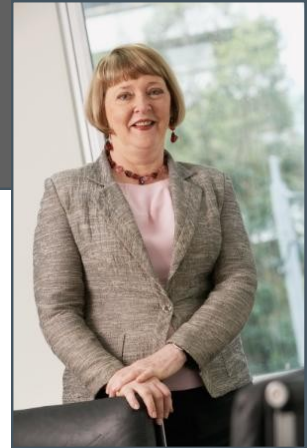




EWOV CONNECT



Summer 2011 issue

Changes at the top [2](#)

Snapshots from our 2011 Annual Report [3](#)

Behind the credit complaints [4](#)

Behind the high bill complaints [5](#)

Behind the smart meter & solar complaints [6](#)

Wrongful disconnection payment update [7](#)

Smart meter updates [8](#)

Resources roundup [9](#)

Our community outreach [10](#)

EWOV opened in May 1996. By 31 October 2011, we had assisted almost 285,000 energy and water customers, most of them residential.

We provide independent advice, information and referral regarding energy and water services.

We receive, investigate and facilitate the resolution of complaints involving customers and energy and water service companies in Victoria.

We identify, and where appropriate redress, systemic issues and refer these to energy and water companies and regulators.

We work with customer groups, industry and regulators to drive ongoing customer service improvement and to prevent complaints.

Message from the Ombudsman

As you'll read elsewhere in this issue of *EWOV Connect*, my last day as Energy and Water Ombudsman (Victoria) will be 31 January 2012.

As I say in our *2011 Annual Report*, it's been quite a journey, with no year unfolding quite the same as the year before. I'm enormously proud of the contributions the EWOV team has made to the independent and impartial resolution of energy and water complaints and to the broader energy and water landscape, in Victoria and nationally.

The foldout introduction to the *Annual Report* illustrates very well the multi-faceted and influential nature of EWOV's role—the resolution of individual complaints, the provision of information and advice, the identification and reporting of systemic issues and our work with stakeholders to prevent complaints.

I want to take this opportunity to acknowledge the many consumer representatives and community agencies who have worked with us during my time as Ombudsman.

The knowledge and skills you have brought to the EWOV Board (and before that the Council), to the Case Handling Advisory Committee and to our conferences; your participation in our community outreach; and your input to our development of EWOV's policies and processes has been most appreciated and enormously helpful to me and to my staff.

Thank you.

Fiona McLeod
Energy and Water Ombudsman (Victoria)

Changes at the top

Ombudsman Fiona McLeod is moving on

In September 2011, Ombudsman Fiona McLeod announced that she'd decided to move from full time work to non-executive directorships and would leave her Ombudsman role in January 2012.



In making her announcement, Fiona said ...

"It's a big decision for me as I've been Ombudsman since the scheme began some 16 years ago. I'll miss my job, EWOV, the staff and all the people I work with day-to-day, but I'm ready for the transition and look forward to having a better work/life balance."

We know you'll join us in thanking Fiona for her strong, collaborative leadership of the Energy and Water Ombudsman sector and the wider Ombudsman community for so long.

Cynthia Gebert announced as new Ombudsman

Following Fiona's announcement, the EWOV Board set about selecting a recruitment company to begin the process of appointing a new Ombudsman.

In mid November 2011, the EWOV team was delighted to hear that our new Ombudsman would be Cynthia Gebert, our General Manager Investigations.

Cynthia (pictured at right) started working at EWOV early in 2007. Before that she was the Chief Executive Officer of the Australian Commercial Disputes Centre (an independent, not-for-profit organisation established in 1986 to advance the practice and quality of alternative dispute resolution services in Australia). She also worked with the Credit Ombudsman Service Limited, providing senior level dispute resolution services. A qualified lawyer, with a Masters in Dispute Resolution, Cynthia takes up her new role on 1 February 2012.



*After 16 years
Fiona McLeod
calls it a day*

*Cynthia Gebert
announced as
new Ombudsman*

Customer concerns about rising prices, affordability, billing, marketing

EWOV concerns about 'credit repair' companies offering quick financial fixes

Snapshots from our 2011 Annual Report

Record cases, record complaints

In 2010-11, a record 54,289 cases were lodged with EWOV, up 28% from 2009-10 and up 197% from 5 years ago. A record 49,580 of these cases were complaints, up 29% from 2009-10 and up 250% from 5 years ago.

Behind the increases

- customer concerns about rising energy and water prices
- associated affordability issues
- systemic billing issues
- the marketing and transfer practices of energy retailers
- energy retail issues generally
- publicity and concerns around solar installations and smart meters

“With affordability clearly an issue for a lot of people, we’re concerned about the potential attractiveness of ‘credit repair’ companies which offer consumers a quick fix, for a fee, to their financial problems—especially when energy and water customers can obtain assistance free of charge through their companies and government.”

[Read more from the Ombudsman](#)

Top issues

Across all three industries, **Billing** issues were the most common, especially high bills. Billing was followed by **Credit** (which is essentially about the capacity of customers to pay their bills and stay on supply). 97% of Credit issues were raised by energy customers. Cases about disconnection of energy supply for account arrears were up 74% in electricity and 34% in gas. [Read more about the issues](#)

Outcomes of investigations

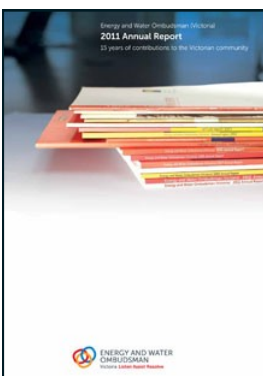
We finalised 11,164 complaint investigations, 44% more than in 2009-10 and 110% more than five years ago.

We arranged 3,601 payment plans, up 46% from 2009-10 and up 254% from 5 years ago.

We achieved \$3,448,051 in redress for customers:

- \$2,042,033 in billing adjustments
- \$980,783 in recognition of customer service issues
- \$303,014 in debt reductions/waivers
- \$91,601 in waived fees
- \$30,620 in guaranteed service level payments

[Full Annual Report and part PDFs on our website](#)



 **Behind the credit complaints**

Why have customers contacted EWOV about Credit issues?

It won't come as a surprise to you that customer financial hardship is still very obvious in our cases. In 2010-11, 8,566 customers raised Credit as their main issue of complaint and a further 6,029 customers raised Credit as an associated issue. Many customers were concerned about paying their bills (energy, water and otherwise) and making ends meet. It was also evident that energy retailers had been taking a harder line on account arrears and pursuit of energy debt.

Customer story

Affordability and high usage

This complaint highlights credit issues we see all too commonly. The customer and her family of four moved into their large home in regional Victoria some four years earlier.

She had arrears of just under \$8,400, had received a Utility Relief Grant, had dropped out of her retailer's hardship program due to non-payment of agreed instalments, had stopped making payments and was facing disconnection. She thought there may be a problem with the meter at her property.

The retailer told us her bills averaged \$1,000 a quarter. It said it had tested the meter and found no problem. We arranged for an independent financial situation assessment and an energy audit.

This revealed a low income family with three children at high school living in a 160-year-old house in need of repair, dealing with mortgage arrears, other debts of around \$32,000, illness and other difficult personal circumstances. Most of their appliances were electric. Column heaters were used 24/7, electric blankets were left on all day and the clothes dryer was used daily for each load of washing. The family had recently replaced a gas instantaneous hot water unit with three separate 2.9 kilowatt, 315 litre, heat pump hot water units (providing 945 litres of stored hot water) and installed a 2 kilowatt electric wall mounted heater. It was found that the family was using the electricity they were being billed for.

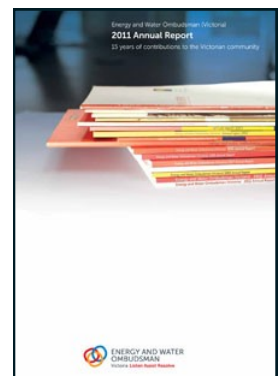
As a result of our investigation and energy audit, this customer recognised that she needed to take more responsibility for their electricity use and was offered help to change her families consumption. She also took up her electricity retailer's offer of an incentive plan where, if she paid an agreed amount each fortnight, she'd receive matching payments to help reduce her arrears. C/2010/9260

Customer hardship still evident

Affordability a complex issue

Responsibilities on both sides

[More Credit customer stories in EWOV's Annual Report on pages 23 & 24](#)



High bill complaints still at top of list

High bill complaints revealing affordability issues

Behind the high bill complaints

Why have customers contacted EWOV about high bills?

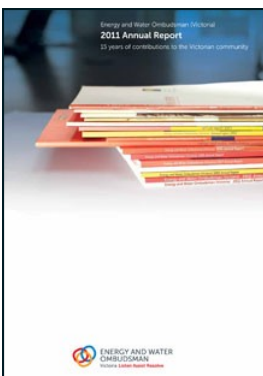
Billing is still the thing customers complain about most, especially high bills. The more traditional causes are problems within company billing systems (often due to system upgrades), meter reading errors, estimated bills and increased usage. Increasingly though, we're finding that what the customer presents as a high bill issue is essentially one of affordability. Emerging high bill causes include the installation of a smart meter (often because the new meter reads more accurately than the old one) and feed-in credits related to solar installations not being applied to customer accounts.

Customer story

High bill because customer's usage changed

The customer received two consecutive higher than expected bills of \$850 and \$920, when her usual quarterly bills were around \$600. Despite several contacts with her retailer, she remained dissatisfied. Responding to our investigation, the energy retailer apologised for not being able to resolve her concerns. The manually read interval meter (MRIM) at the customer's premises was tested and found to be operating correctly. The retailer confirmed the billing was on actual meter readings, not estimated or substituted data. It graphed the seasonal fluctuations in the customer's electricity use since July 2007. The customer accepted the results of our investigation, saying she now understood that her son and daughter moving back home and the increased use of air-conditioning may have contributed to the higher than expected bills. She said she'd monitor her usage more closely. C/2010/28593

[More high bill customer stories in EWOV's Annual Report on pages 21 & 22](#)



Customer story

High bill after installation of a smart meter

Receiving his first bill after the installation of a smart meter, this customer found his average daily usage had increased from 15kWh to 194kWh. He said his electricity retailer told him it was likely that his old meter wasn't operating properly and the readings on the smart meter would be correct. He was offered a payment extension, but no further investigation. As a result of our investigation, the retailer said the higher than average usage was the result of incorrect distributor data. It reissued the bill based on the correct data, cutting it by two-thirds. C/2010/31052

Behind the smart meter & solar complaints

Why have customers contacted EWOV about smart meters?

The rollout by electricity distributors of advanced interval meters (commonly called smart meters) has driven a lot of EWOV 'traffic'. We've had more requests for information, more concerns about bills and a range of other complaints around changes to existing electricity installations. Some of these we were able to investigate and some not.

Customer story

Safety switch preventing smart meter installation

The customer had been issued with a defect notice requiring him to pay for a new safety switch at his property to enable the installation of a smart meter. He said the builder who built his house in 1980 said the property was compliant for smart meter installation. Our investigation found that the positioning of the customer's safety switch on the meter panel was in breach of the Service and Installation Rules which applied at the time it was installed. An electrician would have to remove the switch from the meter panel before the smart meter exchange could go ahead. The customer accepted this advice and the cost of the work, and the distributor waived an associated truck visit fee. C/2011/2624

Why have customers contacted EWOV about solar power?

Often people were just seeking some independent advice, which we provided. We investigated complaints about Premium Feed-in Tariffs, systems problems with the application of solar credits and delays in general. We referred some complaints on to Consumer Affairs Victoria, e.g. where the customer was complaining about the actions of a solar installer, not an electricity retailer or distributor.

Customer story

Long delays in installation

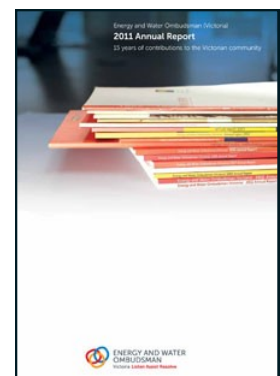
Four months after the installation of her solar panels, the customer's solar meter hadn't been installed. While she'd had several contacts with her electricity retailer, she said she was refused escalation to a manager. She said the electricity distributor and the retailer had been blaming each other for the delay, while she was missing out on Premium Feed-in Tariff (PFiT) credits. The complaint was resolved when her electricity retailer admitted that a processing error in its system meant that her distributor didn't receive the request to install her meter. The retailer apologised for not keeping her informed about the delay and for the loss of feed-in credits. It applied credits of \$550 to her account and the solar meter was installed. C/2011/939

Strong customer interest in smart meters

Lots of customer questions about solar power

Some things we can deal with and some things we refer on

[More smart meter and solar customer stories in EWOV's Annual Report on pages 24 & 25](#)



*To be capped
where customer
doesn't contact
retailer within
14 days*

*ESC rules WDP
not payable
where deemed
contract had
expired*

Wrongful disconnection payment update

Cap on amount that may be paid

Amendments to the wrongful disconnection payment (WDP) have passed through state parliament. These limit the WDP to \$3,500, if a customer doesn't contact their retailer within 14 days of the disconnection of their supply. We understand the Electricity and Gas Industry Acts are still to be updated—sometime in 2012, but no later than September 2012.

Deemed contracts and WDP

A deemed contract starts when a customer moves into a property and begins to use the gas or electricity, even though they haven't set up an account with a retailer. That deemed contract expires after 120 days for gas supply and after 180 days for electricity supply.

Having moved into a property, a customer must contact an electricity or gas retailer of their choice to set up an account. They can't just move in, use the electricity or gas and do nothing else. On top of this, if they ignore letters addressed as 'Dear Occupier' or 'Customer' which are sent to the property by energy retailers, they may miss the notice that the electricity or gas is about to be cut off because the period of their deemed contract has expired.

The Essential Services Commission (ESC) recently ruled that a WDP wasn't payable to a customer in these circumstances.

The ESC found that the disconnection was not wrongful because:

- The customer's deemed contract with the retailer expired before the disconnection.
- At the time of disconnection, no contract existed between the retailer and the customer for the supply/sale of gas.
- The gas retailer could not be considered to have breached any contractual conditions as there was no relevant contract in place.

The ESC decided this even though it acknowledged the gas retailer transferred the customer's gas account in error without her consent in July 2011 (she'd been on a deemed contract since October 2009), and that she wouldn't have received notification of the deemed contract, or that it expired after 120 days, or a notice warning of the disconnection.

We'll be speaking with the ESC about the issue of deemed contracts and the WDP, around whether there's a potential gap in the current legislation which may affect customer protections.

Smart meter updates

Smart meter rollout

On 14 December 2011, the Victorian Government announced that, following a cost-benefit analysis, the smart meter rollout will continue to all Victorian households and small businesses. In its announcement, the Government said, *“With more than 900,000 meters already installed across Victoria, many of the economic benefits of moving from a manual to an automated metering system can only be delivered to the community if Smart Meter technology is installed to all properties across the state.”* The Government also acknowledged that greater customer engagement is required to better explain smart meters and their operation.

[Full story on the Department of Primary Industries’ website](#)

Supply capacity control and load control products

The Essential Services Commission’s (ESC’s) *Smart Meters Regulatory Review Capacity Control and Verifying Bills* consulted on a range of matters related to smart meters—including load control, supply capacity control and billing. The ESC has now issued its [final decision](#).

‘Supply capacity control’ is the disconnection of supply for a short period of time. ‘Load control’ is a feature of smart meters that allows individual appliances to be turned off and on. The ESC decided that:

- a retailer may not offer supply capacity control products to customers for credit management until after 1 January 2014
- the Energy Retail Code (clause 12A) will be amended to reflect this
- it will permit customer trials for supply capacity control and load control, so long as customer explicit and informed consent is obtained and documented
- retailers will be required to meet with the ESC and explain how the products will work, the information they intend to provide to customers and the associated costs and benefits
- it will consult stakeholders on the information customers will require and how retailers and distributors will comply with their obligations
- it will conduct research into international experience of supply capacity control and load control products.

Other related billing matters

Distributors won’t have to leave a reminder notice or card with the final meter reading when they install a smart meter, but will be expected to keep thorough records of final reads when replacing the meter to assist with customer queries and complaints.

From 1 July 2012, retailers will have to include a start index read on bills. Clause 4.2 (h) of the Energy Retail Code will be amended to reflect this change.

Smart meter rollout to continue

No offers of supply control products until after 1 Jan 2014

Conditions around customer trials and information



[Back to page 1](#)

Energy products & services

Choosing an energy retailer

Door-to-door energy sales

Financial support

Other annual reports

Resources roundup

Consumer Affairs Victoria's (CAV's) website has new content about energy products and services. This CAV [webpage](#) provides information on choosing an energy retailer, installing solar, smart meters and energy and water efficiency.

The Essential Services Commission has refreshed its '[Your choice](#)' website to make it more user-friendly and consumer focused.

The [website](#) of Energy Assured Limited is now up. This is the industry body that has set up the new code of practice for door-to-door energy sales. The code comes into force from January 2012. The Code Manager and Independent Code Panel have also been appointed.

Victoria's Premium Feed-in Tariffs are under review and new transitional tariffs are being introduced. You can read the latest about the PFiT and solar power on the Department of Primary Industries' (DPI) [website](#).

The Department of Human Services website has launched a [new website](#). The 'For Individuals' section includes information about available [financial support](#), including rebates and concessions.

On rebates—your clients may be eligible for help with the cost of a new hot water system through Sustainability Victoria. The [Gas Hot Water Rebate program](#) provides rebates of up to \$700 for the purchase and installation of eligible natural gas and LPG hot water systems if the household currently uses:

- a peak (day-rate) electric hot water system (a hot water system that is ineligible for an off-peak electricity tariff) with a capacity of 160 litres or less, or
- a hot water system fuelled by wood.

[More information](#) or ring Sustainability Victoria on 1300 366 195.

Links to the annual reports of other Ombudsman offices and consumer protection agencies

[Financial Ombudsman Service](#)

[Public Transport Ombudsman Victoria](#)

[Telecommunications Industry Ombudsman](#)

[Victorian Ombudsman](#)

[Health Services Commissioner Victoria](#)

[Consumer Affairs Victoria](#)

Community outreach

Building our cultural awareness

We were pleased to have Anita Smith, a financial counsellor with the Footscray Community Legal Centre come in recently to talk to the EWOV team about customers from refugee backgrounds. In particular, she addressed the cultural issues faced by the Vietnamese, Sudanese and Burmese communities. Anita was joined by speakers from those communities, who provided us with really useful and interesting anecdotes around their experiences of cultural differences.

To follow up on this work, our Research & Communications Team is looking at options for extending EWOV's links with other community organisations. We're also reviewing some of our fact sheets, with the aim of ensuring they do a better job of helping consumers from all backgrounds.

Out and about

Over the last few months, we've also taken part in three 'Bring your bills' days (Ascot Vale, Braybrook and Essendon North), an Indigenous Financial Inclusion Workshop (Melbourne), the Seniors Festival (Melbourne) and a Consumer Affairs Victoria event in Sunbury.

EWOV essentials

We can help with electricity, gas (natural and LPG) and water problems that can't be resolved directly with an electricity, gas or water company. Our services are free and available to everyone.

What kinds of problems?

- the provision and supply of a service (or the failure to provide or supply it)
- billing
- credit and payment services
- disconnections and restrictions
- refundable advances (security deposits)
- land and property issues

How do we resolve problems?

Most things can be sorted out through discussion and agreement. In a small number of cases, the Ombudsman makes a final decision—just like an umpire. Decisions are binding on energy and water companies and may include awards of up to \$20,000 or, if all parties agree, up to \$50,000. Read more on our website: www.ewov.com.au

Freecall 1800 500 509

If the phone service is restricted—ring 12550 (Telstra reverse charges) and quote this number: (03) 8672 4460—we'll accept the reverse charges and the call cost. Calls from mobile phones may attract charges — we can ring you back.

Free fax: 1800 500 549

Interpreter service: 131 450

National Relay Service: 133 677

Email: ewovinfo@ewov.com.au

Online complaint form: <http://www.ewov.com.au/GotaProblem/Complaint-form.aspx>

Website: www.ewov.com.au

Post: GPO Box 469 Melbourne Vic 3001