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Dear Sir or Madam

**NATIONAL FRAMEWORK FOR ELECTRICITY AND GAS DISTRIBUTION  
AND RETAIL REGULATION ISSUES PAPER**

On 27 September 2004 the Board of Energy Industry Ombudsman (SA) Ltd (EIOSA) considered Chapter 7 of the Paper and in particular the issue of “dispute resolution”. EIOSA is the ombudsman scheme “the terms and conditions of which are approved by the Essential Services Commission of SA (ESCOSA)” pursuant to Sections 23(1)(k) and 24(2)(l) of the SA Electricity Act and Sections 26(1)(d) and 26A(2)(i) of the SA Gas Act. The Board comprises an independent Chair whose appointment is approved by ESCOSA, three industry directors (two electricity and one gas) and three independent directors nominated by ESCOSA to represent customers of electricity and gas services or public interest groups relevant to such services.

The following are the unanimous views of the Board:

1. It is difficult to comment on the pros and cons of a national ombudsman scheme or the status quo without knowing the scope and extent of the national regulatory regime of which a national consumer protection code might be a critical component.
2. There will, nevertheless, need to be compelling reasons for change, and there is a corresponding onus on proponents of a national ombudsman scheme to demonstrate its customer protection and economic benefits. The Paper deals with dispute resolution in three paragraphs and the discussion is superficial. To initiate major changes to existing dispute resolution mechanisms will require detailed analysis and reasons to be put forward in order to allow for informed debate and consultation.

## ATTACHMENT 1

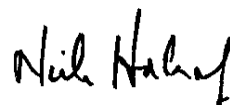
3. The national ombudsman schemes referred to in the paper arose through national legislation. The energy ombudsman schemes came from very different legislative backgrounds and in a total state-based context.
4. Accessibility by consumers is a critical issue. The clear success of state-based schemes is heavily based on accessibility, visibility and knowledge of local regulatory arrangements as well as other local issues such as geography and socio-demographic variables. It is difficult to see a national scheme replicating these conditions without providing state-based offices.
5. The current SA scheme serves well the community and energy industry in SA. Any future scheme must preserve local availability and knowledge.
6. There is a risk that standards will drop if a lowest common denominator approach in customer protection is adopted.
7. The views of consumers on this issue are paramount, as the existing schemes were established with the central objective of the good of the community. There has been insufficient consultation about this issue to date. As we do not see this as a time-critical matter in the context of national regulation, we suggest that a separate consultation process be established on this particular matter to allow for greater consumer input. This consultation should occur after the framework of the overall regulatory scheme is known.
8. The Australian and New Zealand Energy and Water Ombudsman Network, comprising the Energy and Water Ombudsman NSW, the Energy and Water Ombudsman VIC, the Electricity Ombudsman TAS, The Gas Industry Ombudsman WA, the Electricity Complaints Commissioner NZ and EIOSA, has been working and continues to work towards complaint handling consistency, whilst understanding, recognising and responding to local regulation, issues and concerns.

We believe that the Minister for Energy in South Australia shares our views about the importance of local access to dispute resolution facilities and the effectiveness of existing arrangements in this State.

Yours faithfully



Chairman



Ombudsman