

3 April 2009

Review of market-based electricity purchase cost allowance
Independent Pricing and Regulatory Tribunal
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ipart@ipart.nsw.gov.au

Thank you for the opportunity to comment on the *Market-based electricity purchase cost allowance – 2009 review*.

The Energy & Water Ombudsman NSW investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers.

EWON notes that this review is being undertaken in the context of the 2007 IPART determination on *Regulated electricity retail tariffs and charges for small customers 2007 to 2010*. EWON understands that this review is to only consider market based electricity purchase cost allowances, and that the expert advice from Frontier Economics indicates that the electricity purchase cost allowance has exceeded that set out in the 2007 determination.

EWON notes the IPART price projections which include the 2007 determination, the increase in the electricity price cost allowance and the proposed AER Network determination. As is indicated in the draft report, an increase of \$4.45 to \$5.10 per week to average electricity bills is a significant increase especially to disadvantaged and financially vulnerable customers.

IPART notes that the NSW Government has announced increases in consumer protection to be implemented in tandem with the sale of the three NSW retail electricity businesses. Given the likelihood of significant price shock for NSW consumers from 1 July 2009, EWON sees these improvements to NSW consumer protection as critical in assisting low income customers manage their energy bills, especially as the proposed price increases will be reflected in winter bills.

EWON supports the introduction of the new consumer protection package as soon as possible in relation to application of these price increases. In particular the increase and extension of the energy rebate would reduce the impact of the 1 July 2009 price increases, as would greater access to the EAPA scheme for low income consumers with high bills.

If you would like to discuss this matter further, please contact me or Chris Dodds, Senior Policy Officer on 82185250.

Yours sincerely

A handwritten signature in black ink that reads "Clare Petre". The signature is written in a cursive, flowing style.

Clare Petre
Energy & Water Ombudsman NSW