

9 January 2018

Mr Chris Pattas
General Manager, Networks
Australian Energy Regulator
PO Box 520
Melbourne Victoria 3001

Dear Chris

Draft Amendments to the Electricity Network Service Provider Registration Exemption Guideline

Thank you for the opportunity to comment on the draft AER Draft Electricity Network Service Provider Registration Exemption Guideline version 6.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from customers within embedded networks. Our comments are informed by these complaints, and also from our community outreach and stakeholder engagement activities.

EWON has responded only to the specific issues that have relevance through our casework, outreach experience and expertise.

Membership of ombudsman schemes

EWON supports the introduction of exemption condition 13 which requires exempt network operators servicing residential customers to be a member of, or subject to, an energy ombudsman scheme in the State or Territory where the exempt network is located and comply with the requirements of that scheme.

We also welcome the synchronisation of the exemption conditions relating to dispute resolution procedures in both the Exempt Selling Guideline and the Network Exemption Guideline.

We believe these conditions are considerable steps towards providing customers of exempt entities with customer protections equivalent to the protections given to retail customers under the National Energy Retail Law and the National Energy Retail Rules.

EWON's governance and funding structures are currently under review to ensure they are sufficiently flexible to accommodate a wide range of retail and network members. EWON is committed to ensuring that the cost of membership will not unreasonably burden exempt entities. EWON will not be registering exempt entities as members until these changes are completed. This is anticipated to be in place from 1 July 2018.

Frequency of meter readings

EWON notes that the current condition 4.6.4.1 is intended to limit the amount of meter reading charges that could be charged to a customer within a billing period. We also note that the current wording of the document does not prevent an embedded network operator reading the meter more than once a month, it only limits the charges that can be levied on the customer.

Following feedback from stakeholders, the AER has asked if the restriction to meter reads of no more than once per month should be relaxed to allow more flexible, weekly payments.

EWON welcomes any initiative by energy providers to increase the flexibility of billing arrangements to help customers in organising their finances, particularly for customers on low-incomes, noting that a frequency less than fortnightly is not aligned with Centrelink payment cycles and, perhaps, the majority of payroll systems

If stakeholders are proposing to allow a meter reading fee to be charged on a weekly basis, EWON would have serious concerns about how these additional charges would impact vulnerable customers. For low income customers, even a small additional charge can greatly impact energy affordability. For this reason, EWON does not currently support a proposal to change the frequency at which customers may be charged for meter reading.

If this condition is amended to allow for more frequent meter reading, consumers should be provided with detailed information about the increased frequency of meter reads, changing payment timeframes, and all associated additional costs so that they can provide explicit informed consent in agreeing to a billing cycle that is more frequent than monthly. Information should also be provided to customers about their rights to agree to a billing cycle that is more frequent than monthly in accordance with condition 4.8 (Information provision).

Further support for the introduction of Embedded Network Managers

The AER proposes to amend the information provisions of clause 4.8.1 of the guideline to require customers' bills to contain information relating to the parent NMI of the embedded network and an Embedded Network Manager (ENM), should an ENM be appointed to the embedded network. This is intended to facilitate customers accessing authorised retailers market offers.

At the stakeholder forum on the draft guidelines, concern was raised by stakeholders that any requirement to change the contents of bills would mean embedded network operators would incur additional costs due to software upgrades, which would then be passed onto customers. The suggestion was also made that the AER could instead update the exempt network register to publish ENM information.

EWON regularly accesses the AER's public registers of network and retail exemptions to assist our response to complaints from embedded network customers. It is our experience when using the registers that it can often be quite difficult to correctly identify the exemption holder for a particular residential building. On this basis, we believe that the public registers and content format, in their current form, are not easily accessible to energy customers. EWON does not believe that placing ENM information on the current public registers would therefore assist embedded network customers in accessing retail competition.

In complaints we receive from embedded network customers, the central issue often hinges on the lack of transparency as to who is responsible for the customer's energy services, and a lack of information available to exempt customers about their options for accessing an energy account of their choice. Ensuring that exempt customers have access to information on the relevant ENM is an important step in addressing the issue of accessing retail competition.

Customers' bills are the most appropriate way to get this vital information to customers in a familiar form and on a regular basis, i.e. at the time the customer requires that information.

We also note that all authorised retailers occasionally have to alter their bills to meet changes in regulatory requirements; this is a cost of doing business and, as a general principle, should not be a barrier to customer-centric reform.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely



Janine Young
Ombudsman
Energy & Water Ombudsman NSW