



Res Online

Data from 1 Jan 2012 to 31 Mar 2012 (released July 2012)

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Message from the Ombudsman

Addressing Systemic Issues

Identification of systemic issues is an important part of the work of an Ombudsman office. In this issue of Res Online, we take a closer look at how the Energy and Water Ombudsman (Victoria) (EWOV) approaches this aspect of its role.

While our primary focus is on resolving individual disputes, 16 years of EWOV dispute resolution experience has shown us that customer detriment doesn't always end with the resolution of a particular complaint. Even a single complaint can highlight a problem that's affecting a lot of other customers who may not have complained or may not be aware of it. Where our case handling makes us aware of such a situation, it's important that we shed light on the issue to prevent further complaints or consumer detriment.

The EWOV Charter (and EWOV Constitution) lay the foundations for our systemic issues work. There are also understandable community expectations that, in light of EWOV's front-line role as an independent dispute resolution body, we are active in this space—monitoring complaint issues, alerting scheme participants so that problems can be examined and fixed, and keeping regulators informed.

We know our work has helped achieve redress for a greater number of affected customers. We know we've also helped reduce the potential wider impacts of particular issues, such as systemic billing system problems, including the flow-on effect to our own operations. Clearly this is a value-add all around—for customers, industry and regulators.

As an example, our internal reporting recently highlighted a steady increase in the number of cases coming to us about a particular billing issue. We contacted the scheme participant and learnt it was experiencing billing system problems, but it was unaware of the potentially systemic issue we'd detected from our case handling. It acted to effectively deal with the complaints internally. We helped it manage the situation by providing daily EWOV case receipt updates. By taking action when we detected the problem, we helped this scheme participant quickly address a systemic issue. We also prevented an influx of complaints to EWOV that didn't require a high level of scrutiny and were better dealt with by the scheme participant.

You'll find more about our systemic issues work—together with a summary of recent systemic issues, which will be a regular feature in all future issues of Res Online.

Trends

The operational review of EWOV's processes, procedures and work practices continues to deliver early resolution results. While overall cases from January to March 2012 were up 11% against those for same quarter in 2011, and complaints received were up 16%, investigated complaints were down 49%. This is good news, achieved through better use of the Assisted Referral process by us and a greater commitment to the process by scheme participants.

Billing continued to be the biggest source of customer complaint, with electricity tariffs still at the top of the Billing issues list. The second most common issues category was Credit, and within that category, disconnection of electricity supply for arrears. It's clear that affordability continues to be a challenge for many customers.

Thanks for your feedback

Finally, thanks to readers who took the time to give us your (very positive) feedback on issue one of Res Online. If you have some thoughts you'd like to pass on about this, or any of our other publications, please contact Matt Helme, EWOV's RCT Manager, at ewovinfo@ewov.com.au

Cynthia Gebert

Energy and Water Ombudsman (Victoria)

Cases, Complaints, Enquiries - a Snapshot

Snapshot - 1 January 2012 to 31 March 2012

Streamlining of our case handling processes is delivering a better experience for customers and scheme participants and facilitating earlier complaint resolutions across all industries.



Overall Cases

- 15,130 cases lodged with EWOV
- 14,587 complaints and 543 enquiries
- 1,703 investigated complaints
- 10,322 assisted referrals
- 2,562 unassisted referrals
- 2,122 complaint investigations finalised

Electricity Cases

- 11,700 cases lodged with EWOV by electricity customers
- 11,304 complaints and 396 enquiries
- 1,306 investigated complaints
- 7,953 assisted referrals
- 2,045 unassisted referrals
- 1,581 complaint investigations finalised

Gas—Natural Gas and Liquefied Petroleum Gas (LPG) Cases

- 2,825 cases lodged with EWOV by gas customers
- 2,764 complaints and 61 enquiries
- 340 investigated complaints
- 2,040 assisted referrals
- 384 unassisted referrals
- 460 complaint investigations finalised

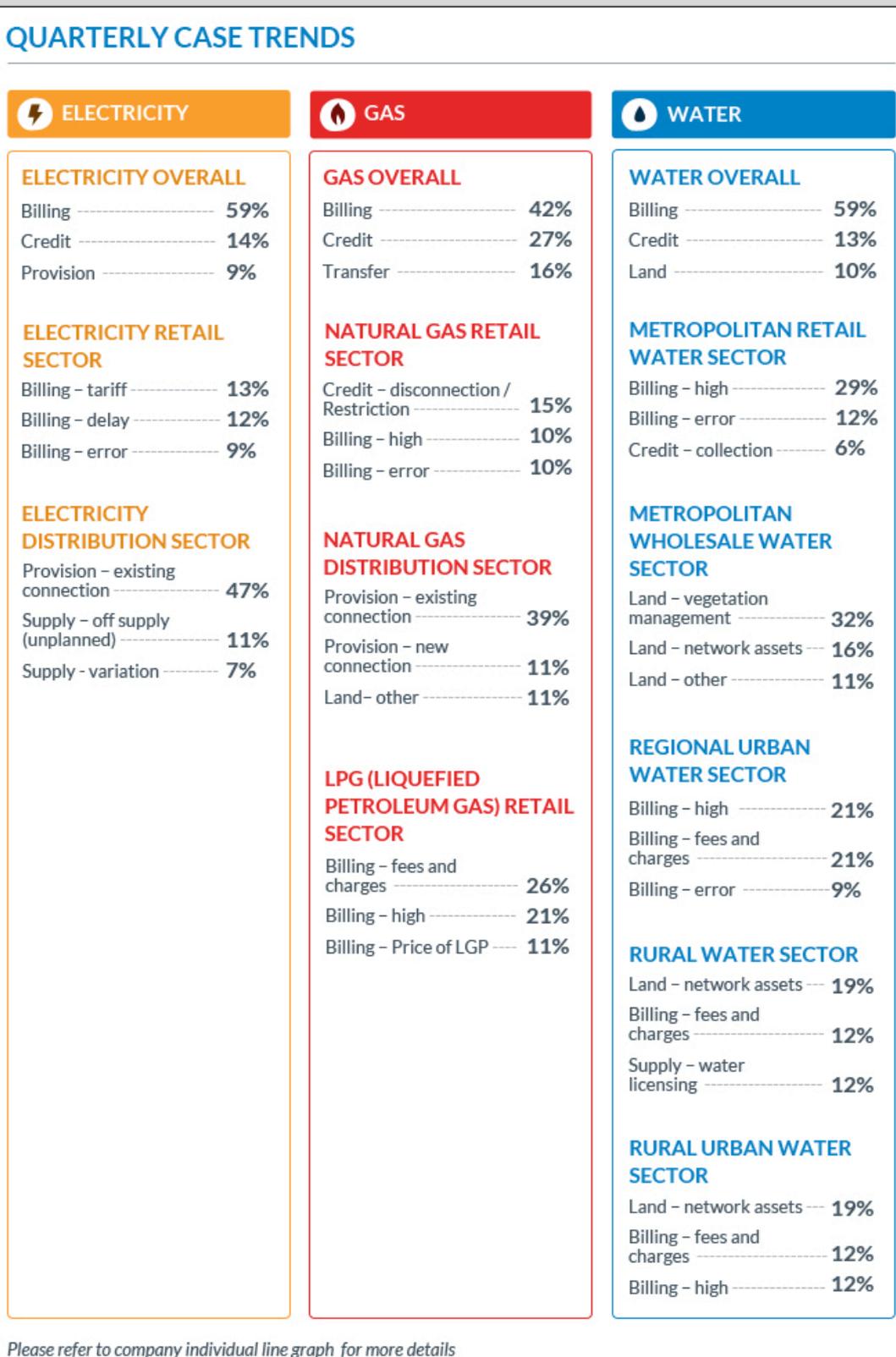
Water Cases

- 510 cases lodged with EWOV by water customers
- 488 complaints and 22 enquiries
- 56 investigated complaints
- 304 assisted referrals
- 128 unassisted referrals
- 80 complaint investigations finalised

Quarterly Case Trends

1 January 2012 to 31 March 2012 compared with 1 January 2011 to 31 March 2011

Scheme participants have embraced the Assisted Referral process, helping us reduce the number of complaints requiring investigation by EWOV.



Overall Trends

- cases up 11%
- complaints up 16%
- enquiries down 50%
- investigated complaints down 49%
- assisted referrals up 79%
- unassisted referrals down 27%
- complaint investigations finalised down 28%

Electricity Trends

- cases up 20%
- complaints up 25%
- enquiries down 39%
- investigated complaints down 45%
- assisted referrals up 92%
- unassisted referrals down 20%
- complaint investigations finalised down 21%

Gas—Natural Gas and Liquefied Petroleum Gas (LPG) Trends

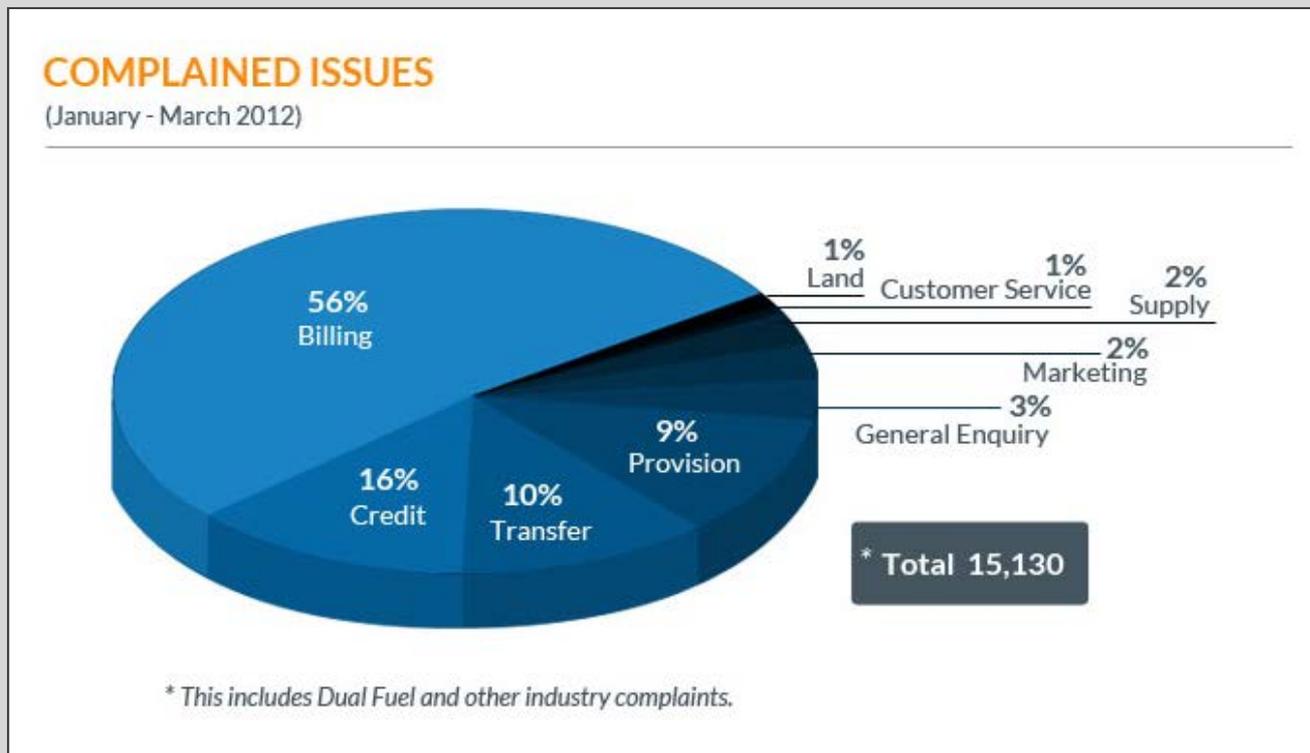
- cases down 9%
- complaints down 7%
- enquiries down 53%
- investigated complaints down 59%
- assisted referrals up 42%
- unassisted referrals down 46%
- complaint investigations finalised down 46%

Water Trends

- cases down 8%
- complaints down 2%
- enquiries down 61%
- investigated complaints down 45%
- assisted referrals up 73%
- unassisted referrals down 42%
- complaint investigations finalised up 3%

Issues Overall (Electricity, Gas and Water) - 1 January 2012 to 31 March 2012

Billing remains at the top of the list of customer complaints, with electricity tariffs the single biggest issue raised by customers.



The Most Common Issues

Billing

8,406 customers (56%) raised Billing as their main issue.

Complaints about electricity tariffs, electricity billing delays and errors in electricity bills topped the list. While many of these were related to solar accounts, customers also continued to express concerns about the installation of Smart Meters.

Cases about electricity tariffs (1,308) were up 71% on those for the same quarter in 2011. Issues around Solar Feed-in Tariffs largely drove the increase, with many customers believing they should have been eligible for the Premium Feed-in Tariff. Other solar-related issues included application of the wrong feed-in tariff, and credits not received or incorrectly applied. Loss of off-peak electricity tariffs followed solar as the second most common sub-issue.

Cases about electricity billing delays (1,215) were up 136%, largely due to one electricity retailer's billing system problems. A common customer concern was not being able to pay the backbill when it finally arrived.

Cases about electricity billing errors (916) were up 68%. Billing errors affected the customers of two electricity retailers in particular. Complaints included double-billing,

incorrect tariffs, incorrect meter readings, billing based on the wrong meter number or address, billing for the wrong periods, billing past move-out dates, fees and charges, and concessions not being applied.

Case study: Customer missed Premium Feed-in Tariff application deadline

The customer said she'd sent her Premium Feed-in Tariff application to the electricity retailer before the scheme closed. Responding to our investigation, the electricity retailer was able to provide file notes showing it had sent the application to the customer the day she said she'd returned it, and the form wasn't actually returned until after the closing date for applications. While the customer wasn't receiving the Premium feed-in rate, she had received the Standard feed-in rate. In resolution of her complaint, the retailer credited the customer's account with \$320.03—a payment of \$220.03 based on 12 months' solar generation at the Premium rate of 60c/kWh and a customer service payment of \$100. (2012/2884)

Case study: Wrong feed-in tariff applied

The customer complained that he was being billed on the Standard Feed-in Tariff, rather than the Premium Feed-in Tariff. Our investigation showed this to be true, due to an error by his electricity retailer. The retailer apologised for the inconvenience and corrected the billing to the Premium feed-in rate. It credited his account with \$501.50 to cover the difference between the two rates for the 20 months that the wrong tariff was applied. (2012/4929)

Credit

2,489 customers (16%) raised Credit as their main issue.

Our Credit issues category is about the capacity of customers to pay their bills and stay on supply.

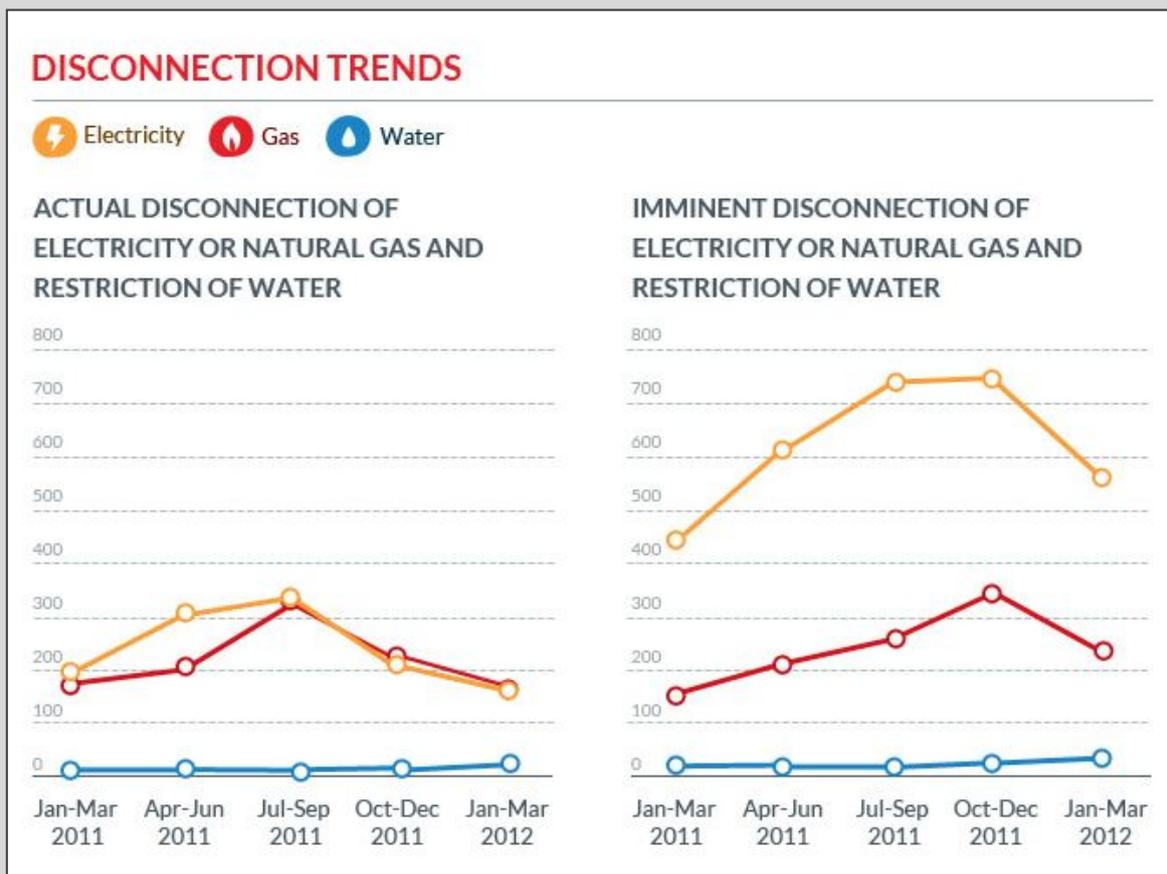
Disconnection of energy supply was the most common Credit issue, followed by debt collection and payment difficulties. 66% of Credit cases were lodged by electricity customers and 31% by gas customers.

We received 1,179 Credit cases about imminent or actual disconnection of energy supply—21% more than for the same quarter in 2011. Also up was the number of cases where the customer appeared to wait until disconnection of their electricity or natural gas was imminent, before taking action to pay their bill or seek help to pay it.

We received 768 electricity disconnection cases related to capacity to pay—20% more than for the same period in 2011. 187 of these customers actually had their electricity supply disconnected (down 7%) and another 581 customers faced imminent disconnection (up 32%).

We received 411 natural gas disconnection cases related to capacity to pay—22% more than for the same period in 2011. 188 of these customers actually had their gas supply disconnected (up 4%) and another 223 customers faced imminent disconnection (up 43%).

While there was a small increase in water restriction cases, they remained very low.



Overall, cases about collection (802) were up 44% on those for the same quarter in 2011. Electricity collection cases were up 46% and natural gas collection cases were up 35%. Customers complained about default listings, referral to debt collection agencies, demands for payment of finalised accounts (in some cases, for settlement of debts going back several years). While there was an increase in water collection cases, they remained relatively low.

Overall, cases about payment difficulties (473) were up 9% on those for the same quarter in 2011.

Electricity payment difficulties cases were up 14% while natural gas payment difficulties cases were down 9%. Complaints included requests for unaffordable increases to payment plans, upfront payments and failure to send customers forms for utility relief grants. While there was an increase in water payment difficulties cases, they remained relatively low.

Case study: Electricity disconnection wrongful—customer notification timeframes not met

The customer contacted the electricity retailer after he and his partner split up and she sought to have the electricity (which was in her name) disconnected. He said he was told a new account would be set up in his name and his supply wouldn't be interrupted, but it was subsequently disconnected for arrears which he couldn't afford to pay. Our investigation found the supply disconnection didn't comply with the requirements of the Energy Retail Code, because notifications weren't sent to the customer within the required timeframes. A wrongful disconnection payment of \$8,577.26 was applied to the account. The retailer

corrected the customer's mailing address, apologised for its error and credited the account with a further \$250. With all the credits applied, the account was no longer in arrears and the customer was free to transfer to a different retailer without penalty if he chose to do so. (2012/1160)

Case study: Gas disconnected after 'dear occupier' letters were ignored

Moving into her property, the customer contacted the gas retailer of her choice to set up an account. Establishment of the account was delayed because another gas retailer still had financial responsibility for the property. That retailer had been sending 'dear occupier' letters and, in the end, disconnected the property's supply because no payments were made and no-one had called to set up an account. The transfer to the customer's preferred retailer subsequently took place. While the disconnection was not wrongful, the retailer which disconnected the supply sent the customer a cheque for \$100 and apologised for the inconvenience caused. (2012/2565)

Transfer

1,477 customers (10%) raised Transfer as their main issue.

Transfer is the process of switching an electricity or natural gas account from one energy retailer to another. It's an energy issue only.

Overall, Transfer cases were down 24%, compared with those for the same quarter in 2011—likely due to a fall in the number of completed transfers over the last few months of 2011.

Cases about contract terms (296) were down 47%. Customers lodging contract terms complaints raised issues to do with variations in terms and price, incorrect information at the time they entered into the contract, price increases after contracts were signed, missing discounts and termination fees.

Transfer delay cases (261) were down 14% and transfer in error cases (252) were down 3%.

Case study: Small business customer charged on default tariffs, instead of contract tariffs

Having purchased her small business, the business owner agreed on an electricity contract through an energy broker. The contract was due to apply from 1 August 2011. When the customer hadn't received a bill by the end of September 2011, she contacted the retailer. When her first bill arrived in November 2011, it didn't reflect the contract terms she'd agreed to. It was based on a peak rate of 20.48 cents a kWh and an off-peak rate of 10.48 cents a kWh, when it should have been based on a peak rate of 6.912 cents a kWh and an off-peak rate of 3.12 cents a kWh. The energy retailer apologised and confirmed that the customer was wrongly billed on default peak and off-peak tariffs for the first month of her contract—due to a delay in its processing of the pre-contract agreement it received from her broker. The energy retailer re-billed the customer based on her contract rates. (2012/6513)

Provision

1,330 customers (9%) raised Provision as their main issue.

Provision is about the connection of a property to the energy or water network.

57% of the Provision cases were about existing electricity connections, mostly to do with the installation of solar meters and electricity Smart Meters. As well as continuing to be concerned about having a Smart Meter installed, customers complained about the scheduling of meter installations, delays, problems with meter reconfigurations, appliances not working after a meter replacement, defect notices in conjunction with a meter replacement and meter safety, including health risks.

Case study: No Premium Feed-in Tariff after account transfer and meter installation delays

After switching electricity retailer in late July 2011, the customer installed a solar PV system. He said he then submitted the service order request, including the Premium Feed-in Tariff application. After some confusion about whether his application had been accepted by the new retailer, he was told it would go ahead. However, it took six months for his solar meter to be installed and several months for his account to be transferred from his previous retailer. By the time the transfer was completed and the meter installed, the Premium Feed-in Tariff scheme had closed. The customer began receiving the Standard feed-in rate, but wasn't happy about missing the Premium feed-in rate. To recognise the lost solar credits, his new retailer credited his account with \$803.52, calculated on the basis of the Transitional feed-in rates of 31c per kWh multiplied by 18 kWh a day for 144 days. The customer was also advised that, if he wanted to keep receiving the Transitional feed-in rate, his meter would need to be rewired—but this would remove his access to off-peak hot water. He was given an application form and a direct phone contact, in case he wished to proceed with this, after he'd had time to consider his options. (2012/672)

A Closer Look at Systemic Issues - 1 January 2012 to 31 March 2012

Identification of systemic issues is an important part of our role. As well as possibly affecting a large number of customers, a systemic issue has the potential to significantly increase complaints to EWOV.

A number of documents underpin EWOV's systemic issues identification and reporting responsibilities—these include the EWOV Charter at sections 7.1 and 7.2, the EWOV Constitution, our regulatory memoranda of understanding and reporting protocols, and the Benchmarks for Industry-Based Customer Dispute Resolution Schemes (the National Benchmarks).

Monitoring and identification of systemic issues gives us the opportunity to alert the scheme participant concerned and help bring about a speedy and efficient solution—reducing the potential effect on a wider group of customers. Our reporting of systemic issues brings a greater level of transparency to industry practices, helping to drive customer service improvements and prevent complaints.

How EWOV defines a systemic issue

Our definition of what constitutes a systemic issue is drawn from the definitions used by the Australian Securities and Investments Commission (ASIC), other ombudsman schemes, current best practice thinking and the Benchmarks for Industry-Based Customer Dispute Resolution Schemes.

It's an issue, problem or change in company policy or practice that affects, or has the potential to affect, a number of customers. It may be caused by (but isn't limited to) one or more of the following:

- a system change
- an alteration in performance levels (i.e. quality of supply, access to call centre)
- a policy or procedure change
- a lack of policy/procedure
- a lack of clear regulatory guidelines
- regulatory non-compliance
- the conduct of an energy or water provider's employee, agent, servant, officer or contractor (e.g. a door-to-door marketer)
- the action of a stakeholder (e.g. legislative or regulatory change leading to misunderstanding or misapplication of the change).

EWOV's systemic issues process

Our systemic issues process involves the identification, registration, investigation, referral and reporting of systemic issues. Briefly, each step is achieved as follows.

Identification

We identify systemic issues through case receipt (one or more cases can suggest systemic ramifications); review of case numbers; individual case issues; staff feedback and stakeholder advice (including scheme participants, regulators, consumer groups and media).

Registration and assessment

Where a case is identified as having a systemic aspect, this is referred to our Systemic Issues Specialist (SIS) who handles it separately to the resolution of the particular customer's complaint. The SIS registers the issue, checks for other similar complaints and establishes the likelihood of the issue actually being systemic.

Referral

The SIS contacts the scheme participant. Sometimes it's already aware of the problem, but sometimes it isn't. Often this will result in the issue being addressed without any further action on our part. We may also refer the matter to the industry regulator for investigation—for example, where the scheme participant doesn't take timely or appropriate action to address the issue, or because of its significance.

Investigation

In water, we investigate and seek redress for affected customers, with a report to the Department of Sustainability and Environment on the outcome and whether the water corporation has co-operated with us to resolve the issue appropriately. This differs from our energy role, where we refer the issue to the Essential Services Commission (ESC), which has

a statutory responsibility to carry out its own investigations.

Reporting

We inform regulators through meetings and written reports. Scheme participants receive de-identified reports, as does the EWOV Board. We publish de-identified systemic issues through the quarterly Res Online publication and the Annual Report. Internally, systemic issues updates are provided to EWOV staff, via training sessions and case reports.

Summary of systemic issues closed from January to March 2012

Energy

- Confusing energy terminology for peak and off-peak rates (SI/2011/79, identified by EWOV)
- No EWOV contact information on disconnection notice (SI/2012/1, identified by EWOV)
- Ongoing supply outages and interruptions (SI/2011/97, identified by EWOV)
- Solar generation added to usage graphs on bills, instead of subtracted (SI/2011/92, identified by EWOV)
- Potential transfer delays due to difficulty raising service orders (SI/2011/93, identified by EWOV)
- Incorrect information in customer advice letters (SI/2012/22, identified by the energy retailer)
- Billing delays due to non-provision of meter read data (SI/2011/48, identified by EWOV)
- Direct debits go through despite billing delays (SI/2011/94, identified by Essential Services Commission)
- Interval meter data not able to be provided on customer request (SI/2012/16, identified by EWOV)

Water

- Meter reader was making up the meter reads (SI/2011/96, identified by the water corporation)
- Not clear that billing for multiple meters was based on estimates (SI/2012/9, identified by EWOV)
- Water quality contamination in a specific locality (SI/2012/19, identified by the water corporation)

Systemic issues case study 1: Confusing energy terminology for peak and off-peak rates (SI/2011/79)

We identified this issue from two complaints about the terminology of peak and off-peak rates on bills of one energy retailer. Peak rates were referred to as Premium Energy and off-peak rates were referred to as Super Saver Energy. There was no legend on the bill to clarify the nature of these tariffs or the times when they applied. This issue potentially affected all of the retailer's Victorian customers. The retailer agreed to change the wording of the bills to provide better explanation for customers. While we considered the retailer took appropriate steps to resolve this issue, we also advised the Essential Services Commission.

Systemic issues case study 2: Ongoing supply outages and interruptions (SI/2011/97)

Four complaints from customers whose businesses were in a specific locality highlighted ongoing supply outages and interruptions. The businesses alleged the outages were often unplanned and caused disruption to trading, along with damage to appliances and stock. Some 50 customers were affected. The electricity distributor advised that infrastructure upgrades had been undertaken in the area to prevent any further supply issues. It advised the affected customers about how they could lodge a claim, if required. Given the electricity distributor had already taken appropriate steps to resolve this issue in a thorough and timely manner, we didn't consider it necessary for us to advise the regulator.

Systemic issues case study 3: Solar generation added instead of subtracted when billing (SI/2011/92)

One complaint alerted us that solar generation had been added to the average daily usage calculation in the consumption graph on electricity bills, instead of subtracted. While the billing was correct, the error meant electricity usage couldn't be tracked accurately. Further investigation showed that some 7,000 customers of one electricity retailer were affected. The retailer advised us that the problem arose after a billing system upgrade in 2011. It took appropriate steps to change its billing system to correct the calculation. We advised the Essential Services Commission.

Systemic issues case study 4: Direct debits go through despite billing delays (SI/2011/94)

The Essential Services Commission alerted us that the bank accounts of some 500 customers affected by a billing delay were direct-debited—even though, due to the delay, they weren't aware of any arrears or payments required. The energy retailer advised that it had attempted to telephone all affected and potentially affected customers when it became aware of the issue. The transaction was refunded within 24 hours where the customer requested and the retailer offered to reimburse any bank charges where accounts were overdrawn as a result of the direct debit. While the energy retailer should have notified EWOV itself, we considered it had taken appropriate steps to resolve the issue.

Systemic issues case study 5: Meter reader was making up the meter reads (SI/2011/96)

A water corporation alerted us that one meter reader had made up the meter readings which underpinned the bills of some 1,200 of its customers. The water corporation was able to identify and re-bill all affected accounts. It also notified the customers of what had happened and that the meter reader was no longer in the field. We considered that the water corporation had taken appropriate steps to resolve the issue and advise the relevant regulator.

Public Submissions - January 2012 to 31 March 2012

In the first quarter of 2012, we provided input to the public consultation processes of four regulatory agencies.

Essential Services Commission Victoria (ESC)

Proposed amendments to the Energy Retail Code to address Supply Capacity Control and Start Index Reads

We pointed out that the existing wording of the [Energy Retail Code](#) stipulated that a supply capacity control product couldn't be offered for the purposes of credit management. While the proposed amended section 12A referred to the 'offer' of a product, it didn't address how the product could be used once it was provided—that is, the proposed wording didn't explicitly make it clear that the supply capacity control product couldn't be used for credit management purposes.

The latest version of the Energy Retail Code addresses this and states that "A retailer must not offer a supply capacity control product to a customer for any credit management purpose before January 2014."

Victorian Competition and Efficiency Commission (VCEC)

Feed-in Tariff Arrangements and Barriers to Distributed Generation Inquiry

We drew on our experience in dealing with complaints about solar feed-in tariffs to make suggestions to help ensure a smooth, easy and fair transition for customers where changes are made to Victoria's feed-in tariffs. You can read more about the status of this inquiry on the [VCEC website](#).

Australian Energy Regulator (AER)

Draft Connection Charge Guidelines: For Accessing the Electricity Distribution Network

We recommended an amendment to the draft guideline, which would entitle all customers contributing to a pioneer scheme (whether an original or a subsequent customer) to reimbursement. We also clarified EWOV's jurisdiction to investigate complaints about price application, rather than the setting of prices or price structures. The AER's 20 June 2012 Final Decision on the Connection Charge Guideline, the Guideline itself and a fact sheet is on its website [here](#).

National Energy Retail Rules—Minimum amount owing for disconnection (r116)

We supported the proposal for a published national minimum disconnection amount of \$300 (including GST) for both electricity and gas. The AER's approval of this amount is on its website [here](#).

Standing Council on Energy and Resources, Dept of Resources, Energy and Tourism

National Smart Meter Protections and Pricing—Draft Policy Paper Two

- Drawing on Smart Meter complaints to EWOV, we highlighted a range of current and emerging issues for customers, including:
- the difficulty of choosing and comparing offers, especially when it comes to Time of Use offers and critical peak tariffs and rebates—with associated issues of exit fees and low customer understanding of how and when they use electricity
- access to clear, useful information to help customers compare contracts

- a potentially disproportionate impact on customers at home during the more expensive peak times
- the potential for supply capacity control and/or direct load control to be used as a proxy for credit control
- difficulties in understanding bills
- dispute resolution options for customers of third party providers of electricity products.

EWOV's Complaint Types

Unassisted Referral

After providing an overview of the customer's rights and responsibilities, we refer the customer to their energy or water company's call centre. This is because the customer hasn't had any contact with their company.

Assisted Referral

After providing an overview of the customer's rights and responsibilities, we refer the customer to a higher level contact within their energy or water company. This gives the company a final opportunity for direct resolution at a higher level before we open a complaint investigation.

Investigated Complaint

Where the customer's complaint remains unresolved after referral to the company, or where the issues raised in the complaint are complex or point to an immediate need, we open an investigation. By seeking further information from both the company and the customer, and from other sources as necessary, we form an impartial view of what has happened and help the parties reach an agreed resolution.

Binding Decision

Where a complaint remains unresolved after investigation, the Ombudsman may make a Binding Decision.

EWOV Issue Categories

We group issues into nine first level issues categories:

- Billing
- Credit
- Customer Service
- Land
- Marketing
- Provision
- Supply
- Transfer
- General Enquiry

Sub-issues in each category describe customer concerns in more detail. For example a billing case may be about fees and charges (second level) and, further, about a late payment fee (third level) and a transfer case may be about billing (second level) and, further, about double-billing (third level).

You'll find a full list of our issues and sub-issues categories [here](#).