

## CASES RECEIVED

- ➔ Electricity cases were down 6%, gas cases were up 10%, dual fuel cases were up 45%, and water cases were up 14%.
- ➔ 4,109 cases were enquiries and 14,171 were complaints.
- ➔ 65% of the 18,280 cases were about electricity, 20% natural gas, 1% LPG, 2% dual fuel, 8% water and 3% other industry or non industry-related.
- ➔ 94% of customers contacted us by phone, 3% used email or our online complaint lodgement form and 2% wrote or faxed us.
- ➔ 92% of cases were lodged by residential customers.
- ➔ Taking residential populations into account, the parts of Victoria with the highest rates of residential cases to EWOV were the City of Melbourne, Loddon Shire, Pyrenees Shire, Moorabool Shire and the Rural City of Swan Hill.
- ➔ By comparison, the parts of Victoria with the highest raw numbers of residential cases were the City of Greater Geelong, Mornington Peninsula Shire, the City of Brimbank, the City of Darebin and the City of Melbourne.

## MOST COMMON ISSUES

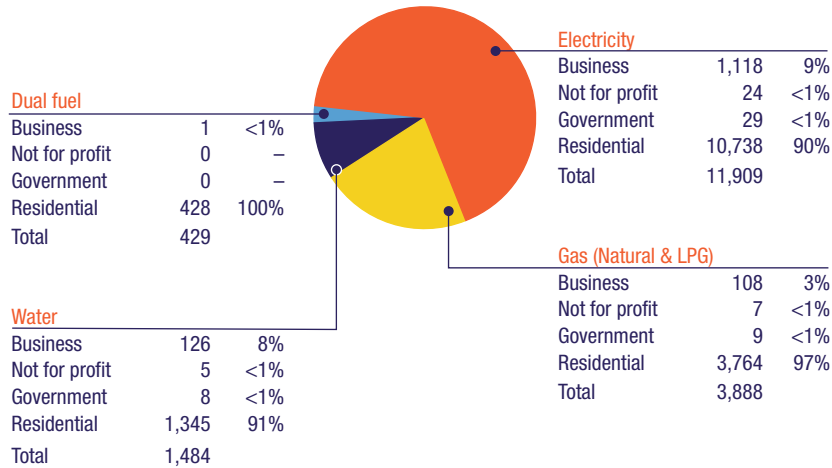
- ➔ Billing made up 39% of the issues raised by customers overall, most commonly high bills, billing errors and fees and charges.
- ➔ This was followed by retail competition at 21%. In relation to switching energy retailer, customers most commonly raised concerns about transfer errors, information provision and contract terms and conditions. The most common energy marketing issue was door-to-door sales, just ahead of phone sales.
- ➔ Credit was the third most common issue at 18%, in particular, account arrears and disconnection of energy supply.

After some years of successive case increases, EWOV case receipt overall seems to be stabilising.

We received 18,280 cases overall, up 3% from 17,763 last year.

## 2006-07 CASES & ISSUES CONTINUED

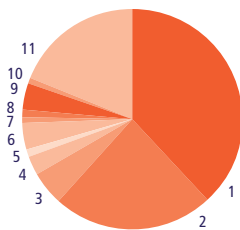
Figure 2: By industry, which customers contacted EWOV?



NOTES:

- \* There were also 570 other industry or non-industry related cases.
- \* Percentages are rounded to the nearest whole number and may not add to 100.
- \* The data for 2006/07 in this publication was run on 24 July 2007. Data from previous financial years is as published in previous Annual Reports.

Figure 3: How did customers find out about EWOV?



		%
1	Own knowledge	7,219 39
2	Information via an EWOV scheme participant	4,324 24
3	Word of mouth	1,005 5
4	Financial Counsellor/Community organisation	470 3
5	Regulator	126 <1
6	Government/MP	655 4
7	Media	64 <1
8	Other Ombudsman	84 <1
9	Community outreach	647 4
10	Other organisation	228 1
11	Not disclosed by customer	3,458 19
<b>Total</b>		<b>18,280</b>

**Figure 4: How have EWOV cases trended over the last few years?**

	Total	Electricity	Natural gas	LPG*	Dual fuel	Water	Other Industry^
2006-07	<b>18,280</b>	11,909	3,725	163	429	1,484	570
2005-06	<b>17,763</b>	12,636	3,426	102	296	1,303	
2004-05	<b>19,158</b>	13,491	3,882		529	1,256	
2003-04	<b>13,767</b>	9,624	2,769		238	1,136	

NOTES:

\* EWOV began receiving LPG cases in July 2005.

^ EWOV separated out other industry and non-industry related cases in July 2006.

**Figure 5: At 30 June 2007, what was the status of all complaints EWOV had received for full investigation?**

<b>Overall</b>							
Received						<b>5,184</b>	
Closed						<b>5,316</b>	
Open at 30 June 2007						<b>723</b>	
<b>Electricity</b>							
Received						3,663	
Closed						3,782	
Open at 30 June 2007						515	
<b>Gas</b>							
Received						1,134	
Closed						1,154	
Open at 30 June 2007						142	
<b>Dual fuel</b>							
Received						86	
Closed						87	
Open at 30 June 2007						7	
<b>Water</b>							
Received						301	
Closed						293	
Open at 30 June 2007						59	
		1,000	2,000	3,000	4,000	5,000	6,000

NOTE: Complaints closed includes a number of complaints received prior to 1 July 2006.

## 2006-07 CASES &amp; ISSUES CONTINUED

**Figure 6: How many EWOV cases were received from residential customers in each Shire/Council area across Victoria?**

Shire/Council area	# on map	Population*	Total residential cases 2006/07 <sup>^</sup>	Residential cases per 1,000 population	Shire/Council area	# on map	Population*	Total residential cases 2006/07 <sup>^</sup>	Residential cases per 1,000 population
City of Melbourne**	1	67,061	496	7.39	City of Stonnington	4	92,426	291	3.15
Loddon Shire **	53	8,444	46	5.47	South Gippsland Shire	48	27,243	84	3.09
Pyrenees Shire	51	6,442	33	5.17	Southern Grampians Shire	72	16,677	52	3.09
Moorabool Shire **	33	27,024	127	4.71	Borough of Queenscliffe	31	3,261	10	3.07
Rural City of Swan Hill	78	21,523	101	4.69	Rural City of Mildura	77	52,507	158	3.01
West Wimmera Shire	73	4,631	21	4.53	Rural City of Horsham	74	19,124	58	3.01
City of Maribyrnong **	7	63,595	288	4.52	City of Ballarat	41	88,968	267	3.00
Baw Baw Shire **	47	38,416	163	4.23	Moira Shire	66	27,880	84	2.99
City of Port Phillip **	5	85,674	363	4.23	City of Brimbank	17	174,174	521	2.99
Yarriambiack Shire	76	7,832	33	4.15	Rural City of Benalla and Mansfield Shire	46	21,539	64	2.97
City of Greater Shepparton	55	62,026	256	4.13	Mitchell Shire	35	32,473	93	2.85
Gannawarra Shire	65	11,610	47	4.05	City of Maroondah	18	103,165	293	2.84
City of Yarra **	2	71,287	284	3.98	City of Hobsons Bay	6	84,927	240	2.83
City of Darebin **	10	129,579	514	3.96	City of Boroondara	3	159,470	447	2.80
City of Warrnambool **	60	31,593	125	3.96	Rural City of Wangaratta	56	27,008	74	2.72
Mount Alexander Shire	43	17,576	69	3.94	City of Kingston	21	139,418	378	2.71
Central Goldfields Shire	52	13,153	51	3.89	City of Banyule	11	118,780	322	2.71
Rural City of Ararat	62	11,634	45	3.85	Yarra Ranges Shire	27	143,949	389	2.70
Bass Coast Shire **	38	29,408	113	3.85	City of Wyndham	22	118,230	318	2.69
Hepburn Shire **	42	14,892	57	3.81	Golden Plains Shire	40	16,453	43	2.62
Colac-Otway Shire	49	21,511	82	3.80	Melton Shire	23	77,481	197	2.54
Mornington Peninsula Shire	30	142,424	539	3.78	City of Manningham	12	115,756	287	2.48
Moyne Shire	61	15,734	60	3.78	City of Bayside	16	90,626	224	2.47
Glenelg Shire	71	20,137	76	3.77	City of Hume	24	150,624	369	2.45
Northern Grampians Shire	63	12,925	48	3.70	Strathbogie Shire	45	9,798	23	2.35
City of Greater Bendigo	44	96,997	355	3.66	City of Greater Dandenong	20	125,966	290	2.30
Macedon Ranges Shire	34	41,022	148	3.60	City of Monash	14	164,052	378	2.30
Campaspe Shire	54	37,901	136	3.58	Indigo Shire	67	15,325	34	2.22
City of Greater Geelong	32	208,012	742	3.56	City of Whitehorse	13	147,636	318	2.15
City of Frankston	29	119,149	421	3.53	Alpine Shire	57	13,518	29	2.15
Surf Coast Shire	39	23,522	83	3.53	Cardinia Shire	37	61,820	130	2.10
Buloke Shire	64	6,913	24	3.47	City of Casey	28	216,418	450	2.08
East Gippsland Shire	70	41,046	142	3.46	City of Knox	19	152,508	312	2.04
City of Moonee Valley	8	110,168	373	3.38	Towong Shire	69	6,202	12	1.93
City of Glen Eira	15	126,092	420	3.33	City of Wodonga	68	35,898	63	1.75
Corangamite Shire	50	17,139	57	3.32	Nillumbik Shire	26	60,941	105	1.72
City of Latrobe	59	70,454	233	3.31	City of Whittlesea	25	130,254	212	1.63
Wellington Shire	58	41,361	137	3.30	Murrindindi Shire	36	14,175	22	1.52
City of Moreland	9	138,180	443	3.21					
Hindmarsh Shire	75	6,319	20	3.17	<b>Overall</b>		<b>5,077,076</b>	<b>15,401</b>	<b>3.03</b>

## NOTES:

\* Populations based on [www.liveinvictoria.vic.gov.au](http://www.liveinvictoria.vic.gov.au)

\*\* These Shire and Council areas were in the top 20 for residential cases per 1,000 population in both 2005/06 and 2006/07.

<sup>^</sup> Cases allocated to Shires/Councils based on the suburb/postcode. Where a suburb/postcode bridges more than one Shire/Council, cases have been divided across those Shires/Councils. The sum of cases for each Shire/Council has then been rounded to the nearest whole number.

It excludes 1,427 residential cases where the customer did not disclose a Victorian suburb/postcode or was from interstate or overseas.

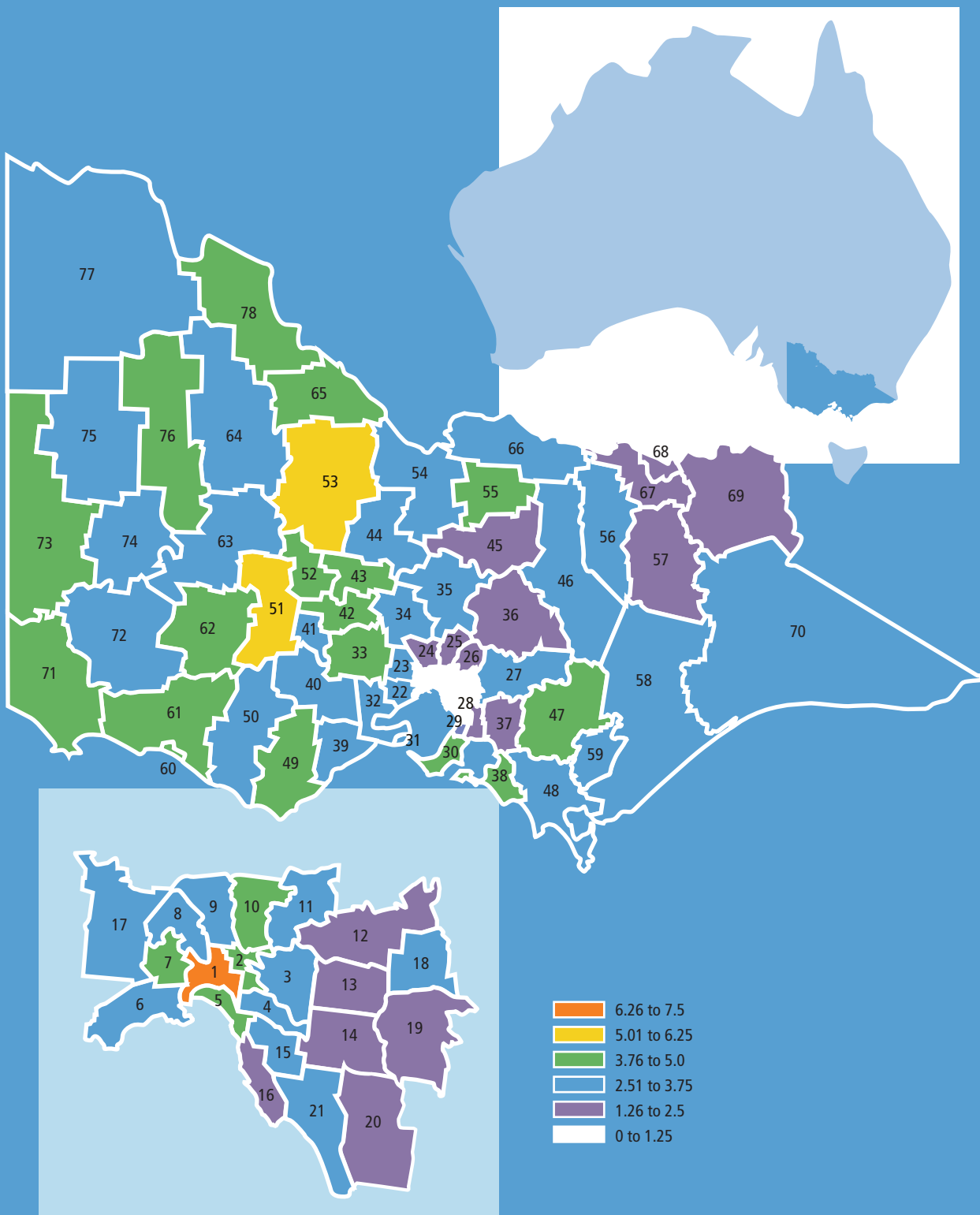


Figure 7: Case outcomes 2006/07



NOTE: For explanations of complaint types and outcomes, see page 16.

## CREDIT-RELATED DISCONNECTION AND RESTRICTION

After the Victorian Government introduced the 'wrongful disconnection payment' (WDP) legislation in December 2004, the number of energy disconnection cases EWOV was receiving fell and remained low through the 2005/06 year.

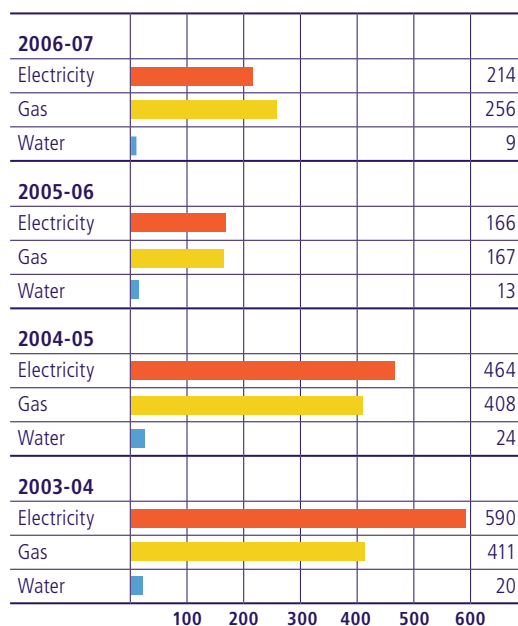
However, in 2006/07, cases about 'actual' disconnection increased again — up 29% in electricity (from 166 to 214) and up 53% in natural gas (from 167 to 256). We believe these case increases are reflective of a rise in disconnections generally across Victoria, as reported by the ESC.

EWOV categorises credit-related disconnection and restriction cases as either 'actual' or 'imminent' (see Figures 8 and 9 at right). 'Actual' means the customer was already off supply when they contacted EWOV. 'Imminent' means the customer was facing disconnection or restriction, and had most likely received a warning notice.

WDP-related complaints continue to provide us with conciliation challenges. Energy retailers have generally improved their processes to ensure that all regulatory requirements are met. However, investigation timeframes for these complaints are longer than for most other complaint issues — some retailers still have a way to go in providing all the required information in a timely and comprehensive manner.

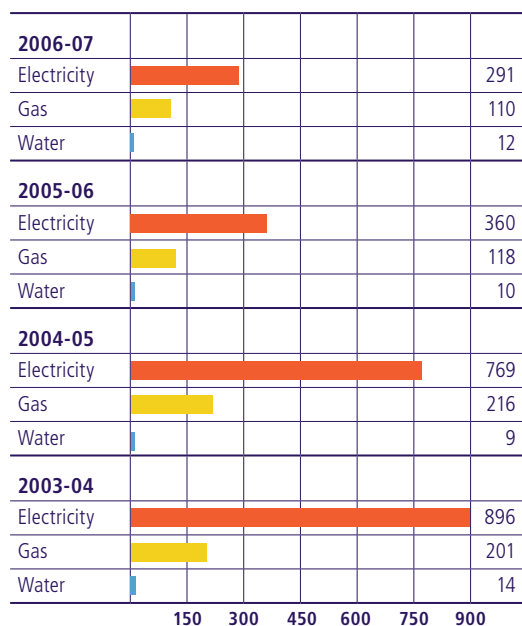
Energy retailers agreed to pay a WDP in 102 of the complaints we investigated. In a further 14 complaints, retailers disagreed with us that a WDP was payable, so we referred the matter to the ESC for a decision. In 13 of those, the ESC agreed with our assessment and directed the retailer to make the payment.

**Figure 8: How have actual disconnection/restriction cases trended?**



NOTE: Dual fuel cases are registered against the fuel disconnected.

**Figure 9: How have imminent disconnection/restriction cases trended?**



### ENERGY RETAIL COMPETITION

Since 2002, under 'retail competition', all Victorian customers have been able to choose their energy retailer. During 2006/07, some 1,007,000 Victorian customers switched electricity or gas retailer, or both. This was up 24% — almost 194,000 customers (118,000 electricity and 76,000 natural gas) — on the number of customers switching in 2005/06<sup>2</sup>.

At the same time, EWOV's energy retail cases increased only 4% — by 503 overall, 26 in electricity, 361 in natural gas case and 116 in dual fuel.

Comparing EWOV cases with customers switching energy retailer — we received 14 cases for every 1,000 switches, down from the 17 cases for every 1,000 switches in 2005/06.

The issues that arise in energy retail competition cases are about either marketing or transfer.

Marketing covers energy retailers' sales or advertising activities. As Figure 11 shows, the issue of door-to-door sales remained the marketing issue customers complained about most commonly (50%), followed by phone sales (34%).

Transfer is the process of switching from one retailer to another. As Figure 10 shows, transfer error (24%) remained the most common transfer issue. Information provision (at 22%) overtook contract terms and conditions (at 21%).

We monitor energy retail cases for potential compliance issues in relation to the *Energy Marketing Code* and *Energy Retail Code*, the *Fair Trading Act 1999* (Vic) and the *Trade Practices Act 1974* (Cwlth).

<sup>2</sup> Sources of data on customers switching are the National Electricity Market Management Company (NEMMCO) and the Victorian Energy Networks Corporation (VENCorp). The figures may include customers making multiple switches.

In 2006/07, customers contacting us registered their dissatisfaction with the following practices:

- door-to-door sales to non-account holders, to the elderly and to people with limited English
- marketing directed at people who — according to the person phoning us on their behalf — didn't have the capacity to provide explicit informed consent to a market contract
- people being asked to sign a document, unaware that it was a contract
- people being told, or coming to believe, 'things would stay the same' if they agreed to a new contract
- sales representatives saying, or implying, they were 'from the government' or had some government connection, or that the energy retailer they represented was 'taking over' in the area
- sales representatives saying 'nothing will change except your bill' or 'the supplier will stay the same' — statements which, while they had some truth, took advantage of the average customer's lack of understanding of the relationship and differences between energy retailers and distributors
- sales representatives wearing fluorescent work vests — for some customers this created the impression that they were linesmen, not salespeople, and inferred there may be a need to switch, not a choice
- people agreeing to receive further information, and then receiving a 'new customer' welcome letter
- delays in receiving important contract information, or in replying to customers' phone calls or letters.

As appropriate, we provided reports on these issues to the energy retailers concerned, and to the ESC, Consumer Affairs Victoria (CAV), the Australian Competition and Consumer Commission (ACCC) and the Australian Energy Regulator (AER), by way of a *Market Conduct Reporting Protocol*.

**Figure 10: What were the most common transfer issues?**

Error	632
Information	574
Contract (terms & conditions)	568
Delay	350
Cooling off rights	203
Billing	178
Disconnection	81
Offer	54
Objection	22
<b>Total</b>	<b>2,662</b>

**Figure 11: What were the most common marketing issues?**

Door-to-door sales	778
Phone sales	529
Information	110
Other sale	75
Advertising	31
Written offer	26
<b>Total</b>	<b>1,549</b>

## SYSTEMIC ISSUES

### How we define systemic issues

EWOV's role includes the identification of systemic issues. Our jurisdiction on systemic issues matters is sourced directly from the EWOV *Charter and Constitution*. In 2007, the Board approved an enhanced *Systemic Issues Policy*, to provide clarity to all stakeholders about our systemic issues role.

Our definition is drawn from the definitions used by the Australian Securities & Investments Commission (ASIC), other Ombudsman schemes, current thinking on best practice, and the *Benchmarks for Industry-Based Customer Dispute Resolution Schemes* (the *National Benchmarks*).

For EWOV, a systemic issue may be defined as, but is not limited to, one or more of (1) an issue, (2) a problem or (3) change in provider policy or practice that does affect, or has the potential to affect, a number of customers. It may be caused by a range of things in isolation or together. These include, but aren't limited to, a system change, an alteration in performance levels, a policy or procedure change, lack of policy/procedure, lack of clear regulatory guidelines, regulatory non-compliance, the conduct of a provider's employee, agent, servant, officer or contractor, and the action of a stakeholder (such as a legislative/regulatory change leading to misunderstanding/misapplication of the change).

### How we handle them

Our current process involves the identification, registration, investigation, referral and reporting of systemic issues:

- identification — systemic issues are identified through case receipt, review of case numbers, individual case issues, staff feedback and advice from stakeholders, including scheme participants, regulators, consumer groups and the media
- registration — we maintain a register of all actual and potential systemic issues
- referral — systemic issues are referred to scheme participants and regulators for information, advice or action
- investigation — where a regulator has a statutory responsibility to carry out its own investigation, we undertake an initial analysis to work out whether the issue is potentially systemic, then refer the matter to that regulator (e.g. the ESC on electricity and natural gas issues) — otherwise, we investigate it
- reporting (internal) — issues are reported to our staff in training sessions and internal reports
- reporting (external) — our six-monthly publication, *Resolution*, and our *Annual Report* include advice about systemic issues, regulators are informed about systemic issues at meetings and in reports, and scheme participants are informed via the complaint investigation process, external reports or public reports.

Systemic issues have the capacity to adversely affect large numbers of customers and/or particular customer groups, sometimes on an ongoing basis. Some of these customers contact EWOV, but others don't.

By taking a proactive approach, we can work with scheme participants to bring about redress and reduce possible wider impact. This also promotes more efficient industry practices and a reduction in complaints.

## SYSTEMIC ISSUES IDENTIFIED IN 2006/07

SI/2005/51

**Electronic and interval meters**

Customers have continued to raise complaints with us about issues related to electronic and interval electricity meters. We've been specifically reviewing incidents where customers have lost some or all access to off-peak billing — either after an electronic meter was installed or, where the meter was already in place, the customer had transferred to a new retailer.

The issues relating to interval meters are complex and will take time to resolve. They continue to be reviewed in detail with the ESC, Energy Safe Victoria (the safety regulator) and providers. We've included a case study which highlights these issues on page 38.

SI/2007/44

**Meters read, but data substituted**

Our investigation of one electricity retail case indicated that 1,500 customers with interval meters had their data usage substituted, even though their meters had been read. This meant their bills didn't reflect their actual usage.

The electricity retailer said the interval meter roll-out had presented a challenge for the industry and that it was working to upgrade its systems. It sent amended bills to all the affected customers, based on actual reads. We referred the issue to the ESC.

SI/2007/23

**Electronic meter recording issue**

A distributor's data system was unable to distinguish the different registers used by some electricity meters to record energy use. As a result, some customers had been billed on part of their usage only. EWOV noted the issue in three complaints.

The distributor identified that the issue affected 444 customers with a specific type of meter it had installed in 2005/2006. The distributor found that its system had been bundling meter reads together. It fixed its system in November 2006 to separate peak and off-peak readings. This enabled retailers to issue amended accounts. We referred the matter to the ESC for investigation in line with its statutory responsibilities.

SI/2006/44

**Getting through to a call centre**

Customers were unable to contact an electricity retailer by telephone during peak times when there were a large number of customer calls. We received 33 cases over five days. The electricity retailer hired 24 new full time staff and updated its interactive voice response (IVR) system to streamline customer calls. Direct retailer contacts were provided for any customers contacting EWOV.

SI/2007/4

**Errors and delays with water bills**

In the course of resolving complaints, we noted that some customers of a metropolitan water provider experienced errors and delays with their bills. The provider advised us these had been caused by a significant change to its billing system. The errors included bills without volume graphs, incorrect reads and mistakes about the ancillary charges.

About 600 accounts were delayed in December 2006 while the water provider fixed the cause of the errors. It then sent correct bills to all affected customers. It also changed its processes to ensure that its billing system is regularly updated. This will reduce the likelihood of similar errors in the future.

SI/2007/45

**Billing system error results in undercharging**

A billing system error by an electricity retailer meant that customers with both peak and off-peak electricity usage were only billed for the peak usage component. The error affected 12,500 customers in Victoria and interstate. These customers were undercharged, as they weren't billed for their off-peak usage.

The electricity retailer proactively advised the ESC and EWOV. We received six cases about this issue.

The electricity retailer sent customers a letter with a backbill. It set up a specific phone number and staff team for these customers to call. Under the *Energy Retail Code*, the retailer could recover only the last nine months of undercharges and had to offer 'equal time to pay'. The retailer fixed the system error to prevent the issue recurring.

SI/2007/51

**Business customers affected by multiplier error**

Approximately 250 business customers of an electricity retailer were undercharged as a result of a billing error — a multiplier of 40 hadn't been applied. A 'multiplier' is a factor applied to high usage accounts, which translates meter readings into actual electricity usage.

The electricity retailer phoned and wrote to all affected customers to explain what had occurred. It issued amended accounts. The recovery of the undercharges was limited to nine months, in line with the *Energy Retail Code*.

The retailer and EWOV advised the ESC about the issue. EWOV received four cases.