

25 August 2014

Mr Sebastian Roberts
General Manager
2014 Jemena Gas Access Arrangement Review
Australian Energy Regulator
By email: Jemena2014GAAR@aer.gov.au

Thank you for the opportunity to comment on the proposal from Jemena in relation to the *Jemena Gas Networks (NSW) – Access arrangement 2015-20*.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and natural gas providers in NSW, and some water providers.

EWON believes that the price path in Jemena's proposal is welcome in light of the significant increase in gas prices for NSW customers in 2014. A path that proposes a 20% reduction (over 5 years) for residential customers will assist in balancing further rises in retail rates that are expected because of rising wholesale prices.

EWON notes with interest the outcomes of the customer consultation that seem to endorse planning to equalise service levels for all existing customers.

In the proposal Jemena has indicated that they intend to restructure their tariffs. Jemena proposes reducing the fixed charges and placing greater pricing emphasis on consumption. EWON welcomes this as it allows greater customer control over energy costs.

Over the years we have received a number of complaints from customers about the network charges compared to their consumption charges, for example:

- the customer complained that the Service Availability Charge of \$42 was larger than the amount of gas used - \$33
- the customer said that gas charges are unfair. His last bill was \$48.18 – the gas usage part of the bill was only \$1.29
- the customer is a pensioner and tenant. She complained that her gas bill is \$12.12 usage, \$48.54 supply charge and \$6.07 GST. She is going to request that gas be disconnected as a result



- the customer is a pensioner and a first time user of gas. Her first bill comprised gas consumption of \$24.26 and supply charge of \$50.10 plus GST. She said she will have to weigh up the benefits of keeping the gas service
- the customer disputes the service charge as her gas consumption is \$3-4 per quarter and SAC is approximately \$52.

EWON's only concern is that networks have little control over retail tariff structures. This means that there is no guarantee that a restructured network tariff will be reflected in any specific retail tariffs.

EWON notes the commitment to facilitate customer switching by reducing the cost of special meter reads. We also note the commitment to scale up the meter replacement program. These are positive initiatives for customers.

Jemena's commitment to provide more assistance to vulnerable customers is particularly welcome. It is important that all energy providers contribute to addressing the needs of vulnerable customers. EWON's view is that networks have a role in ensuring that all customers stay connected to essential energy services, as their costs can be responsible for around 50% of a customer's bill.

EWON would welcome the opportunity to work with Jemena in the development and delivery of assistance to vulnerable customers. EWON is committed to engaging with all industry partners, community organisations and government to develop and improve the range of programs and assistance to ensure that customers stay connected to energy services.

If you would like to discuss these comments further, please contact me or Emma Keene, General Manager Policy and Community Engagement, on 02 8218 5250.

Yours sincerely

A handwritten signature in black ink that reads 'Clare Petre'.

Clare Petre
Energy & Water Ombudsman NSW