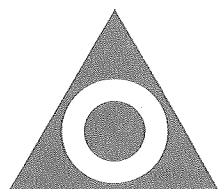


17 September 2008

Dr Pat Walsh
Chairperson
Essential Services Commission of SA
GPO Box 2605
ADELAIDE SA 5000



Dear Dr Walsh

Regulatory Arrangements for Reticulated LPG Network
Response to Issues Paper

The Energy Industry Ombudsman (SA) Limited ("EIOSA") welcomes the opportunity to comment on the Issues Paper "Regulatory Arrangements for Reticulated LPG Network" dated 29 August 2008.

In this submission the EIOSA only addresses matters that are specifically of interest to the EIOSA Scheme. In relation to any other matter, no comment has been made.

EIOSA is an independent Energy Industry Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity or gas.

The areas that we comment on are as follows:

1. Energy Industry Ombudsman Scheme; and
2. Code Requirements.

1. Energy Industry Ombudsman Scheme

We submit that customers connected to reticulated LPG networks should have access to external, independent dispute resolution processes in the same that all natural gas customers have. Under the current regulatory requirements the operators of reticulated LPG distribution networks and retailers of LPG are required to be licensed by the Commission, as are distributors and retailers of natural gas. Therefore they should be subject to similar licence conditions, including requirements for consumer protections.

In the financial year 2007/08, EIOSA received 5,293 gas and electricity cases involving a broad range of issues such as billing, credit management, customer service and supply quality.

Whilst nearly half of cases to EIOSA are resolved or dealt with at a 'enquiry' level the remainder need our intervention to refer a complaint or concern to a higher

level authority in the energy retail or distribution company or progress to an independent investigation by us.

With the increase in interest in the establishment of reticulated LPG networks, it would be reasonable to assume that customers of these supply arrangements could encounter similar problems to those experienced by natural gas customers.

It would therefore seem appropriate for these customers to have access to a free independent dispute resolution scheme such as EIOSA. EIOSA was established to handle resolution of complaints from energy consumers, and could quite capably include the handling of LPG customer issues.

Currently the contribution from Members to participate in the EIOSA Scheme is determined and allocated between Members taking into account Customer Numbers for each energy service, Members' usage of the Scheme based on the previous year and any other matter determined by the Board to be relevant.

The broad charging regime is set out in the EIOSA Constitution. If necessary, the Constitution and Charter could, with the approval of ESCOSA, be amended by the Members, and a suitable charging regime developed to reflect the small customer numbers currently associated with reticulated LPG networks. The Constitution of the Energy and Water Ombudsman Victoria accommodates LPG members in such a way.

2. Code Requirements

We agree with the Commission's preliminary view that clear and transparent consumer protection obligations should be imposed on LPG retailers similar to those specified in the Energy Retail Code.

The current consumer protection framework for both energy retail customers and customers of the natural gas distribution system provide customers, covered by those protections, with clarity of their rights and obligations.

As users of reticulated LPG services may rely on LPG for hot water, cooking and heating, it is our view that the consumer protection framework should, on that basis, be extended to cover reticulated LPG customers. Indeed, it would seem odd that a customer may have certain protections for their electricity services yet are not entitled to similar rights and access to enquiry, complaints and dispute resolution processes for their gas services due to them being supplied by a LPG reticulated network.

LPG Complaints

We infrequently receive calls for assistance from customers of LPG reticulated network services. However, no specific statistics have been collected or recorded on these call types.

Should you require further information or have any enquiries in relation to this submission please contact me on 8216 1888 or at sandy.canale@eiosa.com.au.

Yours faithfully



Sandy Canale
Ombudsman