

Consumer Protections

Overview

Consumer protections in the energy market are as vital, or more, as in any other. As energy retail markets have been progressively deregulated, it has been increasingly important to ensure that energy consumers are afforded basic yet flexible protections against the potential negative effects of a quasi-regulated market for energy retailers.

Consumer Protection has traditionally come in three forms:

1. **Price regulation:** One of the most important and fundamental forms of consumer protection is the regulation of energy pricing, and in South Australia this is done through regulation of the 'Standing Contract' for electricity and for gas (for more information on the elements of pricing, see the SACOSS factsheet *Energy — Electricity Pricing*). The Standing Contract provides a level of certainty in that it must be available to all customers, and its prices are set by the Essential Services Commission of SA (ESCOSA).
2. **Non-price measures:** 'Non-price' measures include a number of different provisions for customers experiencing difficulties in paying bills (see the SACOSS factsheet *Energy — Memorandum of Understanding*); rules about marketing practices and the provision of information; and guaranteed service levels (GSLs) which relate to the minimum standards of service retailers must provide to customers. Non-price measures are important to ensure that consumers are treated with respect by energy business, aside from pricing (see the SACOSS factsheet *Energy — Hardship Policies*).
3. **Ombudsman schemes:** In South Australia the Energy Industry Ombudsman of SA (EIOSA) represents the final port of call for consumers who have a point of contention with an energy business. The Ombudsman acts as the umpire, upholding legislation such as pricing, billing, and GSLs.

As the National Energy Market (NEM) develops, state-based regulation in terms of pricing and other protections are increasingly being passed on to the national level, with many of the functions ESCOSA being taken over by national bodies such as the Australian Energy Market Commission (AEMC) and the Australian Energy Regulator (AER).

What Consumer Protections mean to retailers

Consumer Protection measures represent a burden on retailers, although financially speaking, the costs of any protections can be passed through to customers through retail pricing. The true meaning can be viewed through the three areas:

- Price Regulation: The need to provide detailed submissions for price determinations may be seen as onerous to retailers.
- Non-price measures: The range of non-price measures both restrict the way in which retailers can operate in terms of marketing their products and services, and at which point they can disconnect customers.
- Ombudsman schemes: As they do for consumers, Ombudsmen represent the final arbiter for retailers in disputes over the provision of energy goods and services. Retailers are required to abide by the decisions of Ombudsmen, and also to contribute to the costs of the scheme.

What Consumer Protections mean to consumers

To consumers, consumer protections mean just that — they are protected from the worst potential excesses of an unregulated energy market. Price regulation (see SACOSS factsheet *Energy — Electricity Pricing*) means that every element of a consumer's bill is scrutinised by impartial regulatory bodies on a regular basis to ensure that retail prices are not higher than they need to be. Non-price measures represent a means by which consumers are guaranteed a minimum level of service, and at least some protection from being disconnected as a first resort or for erroneous reasons. Additionally, rules around marketing and security deposits offer protection against unreasonable actions in those areas. The existence of Ombudsman schemes offers a final arbiter in any dispute resolution processes — Ombudsmen being the final port-of-call for consumers who have not been able to settle disputes with market businesses.

What Consumer Protections mean to community sector organisations

For community sector organisations, consumer protections offer protection for clients, as well as a referral for dispute resolution with retailers (and in many cases distributors). It is important that frontline workers and advocates understand the range of consumer protections in order to make the most of them for clients. It is also important that policy staff understand the framework for consumer protections and how they fit into the overall system so that systemic advocacy can be informed and effective. Specifically, the National Energy Customer Framework (NECF – still in draft form) and the Energy Retail Code (ERC – SA) should be understood.

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