

11 September 2009

Mr Chris Pattas
General Manager
Network Regulation South Branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3000

By email: aerinquiry@aer.gov.au

Dear Mr Pattas

Re: AER Draft Determination – Victorian advanced metering infrastructure review – 2009-11 AMI budget and charges applications

Thank you for the opportunity to provide comment on the Australian Energy Regulator (AER)'s Draft Determination – Victorian advanced metering infrastructure review – 2009-11 AMI budget and charges application (the Draft Determination).

EWOV's interest in this Draft Determination relates to the treatment of Ombudsman complaints in the cost recovery process. We are strongly opposed to the concept that Distribution Network Service Providers (DNSPs) will be able to recover those costs directly as this removes the incentive for them to take a proactive approach to preventing complaints from occurring or managing complaints effectively and efficiently. We seek confirmation that the AER is regarding such costs as a standard commercial cost not directly attributable to the AMI rollout.

We note that Jemena, United Energy and SP AusNet have all made specific references in their proposed budgets to the cost of Ombudsman complaints (pages 68 and 89). However, the Draft Determination has not listed non-contract expenses (including Ombudsman complaints) in sufficient detail for us to be certain that the AER has rejected this claim.

We note the AER says in its response to SP AusNet's inclusion of Ombudsman complaints in non-IT opex costs that 'given the nature of the mandated AMI roll-out and the likely impact on customers, the AER considers SP AusNet's planned customer services costs reflect a commercial standard that a reasonable business would incur in the circumstances'. However, EWOV is uncertain about whether this means the AER has agreed that the cost of Ombudsman complaints is to be borne by DNSPs.

EWOV considers that a reasonable business would put resources – training and staff – into resolving those complaints at the earliest stage possible. EWOV accepts that the cost of this item of customer service could be recoverable. However, if the DNSPs do not handle the complaints efficiently at this stage and they are escalated to the Ombudsman, this cost is not directly attributable to the AMI rollout and thus should be borne by DNSPs.

We trust the above comments, seeking clarification on this point, are taken into account. Should you require further information or have queries, please contact Frances Wood, Manager Public Affairs and Policy, on (03) 9649 7599 or at frances.wood@ewov.com.au. We look forward to this issue being addressed in the final decision.

Yours sincerely

A handwritten signature in cursive script that reads "Janine Young".

Janine Young
Deputy Ombudsman
Energy and Water Ombudsman (Victoria)