



Listen Assist Resolve

4 June 2012

Ms Sarah Proudfoot
General Manager
Retail Markets branch
Australian Energy Regulator
GPO Box 520
Melbourne VIC 3001

By email: AERInquiry@aer.gov.au

Re: Small compensation claims regime

Dear Ms Proudfoot,

Thank you for the opportunity to comment on Australian Energy Regulator (AER)'s review of the small compensation claims regime. Specifically, the repeated claims maximum number and the applicable period.

As an industry-based external dispute resolution scheme, the Energy and Water Ombudsman (Victoria) (EWOV) provides alternative dispute resolution services to Victorian energy and water consumers by receiving, investigating and facilitating the resolution of complaints.

In making this submission, EWOV's comments are based on our experience in dealing with complaints about voltage variation that come to us after the customer has been unable to resolve their complaint directly with their electricity distributor.

EWOV has received a total of 543 cases involving issues about voltage variation between the 2008-09 and 2011-12¹ financial years (appendix one: graph one and table one). These customers were dissatisfied with:

- the damage, loss or inconvenience caused by a voltage variation event
- the frequency of the voltage variation events
- the effects of the voltage variation event/s on their health and safety
- the information they were provided from their electricity distributor about the voltage variation event.

¹ The 2011-12 data covered the period 1 July 2011 to 30 April 2012.

In 73 per cent of these cases the customers primary issue involved the damage or loss suffered as a result of a voltage variation event (appendix one: graph two).

Currently if a customer has experienced a voltage variation event and is seeking reimbursement for damage, loss or inconvenience caused, EWOV will investigate the customer's complaint taking into consideration the relevant laws and codes, good industry practice and the customer's substantiation in order to assess what is fair and reasonable. In handling these cases, EWOV does not consider the number of previous claims the same customer has made, as long as each claim can be substantiated.

Furthermore, if a customer resides in a supply area with known reliability issues, the customer should not be prevented from receiving compensation for these incidents. If frequent voltage variation events are proven, the electricity distributor should consider its network reliability. It should also consider any required upgrades to prevent future issues, rather than the customer being penalised for continued claims.

Once the National Energy Retail Law is in effect, EWOV believes that the number of customer claims for voltage variation events should not be capped, so long as the customer can substantiate their claim.

We trust the above comments are helpful. Should you require further information or have any queries, please contact Belinda Crivelli, Senior Research and Communications Officer, on (03) 9672 4460 or at belinda.crivelli@ewov.com.au.

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)

Appendix one

Graph one - EWOV Voltage Variation cases received between the 2008-09 and 2011-12 financial years.

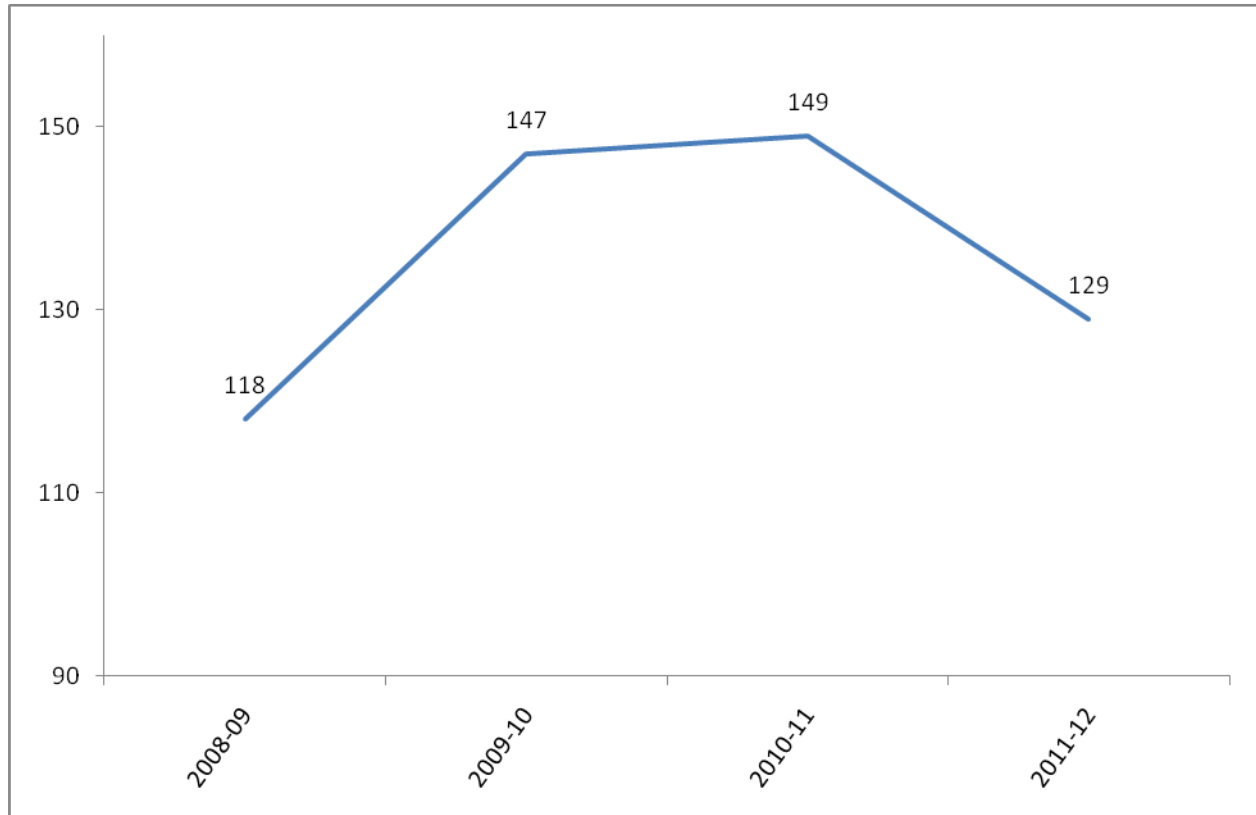


Table one - Voltage Variation cases from 2008-09 financial year to 2011-12 financial year

	2008-09	2009-10	2010-11	2011-12	Total
Damage / Loss	83	107	107	96	393
Frequency	11	22	21	18	72
Health & Safety	8	6	4	4	22
Inconvenience	8	3	7	10	28
Information	8	9	10	1	28
Total	118	147	149	129	543

Graph two -Voltage Variations issues as a percentage from 2008-09 to 2011-12 financial years

