



**ENERGY OMBUDSMAN
TASMANIA**

ANNUAL REPORT 2010-2011

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HIGHLIGHTS

- 12% increase in complaint files opened during the year (414 to 465)
- 8% increase in complaint files closed (422 to 454)
- 23% decrease in enquiries handled (262 to 203)
- Major progress in reducing the average age of open complaint files (from 41 days to 24 days)
- Extensive discussions with Aurora Energy about the issue of access to meters by meter readers when there is a dog on the property
- Commencement of discussions with Aurora Energy about systemic solutions to the issue of customers being charged on the wrong tariff

FROM THE OMBUDSMAN

TASMANIAN OMBUDSMAN – SIMON ALLSTON

INTRODUCTION

This report describes the work of my Office under the *Energy Ombudsman Act 1998* during 2010/11. 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.



As can be seen from the statistics in Table 3 of this report, only four of the 454 complaints which were closed in this jurisdiction during the reporting year related to gas. Virtually all of the work in this jurisdiction relates to the supply of electricity by Aurora Energy, and this is because of its monopoly position as the distributor of electricity and as the retailer of electricity to domestic and small business consumers. Hence, this report largely relates to complaints against Aurora Energy.

STATISTICS

Demand for our services in this jurisdiction continues to increase.

The complaint statistics are –

- a 12% increase in new complaints received (414 to 465)¹, and
- an 8% increase in complaint files closed (422 to 454)².

However, the figures for enquiries show a drop in demand –

- a 22% reduction in enquiries opened and closed during the year (210 to 163)³,
- a 23% decrease in out-of-jurisdiction enquiries (52 to 40)⁴, and
- a 23% decrease in enquiries generally (262 to 203)⁵.

¹ This is on top of a 48% increase in 2009/10 (279 to 414).

² This is on top of a 38% increase in 2009/10 (305 to 422).

³ This follows a 44% increase in 2009/10 (146 to 210).

⁴ This follows a 53% increase in 2009/10 (34 to 52).

⁵ This follows a 46% increase in 2009/10 (180 to 262).

These variations may in part be explained by the introduction in July 2010 of an online complaint form, and by the new website which we launched in 2009/10. It may be that potential complainants are using the website to better inform themselves, and are using the online complaint form in circumstances where they might otherwise have telephoned or emailed our Office with an enquiry. However, that explanation is to some extent incompatible with the fact that the number of out-of-jurisdiction complaints has only increased slightly (from 11 to 13).

I discuss the effect on our statistics of the introduction of the online complaint forms in greater depth in my Ombudsman annual report.

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

- the fact that, between July/Sept 2006 and Jan/March 2011, the percentage of cases which have been closed in less than 28 days has gone from 20.64% to 79.2%, the percentage closed in less than 60 days has gone from 60.32% to 91.6%, and the percentage closed in less than 90 days has gone from 77.78% to 92.7%,
- the fact that, across the year, an average of 41% of the complaints received each month were addressed using our RHL (Refer to Higher Level) 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, and
- the fact that only 46 files were open at the end of the reporting year, compared with 35 the previous year. Of these, two files were open for over 300 days, but were also reasonably close to finalisation. It necessarily tends to be the case that the files that remain open more than 90 days are difficult ones. We are constantly working to reduce the number of files open for more than 300 days, across the Office of the Ombudsman and Health Complaints Commissioner as a whole.

SYSTEMIC ISSUES

1. Access to Meters

There are two major systemic issues to mention. One relates to access to meters, and the other relates to customers being charged for electricity on the wrong tariff.

I addressed the issue of access to meters at some length in my last annual report. Briefly, we received many complaints from late 2009 and into 2010 as a result of the adoption by Aurora Energy of 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 there might be an unrestrained dog. Under such circumstances, customers were receiving accounts based on an estimate of their electricity consumption, which was unsatisfactory for many people.

Customers who wished to make sure that their meter was read were advised by Aurora Energy call centre staff that they would have to restrain their dog for a period of 7 working days – the anticipated date of the read, as indicated on their last bill – and 3 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 Aurora Energy personnel about this on some 8 occasions during 2010, and I also raised the issues directly with the CEO, Dr Peter Davis, on two other occasions. In the discussions, we explored with the company ways in which their processes might be altered to address the extensive concern to which the implementation of the new policy had given rise. We were advised that the issue potentially affected 25% of the company's customers.

The negotiations ultimately led to some very significant changes –

- the reduction of the period within which a customer's meter may be read, from 7 business days to 3 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 3-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.

In the long term, the problem of safe access to meters will be solved by the distribution of "smart" meters, which will transmit the electricity consumption data direct to Aurora Energy, making meter reading on the premises unnecessary.

2. Wrong Tariff Issues

We have lately received a number of complaints from customers who find that they have been paying for electricity on the wrong tariff.

- Generally speaking, there are two types of case. One type involves a customer who is living in a relatively new house, and finds that they have been paying for their electricity on Tariff 22, rather than on the normal residential tariffs, Tariffs 31 (light and power), 41 (hot water) or 42 (HydroHeat). Tariff 22 is a general tariff that is applicable, in part, to a temporary electricity supply put in place to enable a house to be built. If the electrical contractor responsible for wiring the house does not submit an Electrical Works Request (EWR) to Aurora Energy when the building has been completed, requesting a change of tariffs, the electricity consumption at the premises will continue to be charged on Tariff 22.

We had a case this year where the complainant was in this category and had been on the wrong tariff for 8 years.

A second type of case results from the installation of new heating, qualifying the occupier for HydroHeat. In this type of case also, the customer will continue to pay for their electricity on the wrong tariff if the responsible contractor does not lodge an EWR with Aurora Energy to bring about a tariff change.

A frequent problem in these cases is that the electrical contractor who should have lodged the paperwork either cannot be identified, or is not prepared to assist the complainant to address the issue. When this occurs, it is often difficult for the customer to find an electrical contractor who is prepared to lodge the EWR, because the contractor is unable to adequately check the work that was done. Sometimes the property has changed hands, and the disadvantaged customer has no recourse against the electrical contractor who was at fault.

We have entered into discussions with Aurora Energy and with Workplace Standards Tasmania (WST) to try to find systemic solutions to this problem. We have involved WST because it is responsible for the administration of laws relating to electrical contractors.

OTHER MATTERS

The level of liaison between my Office and Aurora Energy continues to grow, but without affecting the independence and impartiality with which we discharge our functions. My staff meet with Aurora Energy staff on a routine monthly basis to discuss outstanding files, and other occasional meetings occur, in which I participate. These other meetings have occurred for various reasons, for instance –

- to brief us on progress with the development and implementation of Aurora Energy's new billing system, which went live in February. Fortunately, this has not given rise to many complaints,
- to brief us on the implementation of structural changes within the company,
- to brief us on Aurora Energy's submission to the Australian Energy Regulator of its regulatory proposal for the period 2012/17, and
- to discuss the systemic issues which I have mentioned above.

During the year, I returned to the former practice of issuing a quarterly report on the operation of the Energy Ombudsman jurisdiction. This is provided to Aurora Energy and TasGas, and is also published on my Energy Ombudsman website.

I have continued regular involvement in the work of the Australia and New Zealand Energy and Water Ombudsman Association (ANZEWO), and indeed hosted a meeting of the Association in Hobart in November 2010.

Finally, I would like to quote some positive feedback for our Office that was included in a report published by TASCOS in January of this year, entitled "Living in the Country: Consumer perspectives on energy supply in rural Tasmania".

The report includes this passage, under the heading “Energy Ombudsman” (at p 40) –

While most complaints were either dealt with satisfactorily by Aurora or not pursued by the consumer, some complaints were referred to the Energy Ombudsman for resolution.

Those consumers with experience of the Energy Ombudsman spoke highly of the service provided and believed that their matters had been satisfactorily resolved by the Ombudsman’s intervention. There was a high level of knowledge among interviewees in the community of the existence of the Energy Ombudsman’s Office and its role.

These words reflect well on the work of Ray McKendrick and Olivia Mitchell, the two members of staff who assist me in this jurisdiction. I thank them both for that assistance in the reporting year.



SIMON ALLSTON
OMBUDSMAN

November 2011

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 1. ENQUIRY ACTIVITY

	2009/10	2010/11	Variance
Enquiries opened and closed in the period	210	163	-22%
Out of jurisdiction enquiries	52	40	-23%
Total Enquiries	262	203	-23%

TABLE 2. COMPLAINT ACTIVITY

	2009/10	2010/11	Variance
Carried forward from previous period	43	35	
Opened in Period	414	465	12%
Closed in Period	422	454	8%
Carried Forward (still open)	35	46	

TABLE 3. CLOSURE REASONS BY ENTITY

Provider name	Complaints No action - OOJ - register only	Complaints Referred to higher level	No further investigation Fair/reasonable offer	No further investigation Insufficient grounds/not warranted	No further investigation No further contact from customer	No further investigation Withdrawn by customer	Out of Jurisdiction	Resolved Facilitated resolution	Resolved Negotiated resolution	Grand Total
Aurora – Network Division		27		14		3	4	36	23	107
Aurora – Retail Division	1	170	2	36	9	9	8	67	41	343
Origin Energy							1			1
Tas Gas Network								1		1
Tas Gas Retail				1						1
Transend Networks								1		1
Grand Total	1	197	2	51	9	12	13	105	64	454

EXPLANATION OF CLOSURE REASONS (TABLE 3)

1. **Complaints - referred to a higher level**

A total of 197 complaints were referred to a higher level during the reporting period. This is 44% 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 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”. 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 only two complaints dismissed under this category during the reporting year, significantly less than the 20 recorded last 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 51 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 9 complaints was recorded in this category during the reporting period, 16 less than last year. 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 12 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: section 6.

7. **Resolved – facilitated resolution**

There were 105 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 64 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. CLOSURE REASONS BY CATEGORY

BILLING	2009/10	2010/11	LAND	2009/10	2010/11
Backbill	2	0	Easement	2	0
Delay	8	4	Network assets	13	14
Error	14	19	Other	3	4
Estimation	26	36	Street lighting	2	0
Fees & charges	17	23	Vegetation management	6	4
High	74	71	Land Total	26	22
Meter	30	27			
Other	5	15	PROVISION		
Rebate / concession	9	29	Disconnection / restriction	4	3
Refund	0	2	Existing connection	24	20
Tariff	14	22	New connection	50	26
Billing Total	199	248	Provision Total	78	49
CREDIT			SUPPLY		
Collection	4	6	Off supply (planned)	11	10
Disconnection / restriction	36	28	Off supply (unplanned)	24	22
Payment difficulties	40	44	Quality	2	1
Credit Total	80	78	Sustainability initiatives	0	1
			Variation	0	1
CUSTOMER SERVICE			Supply Total	37	35
Failure to consult / inform	6	4			
Failure to respond	4	14	Grand Total	461	487
Incorrect advice / information	10	9			
Poor / unprofessional attitude	2	5			
Poor service	16	19			
Privacy	2	3			
Customer Service Total	40	54			
GENERAL					
Energy / water	1	1			
General Total	1	1			

FIGURE 1. TIME TAKEN TO RESOLVE COMPLAINTS

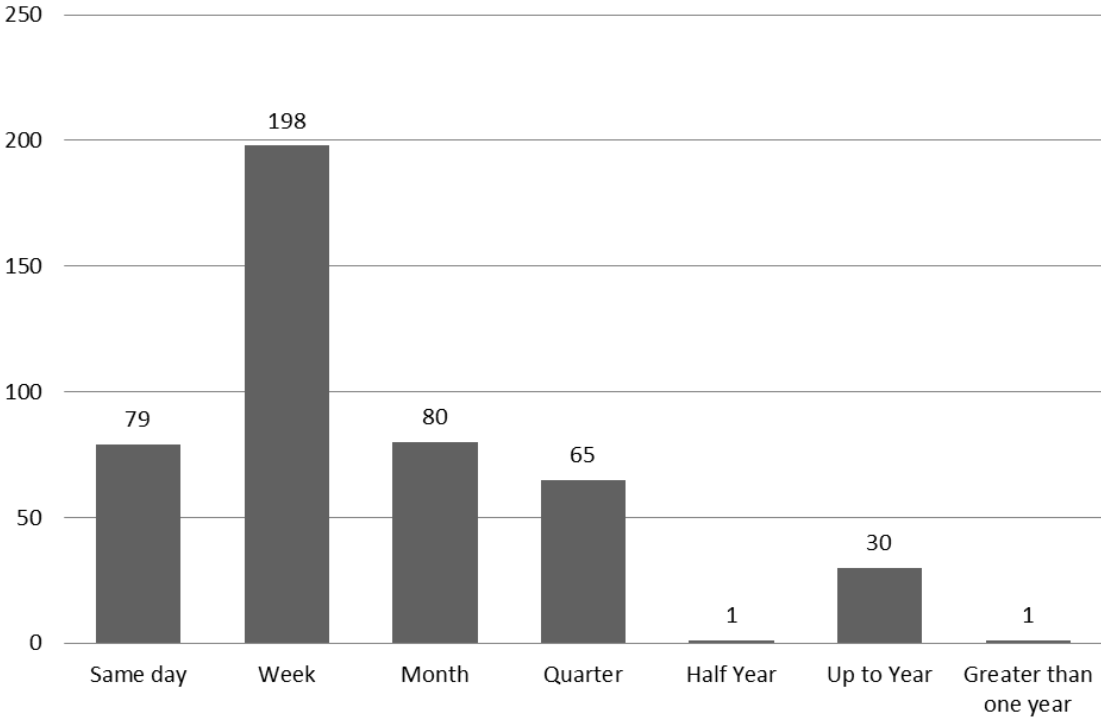
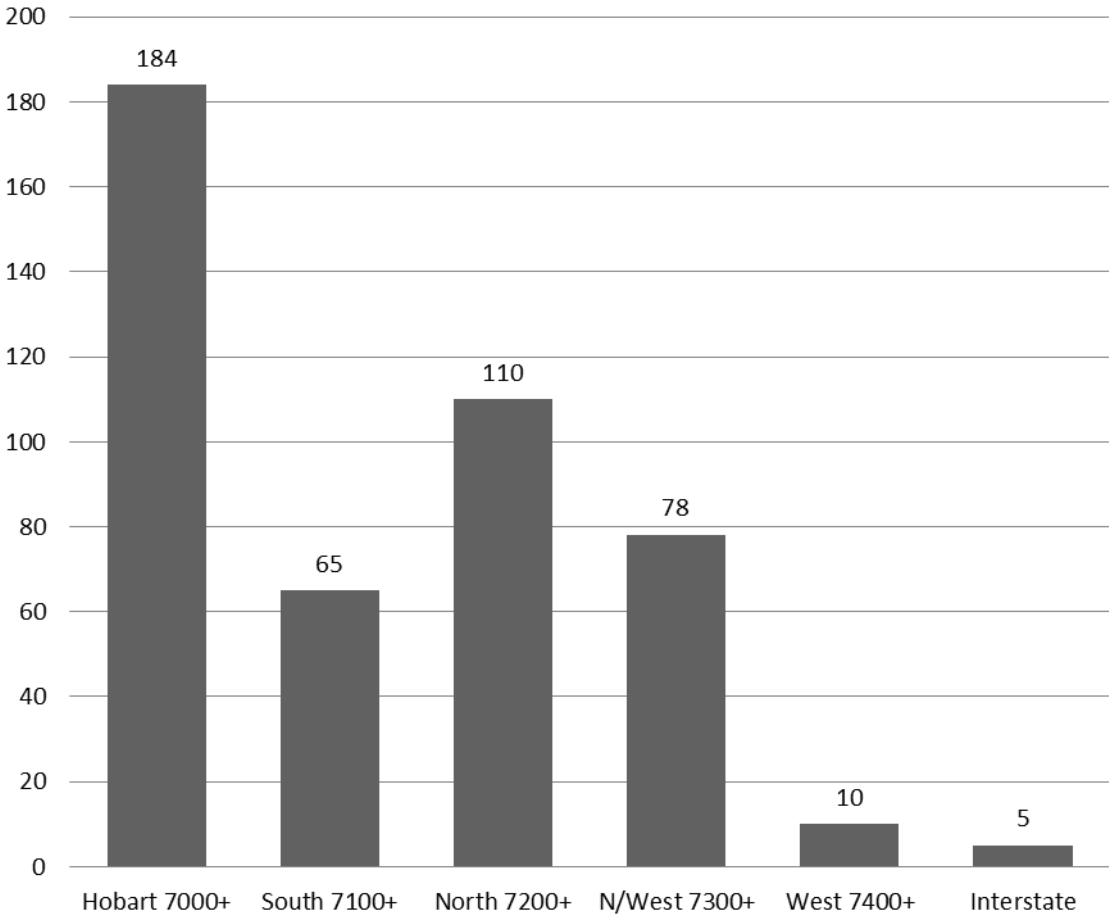


FIGURE 2. COMPLAINTS RESOLVED WITHIN 90 DAYS



FIGURE 3. GEOGRAPHICAL LOCATION OF COMPLAINANTS



COMPLAINT TRENDS

The majority of the complaints received in the Energy jurisdiction relate to Aurora Energy. Therefore, this section of the report is essentially an analysis of complaints about services which that company provides. Table 3 shows that only four of the 454 complaints closed during the year were not against Aurora Energy.

There were 465 complaints opened during the reporting year, an increase of 12% from the previous year when 414 complaints were received. These 465 complaints raised 487 separate issues.

Complaints against Aurora Energy Retail (billing & credit issues) have increased in this reporting year, whereas network related complaints have decreased.

Billing complaints now represent just over 50% of all complaints received. Disputed higher-than-expected accounts, access to meters and estimated meter readings continue to be the major issues in this Category.

The decrease in Aurora Energy Network complaints largely comes from an almost 50% reduction in complaints about delays in having new connections undertaken. This is a pleasing result, which I believe is largely the result of better communication between Aurora Energy and those customers who have requested a new connection.

In the past, many complaints in this category were from customers who expressed frustration with the lack of information from Aurora Energy that a delay was to occur, and the reasons for the delay. It was not uncommon in these cases for the customer to arrange for an electrical contractor to attend their site for a scheduled connection, only to find that the Aurora Energy crew did not arrive, without any contact being made before or after to explain what had happened or to arrange for another time.

The decrease of 50% in complaints in this category is a clear example that efficient communication is often all that is necessary to satisfy a customer, who will generally accept a reasonable explanation for a delay and the opportunity to re-schedule, rather than being left up in the air and required to make new arrangements, eventually coming to this office in frustration.

BILLING

There were 248 complaints involving billing issues for the reporting year, a significant increase on the last year and representing just over 50% of all complaints received for the year.

As was the case last year, the majority of complaints in this category relate to high, disputed accounts, and estimated accounts due to problems with access to meters.

An anomaly in this Category is the higher than average number of complaints in the rebate/concession issue. This can be attributed to a decision by the State Government to pay \$100.00 to electricity customers with a Pension or Health Care card. To access the one-off payment, Aurora Energy customers were required to meet criteria in relation to eligibility at the time for a pension discount. As a result, a number of electricity customers found they did not meet the requirements for the one-off payment, or found that they were eligible for the payment but had not received a benefit prior to this.

Aurora Energy administers the concession rebates on behalf of the Department of Health and Human Services in accordance with an agreement between them. The application of the benefit by Aurora Energy is governed by that agreement and the company is generally unable to backdate benefits or approve concessions where the criteria are not satisfied.

The number of complaints about estimated accounts remains high and is largely the result of an unrestrained dog on a property preventing access to the electricity meter. I discussed this issue in detail in my report for 2009/10, and I believe that the majority of complaints about this issue were received in the first half of the year covered by this report. I expect complaints in this category to show a

decrease next year as new processes implemented by Aurora Energy have now started to take effect.

This issue is discussed in some detail in the preface to this report.

CREDIT

There were 78 complaints regarding credit-related issues during the reporting year, similar to the number recorded in 2009/10.

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.

Complaints in this category are often difficult to resolve, as my role is to determine whether there has been evidence of defective administration or negligence on the part of Aurora Energy, regarding the complaint made. Most of the complaints in this category are the result of the complainant being unable to meet their liabilities, rather than any issue with Aurora Energy.

Generally, complaints of this type only come to me when the customer has exhausted all other avenues. My Investigation Officers often work with Aurora Energy to place a hold on the disconnection for a limited period to give the complainant time to pay their debt or to make an arrangement to pay the arrears (and for ongoing consumption) 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 the amount of \$330,000 was made available by Aurora Energy in 2010/11, to be administered by welfare agencies to members of the community having difficulty in paying their account.

It is important to be aware that, while the hardship assistance is a great help to many customers, 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 the welfare agency which administers the payment to the customer.

I believe that the high number of complaints in this category is a reflection of cost-of-living pressures placed on many households, and the number of these complaints is likely to increase as higher electricity prices, together with new water charges, compete with food and rent on the limited budget of many Tasmanian households.

CUSTOMER SERVICE

There were 54 complaints in this category, an increase of 14 from the 40 recorded last year. This is concerning, as this category has risen from only 21 complaints in 2008/09 reporting year.

Complaints in this category are often made in conjunction with another primary complaint, and reflect the frustration which Aurora Energy customers often feel as a result of the limited scope which Aurora's Customer Service Centre (CSC) operators appear to have when dealing with customer queries.

My Investigation Officers continue to find that complainants are often only seeking a clear explanation from a person who is able to understand and address their concerns. In effect, customers tell us that they are left feeling that the CSC is little more than a barrier to any meaningful resolution of their concerns. As I reported last year, 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 or who is able to do something about it, and then coming to us.

I am aware that a part of the Aurora Energy CSC was outsourced during the development and implementation of the company's new retail billing system, which may explain some of the rise in this category.

It is of concern to me that many of the RHL complaints that I refer back to Aurora Energy are due to CSC operators being unable to resolve even relatively simple complaints. This is particularly noticeable with complaints made about billing or account issues.

PROVISION

There were 49 complaints in this category, 29 less than last year.

Generally, the complaints in this category are made when the delay in having a connection made exceeds the prescribed timeframes.

There has been a significant decrease in complaints about delays in obtaining new connections. As detailed above, I believe this to be the result of improved communication from Aurora Energy to customers seeking a new connection. In the past, many complainants indicated that a lack of communication from Aurora Energy was more frustrating than the delay itself. Our experience indicates that customers will accept delays due to bad weather or unforeseen circumstances, provided that they are kept informed and are contacted to schedule a new time.

In my last Annual Report, I noted that the first half of that reporting year was unusually wet across Tasmania, causing significant delays for Aurora Energy crews. This may also account for some of the decrease in complaints in this category for the current year.

SUPPLY

There were 35 complaints regarding supply-related issues for the reporting year - two less than last year.

The majority of complaints in this category relate to unplanned outages and the resultant loss of perishable food items or damage to household electrical items.

I will 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 in 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. Such situations are outside the management of any distribution network service provider, and represent a risk that is, to some extent, carried 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.

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.

Planned outages are obviously necessary from time to time, and such outages will cause some disruption to customers. However, where Aurora Energy has given the prescribed notice of a planned outage, there is generally no further role for me in the complaint.

LAND

There were 22 complaints recorded in this category, down a little from last year.

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 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.

SIGNIFICANT ISSUES

INCORRECT ELECTRICITY TARIFFS

I have discussed the issue of incorrect tariffs in my preface to this Report.

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

CASE SUMMARIES

Complaint – Incorrect Tariff

The complainant had been receiving large accounts for some time, and after contacting Aurora Energy for an explanation was advised that her home (into which she had moved eight years before) was still classified as a ‘temporary work site’ and was being charged on tariff 22 (which is a commercial tariff).

Aurora Energy advised its customer that the electrician from eight years before had failed to lodge the required paperwork, an Electrical Works Request (EWR), to have the tariff changed to residential tariffs. The customer disputed this advice, as she had copies of the EWRs, and therefore made a complaint to the Energy Ombudsman.

On investigation, it was found that the electrician had in fact lodged the EWRs with Aurora Energy in 2003, but there had been some anomalies in the paperwork. The first EWR, lodged in May 2003, sought connection to the residential tariffs 31 (light & power) and 41 (hot water) but this was not possible at the time, since the property was a building site. Rather than refuse the request, Aurora Energy connected the site on a tariff 22, as this was the appropriate tariff for the site at that time.

In October 2003, the electrical contractor submitted a second EWR with Aurora Energy. The paperwork advised that supply was already connected, and sought the installation of a second meter, on tariff 42 (Hydroheat). The paperwork omitted to advise that this was no longer a temporary supply situation, and there was no evidence in it about the heating in the property needed for a tariff 42 connection.

I took the view that, despite receiving both EWR’s, Aurora Energy failed to contact either the complainant or the electrical contractor to advise that the paperwork needed amending and that the request to be transferred to the residential tariffs could not be fulfilled.

I took the view that, since the intentions behind the EWR’s were obvious, Aurora Energy should have contacted the electrical contractor to seek clarification and advise what was required to complete the request. To simply ignore the EWR, and leave its customer on the incorrect tariff for eight years, was not deemed reasonable.

Aurora Energy considered this view and replied that the onus is on the electrical contractor to accurately complete and submit EWRs, and claimed that there is no obligation on it to contact an electrical contractor in the event that an EWR is completed incorrectly. However, Aurora Energy agreed that, in keeping with its customer service commitment, it would have been appropriate to contact the electrical contractor to seek clarification and advise what was required to complete the request.

Aurora Energy calculated what the customer had paid over the eight years and what they would have paid had they been on residential tariffs, and in recognition of this an ex gratia payment of the difference was made.

Complaint – Incorrect Tariff (Missing EWR)

The complainant advised me that he had moved into his newly constructed house in July 2009. The electricity was wired into the house by an electrical contractor engaged by the builder.

In early 2011 the complainant found that his consumption was being charged on tariff 22 rather than on the appropriate domestic tariffs.

The electrical contractor informed the complainant that he lodged an Electrical Works Request (EWR) with Aurora Energy when the wiring was completed, but that he had since disposed of his copy.

Aurora Energy searched through the EWR's lodged for and around the complainant's address, and it could only find an EWR lodged for the connection of tariff 22 when the house was being constructed.

In the absence of a copy of the EWR from the electrical contractor it is difficult for me to find that Aurora Energy has been at fault in the complainant being on tariff 22 for an extended period.

This is a common theme in complaints of this type where Aurora Energy cannot confirm that an EWR has been lodged and the electrical contractor is equally adamant that one was lodged but is not able to provide a copy.

As detailed in this report, I am working with Aurora Energy and the Electricity Standards and Safety branch of Workplace Standards Tasmania, to seek improvements to processes around appropriate tariffs to ensure, so far as is possible, that customers are on the correct tariffs at the correct times.

ACCESS TO METERS/ESTIMATED ACCOUNTS

I reported on this issue in my last annual report. I have also discussed it in some detail above, in my preface to this report.

Complaints in this category have risen again during this reporting year, but there is good reason to expect that complaints which raise this issue will now be less frequent.

It would appear most of the complaints around this issue were during the early months of the reporting year, before the changes mentioned in my preface came into full effect. My Investigation Officers advise that there is now a clear decrease in the number of complaints about estimated accounts due to the presence of a dog on a property.

There are a number of complaints in this category that are the result of meters within a residence, behind locked doors, where there is no arrangement in place for the meter reader to gain access. The following case is an example.

Complaint – Key to Property

The complainant moved out of her property at the end of November 2010 and arranged for the electricity supply to be disconnected at the beginning of December.

The complainant then received an electricity account for the property in January 2011, alerting her to the fact that the disconnection had not taken place. Aurora Energy said that it had not been able to access the meters, which were located inside the property.

The disconnection was finally effected in February.

Aurora Energy made an offer to the complainant to waive consumption charges for the period the property remained connected in the complainant's name, together with an ex-gratia payment of \$30.00. The offer was accepted.

The reason for the offer was that Aurora Energy acknowledged that better advice should have been given to the complainant in relation to the proposed disconnection in December. Aurora Energy held a key to the premises at that time, but this was for the purposes of meter reading only. The complainant should have been told that further permission needed to be given to use the key to obtain access for disconnection, but this did not take place.

AURORA ENERGY CUSTOMER SERVICE

As earlier mentioned, there has been an increase in complaints about Aurora Energy's Customer Service Centre (CSC) during the reporting year. I have discussed this issue above, under the heading "Customer Service".

Complaint – Explanation of Account

The complainant operates a business and contacted me following an unsatisfactory response to concerns he raised with the Aurora Energy CSC. The complainant's electricity account included a Small Scale Technology Certificate pass-through charge which he did not understand.

When the complainant contacted the CSC it quickly became clear that the operator did not understand the issue and was also unwilling to refer the matter elsewhere within Aurora Energy where an explanation could be provided.

My office dealt with this matter as an RHL complaint and the complainant was contacted by Aurora Energy and provided with an explanation, to his satisfaction.

CASES REFERRED TO A HIGHER LEVEL (RHL)

Complaints referred to a higher level within Aurora Energy increased from 38% last year to 42% of all complaints received for this reporting year.

The RHL process continues to be a most effective means of quickly dealing with a complaint and the rate of resolution of complaints through this process is not far short of 100%.

It does remain a concern that many of the complaints that become RHL's should never have made it to me in the first place. As I have already mentioned in this report, many complaints that I receive should have been capable of resolution within Aurora Energy. Aurora Energy customers who contact the CSC do so in the expectation that their concerns will be considered by staff with the relevant expertise or knowledge to properly consider their complaint.

The ability to escalate complaints to the relevant staff, or to more senior officers, would greatly improve Aurora Energy's relationship with aggrieved customers and lead to more immediate resolution of the often simple complaints that are made to me.

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

Complaint – Pension Discount

The complainant is a low income earner with a health care card who came to me after Aurora Energy advised her that she was not eligible for the one-off payment of \$100 from the State Government to customers who receive a rebate on their electricity accounts.

This matter was referred back to Aurora Energy, who contacted the complainant and advised her that she was not eligible, as the electricity account was in the name of her partner. The partner was listed on the complainant's card but did not have a health care card of his own.

Aurora Energy further explained that it could only apply the benefit in this situation where the primary card holder and the electricity account are in the same name.

Aurora Energy further advised the complainant that the eligibility criteria are set by the Department of Health and Human Services and that she should contact the Department if she was not happy with the criteria imposed.

Complaint – Disputed Account

The complainant came to me after she attempted to resolve a disputed high account with Aurora Energy.

Aurora Energy contacted the complainant after it was referred as an RHL complaint, and provided a thorough explanation of her usage over the past two years, including the impact of price rises over that time.

It was explained that the complainant's payments direct from Centrelink to Aurora Energy were not covering her consumption, and would need to be increased.

The complainant was pleased at receiving this explanation, and advice on the level of payments needed.

Many of the complaints which we refer back to Aurora Energy are of this type, where a comprehensive explanation is often all that is necessary to satisfy the complainant's concerns.

Complaint – Planned Electricity Outage

The complainant operates a small takeaway food business, and received a Notice of Planned Outage from Aurora Energy. The outage was scheduled for 9.00am to 3.00pm on a weekday, so affecting her business during the peak period of the day.

My Investigation Officer informed the complainant that there was little we could do if Aurora Energy had complied with the prescribed timeframe for issuing notices of a planned outage.

In this case the complaint was referred back to Aurora Energy to provide a detailed explanation of the particular outage to the complainant.

The complainant was not happy about the proposed outage, but indicated that she appreciated the information provided by Aurora Energy Network, and that she accepted that planned outages were necessary for the maintenance of the electricity distribution system.

CASE SUMMARIES – GENERAL ISSUES

Complaint – Nuisance Noise

The complainant complained about ongoing nuisance noise from electricity conductors that ran past her residence in a semi-rural area.

Aurora Energy had attempted to address the complainant's concerns by a combination of changes – by removing the low voltage supply line to the pole adjacent to the house, installing a low voltage transformer on the pole, placing vibration dampeners to the high voltage conductors either side of the house, and tensioning the high voltage conductors. Despite this, the noise continued to be a significant issue for the complainant and her husband.

I then engaged engineers to conduct noise measurements at the property. The measurements were undertaken inside the property at a time when one of the residents claimed they could hear the noise. The noise monitoring equipment could only detect noise associated with distant traffic and industrial noise and was unable to substantiate the presence of any low frequency noise that could be attributable to the nearby electricity conductors.

This complaint was only resolved through the utilisation of technical monitoring equipment, and perhaps demonstrates that it is possible that a noise may be removed but the sound continues to be present in the minds of the people who have been exposed to the noise for a long period of time.

Based on the results of the noise measurements, I closed the complaint file. I was satisfied that Aurora Energy had done all that could be reasonably expected to ensure its infrastructure was no longer the source of any nuisance noise in the vicinity of the complainant's residence.

Complaint – Placement of Aurora Energy Infrastructure

The complainant was intending to paint the exterior of his house, and needed to install scaffolding to obtain access to the upper reaches of the walls. High voltage conductors were located adjacent to the house and prevented the safe erection of scaffolding. The complainant received quotes of over \$5,000.00 to have the supply disconnected to enable the work to proceed.

Under the circumstances, the complainant was seeking to have the supply interrupted to other Aurora Energy customers at no charge to him. The conductors in question did not supply his property, and were located above a public lane.

It was my understanding that, at the time the complainant purchased the property, the conductors had been installed in their current location and he had, or ought to have had, knowledge of the proximity of the conductors to his house and the restrictions that this may present at some future time.

I have consistently adopted the view that there is little I can do when this situation occurs, where the current home owner was, or ought to have been, aware of the situation at the time of purchase.

In our experience, Aurora Energy does attempt to work with the customers in these circumstances - for example, where it can move a broader scheduled outage to the same time as the customer intends to paint their property.

Aurora Energy is responsible for providing electricity to the community at large, and it is reasonable for a customer to cover the costs of a disruption to supply to facilitate the maintenance of their house located adjacent to electricity conductors.

Complaint – High Electricity Account

The complainant was acting for a small rural church that received an Aurora Energy electricity account, for the period November 2010 to February 2011, 500% higher than any other account received.

A service is conducted at the church each fortnight and, at the end of each service, the electricity supply is turned off at one switch. When turned on, the electricity operates three bar heaters, three fluorescent tubes and two spot lights.

The complainant advised that an electrical contractor had informed her that the supply would need to be on for 300 hours to achieve the level of consumption indicated by the account.

Aurora Energy conducted a meter test and found the meter to be operating correctly.

My Investigation Officer met the complainant at the church and it quickly became obvious that the reason for the high account was likely to be the result of the electricity supply being left on for two weeks between services.

It was reasonable to conclude that the isolated position of the church, together with the long daylight hours during the billing period, could result in the supply being left on for two weeks unnoticed.

Complaint – Cost of Connection to Electricity Supply

This complaint was made to me over the cost to supply electricity to a parcel of land the complainant was considering purchasing on Flinders Island.

The connection required an extension of the distribution system along a public road and then across private land to the subject land. The complainant was aware that he would need to cover the costs over private land but he was concerned that he was also required to fund the extension along a public road.

On mainland Tasmania, Aurora Energy will extend the supply, at the request of a new customer, along a public road by what is known as a Development Main. A Development Main is installed at the request of a customer, who is liable for the capital cost. Any new customer who connects to that extension within 10 years of installation is required to reimburse a portion of the capital cost to the first customer.

Hydro Tasmania is responsible for the distribution of electricity on the Bass Strait Islands, and it levies a fee for the new supply of electricity regardless of whether it is over public or private land.

This cost amounted to a fee to the complainant of \$1,442.76, for an electricity load of up to 25kva, together with the payment of the actual costs incurred in the extension of the supply network, plus 15% to cover maintenance and service costs. The complainant would also be responsible for the costs associated with any easements required over the private land to the block he was considering purchasing.

Further, the Development Mains Policy adopted by Aurora Energy does not apply to Flinders Island, meaning that the complainant would not be reimbursed a portion of his capital costs if another customer connected.

As a result of the information, provided through the investigation of the complaint, the complainant decided not to proceed with the purchase and to look elsewhere for land on which to build a retirement home.

Complaint – Private Pole

The complainant was issued with a defect notice by Aurora Energy regarding a private pole on his property. The notice required it to be replaced within two months. The complainant immediately obtained three quotes from private contractors to remove and replace the pole; all three quotes were in the vicinity of \$4,200.00.

Within two weeks of the defect notice being issued, the pole fell over on a weekend during storms. The complainant was unable to contact the private contractors from which he had previously obtained quotes, and therefore contacted Aurora Energy due to the urgency of the situation. The complainant stated that the attending crew advised they could perform the work required for the same amount as the quotes which had been obtained. Based on that advice, the complainant authorised Aurora Energy to complete the work that weekend.

Soon after the job was completed, the complainant received an invoice for \$11,000.00. He immediately contacted Aurora Energy to query this invoice, given what had been agreed with the attending crew. Aurora Energy advised it would review the matter, and promptly issued a new account for \$7,900.00.

On receipt of the subsequent invoice, the complainant contacted Aurora Energy. Since he was unable to resolve the matter, he lodged a complaint with me. The complainant was interviewed by my Investigation Officer and exact details of his complaint were recorded. These details were escalated within the Network Division of Aurora Energy which investigated the matter.

After reviewing the case, Aurora Energy advised that the invoice would be reduced to \$4,200.00 and that their internal processes for out of hours/emergency work and quoting would be reviewed.

Complaint – Charges for Irrigation Pump

The complainant received an account for irrigation at his farming property which he believed to be double that which it ought to be. Following receipt of this account, the complainant engaged a consultant to do an analysis and audit of his consumption, review the relevant weather patterns and arrange for the meter and pump to be tested.

A detailed written complaint was lodged with me after the complainant had attempted to resolve the matter directly with Aurora Energy. He had not been able to speak with anyone who had expertise in irrigation or in any of the issues about which he was complaining.

My Investigation Officers visited the property, and analysed the information already generated by the complainant's consultant. I also engaged the services of an independent consultant to review all the information available and to offer some explanation for the high consumption during the period in question. Aurora Energy also had the meter tested by the manufacturers, who advised it was operating correctly.

The information and evidence gathered indicated that the meter and pump were in good working order, but analysis of the weather patterns, the usual electricity consumption for that period and the crops being grown at the time showed that the usage recorded appeared to be excessive.

In order to settle the matter, without any party incurring further investigation costs, Aurora Energy offered an ex gratia payment which resulted in the account being halved.

Complaint – PAYG Meter/Card

This complainant contacted me regarding poor customer service she had received following numerous faults with her PAYG meter.

She said that the meter had been faulty, and would not recharge when she had moved into the property, which was new. On notification, Aurora Energy advised that there was delay of 4 - 6 weeks for a new meter to be installed. The complainant stated that she was therefore unable to move into the property, and resided with family for that period. Once the new PAYG meter was installed, the recharge cards failed and the complainant stated that, despite continuous contact with Aurora Energy, she went for long periods without power and suffered loss of food items as well as general inconvenience.

The case was complicated by the fact that Aurora Energy could not provide recordings for some calls between the complainant and the company's Customer Service Centre (CSC), and by the fact that the complainant could not recall the dates and times of her contact with the CSC.

In order to resolve this complaint, Aurora Energy made an ex gratia offer to the complainant to cover the financial loss she had suffered, together with customer charter payments in recognition of the recharge card faults and inconvenience and stress caused to her in trying to resolve the complaint. I was of the view that the amount offered was reasonable in the circumstances, and the complainant accepted the offer.

Complaints – Aurora Pay As You Go Moving Fee

Six complainants contacted me within a seven day period to advise they had a \$30.00 Pay As You Go (PAYG) moving fee deducted from the credit on their PAYG card between four and six months after moving into new properties.

On enquiry, Aurora Energy advised that there had been a system fault and many PAYG customers had not had the \$30.00 fee deducted within the first three transactions, as should have occurred.

I was of the view that customers in this situation who lodged complaints with me should be reimbursed the fee, and should receive a \$30.00 customer charter payment in recognition of the lengthy delay since the fee should have been deducted, and the lack of notice provided by Aurora Energy that there had been a system error. Aurora Energy accepted this view and made payments to those customers who had lodged complaints with my office.

Aurora Energy further advised that it would not pursue the \$30.00 fee from customers who connected or moved to a PAYG property longer than six months ago and were yet to be charged the fee. Aurora Energy also wrote to customers who were yet to incur the fee, advising that they still would do so in the immediate future. I was of the view both these actions were reasonable in the circumstances.

However, I was concerned that the PAYG Welcome Pack and Information brochure did not mention to customers that the \$30.00 fee would not be deducted from their cards until after two or three recharges had occurred. While CSC operators should provide this information to customers when they ring to make arrangements for PAYG connections, I was of the view that this information should be put in writing to all PAYG customers. While the PAYG brochure stated that a fee of \$30.00 would be incurred, there was no mention of the fact that the fee would be deducted some time after initial connection. Aurora Energy said that they believed that this problem would be rectified when the new billing system was implemented in early 2011.

Complaint – Contestable Customer

The complainant contacted my office in relation to a delay, which she attributed to Aurora Energy, in having her business declared 'contestable'. If so declared, she would be in a position to negotiate her power prices and/or change to an alternate energy retailer. The declaration is made by the Office of the Tasmanian Economic Regulator (OTTER), under s 11 of the *Electricity Supply Industry (Contestable Customer) Regulations 2005* (the Regulations).

The investigation of the complaint revealed that Aurora Energy had processes by which it put itself in the role of an agent for the customer in the making of an application by the customer to OTTER to obtain such a declaration. Our initial impression was that this put Aurora Energy in a position of conflict of interest. However, I subsequently concluded that, since Aurora Energy operates in a competitive marketplace, it was not improper for it to offer to assist a customer to obtain the declaration, so as to then be in a position to offer the customer a competitive price for their electricity supply.

However, I did note that by putting itself in the position of being the agent for the customer in the making of such an application, Aurora Energy created the risk that it could be blamed by the customer for mishandling that application, to the customer's disadvantage. This is a risk that became a reality in this case.

While I did not see fit to make an award in this case, both Aurora Energy and OTTER are now very aware of the risks associated with these applications and the potential for disadvantage to a customer. It is hoped that improvements will flow and that customers will in the future be given clearer directions and assistance with the contestability process.

ENERGY OMBUDSMAN FINANCIAL REPORT

AS AT 30 JUNE 2011

T141 – ENERGY OMBUDSMAN

Opening Balance	(\$ 2,395)
Income	
Revenue	\$ 478,806
Expenditure	
Salary Expenditure	\$ 298,254
Other Employee Related Expenditure	\$ 7,674
Information Technology	\$ 32,417
Materials, Supplies and Equipment	\$ 9,572
Travel and Transport	\$ 6,242
Property Expenses	\$ 81,520
Finance Expenses	\$ 3,080
Other Expenditure	\$ 46,985
Consultants	\$ 3,098
Total Expenditure	\$ 488,842
Closing balance	(\$ 12,431)