

7 October 2016

Mr Chris Pattas
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Dear Mr Pattas

**Submission to the Australian Energy Regulator (AER) Issues Paper:
Electricity Network Services Provider Registration Exemption Guideline**

The Energy and Water Ombudsman (SA) Limited ("EWOSA") welcomes the opportunity to comment on the Australian Energy Regulator's Issues Paper on the *Electricity Network Services Provider Registration Exemption Guideline*.

In this submission, the EWOSA primarily addresses matters that are specifically of interest to the EWOSA Scheme.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

Our main interest in the revisions to the Electricity Network Services Provider Registration Exemption Guideline (Guideline) is the possible extension of access to the free and independent dispute resolution services of energy Ombudsmen to customers of embedded network operators. We note that small customers within embedded networks that choose their own electricity retailer will have access to the services of Ombudsmen.

We generally support customers of embedded networks having access to the services of energy Ombudsmen. This is an important customer protection within the National Energy Customer Framework that would ideally apply to all electricity consumers.

However, there are a few issues associated with embedded network operators becoming members of Ombudsmen schemes.

One issue is that of the size of the operator and whether the benefits of joining an Ombudsman scheme would outweigh the costs. For embedded networks with a small number of customers, it is likely they would receive a very low quantity of complaints and may not receive any complaints at all. Requiring such operators to become members of an Ombudsman scheme may be too onerous for them and yield no benefits. For larger embedded networks, with a greater likelihood of receiving complaints, it is more appropriate for them to be required to become members of an Ombudsman scheme.

This raises the question of what the threshold should be, in terms of the number of customers, for embedded network operators to be required to become members of an Ombudsman scheme. For consistency and to minimise confusion, the level proposed in the Guideline for the relevant classes of embedded network operators to appoint an Embedded Network Manager – i.e. 30 or more customers (at this stage) – would be sensible.

Smaller embedded network operators would still have the option of joining the EWOSA Scheme, as all exempt sellers currently do.

A second issue is that of funding the operations of Ombudsmen and associated fees. EWOSA established a fee schedule in 2012 for incorporating intermediate and minor water retailers into the scheme, in part so that existing members of the scheme were not required to cross-subsidise them. A similar fee structure could be utilised for including embedded network operators.

It may also be necessary to adjust the Constitution and Charter of EWOSA (as well as other Ombudsmen) and this would also require both Board and current Member approval. Any update of the Guideline should take into consideration the timeframe needed to obtain these approvals. A clearer indication of the timeframe required could be provided should the AER decide to make available dispute resolution for customers of these networks and advises our Board of its intention.

Another issue is that there is likely to be a need to update the Retail Exemption Selling Guideline, to ensure that there is consistency between the two guidelines with regards to small customers inside embedded networks having access to the free and independent dispute resolution services of energy Ombudsmen.

Should you require further information or have any enquiries in relation to this submission, please email me at antony.clarke@ewosa.com.au or telephone me on (08) 8216 1851.

Yours faithfully



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