

20 June 2016

Ms Sarah Proudfoot
General Manager, Retail Markets
Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Dear Sarah

Ref: 47503

Thank you for the opportunity to comment on the *AER approval of minimum amount owing for disconnection* consultation document.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. Many of the complaints EWON receives relate to actual or impending disconnection.

Our views are drawn from the complaints we receive and deal with. While not addressing every question posed by the consultation paper, our response focuses on those questions which relate to our work.

Factors considered in reviewing the minimum disconnection amount

EWON supports the factors the AER is taking into account when considering the minimum disconnection amount. In particular, EWON considers the following factor to be of critical importance:

- *That, in principle, customers should not be disconnected from an essential service for relatively small amounts or being one quarterly bill behind, nor should they be disconnected solely due to an inability to pay.*

EWON notes that for a typical family during winter or summer, an energy bill can often be more than \$300, particularly for those customers who only use electricity. The analysis done by the AER on average energy bills may not apply to those customers, of whom there are many in NSW, who rely solely on electricity for their energy needs. EWON urges the AER to be mindful of these customers in its consideration of the minimum disconnection amount.

Next review of the minimum disconnection amount

EWON notes the proposal to next review the minimum disconnection amount in five years, and also the AER's ability to initiate an earlier review should circumstances warrant it. In deciding whether to initiate an earlier review, EWON suggests the AER internally consider annually the relative difference between the minimum disconnection amount and the average quarterly bill. In the event that

energy prices rise so as to exacerbate this difference, EWON believes the AER should initiate an early review.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy, on (02) 8218 5266.

Yours sincerely

A handwritten signature in blue ink that reads "Janine Young". The signature is written in a cursive, flowing style.

Janine Young
Ombudsman
Energy & Water Ombudsman NSW