



9 September 2013

Early Termination Fees

Independent and Pricing Regulatory Tribunal
PO Box Q290
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NSW 1230

Thank you for the opportunity to comment on the IPART *Issues Paper: Early Termination Fees, regulating the fees charged to small electricity customers in NSW August 2013*.

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

EWON welcomes the proposed approach to early termination fees for electricity customers, but also considers that there should be a consistent approach with gas contracts and the gas component of dual fuel contracts.

Whilst EWON does not have a particular view on the type of costs that should be included in the base early termination fee, we consider that these costs should be reasonable.

EWON's experience with early termination fees is that they can impose significant financial hardship to low income households. The new amendments to the Legislation requiring the waiving of base ETFs for hardship customers, customers receiving Low Income Household Rebate and/or Medical Energy Rebate and EAPA recipients addresses EWON's concerns.

EWON is aware that some retailers do not impose early termination fees on customers who close their electricity accounts, and instead rely on good value and good service to retain customers.

EWON welcomes IPART's preliminary view on the need for consumer engagement if the early termination fee cap was set to capture most of the retailer's reasonable costs in effecting the early termination. EWON receives many enquiries and complaints from customers questioning the appropriateness of the application of an early termination fee to their account. Often, the first time a customer becomes aware of the early termination fee is when it appears on their final bill.

EWON considers that one approach to raise consumer awareness of early termination fees would be to require energy retailers to specify the end date of the contract and the applicable early termination on the customer's invoice prior to their final bill. EWON



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acknowledges that electricity invoices already contain significant amounts of information and the Australian Energy Regulator is currently revising the information appearing on invoices. However, EWON considers the contract expiry date and early termination fee to be key information for customers.

If you would like to discuss this matter further, please contact me or Emma Keene, General Manager Policy & Community Engagement, on 8218 5225.

Yours sincerely

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

Clare Petre
Energy & Water Ombudsman NSW