

8 June 2022

Australian Energy Regulator GPO Box 3131 Canberra ACT 2601

By portal: <a href="https://www.aer.gov.au/">https://www.aer.gov.au/</a>

Dear Mr Feather,

Re: Retail Authorisation and Exemption review – Issue Paper

Thank you for the opportunity to comment on the Australian Energy Regulator's (**AER**) *Retail Authorisation and Exemption review* (**Issues Paper**).

The Energy and Water Ombudsman (Victoria) (**EWOV**) is an industry-based external dispute resolution scheme that helps Victorian energy or water customers by receiving, investigating and resolving complaints about their company. Under EWOV's Charter, we resolve complaints on a 'fair and reasonable' basis and aim to reduce the occurrence of complaints<sup>1</sup>. We are guided by the principles in the Commonwealth Government's Benchmarks for Industry-based Customer Dispute Resolution<sup>2</sup>. We acknowledge our services are specific to Victoria which operates under a jurisdiction specific regulatory regime, however we consider that the experience in Victoria is relevant to that in other jurisdictions to inform the approach of the AER, and we believe EWOV is also a recognised voice in considering external dispute resolution (EDR) in the expanding energy market. It is in this context that our comments are made.

## Overview

EWOV supports the development of the Retail Authority and Exemption framework (the **framework**) and that this is an important process and at a critical juncture in the energy market. We consider, however, that the framework's approach should focus more explicitly on prioritising customer experiences and outcomes and ensuring the approach considers an inclusive future for consumers.

We recommend applying some principles to support this which optimise customer and market outcomes. In particular it is important to position external dispute resolution (EDR) as a baseline consumer protection, noting that it supports innovation creating consumer trust and confidence in the market. In line with this, facilitating

<sup>&</sup>lt;sup>2</sup> See EWOV's website: <a href="https://www.ewov.com.au/about/who-we-are/our-principles">https://www.ewov.com.au/about/who-we-are/our-principles</a>



<sup>&</sup>lt;sup>1</sup> See Clause 5.1 of EWOV's Charter: <a href="https://www.ewov.com.au/files/ewov-charter.pdf">https://www.ewov.com.au/files/ewov-charter.pdf</a>



customer access to free and independent EDR should underpin policy and regulatory frameworks in both the current and emerging market.

It is important, also, to recognise and develop an approach to a consumer protection framework that ensures equal access for all customers. Regardless of where a person lives or what decisions they make in investing in Distributed Energy Resources (DER), consumer protections should be developed on the principle of ensuring access to an essential service and viewed through the lens of facilitating social participation. We note also that as products and services are innovated, their development needs to be guided by a robust consumer protection framework so that the impact of the products and services on supply are built into their development.

If effective consumer protections and recognition of the role of EDR are not prioritised, the customer experience will be marred by fractured protections and an inability to access free and independent resolution of their issues. This highlights the additional risk that consumer trust within the sector will continue to waver, impacting engagement.

Finally, as the energy landscape is evolving at an extremely fast pace it is important that the essentiality of products be considered in terms of now and into the future.

Our further comments are set out below. Note we have only responded to selection questions.

1. Do you agree with the approach of using use cases/business models to identify the harms and risks of new energy services and products?

Ultimately, yes. EWOV believes this will be useful given that we need a basic framework in order to properly consider possible case outcomes. However, upon reviewing the case/business models provided in the Issues Paper, there is concern that they lack complexity and fail to reflect the multi-dimensional consumer issues that may arise from new energy products and services.

Using case studies can be a useful means to guide an approach to improving the customer experience in DER, provide a strong sense of areas where protections are necessary to retain trust and confidence and enable participation in the emerging market. EWOV has developed hypothetical case studies (see below example)<sup>3</sup> that work to pre-emptively predict potential problems and trends – the case study goes to the life style uses of an Electric Vehicle (EV) and highlights that it cannot be viewed as simply as a DER, but is a functional and important part of a household. Not being able to access their vehicle impacts their social participation.

Further, as outlined in our Charging Ahead report, we recognise that 'regulation and business models will be needed' to maximise the positive grid management potential of EV's<sup>4</sup>, including technologies such as those where EVs can be charged at home through a household meter. It is important also to note that there will be instances where the end customer will not have access to a private charging station, or may not be able to access it for reasons such as above, consideration of this and how these issues will intersect with the National Energy Customer Framework (NECF) will be important. In addition, it will be necessary to consider the relationship

<sup>&</sup>lt;sup>4</sup> Energy and Water Ombudsman, Charging Ahead Report, March 2020, p. 48 available at: https://www.ewov.com.au/uploads/main/Reports/charging ahead report release june 2020.pdf



<sup>&</sup>lt;sup>3</sup> Energy and Water Ombudsman Victoria, *Charging Ahead*, June 2020, available at:

 $<sup>\</sup>underline{https://www.ewov.com.au/uploads/main/Reports/Other-reports/EWOV-Charging-Ahead-Report\_Case-Studies.pdf}$ 



between at home charging and off premise charging, and how consumer protections will align for consumers. Protections should be developed that are adequately regulated and enforced in a parallel arrangement.

Hypothetical case study

**Suburb:** Alphington

**Technology:** Electric Vehicle (EV) and Virtual Power Plant (VPP)

**Issue:** VPP draining EV's battery

**Year:** 2032

Amal and her partner Kai have two children, and live in the wealthy North-Eastern suburb of Alphington. The couple would not be able to get through their busy week without their electric vehicle (EV). They make daily school drop-offs in Kew, have regular extra-curricular activities for the kids in Heidelberg and Eltham, and have weekend getaways to their holiday home in Sorrento whenever they possibly can. Recently, Amal decided to join a Virtual Power Plant (VPP) recommended by a friend. Using their EV as a home battery, Amal and Kai now supplement the grid when demand is high and receive credits on their power bill for doing so. Everything with the VPP was going fine until a very hot Saturday in mid-February. Electricity demand skyrocketed when people across Victoria turned their air conditioners on to cope with the sweltering heat. To meet this increased demand, the VPP kicked into gear and started feeding energy from its members back into the grid – including power from Amal and Kai's parked EV. The following morning Amal and Kai had planned to take one of their weekend drives to Maldon for the monthly market. When they got into their car, they found that the battery was too low to make the distance. The VPP had drained too much power.

Aggregation and energy management systems will be used as behind the meter resources that will are considered as tools to allow users to manage energy usage at a premises and export it to the grid. The scheduled lite proposal is proposed to be utilised to encourage greater participation of DER resources in the National Energy Market (NEM). EWOV supports the exploration of consumer risks that may eventuate from these services, including scheduled lite acknowledging that there has been consumer resistance to trials such as these in the past. We acknowledge that these technologies may present opportunities for many customers, particularly if those technologies recognise the agency and control that many customers will need to meet the preferences and demands of their lifestyle. We also recognise that these technologies and services may create further issues and risk for consumers. For example, the CONSORT project which connected 34 PV-battery systems on Bruny Island and coordinated their input into the local grid<sup>5</sup>. Although participants benefitted financially through the trial, the findings concluded that 'it should not be assumed householders will be willing to participate in DER' and that 'confusion, frustration and anxiety can lead to disengagement as a coping mechanism' <sup>6</sup>. Similarly, consumers having multiple energy providers at their premises could lead to a similar reaction from consumers. There is concern from EWOV that the complexity that would come from enabling multiple energy providers as well as integrating these with current models in the market through Flexible Trading Arrangement (FTA) rule may lead to confusion among consumers and ultimately hesitation to engage, and a possible patchwork of consumer protections. Clarity and simplicity for consumers around these business models and trials is critical. We note that a customer journey map (or a comprehensive business model) that is focused on the role of meters and their

<sup>&</sup>lt;sup>6</sup> Above, p. 57



<sup>&</sup>lt;sup>5</sup> Above, p. 56



relationship to consumer protections is necessary before these programs are progressed. This is also particularly important from an EDR perspective as meter data can be critical to dispute resolution. We discuss further under question 3 that there are certain challenges around the existence of a second meter that need to be acknowledged.

Furthermore, the embedded networks (EN) business models need to address the current and potential future issues facing customers who are engaging in these services. ENs within Victoria have created unique challenges for energy customers across many sectors, largely that consumer protections (for example, disconnection protections, access to concessions) for customers in ENs are not equivalent to those in the traditional energy market. While this is being considered as part of the EN Review still underway in Victoria, this is true also in relation to solar and bulk hot water (BHW). For example, EN operators/owners do not have to provide a feed-in tariff. Therefore, solar customers in an apartment block or group of units could risk losing their feed-in tariff if their residence becomes part of an EN. The absence of this tariff could act as a major disincentive for potential solar customers. Although as discussed in EWOV's Charging Ahead report, absences such as these can lead to 'market opportunities for disruptors seeking to trial peer-to-peer trading and virtual power plants' and that there are potential solutions to these challenges facing consumers however it is integral that the business/ case models include examples that encapsulate the current challenges being faced by energy consumers or the potential issues they will face in the future under DER in the context of ENs(should they remain in their current context).

Addressing these issues within business models now will help to avoid the customer disengagement that we have observed from previous initiatives.

2. Do you consider the use cases/ business models appropriate to assess the harms and risk of new energy services and products?

EWOV recognises that use cases/ business models can be useful to assess the harms and risks new energy and services products can bring to consumers, however it is necessary to acknowledge that the listed models are limited in their predictions. The listed business models fail to explore multi-dimensional market interactions and operations of the market and customer protection frameworks. We also consider that the needs of the customer should have preference over the business model in their design. For example, the EN business model outlines that it will 'use a scenario of an apartment complex that is an EN with DER assets on site and manages how they are used'<sup>8</sup>. It is difficult to decipher from this description what will be explored within this trial and whether specific consumer issues that have and will continue to be experienced by EN consumers will be explored. The issue of BHW within ENs is a highly relevant issue for Victoria and other states such as NSW.

EWOV agrees that it would be useful for the AER to utilise research and data from ESB's Data Strategy and 'Customer Insights Collaboration'. It would be beneficial for the use cases/ business models to integrate the barriers and enablers for customers utilising DER that will come from the research and the model proposed. This will assist in informing and improving the case studies to ensure they are more robust.

<sup>&</sup>lt;sup>8</sup> Australian Energy Regulator, *Retail Authorisation and Exemption Review*, April 2022, p. 22.



<sup>&</sup>lt;sup>7</sup> Energy and Water Ombudsman, *Charging Ahead Report*, March 2020, p. 17 available at: https://www.ewov.com.au/uploads/main/Reports/charging\_ahead\_report\_release\_june\_2020.pdf



## In particular:

a. What, if any, changes should be made to the use cases/business models set out in this issues paper?

As mentioned, ENs create numerous consumer issues that need to be explored more in the business models. In practice, provisions should be introduced to anticipate some of the major gaps in consumer protections currently facing ENs. A major example of this are BHW systems. The landscape of these systems have become increasingly complex and feature major gaps in consumer protection due to the rise of emerging technologies, third party ENs and business models. This in itself highlights the importance of the framework to ensure proper provisions are introduced to future proof these issues. For Victoria, if BHW is billed by an exempt seller, complaints that arise from these are out of jurisdiction, further there is no current exemption requirement for gas. Therefore those who bill for gas/ BHW are not required to be a member of EWOV for gas/ BHW operations. However, if the EN gas/ BHW is billed by a licensed retailer, the complaint would be within our jurisdiction as the retailer possesses a gas license.

This creates a significant discrepancy in consumer protections between customers who happen have a licensed retailer within their EN and those who do not, creating a perverse market outcome where depending upon which type of home a person resides in or which DER choices they make, can determine their access to consumer protection. Where consumer protections are not consistent such as gas or BHW in embedded networks, or where businesses are not mandated to be a member of EWOV, customers are referred to Consumer Affairs Victoria (CAV), who have limited dispute resolution powers and further to the Victorian Complaints and Administrative Tribunal (VCAT) where they embark on a complex and costly process to resolve their issue. Ensuring that the framework and provisions address this issue will also follow on from Australian Energy Market Commission's (AEMC) recent review of Consumer Protections in an Evolving Market<sup>9</sup>. This Review analysed how NECF should adapt and respond to emerging energy technologies and business models and outlined five key areas of risk to consumer protections in regards to new energy products and services. These key areas included consumers not being able to exercise choice or retail competition, being vulnerable due to a lack of protections and not having access to accessible dispute resolution.

b. Are there any other use cases/business models we should consider? Please provide examples.

EWOV has many case examples of customer's having a lack of consumer protections as a result of being part of a new energy scheme. As previously noted a common example of this is when customers contact EWOV in regard to issues with their solar installation. As we have limited jurisdiction to assist with solar installations (as businesses are not mandated, in legislation or regulations, to be members of our scheme) it is common that they end up falling outside our jurisdiction and the customer is unable to obtain EDR that would be available for more traditional energy services. It should be acknowledged that customers in these circumstances are often referred to CAV, which provides a consumer affairs focus, including on the Australian Consumer Law, but does not have the same EDR scope as EWOV.

<sup>&</sup>lt;sup>9</sup> Australian Energy Market, *Consumer Protections in an Evolving Market*, available at: <a href="https://www.aemc.gov.au/market-reviews-advice/consumer-protections-evolving-protections-evolving-market-reviews-advice/consumer



5



3. Do you consider any of the use cases/business models outlined to be essential in the same way as the traditional supply of energy arrangement is? If so, what is the appropriate level of consumer protections that should be applied to these products and services? Please explain.

With the ever-changing landscape of energy, the essentiality of products and services should be considered in terms of now and the future. EWOV considers all of the use cases/ business models outlined as essential in the same way as traditional supply of energy arrangements, in particular, these examples have the ability to impact on a consumer's essential use of energy to support their life circumstances and choices. In relation to EV charging, for example, if an issue occurs in relation to charging at one's residence, or if it is acting as a residential battery, each can each interfere with a customer's energy needs.

Specifically, when the DER relates to meter or direct supply for a household's energy needs, it should be considered essential. The lens in which the AER will consider a customer driver or values will help determine the essentiality of products and services.

Of concern to EWOV, in relation to essentiality, is the proposal for FTA. It is unclear at this stage of the role of the second meter specific to consumer protections. As discussed in Department of Land, Water and Planning's (DELWP) EN Review (the Review), 'there is also limited oversight of compliance with metering requirements, and exempt persons do not have the same obligations to ensure accuracy of meters or metering data.' Therefore it is vital that new operators who are selling or supplying electricity are 'including a plan for deploying appropriate metering and other internal infrastructure to meet Victoria's standards' from the context of this framework, principles should be focused on ensuring customers receive consistent baseline protection regardless of their consumer choices, which means that, as an additional meter is proposed by the FTA these protections need to be applied to it and the services enabled through it.

## Case study: James\* March 2022

James had solar installed on their residence. The retailer installed 20 panels to their house however after a period of time one of the panels became damaged. James contacted the retailer to obtain a replacement. The retailer noted that it would not replace the panel as it was no longer available and the damage was due to an external factor and not a fault within its internal mechanics. The customer had contacted EWOV to obtain a second opinion on this situation however had to be advised that it was OOJ due to the commercial nature of the issue.

<sup>&</sup>lt;sup>11</sup> Above p 14.



<sup>&</sup>lt;sup>10</sup> Department of Energy, Water, Land and Planning, Embedded Networks Review Final Recommendations Report January 2022, available at: <a href="https://engage.vic.gov.au/embedded-networks-review">https://engage.vic.gov.au/embedded-networks-review</a>



- 4. How do you see new energy services and products interacting with the essential nature of the supply of energy?
- a. Please specify which types of new energy services and products may substantially impact the supply of energy to a premises.
- b. How do you think risks created by a new energy service or product on the supply of electricity should be addressed? Should they be treated the same as energy products and services considered essential? What factors should the AER take into account when considering what consumer measures are appropriate and proportionate?

It is anticipated that with the introduction of new technology, energy supply and access may be compromised or at risk. The framework should acknowledge that if the DER relates to meter use or supply for the home and that energy is used for the purposes of social connection and interaction. In this context, it should be considered essential, and should reference such functions as solar storage and electric vehicles and their relationship to home energy use. How consumers view and engage with energy is through their lifestyle and needs as they occur, such as; heating their home when it is cold, keeping their food at safe temperatures in the fridge, using devices to connect socially or for work or schooling, cooking meals for nutrition and heating water for washing or hygiene.

Interruptions to energy supply that would significantly inhibit one's ability to carry out tasks and functions in their everyday life would equate to 'essential'. However the challenge is ensuring future provisions consider that 'essentiality' covers services that are integral to the consumer now and into the future. From a consumer perspective, they will see both new and traditional energy as the one service and will expect simplified and accessible options for purchasing/selling energy and for dispute resolution.

The interconnectedness of DER products and services with traditional energy sources can broaden the potential for interruption/failure when problems arise with new energy services. The notion of what is essential now and in the future was described in EWOV's Charging Ahead report in relation to residential batteries, 'depending on the uptake and use of EVs and/ or the degree to which energy storage needs are met by large commercial, grid-scale batteries, residential batteries may eventually serve a critical need for energy storage in the grid, making them essential to effective grid management<sup>12</sup>.' This is a perfect example of a service that although not essential now will become essential in nature through the evolution of new energy.

It is worth noting that in the current climate, traditional energy retailers bear the brunt of those interruptions/failure as the issues often first appear on a customer's energy bill. This is also apparent through our dispute resolution processes, whereby existing licensed members bear the cost of an investigation, as an investigation is necessary to identify the issue and parties involved, even where the outcome of the investigation identifies that fault lies with a business that is not a member of EWOV, and ultimately the case has to be referred to another party as it is out of jurisdiction. It is important for both customer and market outcomes that the risk and consequences be borne by the party causing the consumer detriment. In the future, unless mandatory membership to EDR schemes are broadened by policy and/or regulation then having multiple service providers at

<sup>&</sup>lt;sup>12</sup> Energy and Water Ombudsman, *Charging Ahead Report*, available at: <a href="https://www.ewov.com.au/uploads/main/Reports/charging ahead report release june 2020.pdf">https://www.ewov.com.au/uploads/main/Reports/charging ahead report release june 2020.pdf</a>, p 23.



7



a single premises means EDR will no longer be able to support customers as a single source of dispute resolution, further eroding consumer protections.

Deciphering the essentiality should be done by looking to the future, but it also necessary to observe recent energy 'disasters' that have occurred. An example of this was the recent June and October 2021 storm events in Victoria where major trees fell, flooding occurred and there was damage to vital infrastructure that left thousands of homes without power, some for a prolonged period of time. This event highlighted that essentiality relates to numerous overlapping necessities that when inhibited lead to an individual, family or business not being able to work, communicate, obtain assistance or generally fulfil daily needs.

It is unfortunately inevitable that events such as storms, bushfires and flooding will be an obstacle of the future, therefore power that ensures access to internet, emergency services and phones should be understood more and considered for its role in providing an essential function under AER's definition. If energy services are not available, it impacts the customer.

Additionally, it is necessary to recognise that the challenge for the AER will be to not shift the risk of supply onto the customer alone. Currently, we are seeing the integration of household/ residential/ community DER acquisitions as being integral in the broader system planning. The very nature of this thinking suggests one cannot separate a customer's DER from the system function as a whole, together they form part of a reliable, secure and affordable energy market. Within this context, they are essential.

## Case study: Lauren\* January 2022

Lauren is dissatisfied with their distributor's unplanned outages. Lauren was affected by the June storm event in 2021 and was without power for 5 days. As a result Lauren had 6 of their appliances blow out which included ducted gas heating and split system. During the 5 day period with no power Lauren also purchased a generator for \$440. Lauren has attempted to claim these expenses on home insurance as they anticipated the distributor would take too long to respond. Their claim was rejected and Lauren has tried to contact their distributor a number of times since January 2022 but has not received any response.

6. Do you consider that issues may arise if retailers continue to bear the burden of regulatory responsibilities set out in the NECF? Should this review consider where traditional regulatory responsibilities belong under the consumer protection framework to ensure it is appropriate for an energy market with both traditional and new energy services? Please give reasons for your views.

Yes, evidence in EWOV's case handling, solar journey map <sup>13</sup> and EN customer map <sup>14</sup> all show that multiple parties involved need to bear responsibility for customer and market outcomes. EWOV's solar journey map illustrates

<sup>&</sup>lt;sup>14</sup> Energy and Water Ombudsman, Embedded Network Map, available at: <u>200403 Embedded Network Customer Journey Map.pdf</u>



<sup>&</sup>lt;sup>13</sup> Energy and Water Ombudsman, Solar Journey Map, April 2022, available at: https://www.ewov.com.au/uploads/main/Reports/ewov\_solar\_customer\_journey\_map\_april\_2022.pdf



how the solar retailer, solar company, installer/ electrician, licensed retailer and distributor all contribute to the energy consumer's outcome. A customer journey such as this clearly illustrates that in practice, responsibility can lie beyond licensed retailers, and as such, in those instances the burden of responsibility lies beyond them. Where they are at fault however, they have clear regulatory obligations, as well as market rules and B2B considerations.

When a complaint is raised with EWOV, we need to initiate an investigation to decipher where the issue originates. In many of these cases, regulatory responsibilities belong under the Energy Retail Code of Practice or the Australian Consumer Law, including for those which EWOV does not have in its jurisdiction as members. Regardless, it is apparent that all parties need to work together to comprehensively integrate consumer protection for an energy market that has both traditional and new energy services.

As mentioned, EDR is an integral baseline necessity for consumers in the realm of new technologies.

Although bodies such as VCAT have highly effective dispute resolution mechanisms they are not as time or cost-effective for customers who may be seeking efficient resolution. Therefore, there is a need for EWOV's EDR powers to be recognised, utilised and prioritised by the AER going forward. For instance, EWOV is more cost effective with our customers not being charged for any costs incurred during the investigation while there are application fees through VCAT that the customer must bear. Not to mention the time and effort VCAT requires, one must attend compulsory conferences and mediation, evidence is sworn in and expected wait times after lodging an application can take up to 12-14 weeks at minimum. This option is just not viable for customers experiencing vulnerability or facing problems in regards to essential services. Although this is a minor issue now it will inevitably gain traction fast. It arguably already is an issue, for example, in 2018-19 FY EWOV received 2,156 solar complaints of which 27% were out of our jurisdiction, often because they related to installation.

When EWOV does not have jurisdiction it is often because the complaint relates to sales in which case it will be referred to Consumer Affair Victoria (CAV). However CAV is a generalist consumer protection agency that provides advice, information and education on consumer issues and although provides conciliation, does not provide resolution in as short of a period of time as EWOV and cannot enforce resolution outcomes. As energy transitions into DER energy related complaints will only grow more complex.

This issue in particular was acknowledged in an independent 2019 report commissioned by Australian and New Zealand Energy and Water Ombudsman Network (ANZEWON)<sup>15</sup>. The Report acknowledged that 'the confidence of consumers and market participants in the energy and water sectors are influenced by effective resolution of disputes in a timely manner through the use of independent external dispute resolution' <sup>16</sup>. We have seen what can happen when there is a lack of clarity around consumer protections in the new energy market and the effect it can have on consumers.

<sup>&</sup>lt;sup>16</sup> Above, p 25



<sup>&</sup>lt;sup>15</sup> The University of Sydney, What will energy consumers expect of an energy and water ombudsman scheme in 2020, 2025, and 2030?, 15 October 2019, available at:

https://www.ewon.com.au/content/Document/Publications%20and%20submissions/EWON%20reports/ANZEWON-report-Dec-2019.pdf



In an article by the Conversation<sup>17</sup>, Consumers are often bearing the burden when installing a new energy system and 'investing significant time, effort and funds into researching, choosing, configuring and operating their technologies, with different technologies'<sup>18</sup>. It is not only unfair that individuals trying to support new energy are experiencing these problems, it is unsustainable as the sector grows. To avoid this occurring any further, facilitating customer access to free and independent EDR should underpin policy and regulatory frameworks in both the current and emerging market and as part of this review.

18. Would it be helpful to introduce limited authorisations and exemptions to apply to particular business models/business activities? a. Are there any risks to this approach?

EWOV has concern that pursuing limited authorisation and exemptions may have the effect, in practice, of creating patchwork consumer protections. We are currently already seeing this problem in Victoria where a number of licenses and types of business models are within jurisdiction while many new energy initiatives, business models (including products and services) are not. The role of the licensing and authorisation framework should proactively work to protect consumers and they should not have to choose between forfeiting their consumer rights or being penalised based on where they live or what choices they make in relation to DER.

For example, at EWOV in the last 12 months we have seen a big uptake of energy retail licenses for smaller/start-up companies operating very different business models to the historically licensed businesses. For most of these newer licensees, retail is not the main service they provide. Often they are solar companies, energy efficiency companies or similar with new, innovative products and services that want to retail in addition to what they already do to offer a package deal or one-stop-shop. Being smaller in size, they have less staff for departments that primarily deal with compliance with energy rules and general consideration of legislation/energy rules that apply to them. This means there is even more of a need for them to be a member of an EDR scheme, not only so that their customers are covered in the event they have a complaint that can't be resolved directly with the energy business but also so that the providers themselves are made aware of rules that apply to them through EWOV training and the case investigations themselves. Typically, most retailers want to do the right thing, and when they accidently break one of the rules, or there is an oversight of some sort, they are eager to correct it. We see this attitude with exempt entities also.

As with ENs, EWOV are also preparing for limited rights for customers under such programs as the sandboxing initiative. If next door neighbours are supplied by retailers, one with a limited license (or trial waiver under the sandboxing scheme), and one with a traditional license, they could be treated differently. By limiting the license for the retailer, the rights of the customer may be unintentionally limited.

To assist in minimising these issues, it should be a requirement for authorisations or licenses to be a member of EDR schemes. We acknowledge that EDR itself needs to be both easily accessible and non-complex for customers and are working with our colleague organisations in the Energy and Water Ombudsman sector as well as organisations across the Australia New Zealand Ombudsman Association (ANZOA) to identify ways of working together to support a 'no wrong door' approach for customers.

<sup>&</sup>lt;sup>18</sup> Above.



<sup>&</sup>lt;sup>17</sup> The Conversation, *Complicated, costly and downright frustrating: Aussies keen to cut emissions with clean energy at home get little support,* 3 August 2021, available at: <a href="https://theconversation.com/complicated-costly-and-downright-frustrating-aussies-keen-to-cut-emissions-with-clean-energy-at-home-get-little-support-161682">https://theconversation.com/complicated-costly-and-downright-frustrating-aussies-keen-to-cut-emissions-with-clean-energy-at-home-get-little-support-161682</a>



Overall, EWOV supports energy innovation and sees EDR as enabling a baseline of consumer protections. Due to our vast data base we are able to provide unique early insight into market based and customer issues, with data and case summaries to ensure regulators and policy makers remain abreast of trends that accompany innovation.

Further, to assist ongoing thinking on these issues, a good approach will be rather than 'what are the risks to a particular business model approach?' to instead question 'what are the risks to consumers if protections are not implemented for them and how do we meet these risks?' Once the potential risks are accurately predicted it will be easier for a feasible resolution to be developed.

We trust these comments are useful. Should you like any further information or have any queries, please contact Claudia Lavery, Senior Policy and Stakeholder Engagement Officer on (03) 8672 4400.

Yours sincerely

James Lawson

**Acting Energy and Water Ombudsman (Victoria)**