ENERGY OMBUDSMAN
TASMANIA

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ANNUAL REPORT 2009-10

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This report and others are available on the Energy Ombudsman website at – www.ombudsman.tas.gov.au

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- **48% increase in complaint files opened during the year (279 to 414)**
- **38% increase in complaint files closed (305 to 422)**
- **46% increase in enquiries handled (180 to 262)**
- **Major progress in reducing the average age of open complaint files (from 138 days to 69 days)**
- **Revision of the method of allocating the Energy Ombudsman budget between energy entities**
- **Extensive discussions with Aurora Energy about the issue of access to meters by meter-readers when there is a dog on the property**

From the Ombudsman

INTRODUCTION

This report describes the work of my office under the *Energy Ombudsman Act 1998* during 2009/10. The report is prepared for the benefit of the energy entities which have funded our work in this jurisdiction during the reporting year, and for others with a particular interest in this jurisdiction.

My annual report under the *Ombudsman Act 1978* is the formal way in which I report to the Parliament, and hence to the community, on my work as Energy Ombudsman. That report also details the work of the Office of the Ombudsman and Health Complaints Commissioner in the many jurisdictions that we cover. The report will be published on my Ombudsman website, www.ombudsman.tas.gov.au.

DEMAND

During the reporting year, we have seen unprecedented demand in this jurisdiction.

The statistics are telling –

- a 48% increase in complaint files opened during the year (279 to 414)
- a 38% increase in complaint files closed (305 to 422)
- a 44% increase in enquiries opened and closed during the period (146 to 210)
- a 53% increase in out-of-jurisdiction enquiries (34 to 52)
- a 46% increase in enquiries generally (180 to 262)

There is no obvious reason for the increased demand, but increased energy prices is likely to be a factor.

The demand has been sustained all year, but was particularly pronounced between September and November 2009, at which time we reached the point where we had more than 100 open complaints. This boom seems to have coincided with the advertisement of our services on electricity bills. This advertisement appears on one quarterly bill a year.

I am very pleased that we have managed to address the increased demand without increasing staffing levels.

ENERGY BUDGET

The manner in which we allocate the Energy Ombudsman budget between the energy entities was altered during the reporting year. The result is much fairer than before.

Historically, the budget had been met through membership fees charged to most of the energy entities, together with a levy based on the demand for our services generated by the various entities during the previous calendar year.

This method of allocation resulted in Aurora Energy only paying 80% of the budget for 2009/10, even though it had been the respondent to 96.5% of complaints in this jurisdiction during the previous calendar year.

I circulated a discussion paper in September 2009 which proposed a change to this model, and received general support (other than from Aurora Energy) for changing to a "user pays" system.

We then prepared a budget in which the membership fees were reduced to a $10 membership fee for each energy entity, if demanded, with the greater part of the budget being raised from the levy. We consulted on this budget, as required by the Act, and the budget which was eventually published reflected this approach.

The budget figure for 2010/11 is $478,816, divided amongst Aurora Energy (99.2%) and TasGas (0.8%).

ACCESS TO METERS

In late 2009 we started to receive a significant number of complaints about the failure by Aurora Energy to read electricity meters where the customer had a dog on the premises. This issue has been a matter of some media controversy since that time.

The complaints arose because Aurora Energy had adopted a policy, understandably based on worker safety, under which a meter reader was not expected to enter a property where the reader had reason to believe that the there might be an unrestrained dog. Under these circumstances, customers were receiving electricity accounts which were based on estimates of their demand, in turn based on the historical use of electricity on the property.

Customers who wished to make sure that their meter was read were being told by the Aurora Energy call centre staff that they would have to restrain their dog for a period of seven working days – the anticipated day of the read, as indicated on the last bill, and three working days each side of that date. Understandably, many dog owners found this requirement to be very onerous, and were concerned for the welfare of their animals when restrained over such a long period.

We met with senior Aurora Energy staff about this for the first time in February 2010, and have had seven meetings since. I have participated in these meetings myself, and have also discussed the problem personally with the CEO of the company.

The matter has proved difficult to resolve, principally because of the significant effect for the company of changing its systems. We had not achieved a resolution by year's end, but Aurora Energy then appeared to be on the threshold of making some significant changes to its systems.

Subsequent developments on this issue will be dealt with in my annual report for 2010/11.

OTHER MATTERS

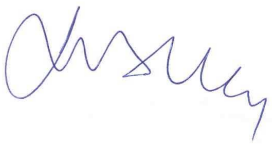
During the reporting year we managed to reduce the average age of open files from a high of 138 days at the end of July 2009 to 69 days at the end of June 2010. At year's end, only one file was more than 300 days old, and for some months we had no files of that age. This should of course only arise with matters which are especially difficult to resolve.

We have also seen a significant reduction in the types of complaint which we refer directly to Aurora Energy on receipt, for resolution with the company. (We call these RHL, or "refer to higher level", cases.) Whereas the percentage of complaints referred in this way between July 2009 and November 2009 ranged between 61% and 45%, it only ranged between 8% and 23% for the last four months of the year. This suggests that Aurora Energy is perhaps becoming much better at resolving complaints in-house.

I continue to attend meetings of the Australia and New Zealand Ombudsman Network (ANZEWON) twice a year, and obtain great benefit from exposure to what is happening in the offices of my mainland counterparts in this jurisdiction.

Three staff have assisted me in this jurisdiction this year – Ray McKendrick, Kathryn Holden and Olivia Mitchell. Olivia came to us on a temporary transfer from the Victims Assistance unit in the Department of Justice in December 2009, when we were dealing with the surge in demand that I have mentioned above. I am grateful to Olivia for coming, to her former manager for agreeing to the transfer, and to the Department for facilitating it.

I thank each of these members of staff for their work in delivering the Energy Ombudsman service with me during the reporting year.



SIMON ALLSTON
ENERGY OMBUDSMAN

November 2010

About the Energy Ombudsman

FUNCTIONS AND POWERS OF THE ENERGY OMBUDSMAN

A complaint may be made to the Ombudsman under the *Energy Ombudsman Act 1998* concerning any service of, or relating to, the sale and supply of gas or electricity by an energy entity. Gas here means natural gas, and does not include bottled gas or LPG.

Section 5 of the Act outlines the Energy Ombudsman's functions and powers as follows:

The Ombudsman has the following functions:

- *to receive, investigate and resolve complaints;*
- *to make awards and register agreements as awards under Part 4;*
- *to identify and review issues arising out of complaints;*
- *to assist energy entities to develop procedures to resolve complaints;*
- *to perform any other functions imposed on the Ombudsman by this Act; and*
- *to perform any other prescribed functions.*

The section requires the Ombudsman to "act independently, impartially and in the public interest" when performing his or her functions under the Act.

WHO CAN COMPLAIN?

Section 6 of the Act defines who may make a complaint:

A person may make a complaint if a person has a grievance concerning any service of, or relating to the sale and supply of energy, by an energy entity.

Generally, a complaint is required to be made in writing, to be signed by the complainant, to disclose the name and address of the complainant and to contain details of the grievance. However, The Ombudsman has the power to accept a complaint where these requirements are not met.

WHEN TO INVESTIGATE

Part 3 of the Act provides a reasonably rigid structure under which a complaint should be accepted for investigation. The Ombudsman must dismiss the complaint if satisfied that:

i. the complaint lacks substance; or

ii. the complaint is frivolous, vexatious or was not made in good faith; or

iii. the complainant became aware of the circumstances that gave rise to the complaint more than two years before the complaint was made; or

iv. the complainant has been given reasonable explanations and information and there would be no benefit in further entertaining the complaint; or

v. the complaint has been resolved; or

vi. court proceedings which relate to the subject matter of the complaint have been commenced; or

vii. all the issues arising out of the subject matter of the complaint have been adjudicated upon or otherwise dealt with by the Regulator or a court, a tribunal, a board or another person under a law of Tasmania, the Commonwealth, a Territory of the Commonwealth or another State.

The Ombudsman may also dismiss the complaint and recommend court proceedings if satisfied that the matters raised by the complaint should be litigated.

A complaint may also be referred to another suitable authority for investigation – for instance the Regulator or Director of Gas.

A complaint must be investigated in any other case.

Complaint Activity for the Reporting Year

Table 1: Enquiry Activity

	2008/09	2009/10
Enquiries opened and closed in the period	146	210
OOJ Enquiries	34	52
Total Enquiries	**180**	**262**

Table 2: Complaint Activity

	2008/09	2009/10
Carried forward from previous period	69	43
Opened in Period	279	414
Closed in Period	305	422
Carried Forward (still Open)	43	35

Table 3: Closure Reasons by Entity

Provider name	Complaints referred to higher level	No further inv - fair/reasonable offer	No further inv - insufficient	No further inv - no further contact from	No further inv - withdrawn by	Out of Jurisdiction	Resolved - facilitated resolution	Resolved - negotiated resolution	Grand Total
Aurora - Network Division	45	7	8	6	3	3	33	25	130
Aurora - Retail Division	113	12	37	19	8	6	58	34	287
Powerco			1						1
Tas Gas Network		1				2	1		4
Grand Total	**158**	**20**	**46**	**25**	**11**	**11**	**92**	**59**	**422**

EXPLANATION OF CLOSURE REASONS

1. **Complaints referred to a higher level:** A total of 158 complaints were referred to a higher level during the reporting period. Complaints against Aurora Energy that are not complex and appear to be relatively straightforward are referred to a higher level within the organisation to seek a quick resolution. When the Ombudsman determines a complaint should be referred back to Aurora Energy, and the complainant agrees to this process, the complaint details are forwarded to the company by email with a request that the complainant be contacted to seek to resolve the complaint. The complainant is advised to come back to the Ombudsman only if Aurora Energy has not contacted them within two business days, if they are not happy with the outcome of the contact with Aurora Energy, or if the complaint has not been satisfactorily resolved within 21 days. Once the email has been forwarded to Aurora Energy, the complaint file is immediately

closed as “referred to a higher level”. If the complaint comes back a new file is opened.

2. **No further investigation – fair/reasonable offer:** There were 20 complaints dismissed under this category during the reporting year. A complaint is closed under this category when the entity suggests or offers a resolution that is accepted by the complainant.

3. **No further investigation – insufficient grounds/not warranted:** There were 46 complaints recorded under this category. Complaints are closed under this category when it becomes clear that there is no merit in pursuing the matter further. For example, a complaint about a high bill may obviously be the result of the customer's patterns of use and not the result of any billing anomaly. Another example could be a complaint about a planned electricity outage, where it is quickly found that the entity has complied with all requirements for the provision of notice.

4. **No further investigation – no further contact from customer:** A total of 25 complaints was recorded in this category during the reporting period. Complaints are recorded in this category when a complainant fails to respond to letters or telephone contacts from our Office. Often the complainant simply becomes aware that there is little merit in the complaint or, after initially raising their concerns with us and venting their frustration, they change their mind and do not pursue the matter further.

5. **No further investigation – withdrawn by customer:** There were 11 complaints in this category. A complainant may withdraw a complaint for a number of reasons. For example, the problem may have resolved itself, the information provided to the complainant may have resulted in a change of mind about a perceived problem, or the complainant may just no longer wish to proceed with the complaint.

6. **Out of Jurisdiction:** There were 11 complaints deemed to be out of jurisdiction during the reporting period. A complaint is closed under this category when it is identified that it is not strictly about any service of, or relating to, the sale or supply of, electricity or natural gas by an energy entity: *Energy Ombudsman Act 1998*, section 6.

7. **Resolved – facilitated resolution:** There were 92 complaints recorded in this category. Most complaints that fall into this category are where the entity has provided an explanation for the issues raised in a complaint and the complainant has been satisfied with that explanation. These are cases where we have been able to facilitate a response that the complainant has not been able, or would not have been able, to receive without us becoming involved.

8. **Resolved – negotiated outcome:** There were 59 complaints closed in this category during the reporting year. Complaints are recorded in this category where a mutually acceptable outcome has been reached,

following negotiations between the entity and our Office, to resolve the issues raised by the complainant. This category differs from "facilitated resolution" in that we become involved in the ongoing process of negotiation to achieve an outcome, usually in the form of a positive result for the complainant.

Table 4: Complaint Issues

Category	Issue	2009/10
Billing	backbill	2
	delay	8
	error	14
	estimation	26
	fees & charges	17
	high	74
	meter	30
	other	5
	rebate / concession	9
	tariff	14
Billing Total		**199**
Credit	collection	4
	disconnection / restriction	36
	payment difficulties	40
Credit Total		**80**
Customer service	failure to consult / inform	6
	failure to respond	4
	incorrect advice / information	10
	poor / unprofessional attitude	2
	poor service	16
	privacy	2
Customer service Total		**40**
General	energy / water	1
General Total		**1**
Land	easement	2
	network assets	13
	other	3
	street lighting	2
	vegetation management	6
Land Total		**26**
Provision	disconnection / restriction	4
	existing connection	24
	new connection	50
Provision Total		**78**
Supply	off supply (planned)	11
	off supply (unplanned)	24
	quality	2
Supply Total		**37**
Grand Total		**461**

Figure 1: Time taken to resolve complaints

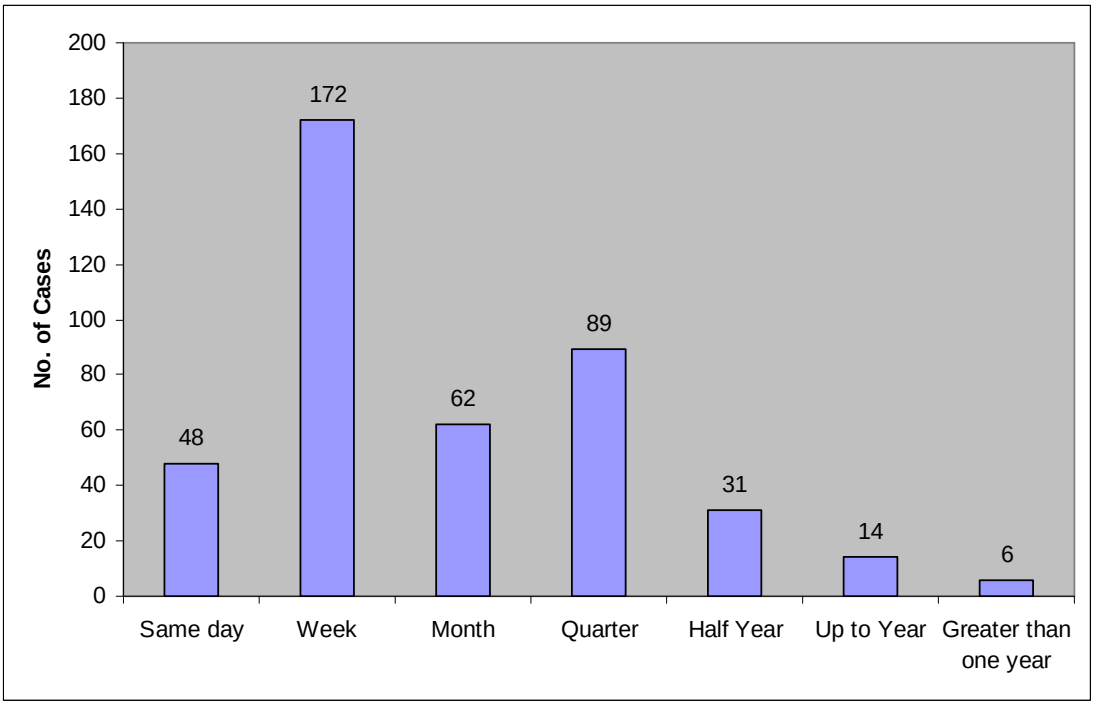


Figure 1a: Complaints resolved within 90 days

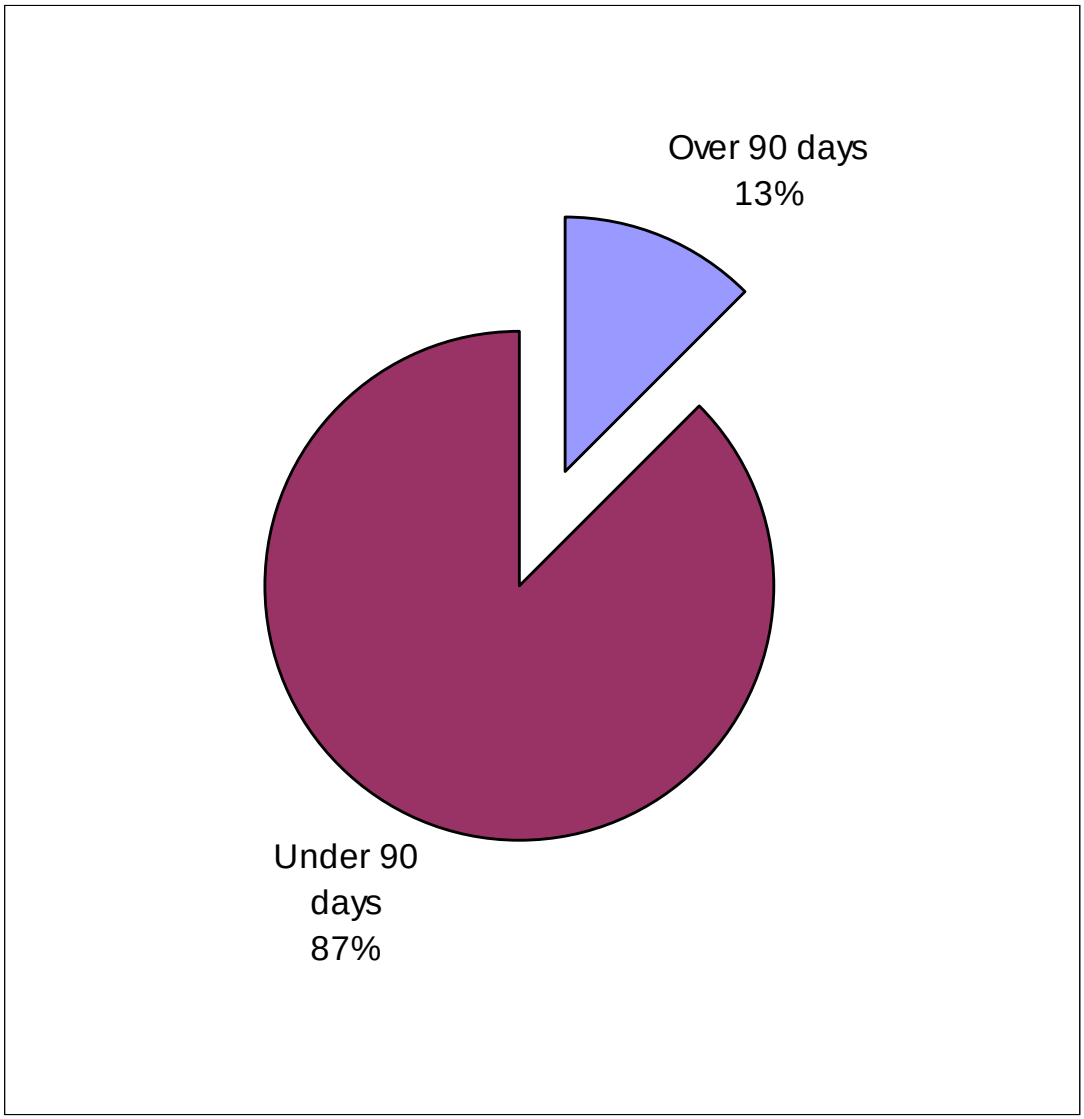
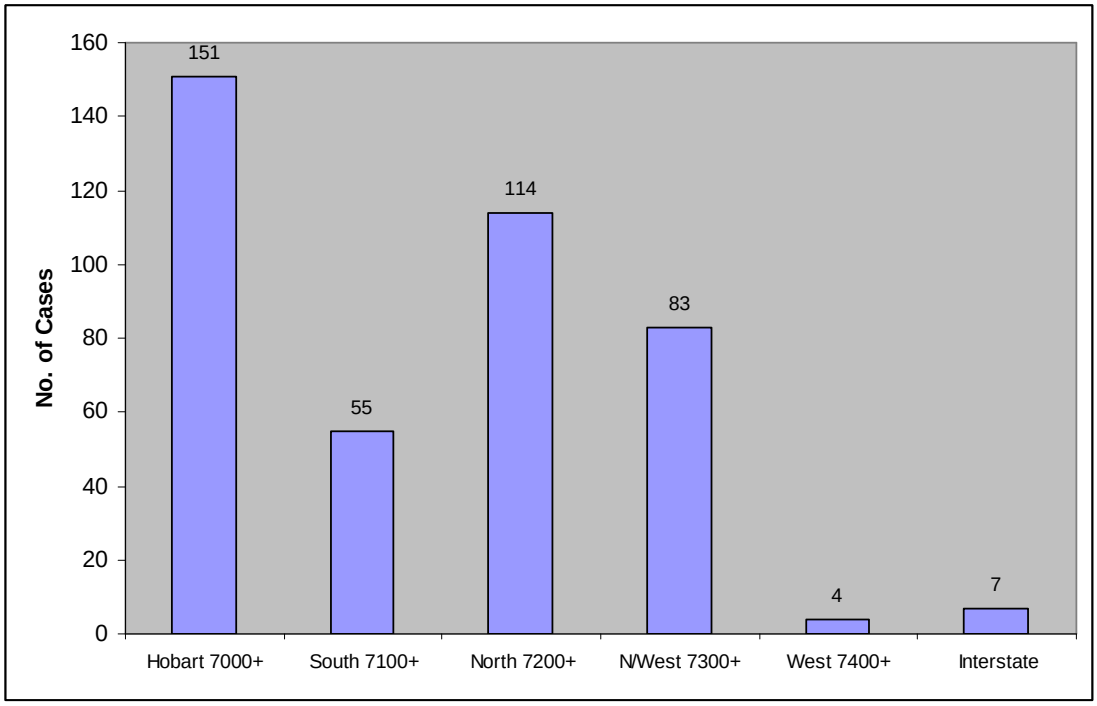


Figure 2: Geographical location of complainants



COMPLAINT TRENDS

Since the majority of the complaints received in this jurisdiction relate to Aurora Energy, this section of the report is essentially an analysis of complaints about services provided by Aurora Energy. (Table 3 shows that only five of the 422 complaints received during the year were not against Aurora.)

There were 414 complaints opened during the reporting year – a significant increase from the previous year when 304 complaints were received. These 414 complaints raised 461 separate issues.

Generally, complaints have increased across all categories. There appears to be a number of reasons for the increase.

Billing complaints have increased significantly from the previous year and this appears to be the result of a high level of estimated meter readings and also customers receiving higher than expected accounts as a result of a protracted wet period in the winter of 2009.

The increases in other areas could be attributable to what appears to be increased frustration from Aurora Energy customers in having their complaints appropriately addressed within the organisation. It is extremely difficult for a customer to get past the call centre, and many complainants find that their concerns are either complex or technical and can only be properly assessed by people who have the requisite knowledge or skills.

As mentioned in my foreward, I received a spike in complaints towards the end of 2009 which I believe to be the result of Aurora Energy providing my

contact details on accounts that went out around that time. This occurs on one quarterly bill a year.

BILLING

There were 199 complaints involving billing issues for the reporting year, a significant increase on the last year and representing almost 50% of all complaints received for the year.

The majority of complaints in this category relate to disputed accounts, or to estimated accounts due to problems with access to meters.

The number of complaints about estimated accounts has been larger than usual. As I mention in other parts of this report, Aurora Energy has changed its policy regarding meter readers accessing properties with unrestrained dogs present. Since October 2009, meter readers have no longer had discretion to enter such properties, and consequently many quarterly accounts have been based on estimated rather than actual meter reads.

The winter of this reporting year was unusually wet, and it is clear that domestic electricity usage in the first half of the reporting year was generally higher than might have been expected.

CREDIT

There were 80 complaints regarding credit related issues during the reporting year, 20 more than last year.

Complaints about credit issues usually arise from difficulties a complainant experiences in paying their electricity account, where there is a threat that their supply will be disconnected, or where that supply has already been disconnected as a result of non payment.

Complaints in this category are often difficult to resolve, as it is generally the case that the complainant comes to the Ombudsman only when they are about to have their supply disconnected or it has already been disconnected. However, it is often possible to work with Aurora Energy to place a hold on disconnection for a limited period, to give the complainant time to pay their debt or to arrange a payment plan that allows for payment of arrears and ongoing consumption.

There is provision for an electricity customer to obtain a hardship payment from a welfare agency to assist in meeting a debt on their electricity account. Such payments arise from an agreement between the State Government and Aurora Energy, under which the amount of $270,000 was made available by Aurora in 2009/10, to be administered by welfare agencies to members of the community having difficulty in meeting their account. In our experience, the hardship payment does not go very far. The amount which is eventually made available to any one claimant is so low that it does not offer any significant

assistance in meeting a debt of the kind that is usually raised in a complaint made to me.

It is also clear that increases in electricity prices and the broader costs of living have contributed to the increase in complaints under this category.

CUSTOMER SERVICE

There were 40 complaints in this category, almost twice the number last year. Such complaints are generally made when there has been a failure to consult, or provide information to, a customer. Complaints about call centre services fall into this category.

It is rare for customer service issues to be the sole reason for a complaint, as these are generally issues that are raised as a side issue to the primary complaint. Customer service issues often arise out of a complainant's frustration, particularly when the Aurora Energy customer service operator cannot resolve an issue and is not able to refer the customer to a more appropriate officer within the organisation. This is particularly noticeable with complaints made about technical network matters.

In many cases, when an Investigation Officer suggests to a complainant that their complaint can be referred to a more senior level, the complainant states that this is all they were seeking in the first place. Aurora Energy would greatly improve its customer relationships if referrals to more senior officers could be made from the call centre when appropriate, rather than the customer becoming frustrated through an inability to discuss their concerns with someone who understands the issues raised or who can do something about them.

PROVISION

There were 78 complaints in this category, 17 more than last year. The majority of these complaints relate to delays in Aurora Energy providing an electricity connection to a new installation or undertaking work necessary for the upgrade of an existing connection. Generally complaints in this category are made when the delay in having a connection made exceeds the prescribed timeframes.

I continue to be concerned about the number of complaints I receive about delays experienced by customers in obtaining information from within Aurora Energy about their particular concerns. It would greatly ease a customer's frustration if they could receive an explanation for any delay.

It is not a surprise that complaints about delays in the provision of a new connection have increased. The first half of this reporting year was unusually wet across Tasmania and this caused significant delays for Aurora Energy crews.

In some instances, the delay is the result of the complainant's electrical contractor failing to lodge an Electrical Works Request (EWR) or other paperwork necessary to have a job instigated within Aurora Energy. There appears to be a need to regularly remind electrical contractors, through newsletters or trade nights, of the need to ensure the timely lodgement of paperwork, to avoid unnecessary delays for their customers.

SUPPLY

There were 37 complaints regarding supply-related issues for the reporting year.

Complaints in this category generally relate to either the duration of an outage, with the resultant loss of perishable food items, or to damage to household electrical items during a planned or unplanned outage.

Most planned outages are necessary to undertake maintenance on the Aurora Energy distribution system, and I occasionally receive a complaint that there was no notice of the outage or that the notice was unreasonably short. Under the *Electricity Supply Industry (Tariff Customers) Regulations 2008*, Aurora Energy is obliged to give a tariff customer at least four business days' notice of a planned outage, or at least five business days through a general notice published in a daily newspaper in the region of the customer's premises. I have generally found that Aurora Energy does comply with this requirement, and where I find that it has not, it does make every effort to change the date of the outage.

I will generally only accept a complaint about food losses or damaged electrical items if the complainant has already lodged a claim for compensation with Aurora Energy and that claim has been denied. It is difficult to find in favour of a complainant in these matters unless it can be shown that Aurora Energy has acted negligently or inappropriately in the management or maintenance of its infrastructure. A customer is expected to take appropriate action to protect their electrical items, as the very nature of an electricity supply makes it subject to any number of impacts, such as vegetation, bird or lightning strikes.

Planned outages are necessary from time to time, and such outages will cause some disruption to customers. Aurora Energy does seek to time these planned outages for least impact. However, occasionally it is found that a particular business will be unreasonably impacted and their complaint has merit. An example from this reporting year is a restaurant near Devonport that regularly has its highest trade on the Burnie Show Day each year. The customer made a complaint to me that Aurora Energy had planned an outage on that day for maintenance work in the area, believing that it would be a quieter than usual week day. The timing of this outage was changed after I intervened and pointed out the financial impact this would have on the restaurant proprietor.

LAND

There were 26 complaints recorded in this category, up from 17 last year. The majority of complaints in this category are related to the placement of Aurora Energy network assets, such as pole and wires and overhead and ground mounted transformers. Complaints regarding vegetation management are also included in this category.

The very nature of an overhead electricity supply dictates that vegetation must be kept clear of conductors, and the placement of distribution assets will invariably give rise to issues from aesthetics to noise. Complaints in this area can be resolved through Aurora Energy offering to replace unsuitable tree species with slower and lower growing species. I have also had some success in negotiating changes to the type and placement of electricity infrastructure, to lessen the impact on nearby residents.

Significant Issues

ACCESS TO METERS – AURORA ENERGY

This year has seen a marked increase in complaints regarding access to meters. Aurora Energy implemented an OHS policy in late 2009 which determined that meter readers were not to enter a property where there was an unrestrained animal.

While there had always been discretion not to enter, the policy was being enforced and resulted in a large number of customers receiving estimates, rather than actual reads being performed.

Aurora Energy was advising customers that their animals (namely dogs) needed to be restrained for three days either side of the scheduled read date. Obviously this was not satisfactory to customers, and towards the end of 2009 the number of complaints of this nature was increasing so dramatically that I met with management of Aurora Energy.

I did not wish to question the OHS policy and the right of readers to work in a safe environment. However, I saw the requirement to restrain an animals for 7 days as unreasonable.

My intervention on this issue is outlined in the foreword to this report. The issue was still not resolved at year's end.

The following case summaries provide examples of the complaints received on this issue.

Complaint – Unreasonable restraint of Animal

The complainant contacted me in the middle of summer, after a week of having her dog chained in the backyard without shade waiting for the meter reader to arrive. The complainant was very distressed, as the dog was in the sun in 30 degree heat and despite contacting Aurora Energy every day, no-one could tell her when the readers would come.

On the sixth day of the dog being restrained, Aurora Energy advised that the meter readers had done an estimate several days earlier (for no apparent reason), so the dog had been chained unnecessarily. This caused a great deal of distress to the complainant.

Aurora Energy was unable to comment why the estimate was done, but they suspect it was because the readers could hear the dog barking (from the backyard) and were not confident where it was. The complainant believed it was obvious where the dog was – behind seven foot fences. The front yard on the property is clearly visible, so it was evident the dog wasn't there.

The Investigation Officer wrote to Aurora Energy, suggesting a subsequent read at no charge, an apology and perhaps an ex gratia payment in recognition that what had occurred was not appropriate. Aurora Energy

performed a subsequent read of the meter at an arranged time at no cost, but no apology was given and no ex gratia payment was made.

In the previous quarter, the complainant had chained the dog for three days before Aurora arrived. She had left a note in the meter box asking the reader to remove the note and to shut the meter door so that she knew they had been and could release the dog. The reader read the meter but did not remove the note or shut the door, so the dog was chained up unnecessarily for two more days. Aurora Energy made no apology and could not provide an explanation for what had occurred.

The complainant enquired about remote access meters, but Aurora Energy could not guarantee they would work in this situation. The cost of installation would be $330, and Aurora Energy does not allow for return of the meters or a refund if they do not work.

This complainant has since met with Aurora Energy to discuss her concerns, and has provided feedback which has assisted Aurora with their new campaign. Her particular problem has been resolved, in that a specific date has been arranged for her meter to be read. This is not a long term solution, for it involves a fee of $75.28 per reading.

Complaint – Consultation over New Policy

In October 2009, the complainant received a bill based upon an estimate of consumption because her four month old Shiatsu puppy had been unrestrained on the property when the readers came to do the reading. She stated she had had a small breed of dog on her property for 36 years and meter readers had always entered.

The complainant was angry because she was not advised that meter readers would not come onto the property, or given any notice that by having the dog unrestrained, she would receive an estimate. She contacted Aurora Energy, who were unhelpful and stated that they were unable to provide a date for the next read, but that three days either side of the scheduled date was the best they could advise.

The complainant contacted the media about this issue, but a solution was still not reached with Aurora Energy. This office wrote to Aurora Energy, and received a response stating that specific dates would not be given unless a $75.28 fee was paid by the customer and that 3 days either side of the scheduled reading was the best they could offer their customers.

This complainant decided to have remote access readers installed at her property at a cost of $330 to avoid this issue occurring every three months when the meter is due to be read. While her file was closed because her complaint was technically resolved (by her own doing in having the remote reader installed), she remains passionate about the issue and has since contacted the media again about it.

Complaint – Estimated Account

The complainant contacted this office after receiving estimated accounts for his two adjoining properties because of an unrestrained dog. He advised that the dog is only present at one of the properties, so was unsure why he received an estimate for the second property. He had requested a specific date for the read, but Aurora would not give him one. He had restrained the dog on the scheduled date, but the readers had arrived two days earlier, resulting in estimated accounts being issued.

The complainant sought an actual read for the property, as he believed the estimate was excessive, because in the corresponding period last year he had extra people living with him and was in the process of renovating. Aurora sought $75.28 to do the subsequent read, despite the fact they had provided an estimate for the property where there was no dog present. They were unable to provide an explanation for why the estimate was done, other than that they suspected the reader could not tell whether the dog was restrained to only one area.

The complainant objected to this, so paid Aurora Energy an amount he believed was reasonable for the quarter and asked to have the account adjusted when the actual read was performed in the following billing period. Aurora Energy accepted this as reasonable.

CASES REFERRED TO A HIGHER LEVEL (RHL)

Complaints referred to a higher level within Aurora Energy increased significantly during the reporting year from 84 last year to 158.

However, these complaints decreased during the second half of the year, when it was found that many RHL complaints had been escalated within Aurora Energy before the complainant came to the Ombudsman. It is often a futile exercise to refer complaints back when Aurora Energy will only provide the same answer as it did when the complaint was initially received.

Nevertheless, the RHL process continues to be an effective means of quickly dealing with a complaint, and the rate of resolution of complaints through the process remains high.

The following are examples of the broad range of complaints handled through the RHL process.

Complaint – Pay As You Go Meter

The complainant uses an Aurora Pay As You Go (APAYG) meter, and after he loaded $50.00 on his card the meter did not record the value.

The complainant contacted Aurora Energy and each time it suggested he put another $5.00 onto his card.

The complainant explained that he could not spare a further $5.00 and he was told to go to a welfare agency.

The complainant then came to me, as he wanted Aurora Energy, to check his meter.

I referred the matter to the company through the RHL process. Aurora Energy then contacted the complainant, verified the amounts he had loaded into the meter and the credit was then available.

The complainant was happy with this outcome and did not contact me further about this matter.

Complaint – Incorrect Tariff

The complainant contacted me in November 2009. She stated that she has lived in her residence for almost two years, and she found that she was on the general tariff 22, rather than tariffs 31 and 42.

The complainant stated that she had contacted Aurora Energy a number of times and had been advised to contact her electrical contractor to have the required Electrical Works Request (EWR) lodged with Aurora Energy, to have the tariff changed.

She stated that, since she had purchased her house soon after it was built, she had no contractual arrangement with the electrical contractor who did the wiring.

Aurora Energy advised me that the electrical contractor did not lodge an EWR when the house was completed. This had resulted in the complainant paying $490.00 more for the period than if the house was on the correct tariffs.

Aurora Energy advised me that it will not change tariffs unless an EWR is lodged, and that the complainant should therefore seek recovery of the $490.00 from the electrical contractor.

The complainant was not happy with this, and she lodged a formal complaint with me shortly after. After investigating the matter further, I concurred with the initial advice provided to the complainant by Aurora Energy.

This is an ongoing issue where electrical contractors often fail to lodge an EWR and a customer remains on a higher tariff until they become aware of the situation.

Aurora Energy has advised me that the general tariff 22 is widely used, and it does not have any internal means of checking whether a customer should be on another tariff.

Complaint – Unplanned Outage

The complainant contacted me after severe storms in September 2009 caused a power outage at his property. Aurora Energy had advised the complainant that it would be 11 days before his supply would be connected.

The complainant was concerned that he had received conflicting information from Aurora Energy about how his supply was disconnected and the time it would take to have his supply restored. The complainant was seeking to get past the call centre to enable him to obtain more precise information.

A Team Leader from Aurora Energy's fault centre contacted the complainant and provided comprehensive details on the outage, and the problems Aurora Energy was experiencing in restoring his supply. The complainant lived in a remote area at the end of the feeder and his supply crossed a gully that was heavily forested. Aurora Energy sought to keep the complainant informed, and to look for options that would enable his supply to be restored in a shorter time frame.

Despite being escalated to a person who was able to provide more detailed advice, the complainant remained unhappy and he lodged a formal complaint with me. Following further investigation, I found that Aurora Energy had acted appropriately in the circumstances of a significant storm event and that it was endeavouring to have the complainants supply restored in a timely manner.

Through the RHL process I had been able to provide the complainant with the opportunity to discuss his concerns with a more senior officer. It was the frustration of not being able to get past the call centre that caused him to initially make his complaint.

Case summaries – general issues

Complaint - Access to Reticulated Natural Gas

The complainant contacted our Office in late October 2009 following problems he had encountered with his application to have natural gas supplied to his property.

The complainant had applied to have natural gas connected to his home in mid 2009 and was then provided with a quote to connect the supply and to connect to gas ducted heating. The complainant accepted the quotes provided, in late August 2009.

Following his acceptance of supply, the complainant contacted a Tas Gas preferred supplier and arranged for the delivery of over $7,000 worth of equipment, including a gas heater, ducting and a hot water unit.

After some delay, the complainant contacted Tas Gas to be told that natural gas was not available to him as his property was located on a section of the road that was not serviced with natural gas. The complainant stated that this information was provided to him after two inspections, which he had understood to confirm that he could receive natural gas. Tas Gas indicated that it would consider extending the distribution system, but this was subject to interest from other property owners.

The complainant contacted the equipment supplier and advised that he would not purchase his order unless he received an assurance from Tas Gas that he would be connected to the reticulated natural gas supply.

We contacted Tas Gas Networks who agreed with the chain of events described by the complainant. However, Tas Gas stated that the offer included a condition in writing that the supply was subject to an appropriate meter location. Further, Tas Gas advised me that it had not provided the complainant with a *"Standard Natural Gas Connection Offer"* and it had not provided the complainant with a binding contractual arrangement to extend the network to his property.

However, Tas Gas Networks, did acknowledge that it was not made clear to the complainant that his property was not sufficiently close to the distribution network, and that further investigations were necessary to assess the viability of extending the network at that point.

After further discussion with Tas Gas, the complainant determined that the extension of the distribution system to his house would not be financially viable.

Tas Gas Networks offered to arrange for the installation of an LPG water heater in lieu of the natural gas heater and said that it would liaise with the equipment supplier to ensure the complainant was not financially disadvantaged as a result of the misunderstanding.

The complainant advised me that he would have preferred to have access to natural gas and to install a range of gas installations within his house, but he was willing to accept the offer from Tas Gas on the basis that he would not be liable for the order from the supplier.

This case is an example of where poor communication can have very serious consequences for a customer who has acted in good faith on the information provided by a service provider.

Complaint – New Supply

The complainant contacted my office in March 2009, following discussions with Aurora Energy about having the electricity supply connected to a parcel of land she recently had subdivided off her property.

This complaint revealed a breakdown in communication between the complainant and a neighbouring subdivider.

Initially the complainant and the neighbouring subdivider jointly approached Aurora Energy to have the electricity supply provided to their two separate developments.

Aurora Energy provided a Letter of Offer for the project but this lapsed after it was not accepted within six months of the offer being made. Aurora Energy then received a second application for the provision of electricity, but this was from the neighbour and was based on supply from a different street than the initial application.

The complainant and the neighbour had engaged an electrical contractor to install conduit from the distribution system to a point adjacent to the two developments. When the complainant approached Aurora Energy to have conductors installed, she was informed that the conduit did not comply with current standards, and there was no easement over property between the road and her parcel of land.

It became apparent that the neighbour had proceeded to have his development connected on the second application, but had not consulted the complainant, who understood that she could connect her land on the basis of the original application to Aurora Energy.

The complainant was left with an internal block that could only be connected if she made a fresh application to Aurora Energy on her own behalf, with the attendant costs associated with the planning and installation of an underground supply.

This matter was the result of poor communication between the two developers rather than any action by Aurora Energy.

Complaint – Contribution Towards Supply

The complainant contacted me when he sought to have electricity connected to his property some five years after his house was destroyed by fire.

The complainant's property is located in an isolated part of the West coast of Tasmania. The house was destroyed in a scrub fire in April 2004 and the complainant did not immediately seek to rebuild on the site. In fact, the complainant was in the process of selling the property when he realised Aurora Energy was quoting $6000.00 to bring the supply to his property boundary. This was a significant sum when compared to the low value of the property.

Approximately one year after the fire, Aurora Energy found the transformer pole adjacent to the property had become a safety risk. As a result, Aurora removed the transformer, three spans of high voltage conductor, one span of low voltage conductor, a service wire and four poles. Aurora Energy confirmed that it had this work undertaken without consulting the complainant, as there was no indication that he intended building again.

Aurora Energy advised that it believed that the road to the complainant's property was no longer a public road, and the quote to re-supply was based on supply across private land.

My officers' investigation revealed some uncertainty about the status of the road. The property was accessible by a rough gravel road that could be traversed by a two wheel drive vehicle. The West Coast Council advised that it understood the road to be a public road but did not undertake any maintenance.

A site visit was arranged in February 2010, attended by Aurora Energy, the complainant and my Principal Officer (Energy). It was very clear from the site visit that the assumption made by Aurora Energy that led to the removal of the infrastructure was not unreasonable.

Regardless of the status of the road, the most direct route from the distribution network was across private land

However, it was unfortunate that both Aurora Energy and the complainant had failed to confer with each other about their intentions.

After considering the events around this matter further, Aurora Energy offered to pay a half of the installation cost, leaving the complainant to pay $3000.00 to have the supply to his property re-connected.

In the circumstances this was a reasonable offer from Aurora Energy. It had validly removed infrastructure that had been damaged in a fire, albeit without consulting the one property owner who had benefited from the supply. On the other hand, the complainant acknowledged that he had not been in contact with Aurora Energy since the fire, and it was obvious that this issue only became a concern to him when he was selling the property.

The complainant believed the offer from Aurora Energy was reasonable and he accepted it as a resolution to his complaint.

Complaint – Recovery of Undercharge

The complainant made a written complaint to my office in relation to Aurora Energy's demand to recover $959.45 as a result of an undercharge.

Aurora advised the complainant that the undercharge was as a result of a failure to process certain data from the meter to the billing system. The company sought to rely on r 15(2) of the *Electricity Supply Industry (Tariff Customers) Regulations* 2008 to recover the $959.45.

R 15(2) states that *"An electricity retailer is entitled to recover an amount that a tariff customer was undercharged, over a maximum period of 12 months before the date of the discovery of the undercharging, if the undercharging resulted from inaccurate metering of consumption which was caused by circumstances other than the circumstances referred to in subregulation (1)"*

The complaint to me was that the undercharge in this circumstance did not result from of inaccurate metering of consumption, but resulted from a failure to process data correctly. Therefore the complainant believed that Aurora did not have a right to recover the $959.45 pursuant to r15(2).

I agreed with the complainant and advised Aurora accordingly and invited their submissions.

Aurora responded by stating that r 15(2) had been erroneously drafted and that the intention of the regulation was to enable recovery of an undercharge regardless of how that undercharge occurred. Aurora argued that r 15(2) should be interpreted having regard to the broader context of consumption, metering and billing of electricity.

Whilst I was sympathetic to this and agreed that this was probably the intention of the regulation, my view was that the remedy to the problem did not lie in placing an artificial construction on the regulation, but in having the regulation amended. I advised Aurora that I believed the making of an award was appropriate in this case.

After further review, Aurora agreed that steps needed to be taken to have the regulation amended and agreed to refund the complainant the additional charges recovered.

Complaint – Vegetation Management

The complainant lodged a complaint over a proposal by Aurora Energy to trim or remove macrocarpa hedges along the boundary of his rural property.

The complainant was concerned that Aurora Energy would destroy his hedges and remove the wind protection benefit that they provided. Rather

than remove or trim the hedges, the complainant had suggested that the electricity infrastructure be moved to the opposite side of the road.

A site meeting was arranged for early February 2010 with the complainant, Aurora Energy and the Principal Officer (Energy), to view and discuss the issues raised in the complaint.

The complainant planted the hedges soon after the high voltage distribution system was installed along his property boundary, in the belief that it would not pose a risk to the overhead powerlines. Over time the hedges had grown to the point where there was an ongoing problem with them contacting the high voltage powerlines.

Aurora Energy advised the meeting that it would cost approximately $100,000.00 to relocate the five spans to the opposite side of the road. They also said that it would cost $10,000.00 to remove the hedge or approximately $1,500.00 every two to three years to trim them.

Aurora Energy advised that its preferred option was to leave the infrastructure on the existing alignment, as the capital cost to move it was prohibitive and created the potential for access problems over rural land into the future. Currently Aurora Energy can access its infrastructure from the road. The boundaries of the road reservation would require newly installed infrastructure to be well outside the current fence line on paddocks that could become wet and difficult to access.

Aurora Energy proposed to install two mid span poles, one on each of the hedges, to lift the conductors and move them to one side away from the centre line of the hedges. This would reduce the frequency and severity of the trimming required in the vegetation management cycle.

In considering this matter, it was clear that there were a number of ways that the concerns raised by the complainant could be appropriately addressed. Aurora Energy sought the option that had the least capital cost but one that also reduced the frequency of the need to trim the hedges. The hedges would also remain close to their current height and continue to provide the complainant with the protection from the wind he was seeking.

It was considered that the proposal from Aurora Energy was reasonable in all the circumstances.

Complaint – Poor Advice

The complainant was referred to me by his solicitor in August 2007.

The complaint revolved around the considerable costs borne by the complainant following advice he received from Aurora Energy at the time he was constructing new business premises.

The complainant was required to purchase an easement to facilitate the provision of an electricity supply to shops at the back of the development.

The complainant was told that he would have to move a pole in the middle of his land, to make arrangements to have an electricity connection point installed at the front of the land, and to have electricity mains installed underground to service certain shops at the rear of the property.

Rather than placing the mains under his new building, the complainant purchased a right-of-way adjacent to his land and had them installed there. This added significant costs to his development and necessitated changes to the design of his development.

After the mains had been installed the complainant received advice that the shops behind his development could have been connected from the street in front of the shops. This would have saved the complainant considerable expense, time and inconvenience.

The complainant was of the view that the initial advice provided to him by Aurora Energy had cost him in excess of $50,000 - both directly in the purchase of the right-of-way and indirectly through delays in having his business fully operational from the new premises. After much discussion and negotiation, the complainant was prepared to accept $20,000 to settle the matter.

I was prepared to make an award against Aurora Energy for this amount but the matter was finally settled between the parties. There was little doubt that the advice provided did have a serious impact on the complainant's endeavours to establish his business in new premises.

The complainant was not given the opportunity to fully explore all options and as a result, suffered significant costs, inconvenience and frustration in the development of his new business premises.

Energy Ombudsman Financial Report as at 30 June 2010

T141 - ENERGY OMBUDSMAN

	2009/10
310 - Equity	213
461 - Other Revenue	-438,788
511 - Salary Expenditure	305,770
512 - Other Employee Related Expenditure	5,578
522 - Information Technology	24,768
523 - Materials, Supplies and Equipment	12,296
524 - Travel and Transport	9,025
525 - Property Expenses	46,992
527 - Finance Expenses	2,267
528 - Other Expenditure	25,924
529 - Consultants	8,350
Grand Total	**2,395**

T141 - ENERGY OMBUDSMAN TRUST ACCOUNT

	2009/10
Opening Balance	$213
Other Revenue	$438,788
Salary Expenditure	$305,770
Other Employee Related Expenditure	$5,578
Information Technology	$24,768
Materials, Supplies and Equipment	$12,296
Travel and Transport	$9,025
Property Expenses	$46,992
Finance Expenses	$2,267
Other Expenditure	$25,924
Consultants	$8,350
Grand Total	**$2,395**