



Office of the Regulator-General, Victoria

**ELECTRICITY INDUSTRY
GUIDELINE NO. 11**

**VOLTAGE VARIATION
COMPENSATION**

VERSION 1

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DELETION OF CERTAIN INFORMATION

Each of:

- (a) the number of claims a person must make for the person to have made *repeated* claims for the purposes of this guideline; and
- (b) the *scheduled amount*, being the amount below which a *distributor* generally must compensate a person under this guideline without disputing the person's claim,

has been deleted from the copy of this guideline released to members of the public. Disclosure of this information would be likely to expose *distributors* to disadvantage.

A person who is concerned whether a *distributor* has disputed a claim for compensation otherwise than in accordance with this guideline may raise the issue with the *Ombudsman*. The *Ombudsman* holds a copy of this guideline which includes the information deleted from this copy. The *Ombudsman* may be contacted on 1800 500 509.

1 BACKGROUND

1.1 Purpose

- 1.1.1 Broadly speaking, this guideline requires a *distributor* to compensate any person whose property is damaged due to an *unauthorised voltage variation* affecting an *electrical installation* where the aggregate consumption of electricity which is taken from the relevant *customer's point of supply* is, or is reasonably expected to be, less than 160 megawatt hours in any year.
- 1.1.2 Formally, this guideline is a relevant *guideline* for the purposes of clause 4.2.7 of the *Electricity Distribution Code*.
- 1.1.3 This guideline does not seek to codify existing law on how *distributors* may or may not be liable for damage due to *unauthorised voltage variations*. Instead, in paying compensation to a person in accordance with this *guideline*, a *distributor* gives effect to good customer service principles and achieves an efficient allocation of risk. It is these considerations which underpin this guideline and payment of compensation in accordance with it.
- 1.1.4 A person's other rights in relation to an *unauthorised voltage variation* are not affected by this guideline.

1.2 Scope of guideline

- 1.2.1 A *distributor* must compensate any person in accordance with this guideline in respect of damage to the person's property due to an unauthorised voltage variation affecting an *electrical installation* to the extent that the amount of compensation the person has claimed does not exceed the jurisdictional limit of the *Ombudsman*.
- 1.2.2 If the amount of compensation claimed exceeds the *Ombudsman's* jurisdictional limit then, while the *distributor* may still be obliged to compensate the person, the *distributor* is not obliged to do so under this guideline.

1.3 Commencement of guideline

This guideline applies in respect of any claim for compensation or complaint arising from an *unauthorised voltage variation* occurring on or after 1 January 2001 and not settled by 1 April 2001.

1.4 Copies of this guideline

Each *distributor* must:

- (a) publish a copy of this guideline, and details of the policies and procedures the *distributor* has adopted in relation to this guideline, on its web-site; and
- (b) give a copy of this guideline to any person, on request by that person.

2 VOLTAGE VARIATION COMPENSATION

2.1 Claims

A person may contact a *distributor* with a claim or complaint that damage to the person's property is or may be due to an electrical incident affecting an *electrical installation* to which the *distributor's distribution system* is connected.

2.2 Information and claim form

By the end of the second *business day* after such contact is made, the *distributor* must send to the person a claim form which:

- (a) informs the person that the person may be entitled to compensation;
- (b) advises the person that this guideline is available on request; and
- (c) requests the person to provide the *distributor* with:
 - (1) details of:
 - (A) the *supply address* affected by the electrical incident;
 - (B) the time and date of the electrical incident;
 - (C) the property damaged; and
 - (D) the amount of compensation the person claims is necessary to compensate the person for the damage to the person's property, on the basis that the person should be no worse off, being either:
 - (i) the cost of replacing the person's property with property of substantially the same age, functionality and appearance; or
 - (ii) the cost of repairing the person's property to substantially the same functionality and appearance.

The amount claimed must be supported by quotes, receipts or other evidence; and

- (2) if required by the *distributor*, evidence of the damage.

2.3 Unauthorised voltage variation

2.3.1 The *distributor* may not be able to confirm that an *unauthorised voltage variation* did affect the *electrical installation* at the relevant *supply address*. If that is so then, either together with or subsequent to sending the claim form, the *distributor* may further request that the person provide the *distributor* with a statement by a *qualified person* that the damage to the person's property is consistent with an *unauthorised voltage variation* having occurred.

2.3.2 Any such statement is satisfactory evidence of damage for the purposes of clause 2.2(c)(2).

2.4 Payment of compensation

2.4.1 Subject to clause 2.5, if:

- (a) the person returns the claim form to the *distributor* properly completed and including the details and evidence requested by the *distributor* as contemplated by clause 2.2(c); and
- (b) if further requested, the statement from the *qualified person* as contemplated by clause 2.3.1,

then:

- (c) the *distributor* must not dispute the person's claim, unless:
 - (1) the amount claimed is greater than the *scheduled amount*;
 - (2) the person has made *repeated* claims in connection with this guideline; or
 - (3) the *distributor* reasonably considers the claim forms part of an abuse of this guideline; and

the *distributor* must either:

- (d) pay the person the amount claimed as contemplated under 2.2(c)(1)(D); or
- (e) if clause 2.4.1(c) allows the *distributor* to dispute, and the *distributor* disputes, the person's claim then, once the *distributor* has completed its own assessment of the damage to the person's property:
 - (1) pay the person the amount claimed;
 - (2) pay the person the amount necessary to compensate the person for the damage to the person's property, on the basis that the person should be no worse off, being either:
 - (A) the cost of replacing the person's property with property of substantially the same age, functionality and appearance; or
 - (B) the cost of repairing the person's property to substantially the same functionality and appearance; or
 - (3) reject the person's claim.

2.4.2 If a *distributor* must pay compensation to a person under clause 2.4.1 then, in addition, the *distributor* must pay to the person the amount of any reasonable costs incurred by the person in providing any evidence to the *distributor* as contemplated by clause 2.2(c)(1)(D), 2.2(c)(2) and 2.3.1.

2.5 Limits on compensation

A *distributor* is not obliged to compensate a person under this guideline:

- (a) unless the damage to the person's property is due to an *unauthorised voltage variation* affecting an *electrical installation* where the aggregate consumption of electricity which is taken from the relevant *point of supply* is less than or, in the case of a new *point of supply*, is not likely to be more than, 160 megawatt hours in any year;
- (b) in respect of any damage to a *business customer's* property due to an *unauthorised voltage variation* affecting an *electrical installation* where:
 - (1) the *business customer* has not taken reasonable precautions to minimise the risk of loss or damage to its business including, without limitation, its equipment and premises which may result from voltage variations; or
 - (2) the property is damaged consequentially by, rather than as a direct result of, the relevant *unauthorised voltage variation*;
- (c) in respect of any consequential loss including any loss of profits;
- (d) if the person enforces or attempts to enforce any other right it may have against the *distributor* in respect of the relevant *unauthorised voltage variation*; or
- (e) if the amount of compensation otherwise required by this guideline would exceed the jurisdictional limit of the *Ombudsman*, to the extent of the excess.

2.6 Dealing with claims

A *distributor* must:

- (a) begin and complete any assessment of the damage to a person's property as contemplated by clause 2.4.1(e)(2);
- (b) pay amounts under this guideline; and
- (c) if the amount paid is not the amount claimed by the person, or if the *distributor* has rejected the person's claim, provide the person with reasons and inform the person that the person has a right to raise a complaint with the *Ombudsman*, as soon as practicable.

DEFINITIONS AND INTERPRETATION

In this guideline:

(a) terms which appear *like this* and which are not otherwise defined in this glossary have the same meaning as in the *Electricity Distribution Code*; and

(b) *Electricity Distribution Code* means the Code of that name certified by the *Office*; *Office* means the Office of the Regulator-General under the *Office of the Regulator-General Act 1994*;

Ombudsman means Energy Industry Ombudsman (Victoria) Limited or any other entity which replaces Energy Industry Ombudsman (Victoria) Limited as the ombudsman running an industry-based scheme which deals with the provision or supply of, or failure to provide or supply, electricity;

qualified person means:

(a) in respect of an *electrical installation*, an *electrician*; and

(b) in respect to any other item of property, the manufacturer, appliance repairer or other person suitably qualified to assess the damage to the item;

repeated in relation to claims made by a person in connection with this guideline, means more than the number of claims included in the schedule to the *Electricity Industry Guideline 11 – Voltage Variation Compensation, Confidential Version*;

scheduled amount means the amount included in the schedule to the *Electricity Industry Guideline 11 – Voltage Variation Compensation, Confidential Version*;

supply address in respect of a person, means the address where the person is being or is to be supplied with electricity; and

unauthorised voltage variation in respect of an *electrical installation* and a *supply address*, means a voltage variation outside the limits prescribed by the *Electricity Distribution Code* and not originating in the *electrical installation* at the relevant *supply address*. For the purposes of this guideline, an electrical incident affecting the *electrical installation* at a *supply address* is to be taken to be an *unauthorised voltage variation* if the person provides the relevant *distributor* with a statement by a *qualified person* as contemplated by clause 2.3.1.