

2007  
ANNUAL  
REPORT



Energy and Water  
Ombudsman (Victoria)

*Resolving your electricity, gas & water complaints. Independently.*

## OUR ROLE

We receive, investigate and facilitate the resolution of energy and water complaints.

We provide independent advice, information and referral.

We identify systemic issues and refer them to providers and regulators.

We work with customer groups and industry to achieve customer service excellence.

## OUR VISION

To be a responsive, innovative and dynamic organisation, which is recognised for excellence.

## OUR GUIDING PRINCIPLES

**Independence:** complaint resolution not advocacy

**Access:** readily accessible to individual customers

**Equity:** fairness to all parties

**Quality:** highest professional standards

**Effectiveness:** high calibre people, supported by training and technology

**Efficiency:** optimal use of resources

**Community awareness:** foster community awareness

**Linkages:** effective links and working relationships

## NATIONAL BENCHMARKS

EWOV complies with the *Benchmarks for Industry-Based Customer Dispute Resolution Schemes* published in 1997 by the Commonwealth Department of Industry, Science and Tourism. These *National Benchmarks* focus on the principles of accessibility, independence, fairness, accountability, efficiency and effectiveness.

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→ **18,280 cases**

trend towards stabilisation  
of overall case numbers

observations from the  
Ombudsman on page 6

→ **5,184 complaints  
received for  
full investigation**

case numbers & common issues from page 19  
case types on page 16

→ **5,316 complaints fully investigated  
and closed**

\$1,740,406 in billing adjustments, fee waivers,  
debt reductions, other payments  
breakdown on page 24

→ **Systemic  
issues policy  
enhanced**

definition and processes  
explained on page 27  
issues and impacts on  
pages 27 and 28

→ **Best ever organisational performance**

against key performance indicators set by the EWOV Board  
highlighted by the Board Chairperson on page 3

→ **Initiatives to assist scheme participants**

workshops, training, conference, extranet  
discussed by the Ombudsman on page 6

→ **Strong support  
for our community  
activities**

positive feedback on the value  
of being proactive  
how we're staying connected  
on pages 31 and 32

→ **25 public submissions  
on energy and  
water issues**

significant contributions to policy development  
submissions to state and national developments  
listed on page 29

The Ombudsman, Fiona McLeod, and the Chairperson of the EWOV Board, the Hon. Tony Staley AO, are pleased to present EWOV's 2007 Annual Report.



The EWOV scheme is now in its 12th year. It has handled over 115,000 cases, 18,280 of those in 2006/07.

### CORPORATE GOVERNANCE

EWOV Limited is a company limited by guarantee. The principal activity of the company is to receive, investigate and facilitate the resolution of complaints by consumers regarding electricity, gas and water services.

The company is legally separate from, and independent of, the energy and water providers and government.

This independence is reflected in the EWOV Board — which has an independent Chairperson, four Community/Consumer Directors nominated by the Essential Services Commission (ESC) and four Industry Directors elected by scheme participants.

The Board, established in accordance with the *Constitution and Charter*, is responsible for the business affairs and property of EWOV Limited. This includes corporate governance, the setting of budgets, risk management, strategic planning and ensuring the Ombudsman's independence.

The Ombudsman has the responsibility for the day-to-day operation of the EWOV external dispute resolution (EDR) scheme.

The roles of the Board and the Ombudsman are complementary, with the Ombudsman attending Board meetings.

Although the past year presented a number of challenges, the EWOV team continued to deliver improvements. Indeed, the staff produced their best organisational performance ever against the key performance indicators set by the Board.

This included meeting targets for the closure of enquiries and each type of complaint — and improving those from the previous year, taking into account the complexity of wrongful disconnection payment (WDP) and interval meter complaints. At the same time, costs were managed to enable the scheme to come in under budget.

These were impressive results, made more so by the fact that EWOV, like many Australian organisations, found itself dealing with significant staff turnover.

During the year, our scheme lost a number of experienced people — several of whom were promoted into positions in other organisations. While this is a wonderful testament to the quality of EWOV staff, it presented significant challenges for the scheme's day-to-day operations.

The Ombudsman kept the Board fully informed as an ongoing, intensive programme of recruitment, training and induction was undertaken to fill the vacancies. This has ensured that new staff have not only brought the requisite skills and experience, they have quickly come to understand the way EWOV operates and our scheme's goals and values. Welcome to those of you who joined the EWOV team over the past year.

I also take this opportunity, on behalf of the Board, to thank the Ombudsman, Fiona McLeod, and all EWOV staff for the professionalism and commitment you bring to your roles every day. EWOV is very highly regarded among all of its stakeholders and this reflects your excellent work.

The Board itself also experienced some change during the year. In September 2006, we farewelled Sandro Canale of AGL, after a term of three years. In October 2006, we welcomed Karen Lowe of TRUenergy as a Director, after her election by EWOV's electricity industry scheme participants.

**Appointed as Chairperson on 30 November 1998, Tony Staley is a former Commonwealth Government Minister, educated in law and political science. Made an Officer of the Order of Australia in January 2007, he is also Chairman of the National Museum of Australia.**

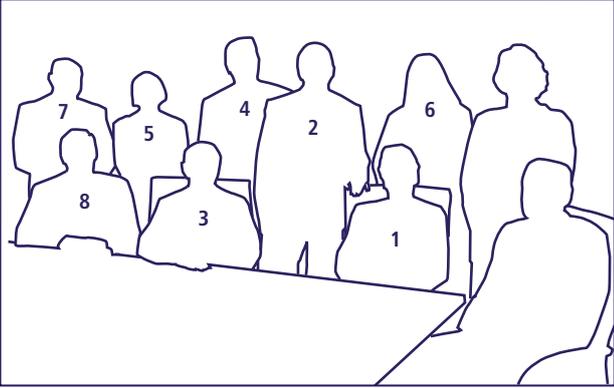
We congratulated Consumer Director, Chris Field, on his appointment as Western Australian Ombudsman and accepted his resignation from the Board in March 2007, after a term of six years. On the recommendation of the ESC, the Board ratified the appointment of Carolyn Bond as a Consumer Director in June 2007. Carolyn is the co-CEO of the Consumer Action Law Centre in Victoria. In addition, Consumer Directors, John Mumford and Mark O'Brien were each reappointed on the ESC's recommendations for a further three year term.

EWOV works with industries which have faced enormous change over the past decade. Looking forward, this will continue to be the case. At the same time, EWOV's capacity to make significant contributions for the benefit of all stakeholders has grown. We look forward to meeting the challenges that 2007/08 brings our way.



**Hon. Tony Staley AO**  
EWOV Chairperson

# 4 EWOV DIRECTORS



**1. CAROLYN BOND****Community/Consumer Director**

appointed 27 June 2007

Carolyn Bond has worked in the consumer advocacy field for over 20 years. She is currently the co-CEO of the Consumer Action Law Centre. Carolyn represents the consumer interest on a range of bodies, and was recently Chair of the Consumers' Federation of Australia.

**2. NEIL BRENNAN****Industry Director**

appointed 22 August 2002

A Past President of the Institute of Water Administration, Neil Brennan has been employed in the Victorian water industry since 1986. He is Chief Executive Officer of Central Highlands Water.

**3. RICHARD GROSS****Industry Director**

appointed 14 December 2001

Richard Gross is General Manager Regulation for CitiPower Pty and Powercor Australia Ltd. A member of the original Electricity Industry Ombudsman (Victoria) Council, he has extensive experience in network revenue/pricing, financial planning and analysis.

**4. DAVID HEADBERRY****Community/Consumer Director**

appointed 20 June 2002

A qualified engineer, David Headberry is Managing Director of Headberry Partners P/L, which specialises in assisting energy customers secure low-cost, reliable energy supplies in all Australian states. He has been an active advocate for customers on energy matters for over a decade.

**5. KAREN LOWE****Industry Director**

appointed 26 October 2006

Karen Lowe is Director Retail with TRUenergy. Employed in the energy industry for almost 10 years, she has held senior management positions in Retail, Customer Services, Finance and Human Resources.

**6. KAREN MOSES****Industry Director**

appointed 20 October 2005

Chief Operating Officer, Australia for Origin Energy Limited, Karen Moses has over 20 years experience in the energy industry in Australia and overseas. She is also a Director of the Victorian Energy Networks Corporation (VENCorp), the Centre for Engineering Leadership and Management, and Contact Energy Limited in New Zealand.

**7. JOHN MUMFORD****Community/Consumer Director**

appointed 30 June 2004

A financial counsellor at Bass Coast Regional Health in Wonthaggi, John Mumford has a strong background in grassroots consumer advocacy specialising in rural issues. He is also a Director of the Consumer Utilities Advocacy Centre, Victoria.

**8. MARK O'BRIEN****Community/Consumer Director**

appointed 30 June 2004

Mark O'Brien is CEO of the Tenants Union of Victoria. He has worked in tenancy advice and advocacy in both a paid and unpaid capacity since 1987. Prior to this, he worked in government and the construction industry as a civil and structural draftsman.

**STEVE MORRIS****Company Secretary**

appointed 9 October 2000

Steve Morris is EWOV's Business Manager.

Fiona McLeod was appointed as Australia's first electricity ombudsman in 1995 and has overseen the expansion of the EWOV scheme to the gas and water industries. She has also served as Commissioner and Assistant Commissioner for Equal Opportunity in Victoria and as a Conciliator/Community Educator for the Victorian Equal Opportunity Commission and the Human Rights and Equal Opportunity Commission, Queensland.

### TRENDING TOWARDS MORE STABLE CASE RECEIPT

For a few years, EWOV case receipt increased year after year. In our *2002 Annual Report*, I wrote about receiving 6,658 cases during the year. By the time I reported on the 2004/05 year, our cases had leapt 188% to 19,158, over four years.

In the *2006 Annual Report*, I cautiously welcomed a 7% fall in cases as a sign that we'd possibly seen the end of successive massive increases.

While cases increased a little in 2006/07 — up 3% to 18,280 — the overall trend towards stabilisation has been maintained. Complaints received for full investigation fell 3%.

I think that, through a combination of EWOV activities and resources for scheme participants, we've played a role in bringing about this level of case stabilisation.

Over the last couple of years, we've put a lot of work into helping scheme participants improve their internal dispute resolution (IDR) processes. In 2006/07, we facilitated nine complaint handling workshops, attended by over 200 scheme participant staff. One of these was an advanced workshop introduced at the request of attendees at the introductory workshops.

At the same time, we've continued to run sector-specific training sessions for scheme participants — for example, how EWOV investigates wrongful disconnection issues, high energy bills and high water bills. 20 sector-specific sessions were run in 2006/07.

We ran our first scheme participant conference during the year — a well received mix of the latest in dispute resolution practices, practical complaint handling workshops, and the opportunity to share experiences with those doing similar jobs across industries. We plan to run the conference annually.

We also introduced a scheme participant 'extranet'. This is a secure website through which scheme participants now receive their EWOV case reports. As well, it gives them ready access to resources, including the case handling manual, contact lists, frequently asked questions and case studies.

In addition, *EWOV Link*, our quarterly electronic newsletter for scheme participant staff, continues to provide the latest information on case trends, issues and tips for addressing particular types of complaints.

## MEETING SOME EMPLOYMENT CHALLENGES

As highlighted by EWOV Chairperson, Tony Staley, in his message on page 3, it was a challenging year for us on the employment front. Staff departures, including all four Conciliation Team Co-ordinators, saw us recruiting at a time when the human resources market was very tight. This wasn't completely unexpected, but the suddenness and level of the attrition had a significant impact.

We were able to recruit well though. We also worked hard on induction and building relationships among existing and new staff. While we ended 2006/07 with quite a different team overall, our selection and induction procedures ensured that we've maintained the team's high quality and commitment.

## ACHIEVING KEY PERFORMANCE INDICATORS

The level of staff turnover, and the impact of ongoing recruitment and induction, meant there were times during the year when we found ourselves really stretched — management of workloads and meeting of key performance indicators (KPIs) became very challenging.

In this context, the outstanding staff achievements noted by EWOV Chairperson, Tony Staley — in relation to KPIs and, in particular, complaint-related KPIs — were even more significant. As it turned out, our KPI performance in 2006/07 was the best we've achieved.

## REVIEWING OUR PERFORMANCE

Independent review is an ongoing feature of EWOV's operation. It enables us to take a look at what we're doing through fresh eyes — and, because it's an ongoing programme, we can focus in on particular aspects and make timely changes to address any shortcomings. On page 9, you'll find a stocktake of our continuous review activities since EWOV commenced operation in 1996.

In 2006/07, as part of our quality assurance programme, we commissioned an independent evaluation of a number of aspects of our compliance with EWOV's obligation to function independently and impartially. This included compliance with the rules of natural justice and procedural fairness in our policies, processes, investigations and complaint outcomes. The evaluation was very positive for all four of these aspects.

At the beginning of 2007, we undertook an independent assessment of consumers' awareness of EWOV. *Resolution 24*, released in September 2007, contains a more detailed report but, overall, our surveying confirmed good general levels of consumer awareness.

## IMPROVING OUR PUBLIC REPORTING

Public reporting is a hallmark of the EWOV scheme, one of our aims being to put meaningful information about energy and water issues into the public arena. Always looking to improve our reports, during the year, we introduced clearer trend reporting, the use of bandwidths to put energy retailers' case numbers into context, and maps showing where in Victoria our cases are coming from.

## BUILDING COMMUNITY AWARENESS

Community visits, joint projects and publications underpin EWOV's community liaison strategy. There's an overview of our 2006/07 activities on pages 31 and 32.

I took part in as many of the community visits as I could, accompanied by different members of the EWOV team. This gave several of us the opportunity to discuss EWOV's role, and energy and water issues, with a range of community groups. It also went a long way towards keeping us in touch with customer concerns and building valuable ongoing community links.

We continued to produce and distribute *EWOV Connect*, our electronic newsletter for workers in community, welfare and health service agencies. A survey of readers revealed a 93% very good/good satisfaction rating, which confirms that we're on track with this still relatively new publication.

## CONTRIBUTING TO POLICY DEVELOPMENT

For some years now, EWOV has supported a requirement on energy and water providers to provide accessible and effective hardship programmes for customers in financial difficulty. We were, therefore, very pleased to see the Essential Services Commission approve the hardship policies of 13 energy retailers in mid-2007. You can read more about this development on page 30.

We drew on our practical case handling experience, to make 25 public submissions to regulatory and government authorities during the year. These are listed on page 29. Our comments often had a preventative focus as we highlighted issues causing recurrent complaints — and potential issues that could do the same. It's our strong belief that, taken on board, our independent insights can help prevent customer dissatisfaction, leading to fewer complaints for providers and for EWOV.

## OMBUDSMAN'S REPORT CONTINUED

With the move to national energy regulation firmly underway, we made several contributions to consultation papers put out by the Ministerial Council on Energy (MCE) and its various working groups. We regard the Victorian energy consumer protection framework as 'best practice' (overall) and would be concerned should the move to national regulation diminish current consumer protections in Victoria.

We also continued to analyse cases and identify and report on systemic issues, in line with the systemic issues policy approved by the Board. You'll find a systemic issues report on pages 27 and 28.

### WORKING WITH OTHER OMBUDSMAN SCHEMES

EWOV maintained its active involvement within the Australian and New Zealand Ombudsman Association (ANZOA) and the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON).

ANZOA is a professional association, the membership of which includes Ombudsmen from industry-based schemes and Parliamentary Ombudsmen. Matters considered by ANZOA members over the past year included the identification and addressing of systemic issues, external review of Ombudsman schemes, benchmarking of workloads and efficiency measures, and the use of the term 'Ombudsman'. Ombudsman staff also shared ideas and developed initiatives through ANZOA's 'learning and development' and 'public relations and communications' interest groups. An 'information technology' interest group has recently been established for a similar purpose.

ANZEWON is a network of energy and water schemes operating in New Zealand and across Australia — in Victoria, New South Wales, South Australia, Western Australia, Tasmania and now, Queensland.

Over the last couple of years, ANZEWON's Australian schemes have been moving towards consistency on a number of fronts. To this end, we've now achieved the alignment of issues categories — other than where regulatory instruments and industries differ — between EWOV and the Energy & Water Ombudsman NSW. The new categories came in from July 2007 and offer benefits for all stakeholders.

Essentially, scheme participants operating in both Victoria and New South Wales now have to work with one set of issues only. This makes it easier for them to identify and address issues across their business as a whole, as well as those which are State-based. For our own staff, the new issues categories are more intuitive and easier to work with.

Another outcome will be greater consistency in public reporting among ANZEWON schemes, particularly in our annual reports. This should assist community organisations, customer groups and others, including energy regulators, who wish to compare case receipt across jurisdictions.

### THANK YOU

While the changing face of EWOV created some considerable challenges, the EWOV team turned in an inspirational performance during another busy year. Thank you all for the enthusiasm and commitment you bring to your work.

EWOV is a robust, high quality, flexible and adaptable organisation which, once again, has demonstrated its capacity to weather and embrace change. We know where we want to head and we know what we need to do to get there. We move into 2007/08 with a renewed sense of purpose, lots of energy and enthusiasm, and a commitment to our role in resolving energy and water complaints — independently.



**Fiona McLeod**

Energy and Water Ombudsman (Victoria)

The concept of independent review is inherent in the eight principles guiding how EWOV works:

- **independence** — complaint resolution not advocacy
- **access** — readily accessible to individual consumers
- **equity** — fairness to all parties
- **quality** — highest professional standards
- **effectiveness** — high calibre people, supported by training and technology
- **efficiency** — optimal use of resources
- **community awareness** — foster community awareness
- **linkages** — effective links and working relationships

It's also explicit in EWOV's *Constitution*:

The Board shall conduct reviews of the Scheme and develop proposals for its continued operation. All reviews shall be conducted in consultation with interested parties, including groups representing customers of electricity, gas or water services and community groups representing public interest issues relevant to electricity, gas or water services. (Clause 24)

## A PROGRAMME OF CONTINUOUS REVIEW

Rather than wait three or five years before getting a picture of how we're operating, we've established EWOV's review process as an ongoing programme. In this way, we can more quickly focus in on particular aspects of our operation — to check how well our principles are being translated into actions and, as necessary, implement improvements.

Aspects under review generally fall into one of four categories — corporate governance, case handling policy and practice, how aware consumers are of our services, and how well we communicate with a range of stakeholders.

Reviews are carried out by respected independent consulting firms/consultants with recognised expertise in the aspect of our operation that's under review.

## CORPORATE GOVERNANCE

EWOV operates in accordance with a *Constitution* and *Charter*. Eight reviews of these key instruments have been undertaken since the scheme was set up in 1995, including in:

- November 1998, at the time of the proposed entry of the gas industry (retail sector)
- April 2001, at the time of the proposed entry of the water industry
- November 2001, at the time of the proposed entry of the gas industry (distribution sector)
- March 2005, at the time of the proposed entry of the liquefied petroleum gas (LPG) industry
- May 2006, at the time of the introduction of the concept of 'contracting participants' whereby other participants in the electricity, gas and water industries can join EWOV by agreement.

The Board has undertaken a benchmarking exercise against other energy and water Ombudsman schemes, using publicly available data from all schemes in 2005. This included *Charter* and *Constitution* comparisons.

The Board has also conducted four significant reviews, and six smaller reviews, of the scheme's charging model. In addition, the calculation of levies and audit of the billing system against case numbers is subject to annual audit by an accounting firm.

An independent review of Board performance is planned for late 2007.

# ONGOING PROCESS OF REVIEW CONTINUED

## CASE HANDLING POLICY AND PRACTICE

Independent customer satisfaction surveys undertaken in 1999 and 2004 have provided feedback on our case handling policies and practices for investigated complaints. The next survey is planned for late 2007.

As well, our Case Handling Advisory Committee meets twice a year. Through it, industry, consumers and independent procedural fairness/alternative dispute resolution experts provide input to our case handling policy and practice.

EWOV has one of the most extensive quality assurance programmes of any scheme in the country. It uses staff who weren't involved in collecting the original data and comprises:

- weekly checking for data quality/accuracy of customer contact and disconnection information
- monthly checking to validate case data, with a 20% minimum of all cases received fully checked, all cases reviewed by exception reporting, and 10 – 15% of all closed complaints fully reviewed
- regular independence and impartiality reviews of case handling policy and practice by an external reviewer
- annual satisfaction surveys of customers who are referred to providers' higher-level contacts
- activity reports on KPI achievement, case trends and outcomes
- checking of data for public reporting
- report generation for internal use and for distribution to scheme participants by the fifth working day of each month
- a data checking log — used to identify trends and training needs.

The internal auditing process is overseen by management to ensure accuracy and validity of information, and compliance with case handling policy and procedures. In 2005, the Case Analyst, independent of case management, completed a review of internal processes against the *ISO 9001:2000 Quality Management Systems Standard* to ensure that they were sufficiently robust.

## CONSUMER AWARENESS

In addition to the independent customer satisfaction surveys undertaken in 1999 and 2004, since early 2007, we've been undertaking independent general consumer awareness surveys.

We were also part of the Federal Government's *National Benchmarks* national survey of customers in 1999.

## COMMUNICATING WITH STAKEHOLDERS

An independent stakeholder survey — of scheme participants, government, consumer groups and regulators — was undertaken in 2005. Following this, the Ombudsman, with the Board's endorsement, met with the CEO of every EWOV scheme participant over a 12-month period. This facilitated further face-to-face discussion about the scheme and any suggested improvements. The next stakeholder survey is scheduled for 2008/09.

In 2005, we commissioned an independent review of EWOV's public reporting regime, from which we took up a number of suggestions for improving how we presented our case information.

We regularly survey readers of our publications. In addition, at least twice a year, we undertake independent staff surveys on various aspects of our operations. An independent stocktake workshop is also undertaken every year, with EWOV staff.

# SCHEME PARTICIPANTS

## ELECTRICITY RETAILERS

AGL Sales Pty Ltd  
 Alinta AE  
 Australian Power & Gas Pty Ltd  
 Aurora Energy  
 CitiPower Pty #  
 Click Energy  
 Country Energy  
 EA-IPR Retail Partnership ▲  
 EnergyAustralia  
 Energy One\*  
 Integral Energy Australia  
 Jackgreen International Pty Ltd  
 Momentum Energy Pty Ltd  
 Origin Energy Electricity Ltd  
 Our Neighbourhood Energy  
 Powerdirect Pty Ltd  
 Powerdirect Australia Pty Ltd °  
 Red Energy Ltd  
 SPI AusNet (SPI Electricity Pty Ltd)  
 Sun Retail Pty Ltd +  
 TRUenergy Pty Ltd (SPI Retail Pty Ltd)  
 Victoria Electricity Pty Ltd

## ELECTRICITY DISTRIBUTORS

Alinta AE Limited »  
 CitiPower Pty  
 Powercor Australia Ltd  
 SP AusNet (SPI Electricity Pty Ltd)  
 United Energy Ltd (Alinta Asset Management)

## ELECTRICITY TRANSMISSION COMPANIES

National Grid Australia Pty Ltd (Basslink Pty Ltd)  
 SP AusNet (SPI PowerNet)

## NATURAL GAS RETAILERS

AGL Sales Pty Ltd  
 AGL Sales (Queensland) Pty Ltd ++  
 Australian Power & Gas Pty Ltd  
 EA-IPR Retail Partnership ▲  
 EnergyAustralia  
 Origin Energy Retail Ltd  
 Origin Energy (Vic) Pty Ltd  
 TRUenergy Pty Ltd (SPI Retail Pty Ltd)  
 Victoria Electricity Pty Ltd

## NATURAL GAS DISTRIBUTORS

Envestra Limited  
 Multinet Gas (Alinta)  
 SP AusNet (SPI Networks (Gas) Pty Ltd)  
 Vic Gas Distribution Pty Ltd

## LPG (LIQUEFIED PETROLEUM GAS) RETAILERS

Elgas Limited  
 Origin Energy Retail Ltd  
 Powergas Pty Ltd  
 Supagas Pty Ltd  
 Wesfarmers Kleenheat Gas Pty Ltd

## METROPOLITAN WATER RETAILERS

City West Water Limited  
 South East Water Limited  
 Yarra Valley Water Limited

## METROPOLITAN WATER WHOLESALER

Melbourne Water Corporation

Participation in the EWOV external dispute resolution (EDR) scheme enables energy and water providers operating in Victoria to satisfy licence conditions, legislative requirements and industry code requirements.

At 1 July 2007<sup>1</sup>, EWOV had 67 scheme participants.

## REGIONAL URBAN WATER CORPORATIONS \*\*

Barwon Region Water Corporation  
 Central Gippsland Region Water Corporation ‡  
 Central Highlands Region Water Corporation  
 Coliban Region Water Corporation  
 East Gippsland Region Water Corporation  
 Goulburn Valley Region Water Corporation  
 North East Region Water Corporation  
 South Gippsland Region Water Corporation  
 Wannon Region Water Corporation  
 Western Region Water Corporation  
 Westernport Region Water Corporation

## RURAL WATER CORPORATIONS \*\*

First Mildura Irrigation Trust  
 Goulburn-Murray Rural Water Corporation  
 Gippsland and Southern Rural Water Corporation

## RURAL URBAN WATER CORPORATIONS \*\*

Grampians Wimmera Mallee Water Corporation  
 Lower Murray Urban and Rural Water Corporation

### NOTES:

# CitiPower remains an EWOV retail member, although Origin Energy acquired its retail electricity business in 2002.

\* Since 1 August 2007, EA-IPR Partnership has been known as Simply Energy.

\* Energy One ceased its electricity retail operations on 22 June 2007.

° Powerdirect Australia was formerly Ergon Energy Pty Ltd. It is now owned by AGL.

+ Sun Retail was formerly ENERGEX Retail Pty Ltd. It is now owned by Origin Energy.

++ AGL Sales (Queensland) was formerly Sun Gas Retail Pty Ltd, which in turn was formerly ENERGEX Retail Pty Ltd

» Alinta AE was formerly AGL Distribution.

‡ Commonly known as Gippsland Water.

\*\*The *Water (Governance) Act 2006* amended the *Water Act 1989* so that former regional urban, rural and rural urban water authorities became water corporations from 1 July 2007.

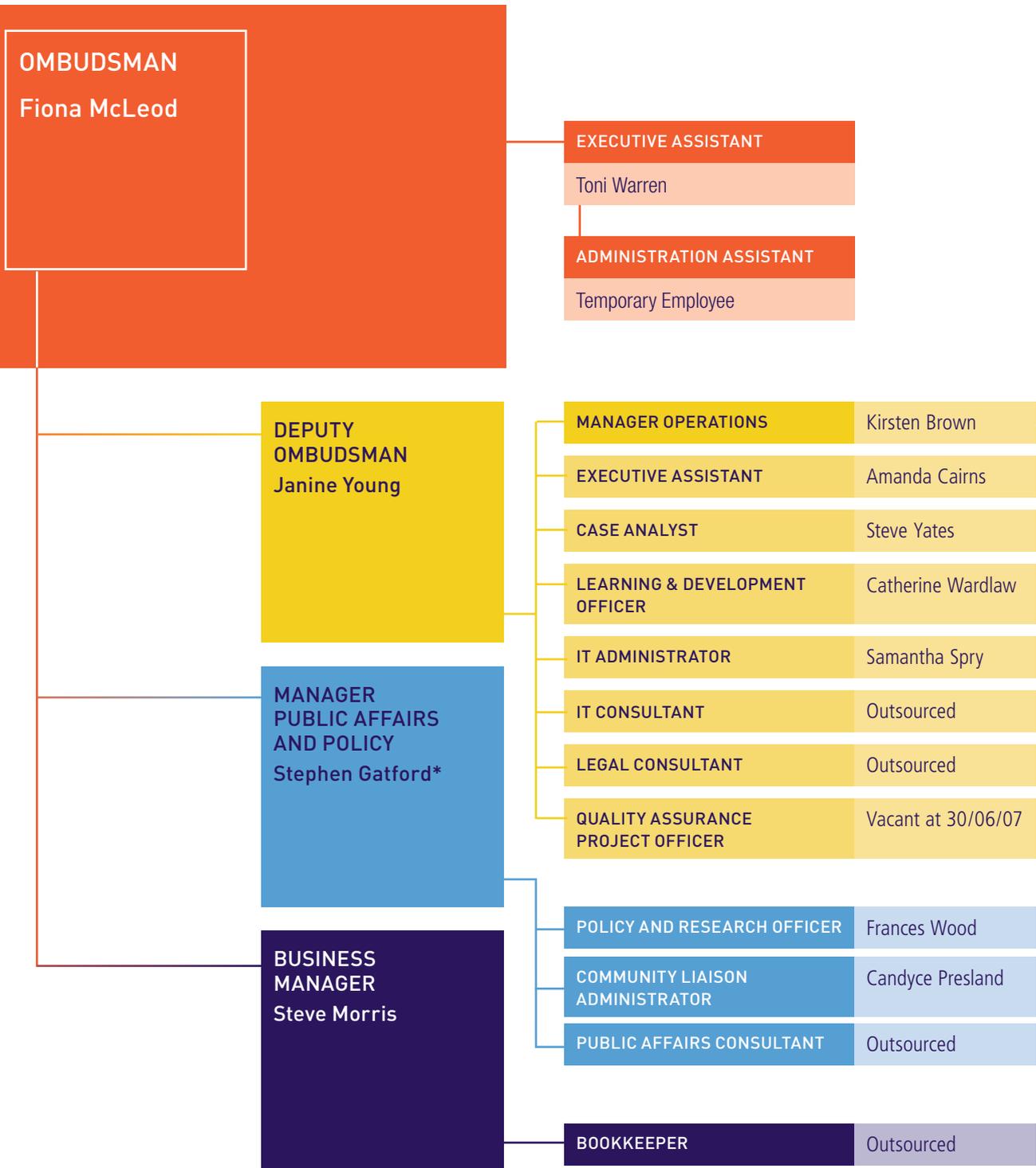
ActewAGL Retail Ltd has surrendered its licence and effective 30 June 2007 was no longer an EWOV scheme participant.

International Power (Retail) Pty Ltd has an agreement with the ESC — its licence is dormant and, effective 30 June 2007, it was no longer an EWOV scheme participant.

<sup>1</sup> For the most current list of EWOV scheme participants, see our website ([www.ewov.com.au](http://www.ewov.com.au)).

# THE EWOV TEAM AT 30 JUNE 2007

Figure 1:



\* On leave at 30 June 2007

<b>CONCILIATION TEAM CO-ORDINATOR</b>	Jane Edwards
<b>CONCILIATORS</b>	Lynette Liberti Clare O'Shaughnessy Kate Redman Justin Stokes Clare Tucker
<b>ENQUIRY OFFICER</b>	Brooke Capelli
<b>CONCILIATION TEAM CO-ORDINATOR</b>	Vanessa Vega
<b>CONCILIATORS</b>	Matthew Chable Jane Davey Irene Kazantzidis Vicki Krokos Jeff Smith
<b>ENQUIRY OFFICER</b>	Tamara Abraham
<b>CONCILIATION TEAM CO-ORDINATOR</b>	Cynthia Gebert
<b>CONCILIATORS</b>	Meredith Camov* Kylie Fitzpatrick Richard Foster Nesrine Mojaled Melissa Officer* Lucy Weston Elicia Withers
<b>CONCILIATION TEAM CO-ORDINATOR</b>	Marcela Mandarin
<b>CONCILIATORS</b>	Christina DiPierdomenico Yuki Ham Hayden Quinn Mark Raso Andrew Scarlett
<b>ENQUIRY OFFICER</b>	Amee Walker
<b>COMPLEX CASE MANAGERS</b>	Ralph Haller-Trost Marika Peirce
<b>ADMINISTRATION OFFICER CONCILIATION TEAM</b>	Sue Nabili

14 THE EWOV TEAM CONTINUED



## STAFF ROLES (AT 30 JUNE 2007)

The Ombudsman, Deputy Ombudsman, Manager Public Affairs and Policy, and Business Manager make up EWOV's Management Team.

### OMBUDSMAN

The Ombudsman, appointed by the Board, is responsible for the scheme's day-to-day operation. The Ombudsman's role complements that of the Board, with the Ombudsman participating in Board meetings.

### PUBLIC AFFAIRS AND POLICY

The Manager Public Affairs and Policy manages the public affairs, policy and research, and community liaison functions.

The Policy and Research Officer is responsible for research and policy development, internally and externally.

The Community Liaison Administrator plans and implements our programme of community activities.

### ADMINISTRATION

The Business Manager is responsible for administration, finance and human resource systems.

The Executive Assistant to the Ombudsman, Executive Assistant to the Deputy Ombudsman and Administration Assistant provide executive and project support.

The Conciliation Team Assistant provides administrative support to the Conciliation/Enquiry Officer Teams.

### OPERATIONS

The Deputy Ombudsman supports the Ombudsman in setting our strategic direction. The role is also responsible for the overall success and effectiveness of the Conciliation area, quality assurance, legal advice, information technology and learning and development.

The Manager Operations manages the day-to-day case handling function of the Conciliation area, including the Conciliation Team Co-ordinators and the Complex Case Managers.

Conciliation Team Co-ordinators are responsible for the day-to-day management of a team of Conciliators and Enquiry Officers. They also directly manage a small case load.

Complex Case Managers focus on any particularly protracted or difficult matters requiring high level case management. They also deal with wrongful disconnection, systemic issues and aged cases.

Conciliators investigate and resolve individual cases, with an emphasis on facilitating agreed outcomes. Most complaints are handled by the same Conciliator from start to finish.

Enquiry Officers receive and process enquiries and referred complaints, mostly by phone. They provide information and referrals for customers, including referral to Conciliators of complaints for investigation.

The Case Analyst analyses cases for systemic and trend issues, undertakes case audits to ensure quality assurance processes are maintained, provides case data for reports, and co-ordinates the scheme participant extranet.

The Learning and Development Officer develops and supports our learning and development activities, ensuring a strategic approach to this area.

The Information Technology (IT) Administrator is responsible for the day-to-day running of our IT systems, as well as assisting with ongoing review, design and implementation of IT solutions.

The EWOV scheme was essentially set up to help Victorian residential and small business customers with complaints they aren't able to resolve directly with their electricity, gas and water providers. Higher usage customers may also lodge complaints, but they're more often in a position to resolve matters directly.

### ISSUES WE DEAL WITH

EWOV handles most of the issues which will arise between customers and their energy and water providers:

- the provision and supply of, or failure to provide or supply, electricity, gas or water services
- billing
- credit and payment services
- disconnections and restrictions
- bills, billing and payment arrangements
- refundable advances (security deposits)
- land and land access, including vegetation management issues.

We can also investigate:

- matters raised with the scheme by the Essential Services Commission
- matters referred to us by a scheme participant, with the consent of the customer
- the concerns of third parties directly affected by the activities of a scheme participant (where the provider's activity affects someone who is not their customer — such as the marketing of electricity or gas to the general public, vegetation management or network augmentation).

### HOW WE GROUP ISSUES

EWOV uses eight 'first level' issues categories — Billing, Credit, Customer Service, Land, Provision, Retail Competition, Supply and General Enquiry. Each of these has sub-issues, which describe customer concerns in more detail.

For example, a Billing case may be further described as being about a backbill (second level) and further about an error (third level). A Credit case may be further described as being about a payment plan (second level) under a smoothpay arrangement (third level).

During 2006/07, we aligned our issues categories with those of the Energy & Water Ombudsman NSW.

### OUR CASE TYPES

The term 'case' describes all matters customers contact EWOV about — enquiries and complaints.

An 'enquiry' is a request from a customer for general information (e.g. about relevant codes or guidelines) or a matter that is referred to another agency (e.g. if it's outside EWOV's jurisdiction).

A 'complaint' is an expression of dissatisfaction regarding a policy, practice or customer service performance of an energy or water provider which is a participant in the EWOV scheme, where a response or resolution is explicitly or implicitly expected.

Complaints are registered as follows:

- 'complaint received for full investigation' — where a complaint remains unresolved after two or more contacts between the customer and their provider, we fully investigate it
- 'complaint referred to higher-level contact' — where the customer has spoken once with someone at their provider's contact centre about their complaint, but it remains unresolved, we usually refer them to a higher-level contact at the provider
- 'complaint referred to provider' — where the customer hasn't yet spoken with their provider about their complaint, we usually refer them back to the provider's contact centre
- 'complaint referred elsewhere' — for example, to a regulator, another Ombudsman, government or other body
- 'other complaints' — where the customer wishes to register their complaint issue with EWOV, but doesn't wish to have it investigated or referred.

See Figure 7 on page 24 for information on complaint outcomes in 2006/07.

## OUR INVESTIGATION PROCEDURES

EWOV's procedures are informal rather than legalistic, giving consideration to the wider context of each complaint — what is fair and reasonable, good industry practice and current law.

Our focus is on conciliation. This is where the customer and the provider agree on the outcome, as well as on any future action each may be required to carry out. At all times, our aim is to establish an objective view of what's happened. This helps the parties better understand the issues, as well as each other's point of view. It also increases the likelihood that they'll reach an agreement with which they're each satisfied.

There are three levels of 'complaints received for full investigation', each with an increased cost implication for the scheme participant. Generally, if a complaint isn't resolved within the required timeframe, it's upgraded to the next level.

If, despite detailed investigation and negotiation, a matter can't be conciliated, the Ombudsman may review it and make a Binding Decision. While this decision is binding on the scheme participant, the customer has the option of taking action in another forum, such as a court. However, if a customer rejects a decision by the Ombudsman, the scheme participant is no longer bound by it.

The Ombudsman also has the discretion to discontinue an investigation where a case has insufficient merit.

## OUR 'REFER TO HIGHER LEVEL' (RHL) PROCESS

It's EWOV policy that, where a customer contacts us with a complaint they haven't been able to resolve through an initial call to their provider's call/contact centre, we refer them to a higher level contact at the provider. We give the provider the customer's name, address, contact details and a brief summary of their complaint. The provider then has 24 hours to phone the customer and 21 days to resolve the complaint.

As part of our quality assurance programme, we regularly survey customers to check how well the RHL process is working. While our most recent survey, in mid-2007, showed a continuing high level of customer satisfaction (88%), this result was down slightly from previous surveys.

One contributing factor was that some providers hadn't contacted the customer within the 24 hour timeframe, as they were supposed to. There was also a fall in the percentage of customers whose complaint was resolved within the required 21 days — 80% compared with 85% some eighteen months earlier.

Scheme participants have been asked to review their resourcing and practices to ensure that they do contact customers within 24 hours and resolve complaints within 21 days — as required by the RHL process. We've also reminded them that RHL process training is available from EWOV as part of our sector-specific training programme.

For our part, we're ensuring we clearly explain the RHL process to customers — verbally and in writing — so they understand that, if their complaint isn't resolved, they can come back to EWOV.



## 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

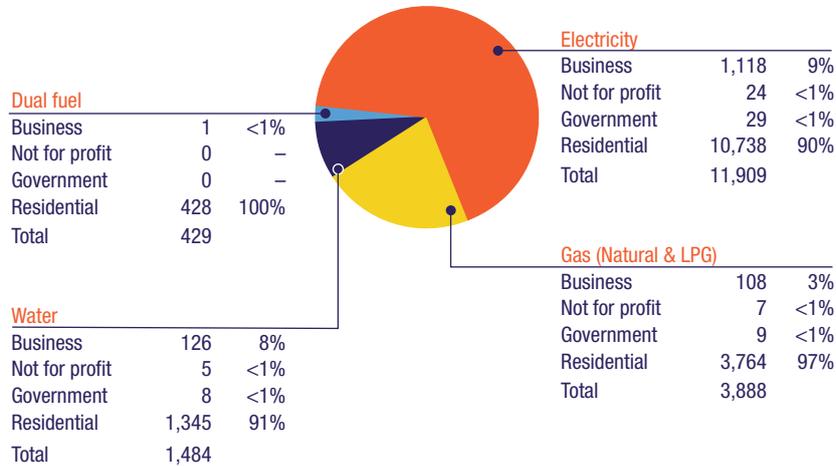
- ➔ Billing made up 39% of the issues raised by customers overall, most commonly high bills, billing errors and fees and charges.
- ➔ This was followed by retail competition at 21%. In relation to switching energy retailer, customers most commonly raised concerns about transfer errors, information provision 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

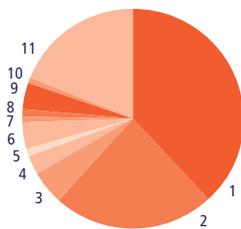
Figure 2: By industry, which customers contacted EWOV?



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.

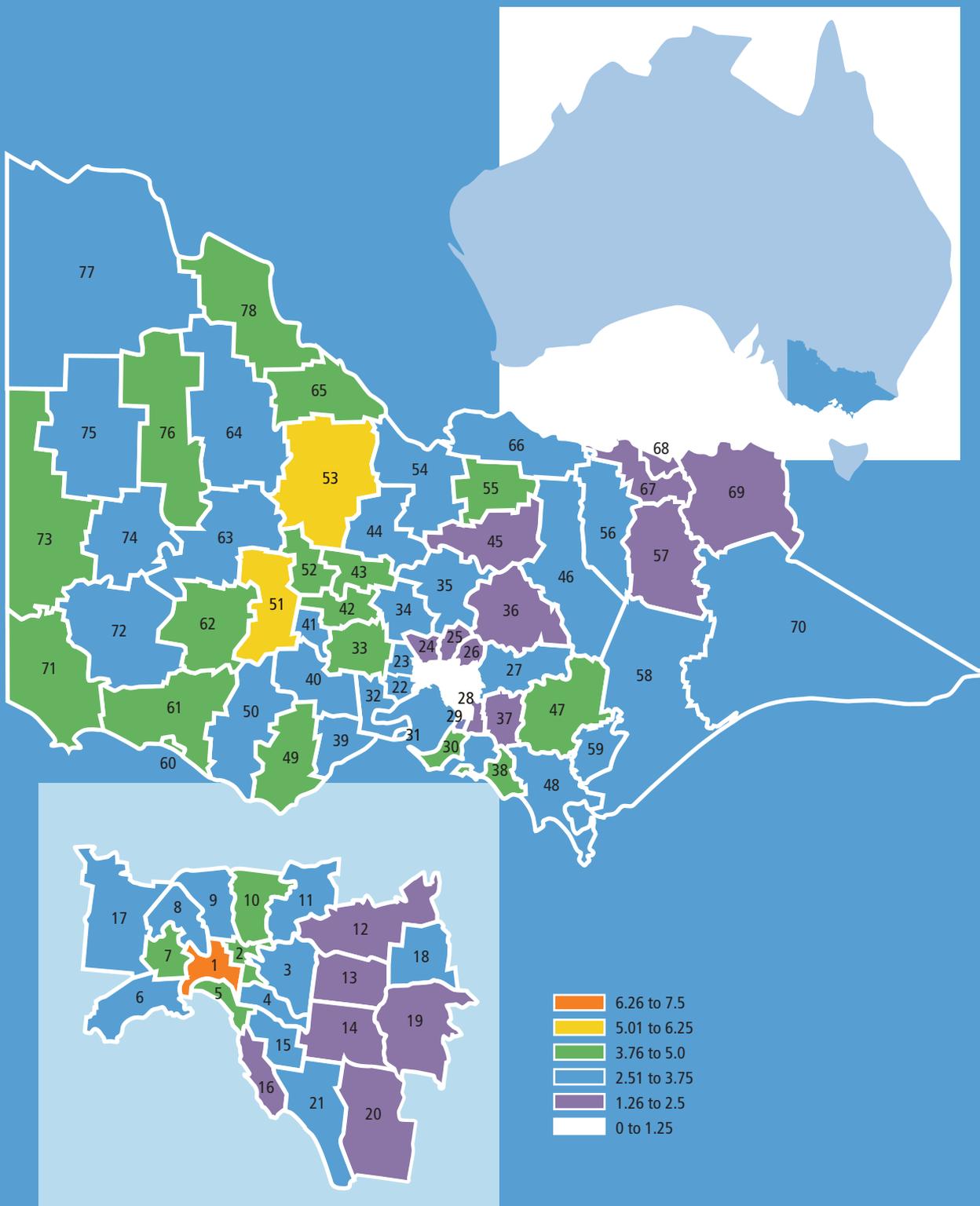


Figure 7: Case outcomes 2006/07



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.

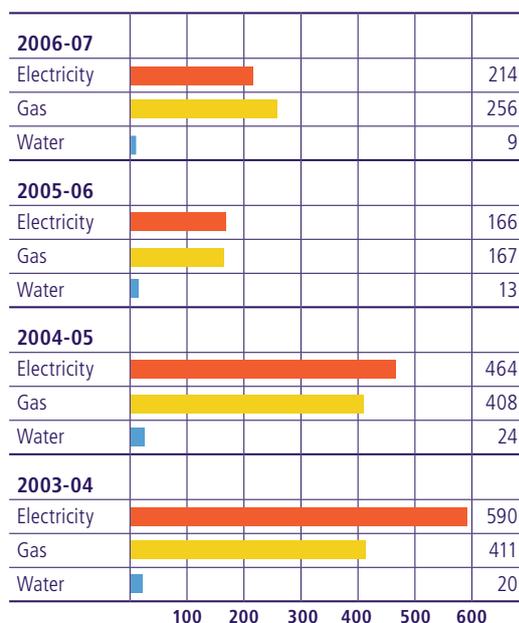
However, in 2006/07, cases about 'actual' disconnection increased again — up 29% in electricity (from 166 to 214) and up 53% in natural gas (from 167 to 256). We believe these case increases are reflective of a rise in disconnections generally across Victoria, as reported by the ESC.

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.

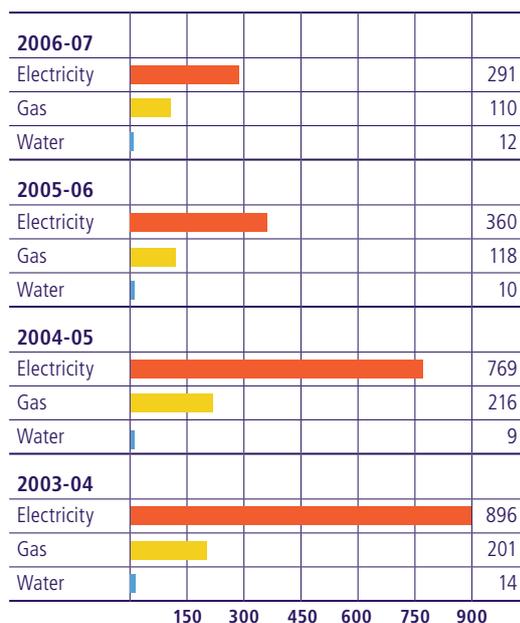
Energy retailers agreed to pay a WDP in 102 of the complaints we investigated. In a further 14 complaints, retailers disagreed with us that a WDP was payable, so we referred the matter to the ESC for a decision. In 13 of those, the ESC agreed with our assessment and directed the retailer to make the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

## PUBLIC SUBMISSIONS

### Essential Services Commission consultations

In relation to the ESC's review of the *Small Scale Licensing Framework* — that is, the supply and sale of energy to consumers who share a defined geographic boundary such as residential apartments, shopping centres, retirement villages and caravan parks — we made four submissions in all. Our responses focussed on whether and how the energy customers in these situations might have access to the EWOV scheme.

In relation to the *Gas Access Arrangements Review 2008 – 2012*, we focussed on guaranteed service level (GSL) requirements for natural gas distributors.

Amongst other things, in responding to the *Draft Decision - Early Termination Fees Compliance Review* and the *Revised Draft Decision*, we sought ESC clarification of the significance, and application, of these fees to existing contracts and future contracts.

We made some specific suggestions as to what the *Rural Water Customer Service Code* should contain by way of references to EWOV. We also suggested a review of the decision not to include a hardship policy requirement.

In responding to the 2008 *Water Price Review Consultation*, we supported harmonised and equitable service standards for water customers across Victoria, where possible.

We made two submissions to the ESC on *Energy Retailers' Financial Hardship Policies*, acknowledging the difficulty of balancing different retailers' capabilities, as well as balancing legislative requirements with best practice elements.

In relation to the *Proposed direct debit amendments to the Energy Retail Code*, we conditionally supported verbal arrangements for direct debits, but only where the customer phones the energy retailer and explicit informed consent can be verified.

### Victorian Government consultations

We provided comments on the *Review of the Essential Services Commission Act 2001 Issues Paper* and on the *Strategic Government Response to the Review of the Essential Services Commission Act 2001*. Amongst other things, we supported the retention of the reference to 'low-income or vulnerable customers' in the facilitating objectives of the Act.

We drew on our case data to comment on the Department of Primary Industries' (DPI's) *Advanced Metering Infrastructure - Discussion Paper*.

We also commented on the *Victorian Energy Efficiency Target Scheme: Issues Paper*, raising issues related to low-income people and landlords.

We draw on EWOV's unique perspective of Victorian energy and water customers' experiences to contribute to consultations on the effectiveness of the consumer protection framework.

During 2006/07, EWOV made 25 public submissions on energy and water matters.

### Commonwealth Government consultations

We made six submissions to the Ministerial Council on Energy (MCE), mainly on Retail Policy Working Group papers. Consistently, throughout the national energy regulation consultation process, we've supported the existing Victorian consumer protections becoming the national standard.

Drawing on our case work, we also made a submission to the Australian Energy Market Commission's (AEMC's) *Review of the effectiveness of competition in gas and electricity retail markets in Victoria*.

### Joint submissions

During the year, we contributed to three submissions made by the Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) — to the MCE's Working Paper 1, to the Productivity Commission's *Inquiry into the Consumer Policy Framework in Australia* and to the Queensland Energy Competition Committee on the draft *Energy Ombudsman Bill 2006* and *Energy Ombudsman Advisory Council* paper.

All of our submissions are available on our website ([www.ewov.com.au](http://www.ewov.com.au)).

### DEVELOPMENTS IN ELECTRICITY METERING

In July 2006, the Victorian Government announced that new electricity interval meters would be rolled out to households and small businesses across the State from the end of 2008.

EWOV has been receiving cases about interval metering for over 18 months. We've been taking a close interest in the problems customers have reported — mindful that raising these issues enables stakeholders (government, regulators, industry and customers) to address them more effectively. We're also providing the Victorian Government, the ESC, AER and relevant distributors and retailers with regular reports on interval meter cases.

The main issue continues to be loss of off-peak tariffs. After having a new meter installed or moving into a property with an interval meter, some customers have found they're being billed at peak rates only — in spite of having electric hot water services or in-floor heating, which they thought would be off-peak or had previously been off-peak. This issue is highlighted in the systemic issues report on page 28 and by way of case study C/2006/10186 on page 38.

Some customers haven't been able to read the interval meter and/or check the bill. Others have variously complained about delayed bills, high bills and estimated bills.

In some cases, the interval meter was found to be faulty, or the time switch broken or not set properly — and some customers found it difficult to persuade their retailer that the equipment was at fault.

We think there's a need to address these identified problems on at least three fronts. From a technology perspective, issues such as the interface between new metering technology and old or 'legacy' billing systems have to be resolved. Customer expectations around better information, service and advice, need to be managed — providers should actively ensure that customers who have the new metering installed understand how it works and what it will and won't do. Aligned to this is the need for providers to further train staff, so they can fully inform customers about the new metering.

### FINANCIAL HARDSHIP POLICIES

Many of the billing issues that customers and their representatives raise with us have their origins in temporary or chronic customer financial hardship.

EWOV has consistently acknowledged that customer financial hardship is a difficult issue all round. We've also drawn on our case experience to make submissions on this issue.

Amendments to Victorian electricity and gas legislation in 2006 introduced the requirement for each energy retailer to have a formal hardship policy. Assessment and approval of those policies was vested with the ESC.

The ESC has approved the financial hardship policies of 13 energy retailers. It has also published a paper which summarises the key features of the 13 policies. This paper is available on the ESC's website ([www.esc.vic.gov.au](http://www.esc.vic.gov.au))

Each energy retailer must display its hardship policy on its website.

While urban water providers are also required to have a hardship policy, rural water providers aren't subject to this requirement. There's also no Code requirement on LPG retailers.

## PROJECTS

### Office of Housing and Utilities Project

For a couple of years now, EWOV has been working with the Victorian Office of Housing (OoH) on energy and water issues affecting customers living in public housing. We've provided quarterly reports and set up direct points of contact with OoH regional managers for advice and assistance on individual complaints. We've also scheduled meetings with local OoH staff during our regional, rural and metropolitan visits. This has enabled us to identify particular billing, supply, disconnection/restriction and energy efficiency issues affecting these customers.

Earlier this year, the Director of Public Housing and Community Building wrote to express his appreciation for our efforts in this area. He also advised that OoH staff were addressing three areas of concern raised in recent EWOV reports.

To help address the problem of people being billed for usage after they've left the premises, OoH staff are reminding tenants of their responsibility to contact utility providers at the start and the end of their tenancy. A project is underway to better align the suburb names and postcodes in the OoH database with Australia Post listings to help prevent misunderstanding about site addresses. An OoH fact sheet on the economical use of electric storage heaters is also being developed and distributed.

### Transitional Housing and Utilities Project

This project has addressed energy and water issues faced by transitional housing tenants and managing organisations. Transitional housing is short term accommodation used to bridge the gap between homelessness and permanent housing. The energy and water services may be in the name of the tenant, or in the name of the housing owner/agency.

Transitional housing managers find they face particular problems in relation to utilities — such as a tenant having trouble setting up an account because the previous tenant didn't disconnect, or having to pay out-of-hours connection fees when tenants move in. They can also find themselves up against 'privacy walls' when they ring to try to sort these things out. It was from this kind of feedback that EWOV's transitional housing project emerged.

To this point, we've worked with housing managers to identify issues and suggest solutions. Our next step is to work collaboratively with them and EWOV scheme participants to achieve solutions. In this way, we're providing housing managers with a valuable sounding board between utility providers and the governing body, the Office of Housing.

Feedback from organisations providing information, advocacy, housing, outreach, family and youth services has highlighted the value of our varied programme of community activities.

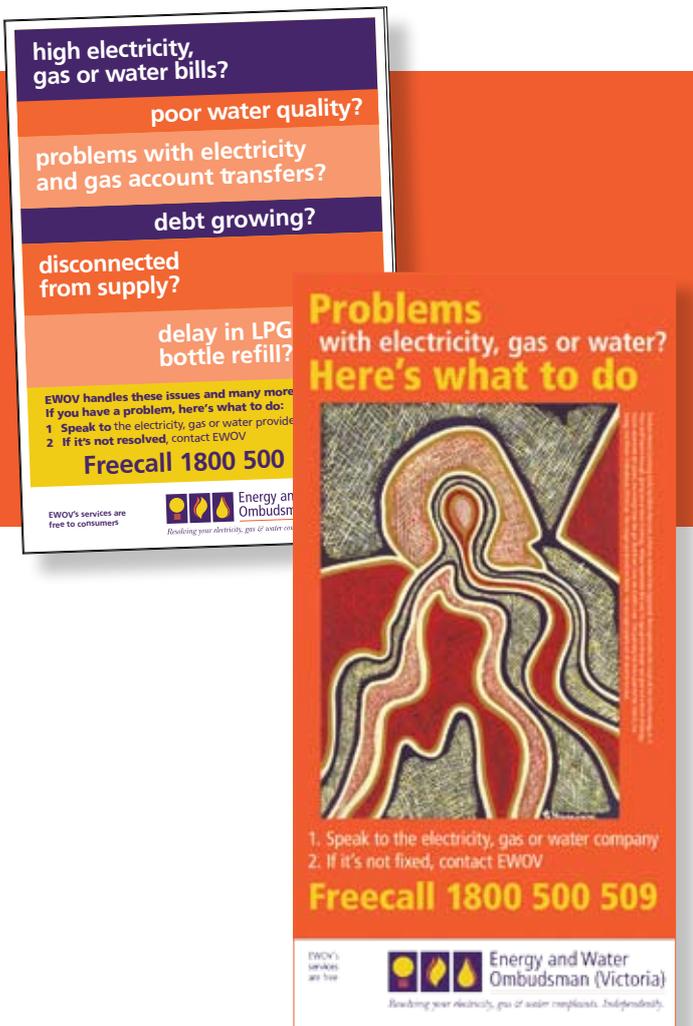
### Utilities Project for Women in Prison

Women entering and exiting the Victorian prison system often find they have problems with their energy and water accounts. This project has helped address that. In undertaking it, we've worked co-operatively with staff from Corrections Victoria, the Concessions Unit of the Department of Human Services, energy and water providers and financial counsellors.

Among other things, a process has been initiated to prevent account arrears building up while women are in prison, and to assist with the reconnection of their supply once they leave prison. The value of this project has been highlighted by plans to expand it to include a pilot programme for men.

### Koories – Know Your Rights Project

This is a community education initiative designed to improve access to government services for Indigenous Victorians. It's led by the Indigenous Consumers Unit of Consumer Affairs Victoria. EWOV participates, together with the Victorian Aboriginal Legal Service, the Office of the Public Advocate, Ombudsman Victoria and Privacy Victoria. During 2006/07, we took part in community education forums in Footscray, Shepparton, Swan Hill, Thornbury, and in the Loddon Mallee and Gippsland regions.



## REGIONAL AND METROPOLITAN VISITS

Through our annual community visits programme, we connect with energy and water customers, community agencies and, where practical, regional staff of energy and water providers. It also enables us to get EWOV resources directly into the hands of those who can use them and pass them on.

One of the things we took into account in planning our 2006/07 destinations, was 2005/06 case numbers from each Shire/Council in Victoria. For example, we saw that case numbers from deemed Melbourne 'growth areas' were low, possibly reflecting lower awareness of EWOV. So, we made sure we visited two of those areas (Casey/Cardinia and the Hume Region), with visits to two more planned for next year (Melton/Caroline Springs and Whittlesea). We also travelled north, south and east, to Mildura, Bendigo, Swan Hill, Seymour, Wangaratta, Myrtleford, Wodonga, Wonthaggi, Cranbourne, Craigieburn, Broadmeadows, Meadow Heights and Pakenham.

Our audiences were quite varied. For example, in Myrtleford, the group was mainly public housing tenants, who we hear are now passing on to their Tenancy Support Group meetings the EWOV information we provided. In contrast, our visit to Victorian Arabic Social Services (VASS) in Broadmeadows, provided us with information on the kinds of energy and water issues VASS sees among people from Arabic speaking backgrounds.

There were also quite a range of different issues raised with us — from hardship programmes, energy retailers' marketing activities and advice about concessions, to supply upgrades, delays with new connections and the timely repair of street lighting.

Overall, it's clear that our being proactive about getting out into the community really pays off — for the community agencies and individual customers who learn more about us, who actively pass that information on, and who appreciate the networking opportunities we're told our visits provide — and for us in gathering information about energy and water issues and building relationships.

## NEW EWOV POSTERS

Look out for two new EWOV posters which have recently been distributed. A general A4 poster about EWOV has been sent to Victorian community agencies. It's designed for noticeboards in waiting/foyer areas.

There's also a poster designed for Indigenous consumers — featuring artwork by Eileen Harrison, a Kurnai woman from Gippsland.

As with all of our publications, these posters advise customers to speak with their energy or water provider first — and to contact EWOV if the issue isn't resolved.

EWOV has been handling electricity cases since it opened for full service in May 1996. 29 electricity companies were participating in the EWOV scheme at 1 July 2007 — 22 retailers, 5 distributors and 2 transmission companies.

All electricity customers in Victoria can choose their electricity retailer. They don't have choice of distributor, because each electricity distributor is responsible for the electricity network in a specific part of Victoria.

There are three 'local' electricity retailers which each have an obligation to offer to sell electricity to customers in their local areas. They can also sell to customers in other areas, in competition with the local retailer and independent retailers.

## 2006/07 ELECTRICITY CASES

- ➔ **11,909 electricity cases overall**, down 6%  
19% enquiries and 81% complaints  
Most commonly — the process of switching retailer
- ➔ **10,240 electricity retail cases**, up 24 cases  
16% enquiries and 84% complaints  
Most commonly — the process of switching retailer
- ➔ **1,090 electricity distribution cases**,  
down 23%  
18% enquiries and 82% complaints  
Most commonly — unplanned outage
- ➔ **11 electricity transmission cases**, up 8 cases  
2 enquiries and 9 complaints  
Most commonly — unplanned outage



## ELECTRICITY CONTINUED

Figure 12: How many electricity cases did EWOV receive and finalise in 2006/07?

	customer bandwidths <sup>^</sup>	Overall cases		Enquiries	Total Complaints	Complaints				
		2006/07	2005/06			full investigations finalised	complaints received for full investigation	complaints referred to higher-level contact	complaints referred to provider	referred ° elsewhere and other complaints
<b>RETAIL</b>										
ActewAGL Retail	♂	0	0	0	0	0	0	0	0	0
AGL Sales	♂♂♂	2,425	2,575	421	2,004	860	832	733	393	46
Aurora Energy	♂	0	1	0	0	0	0	0	0	0
Australian Power & Gas "	♂	7	-	4	3	0	0	3	0	0
Click Energy #	♂	0	-	0	0	0	0	0	0	0
Country Energy	♂	210	227	46	164	48	46	80	37	1
EA-IPR Retail Partnership ##	♂	787	794	95	692	229	212	334	106	40
Energy One **	♂	2	-	1	1	0	0	0	0	1
Integral Energy	♂	3	1	2	1	0	0	0	0	1
Jackgreen	♂	83	38	20	63	24	23	20	13	7
Momentum Energy	♂	172	63	17	155	54	53	63	37	2
Origin Energy	♂♂♂♂	3,458	3,541	632	2,826	1,255	1,245	979	555	47
Our Neighbourhood Energy ``	♂	2	-	0	2	0	0	1	1	0
Powerdirect	♂	443	411	54	389	151	140	146	87	16
Powerdirect Australia ""	♂	2	1	2	0	0	0	0	0	0
Red Energy	♂	332	281	50	282	100	86	132	50	14
Sun Retail ^^	♂	0	6	0	0	0	0	0	0	0
TRUenergy	♂♂♂	1,511	1,947	149	1,362	589	541	538	250	33
Victoria Electricity	♂	803	330	95	708	209	227	311	135	35
<b>Total retail</b>		<b>10,240</b>	<b>10,216</b>	<b>1,588</b>	<b>8,652</b>	<b>3,519</b>	<b>3,405</b>	<b>3,340</b>	<b>1,664</b>	<b>243</b>
<b>DISTRIBUTION</b>										
	% customers									
AGL Electricity (July - Oct 2006) *	(12%)	44	167	12	32	10	4	16	12	0
Alinta AE (Oct 2006 - June 2007) *	(12%)	107	-	13	94	17	26	40	26	2
CitiPower	(12%)	91	83	24	67	16	13	24	24	6
Powercor Australia	(27%)	308	331	55	253	70	80	90	71	12
SP AusNet	(24%)	313	624	45	268	101	80	102	75	11
United Energy (Alinta)	(25%)	227	219	44	183	48	54	77	47	5
<b>Total distribution</b>		<b>1,090</b>	<b>1,424</b>	<b>193</b>	<b>897</b>	<b>262</b>	<b>257</b>	<b>349</b>	<b>255</b>	<b>36</b>
<b>TRANSMISSION</b>										
National Grid (Basslink)		0	0	0	0	0	0	0	0	0
SP AusNet		11	3	2	9	1	1	1	6	1
<b>Total transmission</b>		<b>11</b>	<b>3</b>	<b>2</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>6</b>	<b>1</b>
<b>Non provider specific</b>		<b>568</b>	<b>993</b>	<b>454</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>75</b>
<b>ELECTRICITY TOTALS</b>		<b>11,909</b>	<b>12,636</b>	<b>2,237</b>	<b>9,672</b>	<b>3,782</b>	<b>3,663</b>	<b>3,690</b>	<b>1,964</b>	<b>355</b>

## NOTES:

Reflects data run at 24 July 2007. Some of the complaints which were fully investigated and finalised were received prior to July 2006.

° 137 complaints were referred elsewhere. 218 other complaint issues did not require referral or investigation.

" Australian Power & Gas joined EWOV as an electricity retail scheme participant on 6 November 2006.

# Click Energy joined EWOV on 23 May 2007.

## Since 1 August 2007, EA-IPR Retail Partnership has been known as Simply Energy.

\*\* Energy One joined EWOV on 13 July 2006 and ceased retailing electricity on 22 June 2007.

`` Our Neighbourhood Energy joined EWOV on 18 July 2006.

"" Powerdirect Australia was formerly Ergon Energy and is now owned by AGL.

^^ Sun Retail was formerly ENERGEX. It is now owned by Origin Energy.

\* In October 2006, AGL Electricity Distribution ceased to exist as an entity and was renamed Alinta AE.

^ Customer bandwidths: ♂ denotes less than 250,000 customers at 30 June 2007; ♂♂ 250,001 - 500,000 customers; ♂♂♂ 500,001 - 750,000 customers; ♂♂♂♂ 750,001 - 1,000,000 customers. This is based on information provided to EWOV by each retailer.

~ Electricity distributors' customer shares are based on 2005 customer numbers in the ESC's Electricity Distribution Businesses - Comparative Performance Report 2005 (October 2006).

**Figure 13: How are electricity cases trending? What issues arise most commonly?**

### Case trends

	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007
<b>Electricity overall</b>	9,624	13,491	12,636	11,909
<b>Electricity retail</b>	8,012	11,252	10,216	10,240
<b>Electricity distribution</b>	1,025	1,346	1,424	1,090
<b>Electricity transmission</b>	6	5	3	11

### Most common issues

<b>Electricity industry overall</b> (total of 13,412 issues)				%
Retail Competition > Transfer			1,835	14
Billing > High			1,320	10
Retail Competition > Marketing			1,155	9
Credit > Arrears			727	5
Billing > Error			680	5
<b>Electricity retail</b> (total of 11,602 issues)				%
Retail Competition > Transfer			1,764	15
Billing > High			1,295	11
Retail Competition > Marketing			1,072	9
Credit > Arrears			714	6
Billing > Error			670	6
<b>Electricity distribution</b> (total of 1,181 issues)				%
Supply > Unplanned Outage			283	24
Provision > In-Place/Existing			204	17
Provision > New			137	12
Supply > Voltage Variation			104	9
Supply > Planned Outage			92	8
<b>Electricity transmission</b> (total of 11 issues)				%
Supply > Unplanned Outage			4	36
Provision > In-Place/Existing			2	18
Provision > New			2	18

NOTE: Some cases raised more than one issue.

Figure 14: On average, how much time did EWOV spend on each type of electricity case?

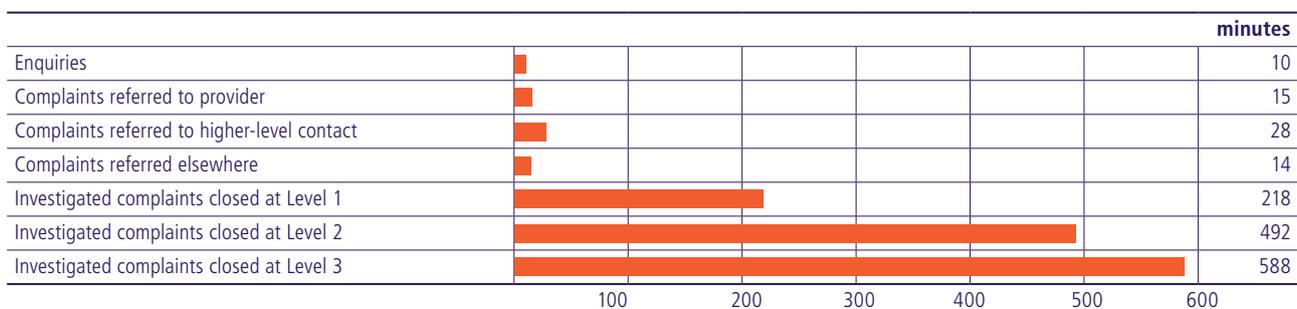


Figure 15: How did EWOV finalise electricity enquiries?

		%
Provided general information and referred to provider	1,381	62
Provided general information	601	27
Referred to a Regulator	134	6
Referred to another Ombudsman	49	2
Referred to Government/MP	11	< 1
Referred elsewhere	61	3
<b>Total</b>	<b>2,237</b>	<b>100</b>

**Figure 16: On average, how many days did it take to close the electricity complaints EWOV fully investigated?**

<b>Electricity industry overall average (days)</b>		<b>54</b>
<b>Retail</b>		
AGL Sales		52
Country Energy		28
EA-IPR Retail Partnership		50
Jackgreen		31
Momentum Energy		27
Origin Energy		24
Powerdirect		24
Red Energy		59
TRUenergy		64
Victoria Electricity		45
<b>Retail average</b>		<b>54</b>
<b>Distribution</b>		
AGL Electricity		83
Alinta AE		45
CitiPower		115
Powercor Australia		59
SP AusNet		63
United Energy (Alinta Asset Management)		73
<b>Distribution average</b>		<b>67</b>
<b>Transmission</b>		
SP AusNet (SPI PowerNet)		134
<b>Transmission average</b>		<b>134</b>

**NOTES:**

179 electricity investigations were upgraded to Level 2 during this period and 24 investigations were upgraded to Level 3.

List excludes scheme participants for whom no full investigations were finalised by EWOV in 2006-07.

Some of the complaints which were fully investigated and finalised were received prior to July 2006.

Case complexity contributes to the time taken to close a case. EWOV's seeking of technical or legal advice and delays in customer action/replies may also have an effect.

Case closure times may also be affected by factors internal to the provider, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

**Figure 17: How many electricity complaints were fully investigated and closed within 28, 60 and 90 days?**

	<b>Total</b>	<b>%</b>
Within 28 days	1,585	42
Within 60 days	2,650	70
Within 90 days	3,108	82
Above 90 days	674	18
<b>Total</b>	<b>3,782</b>	<b>100</b>

C/2006/10186

### Loss of off-peak heating following transfer and meter changes

Mr L's property had slab heating. When he switched electricity retailer, he found his new retailer billed all of his usage at peak rates. His previous retailer had billed his slab heating and hot water at off-peak rates and his other usage at peak rates.

When Mr L queried this, the retailer acknowledged billing all of his usage at peak rates wasn't correct. However, it said it was only able to bill him on a Winner rate — whereby off-peak is determined by when the electricity is used, rather than the appliance which uses it. This meant that some of his slab heating would be billed at the peak rate. Mr L was concerned that, in winter, this had the potential to significantly affect his bills.

As part of our investigation of Mr L's complaint, we reviewed the events leading up to the change of retailer. We noted that, around the same time as he arranged to switch to the new retailer, Mr L had asked for electrical work to be done at the property. When this work was done, the electricity distributor installed a new interval meter. This meter replaced two old meters at the site — one connected to the slab heating and hot water service and one for the rest of the house.

It turned out that the new meter was the key to the complaint. The work Mr L asked for involved replacing overhead wires with underground ones. It required the two old meters to be disconnected — and electricity industry technical requirements meant they had to be replaced with a new meter.

The new meter didn't capture usage data in the same way as the old meters. Instead of recording the usage on an 'appliance basis', it recorded the usage on a 'time of use' basis. The retailer received data in this format only, limiting its capacity to bill in any other way.

The issue was complicated by the fact that, when the new retailer quoted Mr L a contract price, the quote was based on the two original meters.

We reviewed the case with the retailer, the distributor and the industry regulator. Under the relevant regulations, unless there's a material change in the electrical wiring at a property, or a change has been asked for, a written notice should be issued before the change occurs. This ensures that, before customers make decisions about changes to their electrical installations, they can assess the impact of any consequential billing changes.

In this case there was no material change in the installation at the site, Mr L hadn't asked for a change to his meter configuration, and no notice had been issued. So, the new meter should have been installed in a way which allowed the distributor to continue to record data and the retailer to bill on the original 'appliance' basis.

Via its business to business relationship, the retailer arranged for the distributor to replace the new meter with one that met the industry technical requirements, but also allowed recording on an 'appliance' basis. This would allow future bills to be generated with separate off-peak reads for the slab heating and hot water service. The retailer and the distributor agreed to review Mr L's recent bills and adjust them accordingly.

In addition, the distributor agreed to reimburse Mr L the cost of having his electrician check the new installation—and the retailer made a \$300 payment to Mr L in recognition of customer service issues.

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**This case shows how a number of events occurring together can make a problem much more difficult to resolve. It also highlights the importance of communication among all of the stakeholders in working towards a resolution.**

EWOV has been looking generally at customer complaints associated with the rollout of electronic interval meters (SI/2005/51). Cases such as this one provide a useful basis for exploring the processes that apply in such situations and some of the practical challenges for providers, customers and other stakeholders. Also highlighted are some of the key matters to look for in similar cases to speed resolution — within both providers' internal dispute resolution processes and EWOV's processes.

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#### NOTE:

Case studies are provided to demonstrate the range of complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the complaint.

C/2006/7012

## High bills — usage confirmed but disputed

Mr W had received two higher than expected electricity bills — \$1,854.00 for the period September 2005 to December 2005 and \$1,163.15 for March 2006 to June 2006. His usual quarterly bills were between \$200 and \$400. He said that his electricity retailer told him the bills were based on actual meter reads and correctly reflected his usage.

Contacted by EWOV, the electricity retailer confirmed this. It also confirmed that neither a meter test nor an energy audit had been conducted.

Our review of Mr W's bills showed that the bill for September 2005 to December 2005 was based on an actual meter read — but included a catch-up amount because his previous bill was based on an estimate. We also found that, although Mr W's usage increased in the March 2006 to June 2006 billing period, it fell again the following period.

We obtained a meter test and arranged for an on-site energy audit. The meter was shown to be working correctly. The energy audit indicated that more electricity was being used at the property than would be expected with the current appliances and only one occupant. The heater was found to be faulty.

The retailer acknowledged the energy audit, but pointed out that the electricity had been used. Mr W didn't want to pay the bills off and, before contacting EWOV, he hadn't been making payments.

Recognising the financial situation the high bills placed Mr W in, the retailer credited his account with \$300. To help him pay the remainder off, the retailer offered him a 3:1 incentive plan. For every three monthly payments of \$225 he made in the next 12 months, it would credit his account with a payment of \$225. Providing he stuck to the payment arrangement, he'd receive a total credit of \$900 (4 x \$225).

---

Before our investigation, this customer wasn't willing to accept that his property was using the amount of electricity it apparently was. The combination of a meter test, energy audit and account reconciliation, showed him this was the case and also identified his heater as a likely cause. The retailer assisted resolution by providing financial incentives.

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C/2007/1325

## Frustration in trying to claim for computer damage

Mr X said his computer was damaged when he lost power to his property on 16 January 2007, following bush fires and power outages. He wanted to claim the loss on his insurance policy. He couldn't do so, however, without a letter from his electricity distributor, acknowledging there was power shedding that day due to a natural event, i.e. the fires.

Mr X said his electricity distributor told him there was no record of his supply being affected on 16 January 2007. He complained that it had refused to give him the letter and had told him that, even if fire had damaged the lines, this didn't mean it caused the damage to his computer.

Contacted by EWOV, the electricity distributor reviewed its record of events for 16 January 2007. It confirmed there was no record of load shedding affecting the zone substation or the feeder supplying Mr X. It said that load shedding incidents were captured in an automated system — and it was confident that any large scale event would have been recorded.

However, the distributor also advised that, if Mr X had advice from a qualified repairer stating the damage to his computer was due to a voltage variation, he could submit a claim (to the distributor) for compensation. This claim would be assessed in accordance with the Essential Services Commission's *Voltage Variation Compensation Guideline*.

We explained this to Mr X, who submitted his claim. He subsequently accepted the distributor's offer of \$577 (\$77 repairer assessment fee and \$500 for the computer).

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While a customer may have an outcome/resolution in mind when they first contact EWOV, this may change during our investigation, with the customer still satisfied with the result. That said, had Mr X's complaint been effectively escalated and addressed within the distributor's internal dispute resolution processes, he'd have known about the compensation potentially available to him under the *Voltage Variation Compensation Guideline* — and a complaint to EWOV could have been avoided.

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EWOV has received natural gas cases since March 1999 and LPG (liquefied petroleum gas, or bottled gas) cases since July 2005.

18 gas companies were participating in the EWOV scheme at 1 July 2007 — 9 natural gas retailers, 4 natural gas distributors and 5 LPG retailers.

All natural gas customers in Victoria can choose their retailer. They don't have choice of distributor, because each distributor is responsible for the natural gas network in a specific part of Victoria.

There are three 'local' natural gas retailers which each have an obligation to offer to sell natural gas to customers in their local areas. They can also sell to customers in other areas, in competition with the local retailer and independent retailers.

Customers using LPG at home, or in their business, can choose to purchase it from LPG retailers or resellers operating in their area. However, EWOV's jurisdiction extends to LPG retailers only.

#### 2006/07 GAS CASES

- **3,888 gas cases overall**, up 10%  
19% enquiries and 81% complaints  
Most commonly — the process of switching retailer
- **3,456 natural gas retail cases**, up 12%  
16% enquiries and 84% complaints  
Most commonly — the process of switching retailer
- **129 natural gas distribution cases**,  
down 37%  
14% enquiries and 86% complaints  
Most commonly — new connections/installations
- **149 LPG (retailer specific) cases**, up 67%  
42% enquiries and 58% complaints  
Most commonly — fees & charges

Figure 18: How many gas cases did EWOV receive and finalise in 2006/07?

	customer bandwidths <sup>^</sup>	Overall cases		Enquiries	Total Complaints	Complaints				
		2006/07	2005/06			full investigations finalised	complaints received for full investigation	complaints referred to higher-level contact	complaints referred to provider	referred <sup>o</sup> complaints and other complaints
<b>NATURAL GAS RETAIL</b>										
AGL Sales	■■■■	947	1,060	115	832	365	357	306	159	10
Australian Power & Gas *	■	0	-	0	0	0	0	0	0	0
EA/IPR Retail Partnership #	■	313	346	31	282	104	88	138	53	3
Origin Energy	■■■■	1,242	910	300	942	297	323	387	209	23
Sun Gas Retail "	■	0	0	0	0	0	0	0	0	0
TRUenergy	■■	720	719	81	639	244	232	263	132	12
Victoria Electricity	■	234	61	14	220	81	81	88	43	8
<b>Total natural gas retail</b>		<b>3,456</b>	<b>3,096</b>	<b>541</b>	<b>2,915</b>	<b>1,091</b>	<b>1,081</b>	<b>1,182</b>	<b>596</b>	<b>56</b>
<b>NATURAL GAS DISTRIBUTION (% customers)<sup>~</sup></b>										
Envestra	(30%)	33	42	6	27	8	9	10	7	1
Multinet Gas	(39%)	44	72	3	41	15	7	24	10	0
SP AusNet	(31%)	52	91	9	43	21	13	19	9	2
<b>Total natural gas distribution</b>		<b>129</b>	<b>205</b>	<b>18</b>	<b>111</b>	<b>44</b>	<b>29</b>	<b>53</b>	<b>26</b>	<b>3</b>
<b>NON PROVIDER SPECIFIC</b>										
Natural gas		140	125	98	42	-	-	-	11	31
LPG		14	13	9	5	-	-	-	0	5
<b>LPG (RETAILER SPECIFIC)<sup>'''</sup></b>										
Elgas		60	-	23	37	8	12	14	9	2
Kleenheat		56	-	18	38	7	9	10	19	0
Origin Energy LPG		11	-	3	8	2	1	3	2	2
Powergas		3	-	1	2	1	1	0	1	0
Supagas		19	-	17	2	1	1	0	1	0
<b>Total LPG (retailer specific)</b>		<b>149</b>	<b>89</b>	<b>62</b>	<b>87</b>	<b>19</b>	<b>24</b>	<b>27</b>	<b>32</b>	<b>4</b>
<b>GAS TOTALS</b>		<b>3,888</b>	<b>3,528</b>	<b>728</b>	<b>3,160</b>	<b>1,154</b>	<b>1,134</b>	<b>1,262</b>	<b>665</b>	<b>99</b>

## NOTES:

Reflects data run at 24 July 2007. Some of the complaints which were fully investigated and finalised were received prior to July 2006.

<sup>o</sup> 64 complaints were referred elsewhere. 35 other complaint issues did not require referral or investigation.

\* Australian Power & Gas joined EWOV as a gas retail scheme participant on 19 April 2007.

# Since 1 August 2007, EA-IPR Retail Partnership has been known as Simply Energy.

" Sun Gas Retail was formerly ENERGEX. It is now owned by AGL.

<sup>^</sup> Customer bandwidths: ■ denotes less than 250,000 customers at 30 June 2007; ■■ 250,001 - 500,000 customers; ■■■ 500,001 - 750,000 customers. This is based on information provided to EWOV by each natural gas retailer. LPG customer numbers are not currently available.

<sup>~</sup> Natural gas distributors' customer shares are based on 2005 customer numbers in the ESC's *Gas Distribution Businesses - Comparative Performance Report 2005* (August 2006).

<sup>'''</sup>EWOV has been receiving LPG cases since 1 July 2005. Reporting on individual LPG retailers began from July 2006.

Figure 19: How are gas cases trending? What issues arise most commonly?

**Case trends**

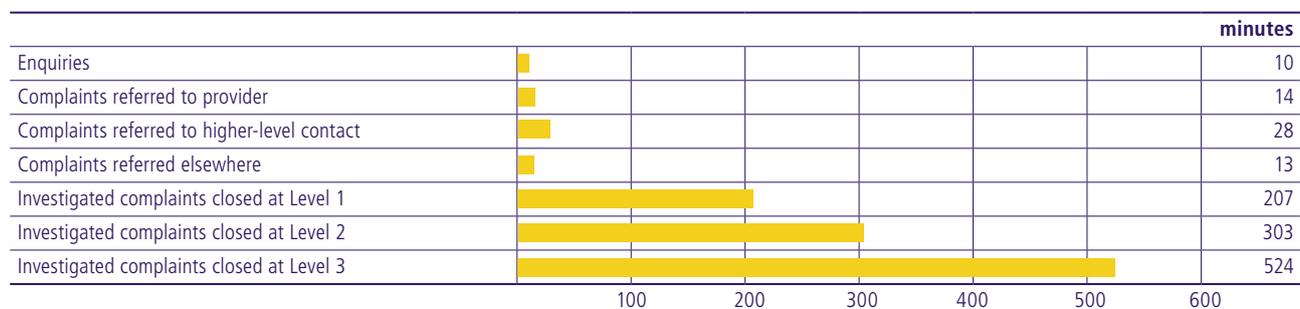
	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007
<b>Gas overall</b>	2,769	3,882	3,528	3,888
<b>Natural gas retail</b>	2,508	3,568	3,096	3,456
<b>Natural gas distribution</b>	150	169	205	129
<b>LPG (retailer specific)</b>	-	-	89	149

**Most common issues**

<b>Gas industry overall</b> (total of 4,340 issues)					%
Retail Competition > Transfer			717		17
Credit > Disconnection			375		9
Billing > High			367		8
Credit > Arrears			296		7
Retail Competition > Marketing			254		6
<b>Gas retail</b> (total of 3,868 issues)					%
Retail Competition > Transfer			691		18
Credit > Disconnection			369		10
Billing > High			351		9
Credit > Arrears			276		7
Retail Competition > Marketing			246		6
<b>Gas distribution</b> (total of 141 issues)					%
Provision > New			38		27
Land > Pipes			29		21
Provision > In-Place/Existing			27		19
Supply > Unplanned Interruption/Restriction			7		5
Billing > Meter			5		4
Customer Service > Poor			5		4
<b>LPG</b> (total of 160 issues)					%
Billing > Fees & Charges			27		17
Credit > Arrears			16		10
Billing > Price of LPG			13		8
Credit > Credit/Collection			8		5
Billing > Tariff			7		4

**NOTE:** Some cases raised more than one issue.

**Figure 20: On average, how much time did EWOV spend on each type of gas case?**



**Figure 21: How did EWOV finalise gas enquiries?**

		%
Provided general information and referred to provider	514	71
Provided general information	154	21
Referred to a Regulator	27	4
Referred to another Ombudsman	7	1
Referred to Government/MP	7	1
Referred elsewhere	19	3
<b>Total</b>	<b>728</b>	<b>100</b>



G/2006/925

## Alleged damage to boundary fence

Mr V believed excavation equipment operated by his natural gas distributor had damaged his fence. The alleged damage included a tyre mark on the fence and a crack in the cement.

Mr V had contacted the distributor several times, including sending photos of the damage. After an inspection, the distributor agreed to clean the tyre marks from the fence. However, this didn't remove the marks and Mr V wasn't happy with the outcome. He said the distributor had subsequently told him it wasn't responsible for the damage and would take no further action.

When we contacted the distributor, it confirmed its on-site assessment of the damage and that it believed it wasn't responsible. In its view, the cracks weren't consistent with an excavator coming into contact with the fence and had been there before the works. It asked for an independent assessment of the damage and agreed to compensate Mr V if the report showed that it was responsible for the damage.

We arranged for the independent assessment. It was found that excavation in the vicinity of the fence and the impact of machinery may have contributed to the damage. However, the assessment didn't conclude that any one factor was responsible. It also identified the damage as slight and unlikely to pose any long term threat to the fence's viability.

The distributor apologised to Mr V in writing for the inconvenience he'd been caused and contributed \$500 towards the repair of his fence. It also agreed to assess the fence in two years should Mr V make a further claim. Mr V accepted this.

---

**Rather than relying on subjective opinions about the damage, with the assistance of an EWOV independent advisor, the parties were able to come to an agreement based on objective and independent advice. To its credit, although the distributor believed it wasn't responsible for the damage, in a clear demonstration of its willingness to participate in EWOV's conciliation process, it was prepared to pay the costs if the independent assessment showed otherwise.**

---

**NOTE:**

Case studies are provided to demonstrate the range of complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the complaint.

G/2007/163

## Conflicting information makes it hard to sort out a high bill

Mr N said he'd been receiving regular estimated natural gas bills of between \$30 and \$50, because of meter access issues. He then received an unexpectedly high bill of \$750. He also advised that the meter had been changed over in November 2006 and was now behind an unlocked gate.

Mr N said that, on receiving the high bill, he went to check his meter reading and could smell gas near the meter. He immediately contacted the local distributor, which sent a service crew out. Mr N said the service crew told him there was a gas leak on his side of the meter, and he was being charged for leaking gas.

When Mr N contacted his retailer about his billing, he was told the leak was on the distributor's side of the meter and wouldn't have affected his bill. He said he was also told that it was the distributor's responsibility to fix the leak. However, Mr N was later told he'd have to pay for the repairs.

Dissatisfied with the conflicting advice he was getting, Mr N contacted EWOV to seek an independent investigation of the matter.

We contacted Mr N's natural gas retailer as it was responsible for his billing. The retailer confirmed that the distributor's service crew had located the leak on the distributor's side of the meter — but it wouldn't have affected Mr N's bills. The retailer also told us the high bill Mr N received was 'catch-up' bill due to his previous estimated meter readings. It offered a payment arrangement to help him pay it off. It also confirmed that meter access was no longer an issue.

We contacted the natural gas distributor for the technical report on the gas leak. We also asked whether the leak could have affected Mr N's usage. The distributor told us the leak was at an outlet connection on the customer's side of the meter and would have registered as usage through the meter. This advice conflicted with that provided to the retailer and subsequently to us by the retailer. We forwarded the advice to the retailer, which reconfirmed it with the distributor.

In resolving Mr N's complaint, the retailer took account of the fact that the leak had registered usage on Mr N's meter and credited his account with \$59.66. It offered to accept monthly 'self reads' from Mr N to ensure his ongoing bills were accurate. It also offered him an affordable payment plan to pay off the high bill he'd received after the estimated bills.

---

**Our independent investigation showed that neither the customer nor the retailer was really at fault — and that information provided by a third party had, at least in part, contributed to the problem. However, estimated billing and access arrangements continue to be major issues for both customers and providers. It's useful for customers to know that some retailers will accept self-reads of meters, and that these may help customers avoid high 'catch up' bills.**

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G/2007/835

### High bills remain a mystery

When Ms P, a restaurant owner, received three high natural gas bills (between \$1,900 and \$2,600), she thought there may be a problem with her business' gas meter. Her bills were usually between \$1,500 and \$1,600.

Her natural gas retailer had removed the meter for testing, replacing it with a new one. It subsequently told Ms P the meter had passed the testing. Ms P remained concerned because her bills returned to their previous levels after the new meter was installed.

Contacted by us, the natural gas retailer confirmed the old meter was working to Australian Standards. It also said a plumber had assessed the gas fitting line and all of the appliances at Ms P's restaurant and found no problems. Looking at her usage history, the retailer thought it likely Ms P had just used more gas.

As part of our investigation, we asked for all the documentation Ms P had received in relation to the high bills. We used this to help her work out the amount she was actually disputing — i.e. the difference between what she usually paid and the amounts of the high bills. Ms P insisted that her business hadn't used more gas over the period in question, so we also asked her for documentation to support this. The information we received didn't point to an increase in business activity, and we advised the retailer accordingly.

Despite a number of tests, and a thorough investigation, no fault was found with the business' gas meter or pipes. It therefore appeared that Ms P may indeed have used the amount of gas for which she'd been billed. However, that couldn't be established either. In the end, Ms P and the retailer agreed to meet half-way and a total of \$941 was credited to Ms P's account.

---

**This case demonstrated active participation by both parties and a resolution that was reflective of the merits of the complaint. Sometimes, no matter how much investigation is undertaken, it's not possible work out why a customer has received a higher than expected bill, or succession of bills. Having availed themselves of EWOV's independent services, the parties realised this and met half way, resolving the matter amicably and fairly.**

---

L/2006/79

### Invoice with two dates

Ms W rang EWOV on 4 July 2006 saying her LPG provider had left her a bill for gas which hadn't been delivered. She said that on 30 May 2006, she'd received an LPG delivery. She paid the account for \$118.82 on 2 June 2006.

Ms W was away from 8 June 2006 to 16 June 2006. She returned to find her gate unlocked. She then received a bill for \$115.35, which she believed showed a delivery on 14 June 2006, while she was away and the gate was locked. When Ms W called the retailer, she was told she'd need to speak with the delivery driver. She said that when she did this, the driver threatened to stop her deliveries.

The LPG retailer told EWOV a delivery of 133 litres was made on 22 June 2006. It said that, in line with its standard procedures, on 13 June 2006 it had generated a blank tax invoice. This didn't contain details of how much LPG was to be delivered or how much it cost, because these details wouldn't be known until the gas was delivered. It was printed with the expected delivery date of 14 June 2006.

However, on 14 June 2006, the retailer's driver was sent to another area and made no attempt to deliver to Ms W. The truck used that day had GPS tracking which showed it wasn't in Ms W's area. In line with usual practice, the driver returned the tax invoice to the depot as he hadn't made the delivery.

The retailer said that, on 22 June 2006, the truck was sent out again with the same tax invoice. The truck delivery record showed the retailer's driver made the delivery that day. It also said the driver hand-wrote 22.06.06 and 133 litres of gas delivered on the invoice and left a copy in Ms W's letter box. As a result, the invoice she received had the two dates on it.

Our investigation showed that Ms W was on an automatic LPG delivery run. Our discussions with her indicated this and the retailer said it had explained this to her in July 2006. As a result, deliveries were made regularly, not based any request from her.

We checked the invoice and the retailer's delivery records and concluded the gas wasn't delivered between 8 June 2006 and 16 June 2006. Our check of the truck records satisfied us that the delivery took place on 22 June 2006. This was supported by our analysis of Ms W's usage history, on a daily use basis.

Our investigation concluded that the LPG retailer had delivered 133 litres of gas to Ms W on 22 June 2006, so the bill of \$115.35 was issued correctly. The case was closed on the basis that no further investigation was warranted. We advised Ms W of the result of our investigation. She didn't agree with the outcome.

---

**Keeping records of incidents and detailed procedures is important, especially when a product is delivered to a customer automatically. In this case, the LPG retailer's detailed records — of its standard procedures, its truck deliveries, where the truck had travelled, its contact with Ms W and the actual delivery — enabled us to make an independent assessment of the complaint and an informed analysis of its merits.**

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# DUAL FUEL

Dual fuel cases are those where the customer's complaint isn't specifically related to either electricity or natural gas.

A customer may, for example, be complaining about the general conduct of a salesperson selling a dual fuel (electricity and natural gas) contract.

Where a customer has a dual fuel contract, but their issue is specific to either electricity or natural gas, we take the case as electricity or natural gas, not dual fuel.

EWOV introduced the dual fuel case type in January 2003, to provide for equitable case handling charges for energy retailers, clear and fair reporting of issues arising from the marketing of dual fuels, and efficient case handling.

At 1 July 2007, six energy retailers operating in Victoria offered dual fuel.

## 2006/07 DUAL FUEL CASES

- ➔ **429 dual fuel cases**, up 45%
- 18% enquiries and 82% complaints
- Most commonly — energy marketing



# DUAL FUEL CONTINUED

Figure 24: How many dual fuel cases did EWOV receive and finalise in 2006/07?

	Overall cases		Enquiries	Total Complaints	Complaints				
	2006/07	2005/06			full investigations finalised	complaints received for full investigation	complaints referred to higher-level contact	complaints referred to provider	referred <sup>o</sup> elsewhere and other complaints
<b>DUAL FUEL</b>									
AGL Sales	53	21	11	42	10	8	24	7	3
Australian Power & Gas *	0	-	0	0	0	0	0	0	0
EA-IPR Retail Partnership #	62	29	6	56	2	2	41	7	6
Origin Energy	38	8	10	28	12	10	11	6	1
TRUenergy	143	217	11	132	47	48	57	24	3
Victoria Electricity	115	20	25	90	16	18	47	15	10
Non provider specific	18	1	14	4	-	-	-	1	3
<b>TOTALS</b>	<b>429</b>	<b>296</b>	<b>77</b>	<b>352</b>	<b>87</b>	<b>86</b>	<b>180</b>	<b>60</b>	<b>26</b>

**NOTES:**

Reflects data run at 24 July 2007. Some of the complaints which were fully investigated and finalised were received prior to July 2006.

<sup>o</sup> 3 complaints were referred elsewhere. 23 other complaint issues did not require referral or investigation.

\* Australian Power & Gas joined EWOV as a natural gas retail scheme participant on 19 April 2007 and has since offered dual fuel.

# Since 1 August 2007, EA-IPR Retail Partnership has been known as Simply Energy.

Figure 25: How are dual fuel cases trending? What issues arise most commonly?

### Case trends

	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007
Dual fuel	238	529	296	429

### Most common issues

Dual fuel overall (total of 518 issues)		%
Retail Competition > Marketing	169	33
Retail Competition > Transfer	153	30
Billing > High	25	5
Credit > Payment Plan	23	4
Credit > Arrears	18	3

NOTE: Some cases raised more than one issue.

Figure 26: On average, how much time did EWOV spend on each type of dual fuel case?

	minutes
Enquiries	9
Complaints referred to provider	14
Complaints referred to higher-level contact	23
Complaints referred elsewhere	13
Investigated complaints closed at Level 1	176
Investigated complaints closed at Level 2	159

**Figure 27: How did EWOV finalise dual fuel enquiries?**

		%
Provided general information and referred to provider	25	32
Provided general information	47	61
Referred to a Regulator	1	1
Referred to another Ombudsman	1	1
Referred to Government/MP	2	3
Referred elsewhere	1	1
<b>Total</b>	<b>77</b>	<b>100</b>

**Figure 28: On average, how long did it take to close the dual fuel complaints EWOV fully investigated?**

Retail	minutes
AGL Sales	53
EA-IPR Retail Partnership	6
Origin Energy	18
TRUenergy	45
Victoria Electricity	14
<b>Retail average</b>	<b>36</b>

**NOTES:**

2 dual fuel investigations were upgraded to Level 2 during this period. List excludes scheme participants for whom no full investigations were finalised by EWOV in 2006-07. Some of the complaints which were fully investigated and finalised were received prior to July 2006.

Case complexity contributes to the time taken to close a case. EWOV's seeking of technical or legal advice and delays in customer action/replies may also have an effect. Case closure times may also be affected by factors internal to the provider, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

**Figure 29: How many dual fuel complaints were fully investigated and closed within 28, 60 and 90 days?**

	Total	%
Within 28 days	49	56
Within 60 days	75	86
Within 90 days	79	91
Above 90 days	8	9
<b>Total</b>	<b>87</b>	<b>100</b>

F/2007/139

### Final bill confusion

When Mr A decided to switch his dual fuel account to another energy retailer, his existing energy retailer sent him a final bill. Mr A thought the bill was too high. When he rang the retailer, the contact centre representative wasn't able to explain how the charges had been calculated. He'd also written to the retailer asking for an explanation, but hadn't received a reply.

Responding to our investigation, the energy retailer said Mr A had originally been paying \$155 a month for gas and electricity. This had been increased to \$190 a month after September 2006.

It confirmed that the gas component of Mr A's account had been closed at 11 January 2007 with a nil balance. This was because the credit balance of \$82.97 had been refunded to his daughter's credit card — as the most recent payment had been made by her on the card. Mr A initially said he hadn't received this refund, but his daughter confirmed it had been credited to her credit card.

The retailer said the electricity component of Mr A's account was closed at 3 April 2007 with \$311.82 outstanding.

We reviewed the account history the retailer provided and, in particular, the reconciliation table showing Mr A's gas and electricity bills and the payments which had been made on his account. We found that the outstanding amount of \$311.82 included an additional bill Mr A hadn't considered.

In resolution of the case, the retailer waived \$111.82 of Mr A's final bill. Mr A agreed to pay the balance of \$200.

---

The finalisation of dual fuel accounts depends on obtaining final readings of both the gas and electricity meters. As it's sometimes hard for customers to check outstanding balances, a reconciliation table showing bills issued and payments made can be a useful tool. In this case, had the dual fuel retailer's staff provided the customer with a clear explanation at the outset, if it had promptly replied to his correspondence, or if it had taken steps to assure itself that he understood the basis of his final bill, it may well have been able to avoid the complaint escalating to EWOV.

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F/2007/166

### Energy contract and switching confuse elderly customer

Ms Q, an elderly customer, had become confused about her electricity and gas arrangements. After signing a dual fuel contract with a new energy retailer, she'd received bills from both the new retailer and her previous retailer.

She said she'd twice called the new retailer to cancel the contract and she wanted to go back to her previous retailer. Despite this, she wasn't sure that would happen. She said the new retailer had also told her there would be a cancellation fee for terminating the contract, so she may be better off staying with it.

When we contacted Ms Q's new retailer about her concerns, it said she'd agreed to sign up and it was also aware she'd looked into transferring to a third retailer.

We pointed out the difficulties Ms Q said she had in understanding the contract and transfer process, and sought the new retailer's agreement to her accounts being transferred retrospectively back to her original retailer. We also requested that any fees be waived.

The new retailer responded to our approach and Ms Q was retrospectively transferred back to the original retailer for both gas and electricity, with no termination fees. The new retailer also apologised for the inconvenience she'd been caused and made a customer service payment of \$50.

---

The processes around energy contracts, switching retailers and the transfer process can be quite confusing. It's essential that marketers are very clear in their customer communications, especially those directed at the elderly. All of the potential repercussions of the contract and the switch of retailer should be clearly outlined and the customer's understanding of this should be checked. Best practice may be to phone all elderly customers after door-to-door or phone sales, to check their understanding.

---

## NOTE:

Case studies are provided to demonstrate the range of complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the complaint.

**EWOV has handled water cases since April 2001.**

**At 1 July 2007, there were 20 water corporations participating in the EWOV scheme.**

The water businesses operate in five sectors — 3 metropolitan retailers, 1 metropolitan wholesaler, 11 regional urban water corporations, 3 rural water corporations and 2 rural urban water corporations.

With the exception of the metropolitan wholesaler, each water business has both retail/billing and distribution/supply functions.



## 2006/07 WATER CASES

- ➔ **1,484 water cases overall**, up 14%  
33% enquiries and 67% complaints  
Most commonly — fees & charges
- ➔ **791 metropolitan retail water cases**, up 17%  
30% enquiries and 70% complaints  
Most commonly — high bills
- ➔ **20 metropolitan wholesale water cases**,  
down 4 cases  
30% enquiries and 70% complaints  
Most commonly — fees & charges
- ➔ **415 regional urban water cases**, down 9%  
31% enquiries and 69% complaints  
Most commonly — fees & charges
- ➔ **110 rural water cases**, up 62%  
18% enquiries and 82% complaints  
Most commonly — licensing
- ➔ **57 rural urban water cases**, up 17%  
23% enquiries and 77% complaints  
Most commonly — fees & charges

## WATER CONTINUED

Figure 30: How many water cases did EWOV receive and finalise in 2006/07?

	sector share	Overall cases		Enquiries	Total Com complaints	Complaints				
		2006/07	2005/06			full investigations finalised	complaints received for full investigation	complaints referred to higher-level contact	complaints referred to provider	referred ° elsewhere and other complaints
<b>METROPOLITAN RETAIL</b>										
City West Water	(20%)	374	228	108	266	76	78	106	77	5
South East Water	(39%)	209	229	63	146	44	46	43	48	9
Yarra Valley Water	(41%)	208	218	64	144	49	48	44	45	7
<b>Total metropolitan retail water</b>		<b>791</b>	<b>675</b>	<b>235</b>	<b>556</b>	<b>169</b>	<b>172</b>	<b>193</b>	<b>170</b>	<b>21</b>
<b>METROPOLITAN WHOLESALE</b>										
Melbourne Water		20	24	6	14	6	5	3	5	1
<b>REGIONAL URBAN</b>										
Barwon Water	(21%)	89	48	25	64	20	22	27	14	1
Central Highlands Water	(10%)	23	47	6	17	4	4	7	5	1
Coliban Water	(11%)	41	35	11	30	13	14	10	4	2
East Gippsland Water	(3%)	24	20	7	17	4	4	7	6	0
Gippsland Water	(10%)	33	89	14	19	7	7	8	4	0
Goulburn Valley Water	(9%)	22	22	6	16	2	1	6	9	0
Grampians Wimmera Mallee Water	(5%)	33	45	7	26	12	9	8	8	1
Lower Murray Water	(5%)	6	11	3	3	1	1	1	1	0
North East Water	(7%)	21	18	8	13	2	5	2	6	0
South Gippsland Water	(3%)	24	10	7	17	5	5	6	4	2
Wannon Water	(6%)	26	42	7	19	6	6	7	5	1
Western Water	(8%)	45	41	18	27	7	5	10	11	1
Westernport Water	(2%)	28	27	8	20	4	6	8	5	1
<b>Total regional urban water</b>		<b>415</b>	<b>455</b>	<b>127</b>	<b>288</b>	<b>87</b>	<b>89</b>	<b>107</b>	<b>82</b>	<b>10</b>
<b>RURAL</b>										
First Mildura Irrigation Trust	(5%)	1	3	0	1	0	0	1	0	0
Goulburn-Murray Water	(55%)	59	33	12	47	15	17	18	11	1
Grampians Wimmera Mallee Water	(13%)	13	10	1	12	6	5	2	4	1
Lower Murray Water	(7%)	5	3	2	3	2	2	0	1	0
Southern Rural Water	(21%)	32	19	5	27	8	11	8	7	1
<b>Total rural water</b>		<b>110</b>	<b>68</b>	<b>20</b>	<b>90</b>	<b>31</b>	<b>35</b>	<b>29</b>	<b>23</b>	<b>3</b>
<b>Non provider specific</b>		<b>148</b>	<b>81</b>	<b>109</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>38</b>
<b>TOTALS</b>		<b>1,484</b>	<b>1,303</b>	<b>497</b>	<b>987</b>	<b>293</b>	<b>301</b>	<b>332</b>	<b>281</b>	<b>73</b>

## NOTES:

° 61 complaints were referred elsewhere. 12 other complaint issues did not require referral or investigation.

Reflects data run at 24 July 2007. Some of the complaints which were fully investigated and finalised were received prior to July 2006.

Percentages are rounded to the nearest whole number.

Water providers' sector shares are based on customer numbers provided to EWOV by the Victorian Water Industry Association.

**Figure 31: How are water cases trending? What issues arise most commonly?****Case trends**

	2003 - 2004	2004 - 2005	2005 - 2006	2006 - 2007
<b>Water overall</b>	1,136	1,256	1,303	1,484
<b>Metropolitan retail</b>	599	678	675	791
<b>Metropolitan wholesale</b>	73	20	24	20
<b>Regional urban</b>	327	357	455	415
<b>Rural</b>	72	101	68	110
<b>Rural urban *</b>		54	69	57

\* There are two rural urban water providers - Grampians Wimmera Mallee Water and Lower Murray Water. They were formed in July 2004.

**Most common issues**

<b>Water overall</b> (total of 1,607 issues)		%
Billing > Fees & Charges	187	12
Billing > High	139	9
Land > Pipes/Channels/Drains/Dams	104	6
Supply > Conservation/Restriction	85	5
Credit > Arrears	80	5
<b>Metropolitan retail</b> (total of 862 issues)		%
Billing > High	88	10
Billing > Fees & Charges	76	9
Land > Pipes/Channels/Drains/Dams	61	7
Supply > Sewerage/Drains/Catchment	46	5
Credit > Arrears	45	5
<b>Metropolitan wholesale</b> (total of 23 issues)		%
Billing > Fees & Charges	4	17
Land > Pipes/Channels/Drains/Dams	4	17
Customer Service > Poor	2	9
Land	2	9
Supply > Licensing	2	9
Supply > Quality	2	9
<b>Regional urban</b> (total of 447 issues)		%
Billing > Fees & Charges	92	21
Billing > High	42	9
Credit > Arrears	31	7
Provision > New	26	6
Land > Pipes/Channels/Drains/Dams	23	5
<b>Rural</b> (total of 119 issues)		%
Supply > Licensing	39	33
Land > Pipes/Channels/Drains/Dams	11	9
Billing > Fees & Charges	9	8
Provision > New	7	6
Supply > Conservation/Restriction	7	6
Customer Service > Poor	5	4
<b>Rural urban</b> (total of 65 issues)		%
Billing > Fees & Charges	17	26
Billing > High	6	9
Land > Pipes/Channels/Drains/Dams	6	9
Provision > New	5	8
Credit > Refund	4	6
Supply > Quality	4	6

NOTE: Some cases raised more than one issue.

Figure 32: On average, how much time did EWOV spend on each type of water case?

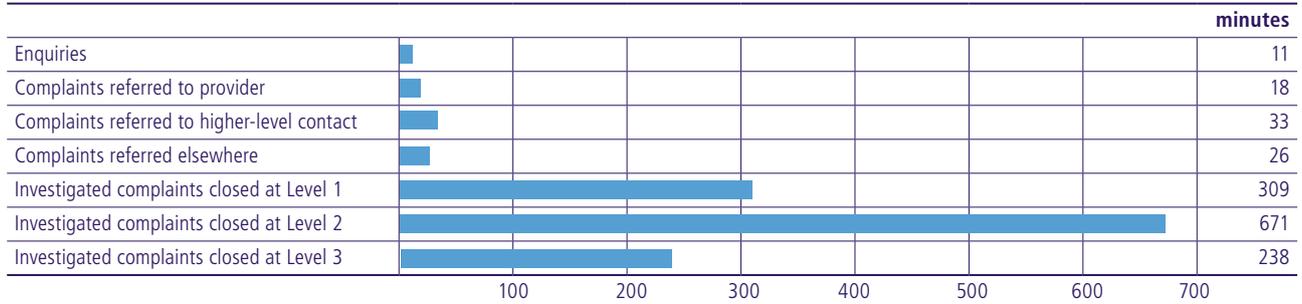


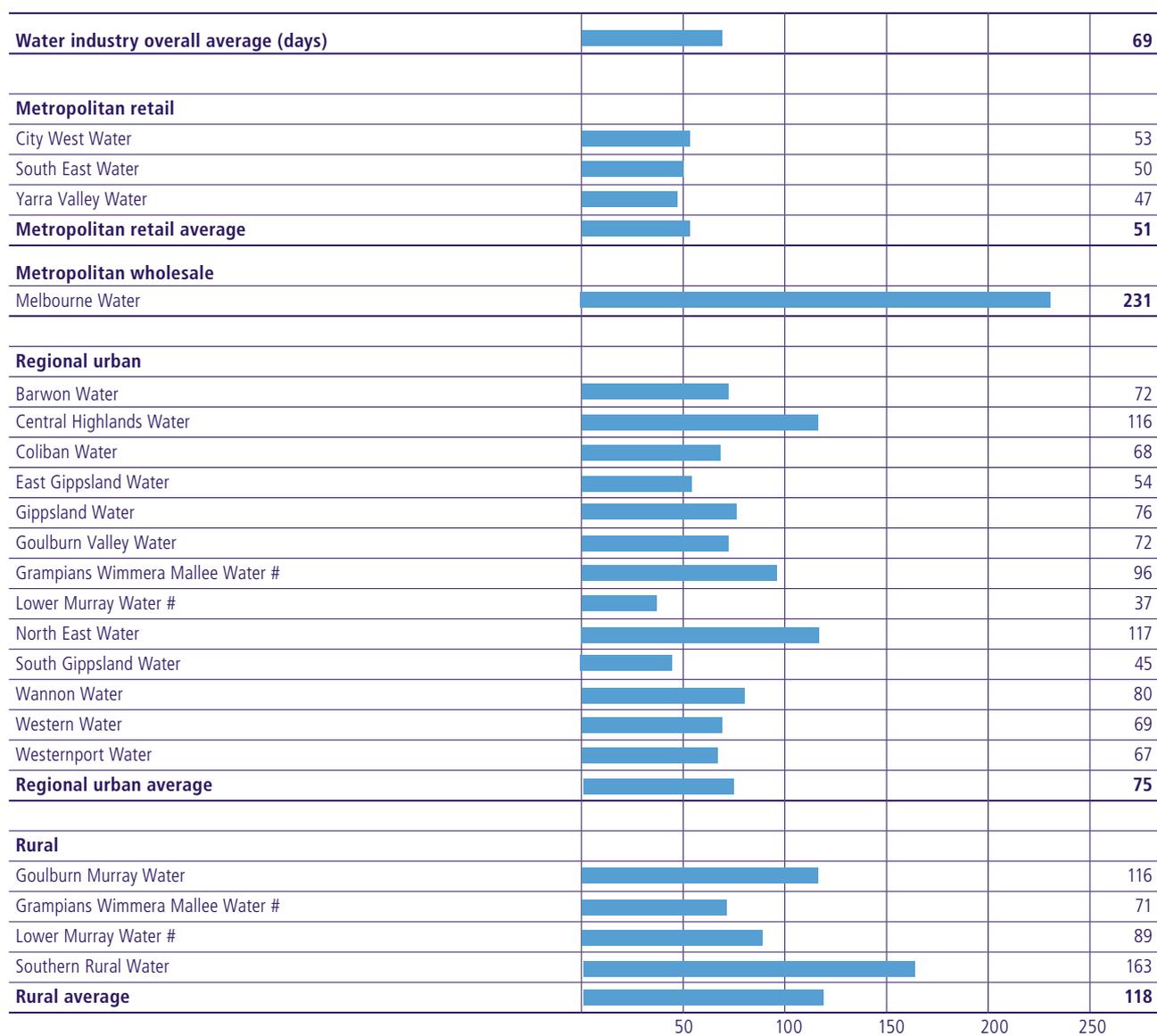
Figure 33: How did EWOV finalise water enquiries?

Finalisation Method	Count	%
Provided general information and referred to provider	283	57
Provided general information	124	25
Referred to a Regulator	16	3
Referred to another Ombudsman	1	<1
Referred to Government/MP	42	8
Referred elsewhere	31	6
<b>Total</b>	<b>497</b>	<b>100</b>

Figure 34: How many water complaints were fully investigated and closed within 28, 60 and 90 days?

Timeframe	Total	%
Within 28 days	93	32
Within 60 days	188	64
Within 90 days	227	77
Above 90 days	66	23
<b>Total</b>	<b>293</b>	<b>100</b>

**Figure 35: On average, how many days did it take to close the water complaints EWOV fully investigated?**



**NOTES:**

# Grampians Wimmera Mallee Water and Lower Murray Water are rural urban water corporations. Their urban and rural cases have been separated in this figure for sector share purposes.

30 water investigations were upgraded to level 2 this period and 5 investigations were upgraded to level 3.

List excludes scheme participants for whom no full investigations were finalised by EWOV in 2006-07.

Some of the complaints which were fully investigated and finalised were received prior to July 2006.

Case complexity contributes to the time taken to close a case. EWOV's seeking of technical or legal advice and delays in customer action/replies may also have an effect.

Case closure times may also be affected by factors internal to the provider, such as the time required for field testing and site inspections, and its resourcing for complaint handling.

W/2007/146

### Confusion over planning permits and licence requirements

Mr K wanted to turn a former deep horse swim on his property into wetlands for wildlife. He was seeking clarification of his water provider's role in this — in particular, why he had to apply for a licence from the water provider when he'd been dealing with two other bodies.

Mr K said one body advised him in writing that it was responsible for issuing planning permits. In November 2006, that body said it had no objection to issuing him with a permit, subject to his compliance with a number of conditions. Confident of meeting those conditions, Mr K engaged consultants to prepare and submit plans to the local water provider.

In early January 2007, however, he was told the water provider required him to have a licence to construct a dam. He was also told there wasn't any need for a planning permit, if a licence was obtained. Having gone to significant expense to meet the conditions imposed by the other body, Mr K was now thinking this hadn't been necessary. He also didn't know how the licence conditions compared with those already imposed.

Contacted by EWOV, the water provider advised that Mr K's works constituted a dam and that, under section 67 of the *Water Act 1989*, he'd need a works licence before he could commence the works or obtain a planning permit from the council. It said that, on 24 November 2006, it had received a planning permit application referral from the other body Mr K was dealing with. It said it had subsequently inspected the site on 6 December 2006 and had concluded that, because the works were located on a waterway, a licence to construct and operate works was required. It said Mr K had been told this during the site inspection.

In relation to responsibilities, the water provider said that, under a Ministerial delegation, it was responsible for assessing, approving and issuing licences to construct and operate works on a waterway. For the purpose of the delegation, works were limited to the construction of dams, or any structure with the capability of harvesting and storing water. It said the Act provided a clear definition of a dam, and although Mr K sought to develop wetlands, the works clearly fell within the definition of a dam.

The water provider said the other body's responsibility covered a different area, that being to ensure any proposed works were carried out in a way which would protect and or enhance the environmental values of the waterway. It also advised it had no information to suggest the other body had claimed responsibility for the authorisation of Mr K's works.

We provided Mr K with the water provider's detailed response. He understood, but was concerned about a drawn-out application process. Responding to his concerns, the water provider gave assurances that the matter would be dealt with promptly once an application was received. Mr K submitted his application along with the fee, satisfied with the water provider's assurances.

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**Clear communication invariably assists resolution. This customer was concerned about the different information he was getting from different sources. For its part, the water provider assisted resolution and demonstrated good customer service by dealing with the complaint efficiently and agreeing to address his application promptly.**

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## NOTE:

Case studies are provided to demonstrate the range of complaints received, and the outcomes achieved through EWOV investigation. Initials used have no relevance to the name of the actual customer who lodged the complaint.

W/2007/424

### Unexpected property charges

Ms J said she'd been living at her property since May 2006. When she moved in, she'd asked the local water provider to set up an account for the property in her name. She said she was told she could have the existing account transferred across to her, but a new account couldn't be opened in her name, because she already had another account. Ms J said that, since then, she'd been paying \$20 a fortnight via Centrepay and all her water bills.

In early March 2007, she received a bill with a carried forward balance of \$1,007.76. She said the water provider told her she was responsible for certain charges on the account — which she understood to be arrears carried forward from her father's account. Her father had since left the property. Ms J said that, when he left, his account was closed and a new account set up in her name.

The water provider advised us that Ms J became the registered joint owner of the property on 27 November 2006. An account was issued on 20 February 2007. This included an outstanding amount of \$707.20 transferred from the previous owners of the property to Ms J because it remained outstanding at the time of settlement. The water provider said it was acting in accordance with section 275 of the *Water Act 1989* (the Act) in doing this.

An amount of \$417.70 for usage for the period the account was in Ms J's name was also transferred to her current account. This gave a total of \$1,124.90. Offset by her Centrepay payments, the actual balance was \$1,007.76.

In our investigation, we reviewed the relevant sections of the Act and confirmed they applied. Section 275 states that amounts outstanding at settlement are a 'charge on the property' and therefore transfer with ownership. As the water provider didn't receive payment of the charges at settlement, they transferred to the new owner of the property, being Ms J.

We also noted that the water provider was able to confirm that the solicitors involved in the settlement were made aware of the outstanding amounts on 15 November 2006 and would have had an obligation to inform Ms J.

We therefore concluded that the outstanding charges were appropriately transferred to Ms J's account.

We confirmed to Ms J the basis on which the charges were transferred to her account and advised that the water provider had acted in accordance with the relevant provisions of the Act. We also advised her that the solicitors involved in the settlement were made aware of the arrears and should have told her about them.

The water provider agreed that Ms J could continue with her payment arrangement of \$20 a fortnight. At EWOV's suggestion, it also agreed to review the payment plan in the future.

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EWOV's role is to make an independent assessment of a situation, having regard to relevant laws and codes. This case also reflects the importance of good communication when conveying information and the role that plays in reaching an understanding and in resolving issues.

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W/2006/369

### Disputed responsibility for damaged fence

Mr B said that his local water provider had 'demolished' his brick fence when repairing a blocked sewer in the rear lane. The water provider had referred the matter to its insurers who inspected the property, prepared a report and sent a letter to Mr B denying responsibility.

The water provider didn't believe it was responsible for the fence's total collapse. It said the fence appeared to be in disrepair prior to its works and, further, the part closest to the sewer connection branch was still in relatively good condition.

It also pointed to its insurer's report, which found no movement in the lower brick courses to indicate ground subsidence as a result of the collapsed sewer, and which noted the possible contribution of trees inside the fence. In addition, it advised that approval for building a fence on a sewer easement came with conditions — and it couldn't be held responsible for damage as a result of an asset failure.

As part of our investigation, we sought advice about what would constitute 'good industry practice' in this situation. We also sought independent legal advice. We formed the view that, given the state of the fence prior to the works and because they were deemed to be emergency works, the water provider had acted appropriately under the circumstances.

We were satisfied that Mr B wasn't entitled to any compensation for the cost of repairing or replacing the fence. While Mr B wasn't satisfied with this outcome, he was satisfied his concerns had been thoroughly investigated.

However, the water provider acknowledged there were customer service issues which may have contributed to the delays in resolving the complaint, and offered Mr B an account credit of \$100. It also provided him with a formal apology.

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This case highlights that, although a customer may not be satisfied with a provider's response to their complaint, they may be satisfied with the same outcome once an independent body has investigated the matter. This demonstrates the value of using a range of tools to work out what is a fair and reasonable outcome, such as obtaining advice about good industry practice.

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## INCOME STATEMENT

For the year ended 30 June 2007

	2007 \$	2006 \$
<b>Revenue</b>	<b>5,778,360</b>	5,829,460
Employee benefits expense	<b>(3,821,870)</b>	(3,413,016)
Depreciation and amortisation expense	<b>(169,451)</b>	(144,663)
Rental expense	<b>(366,128)</b>	(383,250)
Administration expenses	<b>(646,598)</b>	(666,784)
Consultancy expenses	<b>(408,556)</b>	(367,423)
Marketing expenses	<b>(138,175)</b>	(151,211)
Training & development	<b>(105,820)</b>	(67,810)
Other expenses	<b>0</b>	(35)
Profit/(loss) before income tax expense	<b>121,762</b>	635,268
Income tax expense	-	-
Profit/(loss) attributable to members of the entity	<b>121,762</b>	635,268

## BALANCE SHEET

As at 30 June 2007

	2007 \$	2006 \$
<b>Current Assets</b>		
Cash and cash equivalents	1,401,658	1,408,692
Trade and other receivables	23,246	23,595
Other	34,496	39,399
<b>Total Current Assets</b>	<b>1,459,400</b>	<b>1,471,686</b>
<b>Non-Current Assets</b>		
Plant and equipment	494,945	392,427
<b>Total Non-Current Assets</b>	<b>494,945</b>	<b>392,427</b>
<b>Total Assets</b>	<b>1,954,345</b>	<b>1,864,113</b>
<b>Current Liabilities</b>		
Trade and other payables	495,564	533,966
Provisions	141,094	121,600
<b>Total Current Liabilities</b>	<b>636,658</b>	<b>655,566</b>
<b>Non-Current Liabilities</b>		
Provisions	96,077	108,699
<b>Total Non-Current Liabilities</b>	<b>96,077</b>	<b>108,699</b>
<b>Total Liabilities</b>	<b>732,735</b>	<b>764,265</b>
<b>Net Assets</b>	<b>1,221,610</b>	<b>1,099,848</b>
<b>Members' Equity</b>		
Retained earnings	1,221,610	1,099,848
<b>Total Members' Equity</b>	<b>1,221,610</b>	<b>1,099,848</b>

## CASHFLOW STATEMENT

For the year ended 30 June 2007

	2007	2006
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Levy receipts from Participants (inclusive of goods and services tax)	6,271,209	6,308,648
Payments to suppliers and employees (inclusive of goods and services tax)	(6,083,535)	(5,385,375)
Interest received	77,261	94,325
<b>Net cash (outflow)/inflow from operating activities</b>	<b>264,935</b>	1,017,598
<b>Cash Flows from Investing Activities</b>		
Payments for plant and equipment	(271,969)	(230,907)
<b>Net cash outflow from investing activities</b>	<b>(271,969)</b>	(230,907)
<b>Net Decrease in Cash Held</b>	<b>(7,034)</b>	786,691
<b>Cash and cash equivalents at the beginning of the Financial Year</b>	<b>1,408,692</b>	622,001
<b>Cash and cash equivalents at the end of the Financial Year</b>	<b>1,401,658</b>	1,408,692

## ACRONYMS USED IN THIS REPORT

ACCC – Australian Competition and Consumer Commission  
AEMC – Australian Energy Market Commission  
AER – Australian Energy Regulator  
ANZEWON – Australia & New Zealand Energy and Water  
Ombudsman Network  
ANZOA – Australian and New Zealand Ombudsman Association  
ASIC – Australian Securities & Investments Commission  
CAV – Consumer Affairs Victoria  
EDR – External dispute resolution  
ESC – Essential Services Commission  
EWOV – Energy and Water Ombudsman (Victoria)  
IDR – Internal dispute resolution  
IVR – Interactive voice response  
KPI – Key performance indicator  
LPG – Liquefied petroleum gas, also known as bottled gas  
MCE – Ministerial Council on Energy  
NEMMCO – National Electricity Market Management Company  
OoH – Office of Housing  
VENCorp – Victorian Energy Networks Corporation  
WDP – Wrongful disconnection payment

## Contacting EWOV

EWOV can help if you have a problem with an electricity, gas or water provider which you can't resolve directly with that provider. Our services are free and available to everyone.

### Freecall: 1800 500 509

Calls from restricted phone services — ring 12550 (Telstra reverse charges) and ask for (03) 9649 7599 — EWOV will accept the reverse charges and the call cost.

Calls from mobile phones may attract charges — we can ring you back.

Freefax:  
1800 500 549

Interpreter service:  
131 450

National Relay Service:  
133 677

Email:  
[ewovinfo@ewov.com.au](mailto:ewovinfo@ewov.com.au)

Website:  
[www.ewov.com.au](http://www.ewov.com.au)

Postal address:  
GPO Box 469 Melbourne 3001  
ABN: 57 070 516 175



**Energy and Water  
Ombudsman (Victoria)**

*Resolving your electricity, gas & water complaints. Independently.*