

ENERGY OMBUDSMAN TASMANIA

ANNUAL REPORT 2012-2013

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FROM THE OMBUDSMAN

INTRODUCTION

This report describes the work of my Office under the *Energy Ombudsman Act 1998* during 2012-13. The report is prepared for the benefit of the energy entities which have funded this work 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 details the work of the Office of the Ombudsman and Health Complaints Commissioner in all of the jurisdictions that we cover. The report is published on my Ombudsman website, www.ombudsman.tas.gov.au.

STATISTICS

The complaint statistics are:

- an eight per cent decrease in new complaints received (499 to 461);
- a nine per cent decrease in complaint files closed (515 to 469);
- a 14 per cent increase in enquiries opened and closed during the year (203 to 232);
- a 55 per cent decrease in out-of-jurisdiction enquiries (62 to 28); and
- a two per cent decrease in enquiries generally (265 to 260).

Across the year, an average of nine per cent of the complaints received each month were addressed using our RHL process, whereby the complaint is referred to Aurora Energy to give the company an opportunity to quickly resolve the complaint without further involvement from us.

Twenty two complaints were open at the end of the reporting year, a decrease from 30 in the previous year.

Other statistics which I regard as significant in showing how this jurisdiction is operating are:-

- Of the 469 complaint files closed this year, 61 per cent were closed with within 30 days, and 88 per cent were closed within 90 days.
- Only 22 files were open at the end of the reporting year, compared with 30 the previous year. Of these, only one file was open for over 300 days, but was reasonably close to finalisation. It necessarily tends to be the case that the files that remain open more than 90 days are complex and very difficult to resolve.

SYSTEMIC ISSUES

Access to meters

The rise in complaints during this reporting year in relation to Aurora Energy electricity accounts based on estimated consumption suggests that access to meters by meter readers continues to be an issue of concern to a number of customers.

During the reporting year, Aurora Energy embarked on a program of reading Aurora Pay As You Go (APAYG) meters. It is my understanding that this has led to less experienced meter readers taking on some of the rounds for customers with standard tariff meters. This means, in turn, that some meter readers may be faced with situations about which they have no previous experience (that is, the particular circumstances around the ongoing restraint of a dog on a particular property). Complaints to me indicate that this has resulted in customers with dogs, who have not had problems for many years, finding their meter read has been skipped for no apparent reason, mindful of the workplace health and safety issues associated with meter reading.

I believe that the policy changes implemented by Aurora Energy, following consultation with my office, have greatly improved the service to customers who have dogs on their property. These are:

- the reduction of the period within which a customer's meter may be read from seven business days to three business days the "Approximate Next Read Date" and one business day either side of that date;
- provision of a special reading of the meter at no cost to the customer if the meter is not read during this three-day period and the customer requires an actual read of the meter, as opposed to a bill based upon an estimate of consumption;
- the leaving of a calling card by the meter-reader, if requested by the customer: and
- the introduction of a trial under which customers may read their own meters if they wish, submitting the meter data to the company online.

There appears to me, however, to be scope for Aurora Energy to use the information provided by customers about the proper restraint of their dogs to enable customers with dogs under restraint to have their meters accessed quarterly and to receive account statements based on actual consumption.

I expect this issue to be ongoing but would like to see a reduction in complaints resulting from better information provided to meter readers.

Incorrect tariff issue

Complaints about incorrect tariffs have dropped from the previous report. This suggests that Aurora Energy's consultation with electrical contractors at trade nights and through industry newsletters is having a positive impact in ensuring Electrical

Works Requests are submitted in a timely manner. Further, electronic lodgement of EWRs with Aurora Energy is more efficient than previous processes and significantly reduces the number of hard copy requests being mislaid.

I note that most complaints in this area are now based on the complainant's electrical contractor failing in, or delaying, the submission of an EWR. In such cases I can only suggest the complainant seek to resolve their concerns directly with their electrical contractor.

Spikes in Electricity Consumption

I have received a number of complaints during the reporting year regarding Aurora Energy customers who have installed a solar generation system, finding their electricity consumption rising significantly around the time the system is activated. Most complainants are of the view that their tariff I I 0 import/export meter is faulty or in some cases the existing meter has been incorrectly calibrated.

Initial investigations indicate that a number of cases can be attributed to the complainant or their electrical contractor turning on the solar system inverter before the tariff 110 meter has been installed.

My staff have been working with Aurora Energy to determine what is causing this problem and I would expect to report further in my next annual report.

High Bills/Disconnection

This is not a systemic issue but is a trend that should be noted. Both high bill complaints and complaints made for pending or complete disconnections have dropped during the reporting year.

It is reasonable to assume that this could be attributed to a widespread acceptance within the community that utility costs are generally on the rise. We have certainly found that electricity consumers are often seeking ways to become more energy efficient to ensure they can mitigate their rising costs by reducing consumption.

The drop in disconnection complaints reflects the new hardship provisions within the National Energy Customer Framework. Aurora Energy has a hardship team that works with customers with ongoing difficulties to assist them to meet their electricity costs. This process is undertaken in consultation with financial counsellors within welfare agencies, and allows the customer to seek financial advice and to have a counsellor liaise on their behalf directly with the Aurora Energy hardship team.

As I have no role in advocating for, or in any other way acting for, a complainant in their consultation with Aurora Energy over payment arrangements, my staff actively encourage complainants with payment difficulties to seek the assistance of a welfare agency and, in particular, advice from financial counsellors.

Other Matters

The level of liaison between my Office and Aurora Energy remains appropriate; my staff meet with Aurora Energy staff on a routine basis to discuss outstanding files, and other occasional meetings occur in which I participate.

I have continued my predecessor's involvement in the work of the Australia and New Zealand Energy and Water Ombudsman Association and, in May 2013, I joined three of my ANZOA colleagues in Melbourne in addressing the Credit & Collections in Energy & Water 2013 Conference.

LOOKING AHEAD

The Tasmanian Government announced that, from I January 2014, full retail competition will be introduced into the Tasmanian electricity market. This is an issue that could significantly increase the workload in the Energy Jurisdiction in the next reporting year. My staff and I will be working closely with the Energy Regulator and all key stakeholders to ensure that any potential negative impacts of full retail competition on customers are minimised wherever possible.

Finally, I would like to particularly mention Ray McKendrick, Kirsty Bower and Paul Docherty, the three members of staff who assisted me in this jurisdiction. I thank them all very much for that assistance in the reporting year.

Leon Atkinson-MacEwen

Ombudsman

13 January 2014

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:

- (a) to receive, investigate and resolve complaints,
- (b) to make awards and register agreements as awards under Part 4,
- (c) to identify and review issues arising out of complaints,
- (d) to assist energy entities to develop procedures to resolve complaints,
- (e) to perform any other functions imposed on the Ombudsman by this Act; and
- (f) 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 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 in 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 I. Enquiry Activity

	2011-12	2012-13	Variance
Enquiries opened and closed in the period	203	232	14%
Out of jurisdiction enquiries	62	28	-55%
Total enquiries	265	260	-2%

 Table 2.
 Complaint Activity

	2011-12	2012-13	Variance
Carried forward from previous period	46	30	-35%
Opened in period	499	461	-8%
Closed in period	515	469	-9%
Carried forward (still open)	30	22	-27%

Table 3. Complaint activity 2007-08 to 2012-13

	2007- 08	2008- 09	2009-10	2010-11	2011- 12	2012-13
Carried forward from previous period	52	69	43	35	46	30
Opened in period	309	302	414	465	499	461
Closed in period	292	328	422	454	515	469
Carried forward (still open)	69	43	35	46	30	22

Figure I. Complaint activity 2007-08 to 2012-13

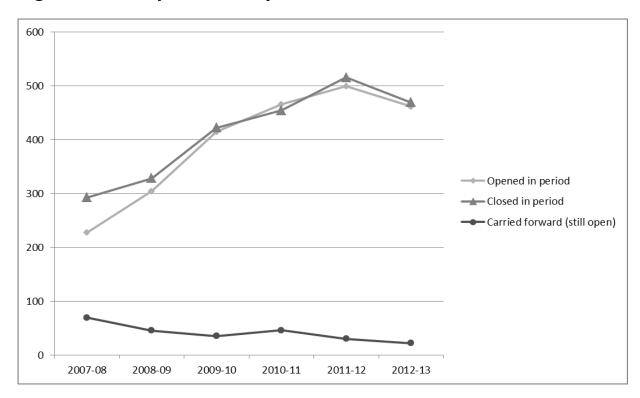


 Table 4.
 Closure reasons by entity

Closure Reason	Aurora Network	Aurora Retail	Hydro Tasmania	Tas Gas Network	Tas Gas Retail	Out of Jurisdiction
Complaints referred to higher level	14	63	I			
No further investigation - fair/reasonable offer	4	17	2		I	
No further investigation - insufficient grounds/not warranted	22	86		I		
No further investigation - no further contact from customer	3	19			ı	
No further investigation - withdrawn by customer	3	5				
Out of jurisdiction	7	6				13
Resolved - facilitated resolution	28	125			3	
Resolved - negotiated resolution	9	36				
Grand total	90	357	3	I	5	13

 Table 5.
 Closure reasons by category

Category	Issue	2011-12	2012-13
Billing	Backbill	1	2
	Delay	10	6
	Error	27	29
	Estimation	45	67
	Fees & charges	24	24
	High	135	83
	Meter	20	7
	Other	15	32
	Rebate / concession	10	11
	Refund	I	3
	Tariff	29	16
	Billing total	317	280
Credit	Collection	8	8
	Disconnection / restriction	33	34
	Payment difficulties	47	28
	Credit total	88	70

Table 5. Closure reasons by category cont.

Category	Issue	2011-12	2012-13
Customer service	er service Failure to consult / inform		2
	Failure to respond	Ш	15
	Incorrect advice / information	18	14
	Poor / unprofessional attitude	7	2
	Poor service	31	19
	Privacy	I	2
	Customer service total	71	54
General	Energy / water	0	9
	Non energy/non water	0	4
	General total	0	13
Land	Easement	3	I
	Network assets	П	7
	Other	I	8
	Street lighting	I	0
	Vegetation management	2	3
	Land total	18	19

 Table 5.
 Closure reasons by category cont.

Category	Issue	2011-12	2012-13
Provision	Disconnection / restriction	2	5
	Existing connection	13	18
	New connection	30	24
	Provision total	45	47
Supply	Off supply (planned)	8	4
	Off supply (unplanned)	20	9
	Quality	2	0
	Variation	2	8
	Supply total	32	21
Transfer	Objection / rejected by retailer	I	0
	Transfer total	I	0
	Grand Total	572	504



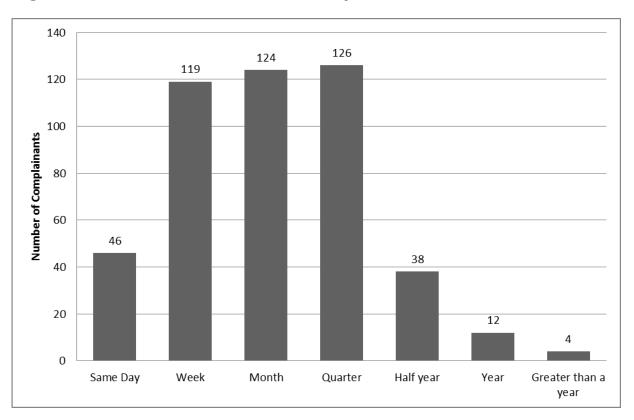
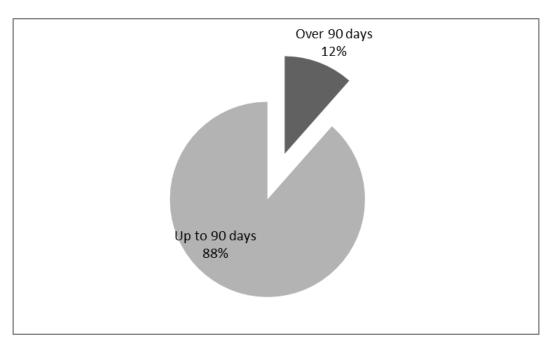
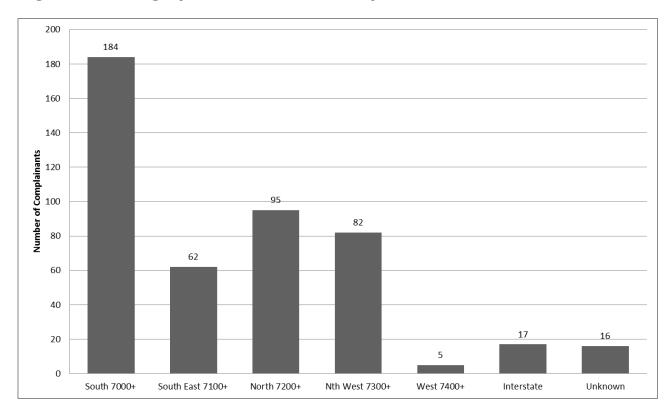


Figure 3. Complaints resolved within 90 days







EXPLANATION OF CLOSURE REASONS (TABLE 4)

I. COMPLAINTS - REFERRED TO A HIGHER LEVEL

A total of 78 complaints were referred to a higher level during the reporting period. This is 17 per cent of all complaints closed for the year. 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 we determine that 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 us <u>only</u> if Aurora Energy has not contacted them within three 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". In the rare event that the complaint is not resolved and comes back to us, we open a new file.

2. NO FURTHER INVESTIGATION - FAIR/REASONABLE OFFER

There were 24 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 109 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 is 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

Twenty three complaints were 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 eight 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 13 complaints which were considered to be out of jurisdiction during the reporting period. A complaint is closed under this category when it is not strictly about any service of, or relating to, the sale or supply of, electricity or natural gas by an energy entity.

7. RESOLVED - FACILITATED RESOLUTION

There were 156 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 which the complainant has not been able, or would not have been able, to receive without us becoming involved.

8. Resolved - Negotiated Outcome

There were 45 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.

COMPLAINT TRENDS

The majority of the complaints received in the Energy jurisdiction relate to Aurora Energy (447 complaints out of 461). Therefore, this section of the report is essentially an analysis of complaints about the services which that company provides.

There were 461 complaints opened during the reporting year, a decrease of 8 per cent from the previous year. These 461 complaints raised 504 separate issues.

Complaints against both the Energy and Distribution businesses within Aurora Energy have decreased, although the Network related complaints are only slightly down on last year.

Billing complaints represent over 50 per cent of all complaints. Disputed higher-thanexpected accounts, access to meters and estimated meter readings continue to be the major issues in this category.

Complaints about estimated accounts continue to rise despite the work done on this issue by my office and Aurora Energy. It would appear that customers will continue to complain simply because their consumption has been estimated, regardless of the efficiencies put in place to address this issue. While incorrect tariff complaints have fallen this year, they still are unacceptably high (and are generally the result of the electrical contractor failing to submit paperwork in a timely manner, if at all).

It is interesting to note that complaints in the Provision, Supply and Land categories have stayed around the same (although the number of complaints in the subcategories within each category has changed). The Aurora Energy Distribution Business has a range of processes in place to deal with complaints in-house. As a result, complaints to my Office remain relatively stable.

Some customer service complaints can be attributed to customers, with network issues, being presented with poor responses from the Customer Services Operators who do not have the requisite technical expertise to provide a meaningful explanation.

BILLING

There were 280 complaints involving billing issues for the reporting year, down from 317 in the previous year (a 12 per cent decrease) and representing over 55 per cent of all issues about which complaints are received.

The majority of complaints in this category relate to high, disputed accounts (although there were 39 per cent fewer high bill complaints this year compared to the previous year). High bill complaints can be very difficult to investigate, as complainants often underestimate their usage.

It is also common for complainants to look at the dollar figure on their statement rather than the units consumed (the more accurate indication of usage patterns).

Often it is possible to liaise with Aurora Energy to provide the complainant with a history of their consumption to demonstrate that, when seasonal fluctuations are considered, their patterns are often within reasonable variations.

Complaints about electricity accounts based on estimated consumption have also risen. This is largely the result of the dog policy, whereby meter readers will not enter a property with a dog if they cannot see that the dog has been restrained. Although there have been improvements implemented to deal with Aurora Energy customers who have dogs, there clearly remains some concern where a customer believes they have addressed the access issues but still cannot have their meter actually read.

Complaints about incorrect tariffs have fallen. As detailed above, incorrect tariff complaints are often the result of an electrical contractor failing to submit an Electrical Works Request to Aurora Energy in a timely manner. In such cases, I have no role as the issue is between the Aurora Energy customer and their electrical contractor.

CREDIT

There were 70 complaints regarding credit-related issues during the reporting year, a decrease of 20 per cent on the number recorded in 2011-12.

Complaints in this category arise when a complainant is threatened with the disconnection of their electricity supply for non-payment of an account, or when their electricity supply has already been disconnected. Most complaints of this type are from customers who are experiencing difficulties in paying their accounts. A few credit complaints can be attributed to complainants who refuse to pay a disputed account or who have failed to pay an account from a past residence.

My Investigation Officers often work with Aurora Energy to place a hold on the disconnection for a limited period to provide time to investigate the complaint or to give the complainant time to pay their debt or to make an arrangement to pay the arrears (and for ongoing consumption), through a payment plan, over a period of time.

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 an amount of \$368, 615 was made available by Aurora Energy in 2012-13. This is administered by welfare agencies to members of the community having difficulty in paying their account.

Access to hardship assistance can be a short term help to many customers, but it should not be seen as a solution in itself. The payment of hardship assistance to a customer can ease them out of a difficult situation, but longer term solutions revolve around the financial advice provided by welfare agencies administering payments to Aurora Energy customers.

Complaints in this category are still high, which probably reflects the cost-of-living pressures experienced by many households. It is a reasonable expectation that the number of these complaints will remain high as utility charges compete with food and rent on the limited budget of many Tasmanian households.

CUSTOMER SERVICE

There were 54 complaints in this category, a decrease of 25 per cent from the previous year and a return to the levels seen in 2010-11 (but still far above the 21 complaints in this category seen in the 2008-09 reporting year). As has been reported previously, complaints in this area are largely the result of frustration experienced when an Aurora Energy customer cannot have their concerns addressed immediately by a person with knowledge in the area of the complaint.

It is our experience that complainants are often satisfied if they can be provided with a clear explanation of their concerns from a person who is able to understand and address the issues raised. Customers continue to tell us that they are left feeling that the customer service centre is little more than a barrier to any meaningful resolution of their concerns.

I continue to advise Aurora Energy that it 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 or who is able do something about it, and then coming to my Office.

PROVISION

There were 47 complaints in this category, two more than last year. Generally, the complaints in this category are made when the delay in having a connection made exceeds the prescribed timeframes.

SUPPLY

There were 21 complaints regarding supply-related issues for the reporting year, nine less than last year. The majority of complaints in this category relate to either planned or unplanned outages that result in the loss of perishable food items or damage to household electrical items. A complainant must submit a claim for compensation with Aurora Energy before I can investigate further.

Given the very nature of a distributed electricity supply that any number of impacts, such as vegetation, bird or lightning strikes can cause an unplanned outage, it is generally difficult to find that Aurora Energy is liable for losses that occur.

A Distribution Network Service Provider cannot guarantee supply for 100 per cent of the time and risks associated with impacts, outside the control of the DNSP, must be accepted by the customer. Aurora Energy advises customers to ensure

protection devices are installed, to lessen the likelihood that electrical items will be damaged as a result of an outage.

Planned outages are obviously necessary from time to time, and such outages can cause some disruption to customers. Aurora Energy can be liable for damage or losses incurred by a customer if the procedures around the outage have not been properly adhered to. Even a properly conducted planned outage, however, can cause damage to a customer's electrical items.

LAND

There were 19 complaints recorded in this category, one more than last year.

Complaints in this category are related to the placement of Aurora Energy network assets, such as poles and wires and overhead or ground mounted transformers. Complaints regarding vegetation management and easement issues are also included in this category.

Complaints about the placement of network assets can include broad visual amenity issues, or can relate to noise from transformers and conductors or the health risks associated with an electromagnetic field around transformers and conductors.

Generally these complaints revolve around the expected impacts from an overhead electricity distribution system and any compromise, to comply with a customer's particular desired outcome, should reasonably be financed by that customer rather than being subsidised by the broader customer base.

ENERGY OMBUDSMAN FINANCIAL REPORT

as at 30 June 2013

T141 - ENERGY OMBUDSMAN

Opening Balance	(\$36 340)
Income	
Revenue	\$ 502 550
Expenditure	
Salary Expenditure	\$ 335 709
Other Employee Related Expenditure	\$ 3 258
Information Technology	\$ 27 322
Materials, Supplies and Equipment	\$ 7 288
Travel and Transport	\$ 7 727
Property Expenses	\$ 66 196
Finance Expenses	\$ 3 828
Other Expenditure	\$ 43 652
Consultants	\$ 3 150
Total Expenditure	\$ 498 130
Closing balance	(\$ 31 920)