendation of a retailer of last resort is consistent with other jurisdictions throughout Australia.

2.15 Energy Consumer Protection Office (ECPO)

Energy Consumer Protection Office (ECPO)

New Policy

Consistent with other jurisdictions, the ECC recommends the ECPO be established as an independent corporation outside of Government. The level of funding support should also be reviewed to ensure the ECPO has adequate staff to cope with the large increase in enquiry volumes to be expected under FRC.

Comment: This is a positive recommendation.

Specialist dispute resolution schemes for energy consumers have operated effectively in various jurisdictions in Australia since 1996. A number of schemes have joined together as ANZEWON, the Australia and New Zealand Energy & Water Ombudsman Network:

- Energy & Water Ombudsman NSW
- Energy & Water Ombudsman (Victoria)
- Energy Industry Ombudsman South Australia
- Tasmanian Energy Ombudsman
- Energy Ombudsman Western Australia
- Electricity and Gas Complaints Commission New Zealand.

All these schemes comply with the *National Benchmarks for Industry-based Customer Dispute Resolution Schemes*, (Department of Industry, Science & Tourism, August 1997) which are:

1. accessibility
2. independence
3. fairness
4. accountability
5. efficiency
6. effectiveness.

The recommendation of the ECC that ECPO be established as an independent corporation is in keeping with the second key benchmark of independence. Dispute resolution schemes for electricity consumers need to be, and need to be perceived to be, independent bodies, ie. they do not represent electricity suppliers, nor are they advocates for customers.

The establishment of an independent dispute resolution body for Queensland energy consumers is an important and positive initiative.

As each scheme which is a member of ANZEWON has developed, we have received assistance and support from the existing schemes. This has helped new schemes to avoid 'reinventing the wheel', and it has also assisted schemes to develop as much consistency as possible in our policies and procedures. This is particularly important in a national market where increasingly dispute resolution schemes have retailer members in common.

Similarly, ANZEWON members would be pleased to offer support and assistance to the independent dispute resolution body recommended by the ECC.

3.1 Specific Measures or Rely on TPA Provisions?

Customer Protection Framework – Specific Measures or Rely on TPA Provisions

New Policy

The Government should not rely solely upon the Trade Practices Act, 1974 to provide adequate protection for small customers. Specific regulations and/or codes should be developed and issued to provide protection for small customers under FRC. These regulations and codes should be developed as far as possible to be consistent with the arrangements in other jurisdictions.

Comment: This is a positive recommendation. Because of the essential nature of electricity and the significant negative consequences for customers if there is a serious problem with their supply or service, we agree with the ECC recommendation that specific regulations and/or codes should be developed and issued to provide protection for small customers under full retail competition, for example a marketing code. While there is no single model among other jurisdictions, Queensland will be in an ideal position to select a best practice model from among those available.

3.2 Customer Codes and Regulation

Customer Protection Framework – Customer codes and Regulations

New Policy

A single and comprehensive Energy Code will be developed which addresses consumer protection issues for both electricity and gas. Existing electricity codes and regulations will be incorporated into the new Energy Code.

Comment: This is a positive recommendation. There is a symmetry with electricity and natural gas, and in an FRC context some retailers will offer both to customers. A single and comprehensive Energy Code for both electricity and gas is consistent with the convergence that has occurred in other jurisdictions.

3.3 Minimum Standard Terms and Conditions for Customer Contracts

Customer Protection Framework - Minimum Standard Terms and Conditions for Customer Contracts

New Policy

Consistent with the practices in other jurisdictions, a set of minimum standard terms and conditions should be developed for a market contract for small retail customers. A new deemed contract for small customers not on a market contract should be developed with these minimum standard terms and conditions.

Comment: This is a positive recommendation. As indicated previously, the essential nature of energy means that minimum standard terms and conditions are important for

comprehensive customer protection in key areas as outlined by the ECC for customers on both market and deemed contracts.

3.4 Price Disclosure Guidelines

Customer Protection Framework – Price Disclosure Guidelines

New Policy

Consistent with the practices in other jurisdictions, price disclosure guidelines should be developed for small retail customers under FRC in order to ensure effective competition between competing retailers. The price disclosure guidelines would be included in the new Energy Code.

Comment: This is a positive recommendation. Many customers have complained to ANZEWO members about the difficulty in comparing offers by different retailers. Any guidelines are welcome that make it easier for small retail customers to compare offers and access the market to their greatest advantage, and thereby make informed decisions based on best possible information.

We note that in South Australia and Victoria the state based regulators have implemented an independent free price comparison service for customers to further assist customers in informed decision making.