

MEMORANDUM OF UNDERSTANDING

Independent Pricing and Regulatory Tribunal of NSW

and

Energy & Water Ombudsman NSW

— July 2005—



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Introduction

The Independent Pricing and Regulatory Tribunal of NSW (IPART) is established under the Independent Pricing and Regulatory Tribunal Act 1992. Among other things, IPART is responsible for administering water, electricity and gas licences or authorisations in NSW. This includes monitoring these utilities' compliance with their licence or authorisation conditions and reporting to the Minister for Energy and Utilities on these issues.

In 1998 NSW electricity businesses established a company (the then Energy Industry Ombudsman NSW Limited). This body established a Constitution for the Energy Industry Ombudsman NSW, which later became the Energy & Water Ombudsman NSW (EWON). The Constitution gives EWON the power to receive, investigate and facilitate the resolution of customer complaints against the electricity, gas and water providers which are members of the ombudsman scheme.

All electricity and gas retailers who supply small retail customers in New South Wales are now required to be members of the EWON scheme, as the approved energy ombudsman scheme for NSW. EWON's jurisdiction has also been expanded to cover complaints:

- by customers of electricity suppliers that are exempt from holding a retail licence
- against marketers acting for energy licence holders.

These arrangements established EWON as the primary body responsible for handling complaints by energy customers in NSW.

The two largest metropolitan water providers, Sydney Water and Hunter Water, are also members of the EWON scheme, being required by their licences to provide external dispute resolution for their customers. One regional water provider, Country Energy, has voluntarily joined the EWON scheme under provision of the EWON Constitution.

IPART and EWON have entered this Memorandum to avoid duplication of effort and to ensure a consistent approach between them on common issues. IPART and EWON intend to work together to ensure they are successful in managing customer

protection issues in the full retail competition environment.

To promote transparency for the benefit of all stakeholders, IPART and EWON intend to publish this Memorandum of Understanding and other relevant information on coordination of their roles.

Where more detailed working arrangements are required to effectively coordinate the activities of both parties, these will be made public.

Agreed aims of the MOU

The agreed aims of IPART and EWON in entering this Memorandum are to:

- foster mutual understanding and cooperation
- ensure the ability of each body to fulfil its respective functions is not hampered through action or inaction by the other
- minimise duplication of effort by consulting on forward work programs, specific issues of concern and any other appropriate tasks as and when they arise
- promote consistent treatment on issues of common interest
- ensure that information is shared, subject to any statutory limits, including the need to respect personal or commercial confidentiality.

To facilitate these aims, IPART and EWON have agreed on the following actions:

Fostering cooperation

Officers of IPART and EWON agree to hold formal, joint meetings at least quarterly. In addition the CEO of IPART and the Ombudsman will meet informally and regularly to review matters of concern to consumers, including the working of this Memorandum and any associated documents.

IPART and EWON agree to review this Memorandum and any associated documents not less than every two years, and at other intervals as necessary to take account of developments. Either body can, when it considers appropriate, instigate a review of these documents.

Both bodies agree to identify contact points within their organisations to be responsible for the exchange of information and communication links

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and to set up appropriate standards of performance for these contacts.

IPART and EWON will take all reasonable steps to ensure that wherever possible they will facilitate the ability of the other to operate effectively.

Furthermore, they will inform each other on matters of common interest and common concern prior to any public consultation.

Exchanging forward work programs

IPART and EWON agree to consult on those aspects of their forward work programs relevant to customer protection or complaints handling, and consider any representations or objections made by the other party.

Handling consumer complaints

EWON is the main body for handling customer complaints, even those that may be about compliance with a licence or authorisation condition. IPART is responsible for monitoring and reporting to the Minister on energy and water businesses' compliance with their licence and authorisation conditions. IPART can act directly to enforce licence or authorisation conditions, or it can provide advice to the Minister on enforcement.

IPART and EWON agree to establish working procedures to ensure efficient and effective administration and communication in dealing with:

- a) consumer complaints
- b) referral of licence or authorisation enforcement issues arising from those complaints.

To enable IPART to deal with any systematic complaints or other licence and authorisation compliance matters, the Ombudsman will provide to IPART reports concerning systemic and compliance issues that arise as a consequence of EWON's work.

The Ombudsman will, prior to release of its complaints reports, provide to IPART confidential briefings on those reports including advance copies of the reports. IPART will, prior to release of any reports on energy or water customer service indicators or reports on compliance with licence or authorisation conditions, provide to the Ombudsman confidential briefings on those reports including advance copies of the reports.

IPART will inform EWON of enforcement action which could affect the interests of consumers. If EWON believes that a compliance issue is raised by a particular case it will refer the matter to IPART. IPART will consider the matter and inform EWON of its response and the reasons for that response.

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Reviewing performance

Officers of IPART and EWON agree to meet regularly, at least quarterly, to review matters of general concern to consumers, including for example:

- prices
- processes to enable customers to change their energy retailer
- performance of companies in the energy and water markets
- marketing practices of energy retailers
- companies' compliance with their licence conditions
- customer complaints relating to retail and distribution issues
- standards of service
- consumer protection
- assistance programs and other services available to customers with special needs.

There will also be ad hoc meetings as required.

Exchanging information

IPART and EWON agree to share information (subject to legal constraints) necessary to enable both bodies to carry out their respective functions in

a proper manner. In doing so they will have respect for any personal or commercial confidentiality. IPART and EWON agree to give each other reasonable notice of information required from each other, wherever possible.

SIGNED

James Cox, CEO, IPART
Full Time Member
20th July 2005

SIGNED

Clare Petre, Energy & Water Ombudsman NSW
20th July 2005