



21 July 2017

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Dear Ms Proudfoot

Ausgrid's submission on AER's 'Exempt customer dispute resolution issues paper'

Ausgrid welcomes the opportunity to participate in the consultation process in relation to the AER's 'exempt customer dispute resolution issues' paper and we apologise for the delay in providing our response.

We are fully supportive of the AER's approach to external dispute resolution and specifically Ausgrid agrees with the AER that small exempt customers should be granted access to ombudsman schemes. Ausgrid recognises the value of ombudsman schemes as offering small end use customers with an accessible, informal and independent cost free dispute resolution scheme. Equally, Ausgrid believes it is reasonable for exempt sellers and exempt NSPs to offer their small end use customers access to an informal and independent cost free dispute resolution process.

However Ausgrid notes that the fee structures of Ombudsman schemes can be prohibitive and act as a cost barrier to membership. Ausgrid believes that the fixed membership fee and annual cost per customer base does not reflect a user pays system and leads to cross subsidisation of membership. Ausgrid believes a true user pay fee structure would be more equitable and encourage members to invest in more customer focused internal resolution strategies.

Attachment 1 provides responses to the specific questions raised for consultation. We would appreciate the opportunity to continue participating in the consultation process. Please contact Allyson Henry, Acting Head of Customer Operations on (02) 8745 1522 or via email ahenry@ausgrid.com.au

Yours sincerely,

Pamela Henderson

**General Manager
Customer Division**

Attachment 1: Issues for consultation

In this attachment we provide answers to the questions specifically raised for consultation in Chapter 3 of the paper.

3.1 What should be our approach to considering exempt customer access to ombudsman schemes?

1. Do you agree with our approach to external dispute resolution? What are the barriers to pursuing this approach and how might these be overcome?

Ausgrid supports the approach that all small customers should have access to a cost free independent dispute resolution process. If Industry ombudsman schemes provide the most cost effective and accessible dispute resolution option, then Ausgrid is in support.

2. Noting the different approaches to dispute resolution in the Retail and Network Guidelines, what considerations should we be aware of if we align the two Guidelines?

Ausgrid promotes consistency between the two guidelines and therefore believes the ideal solution is for the Network Guidelines to be adjusted to incorporate Ombudsman schemes. Ausgrid notes that this will necessarily involve changes to the fee structures included in Ombudsman schemes.

3. Are there any issues specific to small scale operators to which we should have regards?

Ausgrid considers affordability to be the most important issue to impact small scale operators. Ausgrid notes that the fixed membership fee and the customer number fee charged by some Ombudsman fees could be prohibitive to joining and may result in those charges being passed through to the end use customers. Ausgrid suggests that an alternative fee for service structure be considered for Ombudsman membership.

4. Are there any other considerations we should balance when forming a position on this issue?

Ausgrid has limited knowledge of this area and therefore cannot offer other considerations at this time.

3.2 What is the scale of the problem?

Ausgrid is unable to provide any information in relation the number of energy disputes encountered by exempt entities per year. Nor is Ausgrid able to comment on quantifying measures as to the scale of disputes.

3.3 What is the nature of energy disputes experienced by exempt customers?

7. Do you agree with our characterisation of energy disputes experienced by exempt customers? Is bundling of complaints with other issues common?

Ausgrid does agree with your characterisation of energy disputes and that bundling of complaints with other issues would likely be common however Ausgrid has no direct experience of bundled complaints.

8. Is it possible to isolate and resolve energy-specific disputes where there are a number of issues raised by exempt customers?

Ausgrid is unable to provide an opinion on this.

3.4 Can existing external dispute resolution mechanisms effectively deal with energy disputes?

9. What other external dispute resolution mechanisms exist to resolve energy disputes? Do they effectively deal with energy disputes?

Ausgrid is aware that NCAT is the alternative to EWON in NSW however it is not a cost free resolution scheme and it may not offer a timely or effective service in resolving energy disputes. Ausgrid also notes that NCAT operates in a more formal quasi legal arena.

10. How many energy disputes encountered by exempt entities are escalated beyond internal dispute resolution processes?

Ausgrid has no visibility of this.

11. Do exempt customers have a clear understanding of the external avenues to resolve energy disputes? What are exempt customers' experiences of using these avenues?

Ausgrid notes that Ombudsman schemes normally include community education as part of their Charter. However, Ausgrid believes there may be limited understanding of external avenues for dispute resolution.

3.5 Additional considerations

In relation to additional considerations, Ausgrid believes that all customers should have access to free and independent dispute resolution services and on this basis it would seem unfair to disadvantage small end use customers simply on the basis that the exempt entity has low customer numbers. Ausgrid notes that some of the most vulnerable end use customers may be excluded from a free and independent dispute resolution process should a limit on end use customer numbers be imposed.

In relation to the concerns involving forum shopping, Ausgrid notes that this is a problem experienced by current Ombudsman scheme members and although occurrences are comparatively low, Ausgrid sees merit in supporting a change that would result in an Ombudsman decision being binding on the customer as well.