

10 October 2019

Registration Guideline for Exempt Persons Review  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
Melbourne VIC 3000

By email: [exemptionregister@esc.vic.gov.au](mailto:exemptionregister@esc.vic.gov.au)

Dear ESC,

**Re: Draft Registration Guideline for Exempt Persons version 2**

Thank you for the opportunity to comment on the Essential Services Commission's (**ESC**) *Draft Registration Guideline for Exempt Persons – version 2 (Draft Guidelines)*.

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>. It is in this context that our comments are made.

EWOV appreciates that this is an administrative review and that the changes made have been made for the purposes of clarity. In the main, we are supportive of the Draft Guidelines. In their totality, the amendments will significantly improve the Registration Guidelines for Exempt Persons.

That being said, there is one amendment we wish to bring to the ESC's attention which may potentially cause unnecessary contention. In the revised glossary of the Draft Guidelines the ESC has proposed to strike 'meters' from the definition of electricity network and embedded network, as shown below:

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<sup>1</sup> See Clause 5.1 of EWOV's Charter: [https://www.ewov.com.au/files/ewov\\_charter\\_140318.pdf](https://www.ewov.com.au/files/ewov_charter_140318.pdf)

<sup>2</sup> See EWOV's website: <https://www.ewov.com.au/about/who-we-are/our-principles>



Electricity network	An electricity network is the infrastructure (wires, <u>meters</u> <u>switchboards</u> , etc.) required to deliver electricity from a provider's meter to end user customers.
Embedded network	An embedded network is a distribution system that is connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid. A licensed electricity distribution company does not own the infrastructure ( <u>meters</u> <u>switchboards</u> , wires, etc.) required to distribute electricity from the main meter (parent connection point) that is connected to the national electricity market (NEM) to individual end user customers.

This change may throw some doubt over EWOV's ability to investigate complaints regarding embedded network meters, as it could be argued they are not covered by the exempt persons network exemption – and the exempt person is therefore not responsible for the meter. This could mean that we are unable to assist a customer who wishes to upgrade their meter in order to transfer out from their embedded network, or resolve a billing complaint which may be arising due to a faulty meter. Of course, these are highly undesirable and highly impractical outcomes. While we appreciate that meters are technically not critical infrastructure for the purposes of supply, they are certainly central to the commercial relationship between an exempt person and their customers.

On that basis, we could investigate such a complaint by making reference to section 2.10(b)(ii) of the EWOV Charter<sup>3</sup>, which states that we **do not** have jurisdiction in relation to a participant's commercial activities that are:

*"for a participant that does not hold any water, electricity or gas licence – not within or closely related to its core water, electricity or gas services;"*

By implication, we could argue that operating a meter is closely related to the electricity service being operated by an exempt person and therefore we **do** have jurisdiction – but this seems like an unnecessarily convoluted, (and possibly arguable), line of reasoning for what should be a straightforward issue.

We understand that removing meters from the glossary definitions of electricity network and embedded network is consistent with reasoning elsewhere in the Registration Guidelines, which states:

*We do not consider electricity meters to be infrastructure that is critical to supply customers with electricity as customers can be supplied without individual metering in place. In other words, the*

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<sup>3</sup> See: [https://www.ewov.com.au/files/ewov\\_charter\\_140318.pdf](https://www.ewov.com.au/files/ewov_charter_140318.pdf)

*meter is a network component that does not actually deliver electricity through the network, but merely measures the electricity supplied for data collection and billing purposes.<sup>4</sup>*

While this is a highly logical position, we do wish to raise the ambiguity it may cast over our ability to resolve meter related complaints in embedded networks.

We seek the ESC's views on this issue. While it is yet to emerge through significant complaint numbers, uncertainty over which party is responsible for the meter in an embedded network can be problematic.

The case study below illustrates this issue (NOTE: customer name has been changed for de-identification purposes):

#### **2019/2319 – “Nigel”**

Nigel lives in a lifestyle village and receives his electricity through an embedded network. He is unhappy with his electricity tariffs – he believes they’re too high, and would like to transfer out of the embedded network. To do this he needs to have an NMI allocated.

During our efforts to assist Nigel it became clear that transferring out of the embedded network would not be a simple process. There was confusion about who owned Nigel’s meter, who he needed to contact to determine if a meter upgrade was necessary, who would arrange for the meter to be upgraded if it was - and who held responsibility for allowing access to the meter, for such an upgrade to occur.

Although Nigel’s network exemption holder is a member of EWOV we could not advise them to upgrade his meter - as they are not responsible for the meter under the current Registration Guidelines.

Ultimately it was unclear whether the lifestyle village itself owned the meter - but even if they did we would not be able to assist Nigel because they are not an EWOV member.

Essentially, we were unable to pursue the person responsible for Nigel’s metering. Of course, if Nigel wasn’t in an embedded network we could easily assist him with a meter complaint by simply contacting his distributor.

As it was, we were unable to progress Nigel’s complaint as his account was in the name of the lifestyle village, and he did not provide us with the requested authority to act on their behalf.

Accordingly, Nigel’s case was closed.

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<sup>4</sup> Draft Registration Guideline for Exempt Persons, p. 5.



We trust these comments are useful, and look forward to your response.

Should you require any further information or have any queries, please contact Zac Gillam, Senior Policy and Stakeholder Engagement Officer, on (03) 8672 4285.

Yours sincerely



**Cynthia Gebert**  
**Energy and Water Ombudsman (Victoria)**

