

Power of Choice: Ensuring benefit for all consumers

Clare Petre, Energy & Water Ombudsman NSW


About EWON

Introduction

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

There are Energy ombudsmen in most Australian states, eg NSW, VIC, Qld, SA, WA, Tasmania.

EWON is a unique position to hear what energy and water consumers are saying about their services, including new services.

 We use this intelligence in reports to energy providers, regulators, government to highlight issues for customers and try to reduce and eliminate customer complaints and issues.



About EWON

Overview of complaints



● Billing	41%
● Credit	21%
● Customer service	16%
● Transfer	10%
● Marketing	5%
● General	2%
● Provision	2%
● Supply	2%
● Land	1%

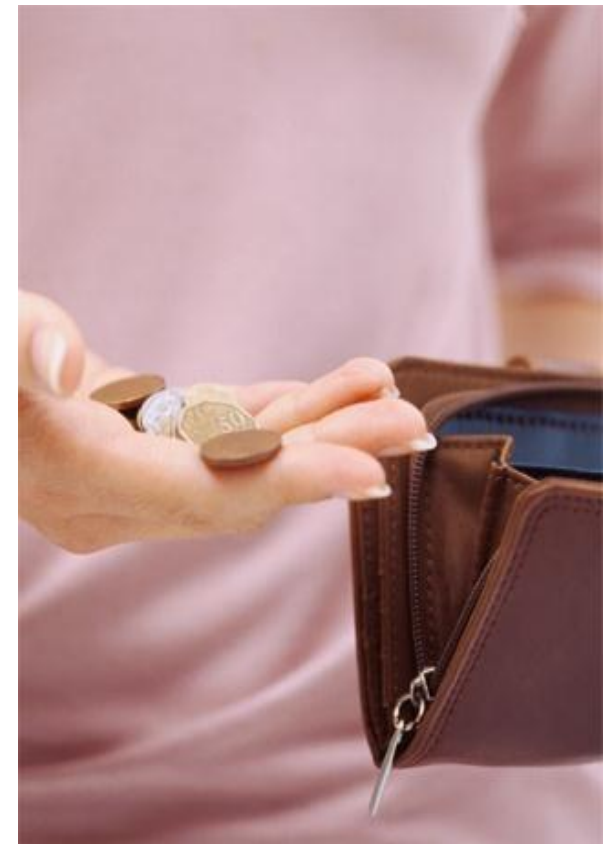
Energy prices

EWON submission to Senate Select Committee

EWON has recently made a public call for a national discussion on energy affordability issues facing consumers, in particular how we as a community:

- respond to the increasing need for assistance for customers in the context of rising energy prices
- deal with the reality of customers on low incomes who are using more energy than they can afford
- ensure customers on low incomes stay connected to essential services

A collaborative approach is important because these issues involve energy retailers and distributors, state and federal governments, the community sector, energy ombudsmen and energy regulators.



Power of Choice Report

How do we help consumers better manage their energy consumption?

The Power of Choice Report provides an opportunity to ensure that consideration of these issues are built into the future structure of the National Electricity Market.

Key points of the Power of Choice report:

1. Provide consumers with the information, education, incentives and technology they need to efficiently manage their electricity use.
2. Provide network operators, retailers and other parts of the electricity supply chain with incentives to better support consumer choice and use flexible demand to reduce overall industry capital and operating costs.

Consumers

1. Provide consumers with the information, education, incentives and technology they need to efficiently manage electricity use

- More complex energy products arising from new technology provide opportunities, but it is essential that the end result is not just a plethora of confusing offers.
- EWON recognises that in particular more effective demand side products have the potential to significantly reduce costs in the long run.
- It is however important to recognise that such structural change has its own costs and that there may well be increased costs to introduce change.



Consumers

Smarter technology has the potential to help consumers in two key areas:

Quality and security of supply

So much equipment and so many processes in our homes and businesses depend upon electricity



Smart technology can help ensure minimal disruption and time off supply

Price and cost management

Many consumers do not understand appliance usage costs and/or forget about seasonal appliance use by the time the bill is received, which can lead to bill shock



Smart technology can give immediate feedback about consumption and help consumers to better understand their usage in real time and therefore manage it more effectively

Consumers

What's required to realise this potential for consumers?

- A shared national vision – too often in Australia each State goes its own way with systems changes.
- Government and regulatory involvement needs to be 'light handed' enough to encourage smart technology advances, but needs to ensure that these advances are customer focussed. There is little point in smart technology if it doesn't take the end users with it.
- Government and regulators need to ensure consumers have access to information about what's happening and what choices are open to them, and access to dispute resolution if things go wrong.



Consumers

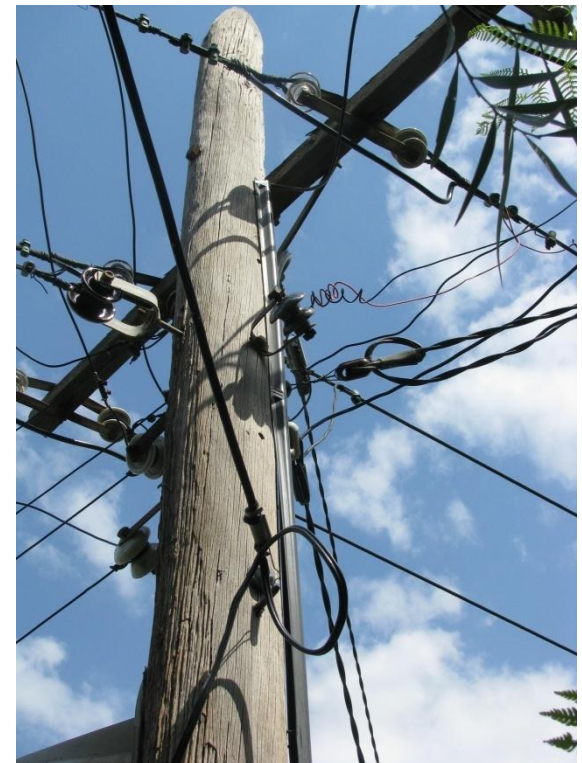
For vulnerable customers this means protection around:

- **Introductory costs of metering**
- Potential rewiring costs when unsafe installations are identified at a point of meter installation
- **Tariff structures based on average consumption that adversely impact on low users or customers without discretion to change consumption patterns**
- New complex products that are marketed to inappropriate customers (eg direct load control product to a life support machine user)
- **Informed consent is critical to ensure that small retail customers fully understand the implication of new products arising from the introduction of smart meters**
- Some customers have limited capacity to change their consumption over the day. Some customers are low users on low fixed incomes. What are the options and implications for these customers?

Industry

2. Provide network operators, retailers and other parts of the electricity supply chain with incentives to better support consumer choice and use flexible demand to reduce overall industry capital and operating costs

- The regulatory framework needs to adapt to encompass all the relevant industry players, including new third party service providers
- The AER could be authorised to establish Guidelines, (as currently done with exempt retailers) with a registration process for third party service providers
- The level of detail required and the level of regulation could then be varied in proportion to the impact and complexity of the service being offered



Challenges

The complexity of arrangements poses challenges

- In NSW one network is installing Time of Use meters and, with one exception, all retailers have imposed a ToU tariff on the customers, claiming a lack of flexibility in the billing systems.
- Variations in billing due to the widespread introduction of solar arrays and bonus schemes has also created problems in the billing systems of retailers and in data transfers from networks.
- Any significant changes to current arrangements including opening metering up to both retailers and third parties needs to ensure that choice is increased, not decreased, and that smaller retailers are not disadvantaged by the cost of adapting systems to different metering and data systems.

Dispute resolution

Independent dispute resolution for customers

- We should aim to achieve consistency for customers in the resolution of their energy disputes
- The Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) would like to discuss a process to ensure that customers have access to relevant independent dispute resolution services
- The members of ANZEWON have a shared commitment to the principle of consistency for consumers in the resolution of their energy disputes and we look forward to further discussions



CONTACT US

Freecall 1800 246 545
Freefax 1800 812 291
Email omb@ewon.com.au
Online www.ewon.com.au
Freepost Reply Paid
PO Box K1343
Haymarket 1240

Keeping essential services within reach