

12 September 2008

Manager, MCE Secretariat,
Department of Resources, Energy and Tourism,
GPO Box 9839
Canberra ACT 2601
MCEMarketReform@ret.gov.au

EWON would like to supplement our previous comments on the MCE SCO Paper *National Framework for Regulating Electricity and Gas (Energy) Distribution and Retail Services for Customers Policy Response June 2008*.

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

EWON notes that the Energy Networks Association (ENA) response on liability of networks included the following:

In shaping a national regime in this area energy network businesses consider that MCE SCO should be guided by the objectives set in the AEMA to “strengthen the quality, timeliness and national character of governance of energy markets, to improve the climate of investment” and to “lower the cost and complexity of regulation facing investors, enhance regulatory certainty, and lower barriers to competition”.

This guidance should clearly lead SCO to reject an approach which imposes the substance of any one single jurisdiction’s liability regime across a national energy customer framework. This could have the result of substantially increasing regulatory costs and complexity and degrading existing certainty under State or Territory-based arrangements. Rather, SCO should seek to consider the range of [sic] full range of options on their merits as liability arrangements are developed.¹

¹ P4 The Energy Networks Association (ENA) response to the MCE SCO Policy Response Paper July 2008



Energy & Water
Ombudsman NSW

PO Box K 1343
Haymarket NSW 1240

Admin (02) 8218 5250
Fax (02) 8218 5233
Freecall 1800 246 545
Email omb@ewon.com.au
Web www.ewon.com.au

ABN 21079 718 915

The 2004-2005 EWON Annual Report made the following point:

It is worth noting that the Essential Services Commission of Victoria has issued a guideline about compensation for domestic customers where goods and appliances have been damaged by electricity incidents. This has significantly reduced the need for the Energy & Water Ombudsman (Victoria) to be involved in customer claims for compensation.

In New South Wales electricity providers have adopted different approaches to customer claims for compensation for damage, so there is no consistency in response across NSW utilities. Our investigations of these matters have been long and complex, and during this year I made twelve binding decisions ('determinations') to resolve compensation claims where we were not able to negotiate a satisfactory outcome.

We have called for discussion of these issues by relevant stakeholders, including electricity distributors, regulatory bodies, and consumer groups, to try to achieve some agreed minimum standards for the benefit of NSW consumers².

In ten years of operation the Energy & Water Ombudsman NSW has only had to make 62 binding decisions (these decisions are binding on provider members of the scheme). All but one of these decisions have concerned customer claims for compensation for damage arising from electricity events. While some claims have been substantial, we note that the majority of claims have been for less than \$5000.

If you would like to discuss this matter further, please contact me or Chris Dodds, Policy Officer on 82185250.

Yours sincerely

Clare Petre
Energy & Water Ombudsman NSW

² P1 EWON Annual report 04 05