



**energy & water
OMBUDSMAN SA**

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25 March 2014

Dear Sir/Madam

**National Energy Retail Amendment
(Retailer price variations in market retail contracts) Rule 2014**

The Energy and Water Ombudsman (SA) Limited ("the Scheme" or "the Company") welcomes the opportunity to comment on the above mentioned Consultation Paper.

The Scheme is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers of energy and water suppliers.

In this submission we address matters that are specifically of interest to the Scheme. In relation to any other matters, no comment has been made.

Background

A rule change is proposed to prohibit retailers from including terms in their contracts with their customers that allow them to change prices during the fixed term or fixed benefit period of market retail contracts. We understand that AEMC cannot make or amend a retail rule unless two tests have been met:

1. That the new rule will or is likely to promote the long-term interests of consumers; and
2. Where relevant, the new rule is compatible with the application and development of consumer protections for small customers, including hardship customers.

As we are an independent dispute resolution scheme, we can only comment on the potential effect of the proposed rule change to the Scheme, in terms of volume of enquiries and complaints we deal with.

Contract related complaints – Energy & Water Ombudsman SA

In the financial year 2012-13 out of 21,029 (2011-12: 14,358) total cases closed by this office 916 (2011-12: 496) were contract related. Of these, 411 (2011-12: 250) related to Fairness/Conditions of Contract.

We do not categorise contract related complaints beyond the six categories as shown in the table below. It is not possible to extract further information such as how many enquiries related specifically to price variations in fixed market contracts.

2011-2012 and 2012-2013: Closed Cases – Contract Related Data

	2011-2012	2012-2013
Total closed cases	14,358	21,029
Sales and Marketing	2,534	3,469
Contract	496	916
• General	13	71
• Access to a Contract	102	301
• Difficulty Comparing Market Contract Offers	66	76
• Fairness / Conditions of Contract (inc exit fees)	250	411
• How green is my contract?	1	1
• Problems Terminating a Contract	64	56

However, we are aware of a number of enquiries to the Scheme where customers were under the impression that 'fixed term' meant 'fixed price'. Those enquiries are usually dealt with and closed at that level, as following advice to customers to check their contract terms and conditions, they would have accepted their contract indeed provides for price variations. We estimate receiving around 1-2 similar enquiries per week relating to fixed term contracts. These figures are not necessarily included in the above case numbers, as categories for enquiries are not as detailed as other cases.

Whilst the proposed rule change may achieve a similar effect (clarity that a fixed term contract means fixed prices), we believe that the provision of clear, upfront information on market contracts and offers by the retailers to their customers would also significantly reduce the number of enquiries our office deals with.

Should you require further information or have any enquiries in relation to this submission please contact me on (08) 8216 1888 or Pia Bentick on (08) 8216 1854.

Yours faithfully



Sandy Canale
Energy and Water Ombudsman SA