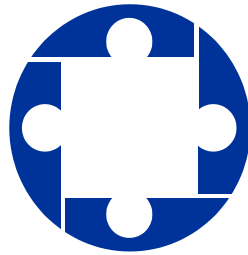
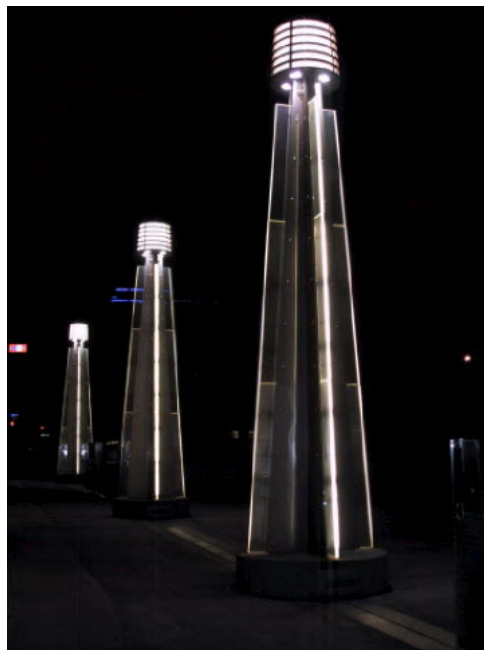


TASMANIAN ELECTRICITY OMBUDSMAN



ANNUAL REPORT

2002 – 2003



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MESSAGE FROM THE ELECTRICITY OMBUDSMAN



In 1998, Tasmania witnessed the disaggregation of the Hydro Electric Commission (HEC). The HEC was split into three companies, Hydro Tasmania (the generation company), Transend (the transmission company) and Aurora Energy (the distribution and retail company). With the disaggregation, the Tasmanian Parliament believed there was a need for a dedicated Ombudsman jurisdiction to consider electricity complaints. The intention was to ensure accountability and transparency, and to establish a dedicated Ombudsman group prior to any future plans for retail contestability.

The first Tasmanian Electricity Ombudsman was appointed as a result of the Electricity Ombudsman Act being given Royal Assent on 19 June 1998.

As the electricity entities have grown and developed their individual goals and strategic places in Tasmania, so too has the Ombudsman grown and developed to foster closer working relationships with the companies. Relationships have also been developed with key stakeholders. The Ombudsman has facilitated positive outcomes for Tasmanian electricity consumers and electricity entities through independent complaint investigation and resolution in a timely and professional manner. The cost free service has attracted a variety of complaints since 1998.

The work requirements of the Ombudsman under the *Electricity Ombudsman Act* 1998 remain a challenge, particularly considering the probability of the Act being amended to provide jurisdiction for gas complaints in the near future. During the past year I have provided several estimated budget submissions to the State Government in respect of gas. The matter has been taken under advisement and is currently with Cabinet for further consideration, along with required amendments to the Act. Delay has been occasioned by the fact that a gas retailer was not announced until recently. I look forward to working with stakeholders once the outstanding issues have been resolved.

The work undertaken by my office continues to enhance the knowledge and skills of my staff in applying principles of natural justice, fairness, equity, professionalism and impartiality to investigations under the act. Whilst the role of the Tasmanian Electricity Ombudsman is still in its infancy in comparison with other schemes in Australia, I am encouraged by the development of the jurisdiction, the range of complaints considered and the positive outcomes the scheme has facilitated. I believe the importance of continuing to foster positive relationships with key stakeholders cannot be overestimated.

The Australian and New Zealand Electricity & Water Ombudsman Network (ANZEWON) continues to remain a focus of my time. I have been particularly interested and involved in the work undertaken this year by the Network in relation to

the benchmarking of best practice in a number of areas of policy and process that are of mutual interest to all members of the Network.

The year also saw the expansion of community education and consultation, with the visit of staff to the West Coast and King Island. Visits were also made to Aurora, including an informative 2-day visit to Aurora Network and a field day with an Aurora Staff member. The year saw the opening of the Woolnorth windfarm, attended by political, regulatory and community representatives. It was also encouraging to finalise negotiations to place Ombudsman material in a specific display unit in all Service Tasmania outlets throughout Tasmania.

As I reported last year, consideration of hardship issues as they relate to electricity has been an ongoing systemic issue identified in complaints. This year saw the development of a discussion paper on hardship '*Electricity – The power to Connect*'. The paper was presented to Government and to key stakeholders for comment. Varied opinion was identified in response to the paper, in particular on the issue of who should take responsibility in Tasmania for issues of hardship. A copy of the paper is attached to this report.

The past year has presented an array of interesting, complex and challenging complaints that were investigated. There were a total of 433 contacts made with my office in relation to electricity complaints, ranging from enquiries to investigations.

The year saw the continuation of positive relationships between the Ombudsman and Aurora Energy assisted by the reintroduction of monthly meetings to discuss issues of concern. It was also pleasing to note that Aurora agreed to include the Ombudsman details on all accounts rendered for May. It was viewed as a positive means of raising awareness of the role of the Ombudsman as has been done in other States. The trial did not lead to a noted increase in complaints. It is anticipated the Ombudsman's details will be included on a yearly basis on an Aurora account.

The Tasmanian community expects and deserves accountability and transparency with consumer issues in relation to electricity in Tasmania. The Ombudsman provides a mechanism to ensure community expectations and standards are met where possible, through the provisions of the *Electricity Ombudsman Act 1998*. The result is a free, efficient and independent mechanism of complaint resolution for the Tasmanian Community. It is with a great deal of pleasure that I present the 2002-03 Electricity Ombudsman Report.

A handwritten signature in cursive script that reads "Jan O'Grady". The signature is written in dark ink and is positioned above the printed name and title.

Jan O'Grady
Electricity Ombudsman

ABOUT THE ELECTRICITY OMBUDSMAN

HISTORY

The *Electricity Ombudsman Act* 1998 attained Royal Assent on 19 June 1998. The intent of the Act was to provide a mechanism for independent complaint resolution where a consumer has a grievance against an electricity entity and is unable to resolve the dispute satisfactorily.

Mr Damon Thomas became the first Electricity Ombudsman in 1998. In 2000, Mrs Jan O'Grady became acting Electricity Ombudsman. In 2001, Mrs O'Grady was officially appointed to the position in accordance with the Act.

ROLE

Section 5 of the Act outlines the functions and powers of the Ombudsman:

- (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 electricity entities to develop procedures to resolve complaints;*
- (e) to perform any other functions imposed on the Ombudsman by this Act;*
- (f) to perform any other prescribed functions.*

POWERS

The Ombudsman has wide ranging powers. The powers are broad in terms of the types of issues that may be considered as well as the powers available to conduct an investigation.

Section 5 states:

- (2) The Ombudsman has power to do all things necessary or convenient to be done in connection with the performance and exercise of his or her functions and powers under this Act.*
- (3) In performing and exercising his or her functions and powers, the Ombudsman must act independently, impartially and in the public interest.*

WHO MAY 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 electricity, by an electricity entity.’

Generally a complaint is 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, it is at the Ombudsman’s discretion whether some or all of these terms are required, depending on the individual circumstances of the complainant.

WHEN TO INVESTIGATE

Part 3 of the Act provides a reasonably rigid structure as to when a complaint should be accepted for investigation. Following preliminary enquiries, the Ombudsman must determine whether:

- i. the complaint lacks substance*
- ii. the complainant became aware of the circumstances that gave rise to the complaint more than 2 years before the complaint was made*
- iii. the complainant has been given reasonable explanations and information and there would be no benefit in further entertaining the complaint*
- iv. the complaint has been resolved*
- v. Court proceedings which relate to the subject matter of the complaint have been commenced*
- vi. 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.*

A complaint must be investigated in any other case.

Under Part 3 of the Act, the Ombudsman may refer a matter to the Energy Regulator or a tribunal if it is believed it may be more appropriately dealt with by that body.

REPORTING

When a complaint is accepted for investigation, s.29 of the Act outlines that a report may be presented to either party at any time during the investigation, and must be produced at the conclusion of an investigation. The report must be provided to the complainant and the entity mentioned in the report, but may also be provided to other parties such as a Minister of Parliament, the Energy Regulator or any other affected party.

STAFFING

The Electricity Ombudsman is Mrs Jan O’Grady, who is also the Tasmanian State Ombudsman and the Health Complaints Commissioner. Mrs O’Grady was officially appointed to the position in December 2001, following 10 years experience in the Office. At the time, she was the only female Ombudsman in Australia. Prior to this, Mrs O’Grady had a distinguished career, working in a number of significant positions for the Department of Education, primarily in policy and strategic planning areas. Mrs O’Grady has a particular interest in administrative law, social and natural justice, and encouraging young women to aspire to senior positions in the State public service. She is a firm advocate of mentoring for women. Mrs O’Grady studied at the Australian National University, Bonn University, the University of Wales and the University of Tasmania. She is a fellow of Jane Franklin Hall.

Stuart Wright is the Senior Investigation Officer. Stuart is responsible for the day to day operation of the scheme, including the oversight of investigations, the formation of policy and procedures, reporting requirements, community consultation and co-ordinating the information flow between the Electricity Ombudsman and key stakeholders, such as the Office of the Energy Regulator and the electricity entities. Stuart comes from a background of complaint management in private industry. Stuart completed an Arts degree with Majors in Political Science and Administrations.

Trish Barron is the Investigation Officer for the Electricity Ombudsman. Trish has been with the Electricity Ombudsman since the inception of the scheme in 1998 and has gained a sound background in complaint history and electricity issues. Trish was previously employed at Department of Primary Industry Water and Environment and the Department of Health and Human Services before joining the State Ombudsman in 1997. Trish has previously acted in the role of Senior Investigation Officer.

Tony Byard is an Investigation Officer based in Launceston. Tony investigates complaints for all jurisdictions Mr O’Grady holds. Tony has been with the Ombudsman since 1998 and was previously an Investigation Officer with Consumer Affairs.

Nigel Robertson is the Business Manager, working across all jurisdictions. He is responsible for human resources, financial management as well as IT coordination for the office and the administration of the Raemoc complaint database.

Karen Adams is Mrs O’Grady’s Executive Officer and provides a valuable liaison between staff and the Ombudsman. Karen assists in the coordination of material for meetings, and has had a particular role in preparation for ANZEWON meetings.



L to R: Tony Byard, Nigel Robertson, Stuart Wright, Trish Barron and Karen Adams

SIGNIFICANT ISSUES

EASYPAY

In June 2001, in an effort to reduce customer debt and proactively prevent the cycle of disconnection for debt, Aurora introduced Easypay for new customers with no previous credit history and for past customers with a poor credit history.

The Easypay contract with customers ensures that Aurora receives regular monthly payments. The payments are based on an estimation of electricity consumption over a 12 month period. A meter reading is still carried out quarterly and a review of consumption completed every 12 months.

From June 2001 the number of complaints to the Electricity Ombudsman regarding Easypay rose significantly. The majority of complaints were about the actual requirement of Easypay for new customers. The Electricity Ombudsman had some sympathy for the reason behind the introduction of Easypay for new customers, but the number of complaints regarding the issue was a matter for concern. During this time, discussions were held with Aurora representatives and eventually agreement was reached that those interstate customers who were unwilling to agree to Easypay should be allowed to produce a credit reference from their prior electricity provider if they were willing to do so.

There were also a number of complaints about the amount a customer was required to pay monthly. Aurora based its calculations on the consumption history of the people who had lived in the home previously and this did not always reflect the new customer's actual consumption. These complaints were resolved by requesting that Aurora review the amount based on an actual energy audit or on an actual meter read.

Aurora developed a process whereby all new customers required to enter an Easypay contract would be reviewed quarterly and if necessary, the appropriate changes made to the monthly payment. However, in November 2002, it was discovered that Aurora's systems of review had failed, resulting in major discrepancies in customers' monthly payments and their actual consumption. When this was identified, Aurora began a comprehensive manual review of all Easypay customers. Funds were then reimbursed to customers who had been paying too much and amounts were waived where it was identified that customers had been paying too little. The Electricity Ombudsman was regularly consulted during this review period. This process took Aurora some months to complete and resulted in them providing rebates to a number of customers. Aurora has now ceased the requirement for new customers to go on Easypay, and they are examining alternative methods to manage the credit risk from new customers.

In 2003, as part of the review of their Credit Policy, Aurora gave serious consideration to the re-introduction of Easypay for new customers. At this time, in light of complaint history on this issue, the Electricity Ombudsman wrote to the Energy Regulator expressing her concern, should Easypay for new customers be re-introduced by Aurora.

On 4 June 2003, the Electricity Ombudsman was advised that Aurora Energy would not be re-introducing the requirement of Easypay for new customers as part of their Credit Policy.

Complaint No: 001-0301023 – Easypay

Mr P and his family moved from interstate in September 2001 and rented a property while they were considering purchasing a new home. As they had no previous credit history, Aurora required the customer to agree to the Easypay billing system with a required payment of \$218 per month needed to cover his estimated consumption over a 12 month period. In September 2002, Aurora contacted the complainants with the advice that they were not paying enough and would now need to increase their payment to \$456 per month. It appeared that the complainant's usage had been far greater than his monthly payment. The complainant was also told that as a consequence of Aurora's systems failing to review the complainant's usage over a six month period, Aurora would waive \$1,000.00 from their account.

Mr P was somewhat taken aback at the increase in his monthly payment and upon enquiring about his accounts, was advised the high usage was being recorded on the hot water meter. He contacted his landlord and found that the electric floor heating was connected to his hot water meter. He immediately turned off this floor heating and requested Aurora to put him on the normal quarterly billing system.

In November he received his quarterly account, which amounted to \$2297.51. Again, high amounts of consumption had been recorded through his hot water meter. He approached Aurora Energy for an explanation. Aurora checked his meter but advised him that there was no problem and that he must have used the power. Mr P was not satisfied with this explanation. His bill had recorded a drop in the light and power usage, but even though his electric floor heating had been turned off for 35 days of the 100 day period, there had been an almost 250% increase in the hot water meter usage. He contacted the Ombudsman.

Enquiries by the Ombudsman revealed that on the quarter prior to Mr P's November account, Aurora had manually altered the reading from 18162 kWh to 8162 kWh, believing it to be a misread. At the November reading, the correct reading was shown, thus adding a further 10,000 kWh to Mr P's November bill. Aurora conceded that, had the correct usage been shown on Mr P's July account, he would have been given the opportunity to reduce his power consumption much earlier than he did and agreed to waive the 10,000 kWh from his November account.

DISCUSSION PAPER ON HARDSHIP

During the reporting period, the Electricity Ombudsman developed a discussion paper on hardship as it relates to electricity consumers. The development of the discussion paper was undertaken for several reasons. Firstly, anecdotal evidence obtained from complaint investigations revealed that for a portion of Tasmanian electricity customers, the capacity to pay their account was problematic. Secondly, the ANZEWON network began comparing states in terms of hardship policy, mainly focusing on company level hardship policy, but also considering state policies. Thirdly, the paper was intended to promote discussion and debate about the issue of hardship, particularly considering the possibility of future retail contestability. Varying responses were received from Government, industry and the community sectors. The paper was also considered by the board of directors of the New Zealand Energy Ombudsman for any practical application within New Zealand. The Ombudsman received no submission from the welfare sector. This is disappointing given their specific interest in this area.

The future of hardship issues in Tasmania as it relates to electricity consumers is unclear. The State Department of Health and Community Services has funded an extension of concessions available in Tasmania to include Centrelink Healthcare Cardholders. The scheme was introduced to cover the period 1 July to 30 September

2003 and it currently provides a discount on one winter bill and next year will apply to two winter quarters. Current beneficiaries of the concession will have to reapply every year. The discount is the equivalent in daily concession to the pension discount scheme. It is encouraging that the State Government has extended the availability of discounts, as it was a cause of concern to the Ombudsman that the unemployed had previously been excluded from accessing any form of benefit.

The Electricity Ombudsman will continue to focus on the issue of hardship, the major mechanism being via the ANZEWON forum and through complaint investigations. Industry benchmarking on the issue is a powerful form of comparison and a positive way to influence change. The aim is to identify the most appropriate model of industry hardship policy to encourage utility entities across Australia to benchmark against the standard.

PAYG PROGRESS RATE

Aurora introduced a pilot program for PAYG Progress Rate in 2001 with a limited number of customers. The trial ended in April 2003. The Progress Rate enables customer's final accounts to be recovered via the PAYG product, and therefore repaid over an extended period. This repayment amount is several cents in the dollar. The maximum amount of debt that may be incorporated is \$300.00.

The Ombudsman has encouraged Aurora to accept applications for PAYG and progress rate from certain complainants with modest debt levels to enable the debt to be repaid to the company and importantly to assist the complainants to monitor and control their future electricity consumption. Aurora Energy has been receptive to the Electricity Ombudsman's view and has offered to arrange for the timely connection of PAYG and placing the complainant's debt on Progress Rate when the complainant's application for PAYG had previously been refused.

Aurora Energy intends to permanently introduce PAYG Progress Rate and the Electricity Ombudsman sees this as positive given the outcome of the trial, as it will benefit many electricity consumers to better manage their electricity consumption and to provide an easier means of managing the household budget.



The ANZEWON network prior to their meeting in Tasmania earlier this year had expressed much interest in the PAYG meter. Aurora arranged for some of the group to meet on site with satisfied customers. The Energy Ombudsman were impressed with the customers' knowledge of and ability to manage their consumption costs through the operation of the PAYG meter. The Network has also been supportive of the introduction of Progress Rate.

MEETINGS

Following the appointment of the new Senior Investigation Officer, monthly meetings were reconvened between the Electricity Ombudsman and Aurora in late 2002. The purpose of the meetings was to facilitate discussion between offices in relation to policy and procedural issues, Aurora business initiatives, complaints currently under investigation and any other areas of mutual interest or concern. The meetings have been a useful mechanism for the discussion of compliance issues as well as highlighting some of the constraints of the Electricity Ombudsman Act in investigating complaints.

The meetings have enabled staff from Aurora Energy, both Network and Retail to present information briefs on different areas of the company which has been very informative for the Investigation Officers. However, it has also provided an opportunity for Aurora staff to learn more about the functions of the Electricity Ombudsman. It is believed that working relationships have been improved as a result of the meetings, with both parties gaining a better understanding of the constraints under which each body functions.



AURORA'S POLICY AND PROCEDURES

COMPENSATION CLAIM POLICY

Aurora Energy has a compensation claim assessment policy. The policy is the basis on which claims for compensation for damaged customer goods are assessed. Aurora has historically paid claims up to \$200.00 where they have viewed the evidence supports the claim.

The Ombudsman received 35 complaints during the reporting year with the primary complaint issue as 'supply damage – customer equipment'. Customers are able to lodge a complaint with the Ombudsman if the claim to Aurora has been denied or if the customer is dissatisfied with Aurora's offer of settlement. An example is discussed further in the Awards Case Studies section.

The Ombudsman has written to Aurora outlining concerns regarding Aurora's application of the policy to certain claims, in particular the wording of the claim form and Aurora's requirement for a customer to have damaged goods tested prior to submitting a claim. It appeared Aurora was only considering the repairer's reports when Aurora's records showed an actual event had occurred. The Ombudsman believed that the reports, which are costly for the customer, may be unnecessary if the company was intending to deny the claim anyway and had the potential to create a false expectation that the claim would be successful. Some customers also proceeded with repairs to the damaged items, which made it extremely difficult for the Ombudsman to investigate in the absence of the damaged item. It was generally not possible to have an independent assessment on the cause of damage to the item completed. A meeting was convened to discuss the issue further with Aurora Network. As a result of the meeting, Aurora is currently undertaking a full review of its policy.

Since the meeting, ongoing complaint enquiries by the Ombudsman identified that the original policy was only a draft policy. Shortfalls in the policy have been identified, including the view that the policy does not consider new for old replacement. It is clear that it remains challenging for staff to apply the current policy. It is therefore appropriate that Aurora Energy has undertaken a full policy review, including consideration for raising the automatic claim payments from \$200 and giving consideration to an appropriate new for old replacement pricing cap. The Ombudsman looks forward to further involvement as the review continues and will continue to consider any possible problems with the current policy during complaint investigations in the interim.

CORPORATE COMPLAINT MANAGEMENT POLICY

Aurora Energy has historically used complaint management policy guidelines. However, policies have varied across the company, most notably, between Aurora Energy Retail and Network divisions. Whilst there remains considerable merit in continuing divisional policies to allow for operational differences, it was apparent that the company had not adopted a corporate wide policy to provide guidance to all staff, regardless of where in the company they worked, in relation to complaint management and resolution.

Discussions commenced between Aurora Energy and the Ombudsman. Initial discussion focused on the basic requirements of a corporate policy. An initial draft version of a corporate policy was provided to the Ombudsman for comment. The Ombudsman's response outlined areas where it was believed that further consideration was required. Aurora subsequently undertook the majority of the Ombudsman's preliminary suggestions.

Aurora then provided the Ombudsman with a second draft, which was intended to be the final version for signing off by senior management. The Ombudsman remained concerned about some of the elements of the policy providing possible ambiguity in terms of interpretation by staff. A second submission was submitted to Aurora for consideration.

It is unclear to what extent the secondary recommendations have been considered by Aurora. The Ombudsman will await the final document and its implementation. If further concerns are identified, they will be raised with the company directly during complaint investigations.

It is however encouraging that Aurora has taken steps to implement a company wide policy.

AURORA NETWORK POLICY NN R PD 09

Since the disaggregation of the Hydro into three separate entities in 1998, there has been ongoing reform in the electricity industry within Tasmania. One of the key elements of the reform framework is Tasmania's upcoming entry to the National Electricity Market (NEM). One of the features of Tasmania's entry into NEM will be the progressive introduction of retail contestability. Certain types of new high voltage powerline extensions are therefore presently eligible to be contested by alternative service providers.

A recent investigation by the Ombudsman revealed that the Network Policy "*Extension of the Network when a customer(s) or Developer is required to contribute to the cost*" does not provide clear guidelines in respect to the calling of tenders on behalf of customers for contestable work and it appeared that Aurora's practices in this regard lacked transparency and fairness towards the customer.

As a result of the investigation, the Ombudsman's recommendations registered as an Agreement under s.21 of the Act were that Aurora should provide copies of quotes obtained on a customer's behalf to the customer and carry out a review of its policy to make it a more transparent process.

Aurora has since advised the Ombudsman that it will attempt to increase the number of recognized contractors eligible to carry out contestable work. Historically, there has only been one other contractor other than Aurora, which is eligible to tender. The Ombudsman will monitor complaint trends on this issue in the future.

Complaint No: 001-0303016 - Contestability

Mr G approached Aurora Energy for a new service, which involved the construction of a high voltage powerline extension. Aurora Energy advised Mr G that this was contestable work and asked that he indicate whether he wished Aurora to obtain alternative quotes. Mr G indicated that he did wish alternative quotes and some weeks later was advised by Aurora that quotes had now been obtained and Aurora Energy was the successful tenderer. Mr G was not advised how many quotes had been obtained on his behalf and when he requested copies of the quotes, he was advised this was not possible because this information was “*commercial in confidence*”. Mr G believed that as the parties paying for the service, customers should have access to the quotes obtained on their behalf and that Aurora’s systems should be more transparent and he contacted the Ombudsman.

The Ombudsman confirmed with the Energy Regulator that he had no role in reviewing or approving Aurora’s tendering practices, and that he had not provided Aurora with any guidelines in respect to the matter. It appeared that the policy was an “in-house” document.

A comparison was made with a company in Victoria and in South Australia. The company in Victoria provided an option for the customer to either run his own tender process or request the company to run the tender process on his behalf. If he chose the latter, he was then provided with the information and was able to select which recognized contractor he wished to use. The company in South Australia provided a Network Specification for the work and then the customer was able to shop around for the recognized contractor he wished to use.

Given that:

1. Aurora’s policy did not specify that quotes were to be “confidential”,
2. no material was provided by Aurora to demonstrate that they would be unable to obtain competitive quotes if these were disclosed to a customer,
3. the practice adopted in other states had not raised any similar concerns to those being expressed by Aurora,

the Ombudsman made recommendations that Aurora provide Mr G with copies of the quotes obtained on his behalf and that Aurora revise its policy in relation to contestable services to provide for an accountable and transparent process.

Aurora agreed with the recommendations made by the Ombudsman and advised that it would be standard procedure in the future to provide customers with copies of the tender submission forms with an accompanying letter explaining the break-up of the tender prices received from both proponents.

AWARDS MADE

Once a complaint has been accepted for investigation under *Part 3 of the Electricity Ombudsman Act 1998*, the possible outcomes allowed under the Act are limited. Part 4. s.21 outlines the outcomes available to the Ombudsman following investigation:

- (a) *Dismiss the complaint; or*
- (b) *Register an agreement between the complainant and the electricity entity as an award; or*
- (c) *Make an award; or*
- (d) *Refer the complaint to another body detailed in section 19(1); or*
- (e) *Recommend that proceedings be commenced in a court.*

There are no further outcomes available to the Ombudsman at the conclusion of an investigation.

A complaint is dismissed under s.21 (a) if at the conclusion of an investigation the complaint is unable to be substantiated.

A complaint is finalised under s.21 (b) when an agreement is registered by the Ombudsman between the complainant and the electricity entity. This may be when the entity agrees to the Ombudsman's recommendations or alternatively, during the course of the investigation, when the entity makes an offer of settlement which is accepted by the complainant.

A complaint is finalised under s.21 (c) if the Ombudsman makes a determination as an Award, enforceable under the provision of the Act, but not agreed to by the electricity entity.

The *Electricity Ombudsman Act 1998* outlines the actions that the electricity entity may be required to do as part of the award.

- (a) *pay compensation in the amount determined by, or determined in the manner specified by, the Ombudsman;*
- (b) *provide goods or services to the complainant;*
- (c) *amend or waive a charge for a service provided by the complainant;*
- (d) *undertake corrective work;*
- (e) *correct, delete from or add to any record kept in respect of the complainant by the electricity entity;*
- (f) *do or refrain from or stop doing any other act.*

The use of registered agreements under the Act provides a mechanism to document the outcome of the investigation and the resultant action on the part of the electricity entity. The award is binding and enforceable under s.27 of the Act.

Award 1 - Case Number 001-0303015

The case concerned the assessment of a compensation claim by Aurora. The complainant contended that his fax machine was damaged as a result of a power surge. The complainant submitted a compensation claim for the cost of replacing the fax machine. The complainant provided a repairers report when submitting the original claim. The report concluded the fax machine was beyond economical repair. Aurora offered an amount of \$100.00 to settle the complaint, later revised to \$150.00, which was unsatisfactory to the complainant. The Ombudsman accepted the complaint for investigation. During the course of the investigation, the interpretation of Aurora draft policy *OPS-07 – Management of Claims Relating to Damage Caused by Power Supply Problems* became the focal point for consideration, specifically the new for old replacement policy. The Ombudsman did not consider that an appropriate replacement fax machine could be sought in the second hand market. The Ombudsman found that policy OPS-07 did not seem to deal with circumstances such as those found in the complaint. The Ombudsman determined under s.21 (b) that Aurora pay additional compensation to the complainant so that an appropriate replacement could be sought, the replacement being a new fax machine. The age of the complainant's fax machine was not considered as the critical factor in this instance. The company had not disputed the cause of the damage to the fax machine. It was therefore determined that given all of the material available, the consumer should not be disadvantaged in this instance. The Ombudsman also recommended that Aurora undertake urgent revision to OPS-07 to allow new for old replacement to be available as an outcome in claim assessments under s 8.4.2.2, where it is determined that the claimant will not be restored to the same position as prior to the event if 8.4.2.2 (a-d) is strictly applied.

Award 2 - Case Number 001-0304020

The complainant was experiencing temporary financial difficulties following a marriage break-up. She was seeking a month or so grace with her Aurora account until the settlement date on the sale of the marital home at which time she would pay any outstanding amounts in full. After preliminary enquiries, the case was accepted for investigation and a preliminary recommendation made that Aurora accept a small fortnightly payment until a specified date when all debts would be paid in full. Aurora agreed to the recommendation and an agreement was registered as an Award. In this case, all payments were made.

Award 3 - Case Number 001-0212017

This case concerned the assessment of a compensation claim by Aurora. The claim was for the cost of replacing a computer, which the complainant contended was damaged by a power surge. The complainant had sought advice from a local repairer who had advised the computer was beyond economic repair. During the course of the investigation, the Ombudsman sought the opinion of a computer engineer as to the probable cause of the failure and the current condition of the computer components. The engineer concluded that the computer was most likely damaged as the result of an external power surge, but more importantly, that the computer was repairable at a cost significantly less than the original claim. The Ombudsman presented the findings of the engineer to Aurora who voluntarily agreed to pay the estimated cost of repair, being \$120.00 as an ex-gratia payment without admission of liability, according to their current practice. The offer was accepted by the complainant and was finalised as a registered agreement under s.21 of the Act. The Ombudsman highlighted in the

summarised report of the complaint that Aurora should consider the use of preferred repairers or independent assessments to provide an appropriate determination of the extent of the damage claimed. The Ombudsman requested that Aurora consider the matter in their current review of the compensation claim process.

Award 4 - Case Number 001-0209031

The complaint concerned the accuracy of accounts issued by Aurora. It was conceded by Aurora there had been a “system error” which resulted in the complainant being undercharged for electricity consumption. The company explained this was because an Aurora staff member had manually reviewed the complainant’s account and decided to lessen the amount believing that it must be an error. The account was however, a true reading. Due to the time that had elapsed prior to the discovery of the problem, Aurora was required to withdraw a significant percentage of the undercharges as outlined in the *Electricity Supply Industry (Tariff Customer) Regulations*.

The complainant had a direct debit arrangement whereby \$40.00 per fortnight was paid towards his electricity consumption. Prior to the undercharge, the direct debit had covered his consumption and he was in credit. The complainant was on a disability pension and found the direct debit arrangement the most effective way to manage his account.

Once the problem was discovered, Aurora allocated the entire amount of credit on the complainant’s account to the outstanding amount. Further, they issued written advice for the additional sum owed to be paid by a prescribed date. The complainant however, believed that Aurora’s request to pay the balance and to use the credit on his account was unreasonable. He did not dispute that the power had been used, but contended that had Aurora correctly billed him for his electricity consumption he would have ceased using the heaters.

Aurora argued that an error had been made as per s.15 of the *Electricity Supply Industry (Tariff Customer) Regulations* and therefore the steps taken to recover the undercharge had been correct. The Ombudsman was of the view that the undercharge did not relate to a clear malfunction by one of Aurora’s systems, but that an Aurora staff member, with full access to all the facts, made an informed decision rather than an error. The Ombudsman recommended that Aurora should refund the complainant the amount of his credit, being \$536.48 and reissue the complainant’s account at a revised figure of \$250.00, rather than the actual consumption figure of \$993.08. The entity agreed to the recommendations.

Award 5 - Case Number 001-0009033

This case concerned a delay in providing connection for new industrial equipment. The Ombudsman’s investigation found against the complainant’s original claim of \$145,220 as the complainant and his contractor did not fulfil their responsibilities in providing Aurora with the appropriate technical information on the new equipment. However, it was found that Aurora’s processes in dealing with the customer, providing him with appropriate information on his responsibilities, and the lack of a co-ordinated response from the different branches within Aurora, had played a role in contributing to the delays. The Agreement, signed by both parties awarded the complainant \$14,522.00.

STAKEHOLDERS

ANZEWON

The Australian and New Zealand Electricity & Water Ombudsman Network continues to remain an important focus for the Ombudsman. Whilst there remains a challenge in terms of comparative analysis because of the different structures of the schemes, the Tasmanian Ombudsman being the only statutory scheme in the network, a number of comparative analysis projects have been completed. These include comparisons of Ombudsman human resources, current complaint database structures and frameworks for investigations.

The Network provides a constructive forum to discuss issues of concern, identified by the individual schemes.



L to R: Nick Hakoff (SA), Judi Jones (NZ), Jan O'Grady (Tas), Clare Petrie (NSW) and Fiona McLeod (Vic).

It provides a forum to conduct comparative studies of various processes and obligations between Ombudsman schemes. It also allows the effective benchmarking of industry best practice on a number of areas including hardship policies and the application of PAYG meters (pre-payment meters).

The coming financial year sees consideration of several significant projects. Most notably, the intention to provide consistent statistical and recording procedures across schemes. Whilst this will be challenging, it will provide a mechanism to identify complaint trends more clearly on a national level, and will allow more appropriate benchmarking of industry best practice.

ENERGY REGULATOR

The Ombudsman continues to maintain and develop a positive working relationship with the Office of the Energy Regulator. Section 39 of the *Electricity Ombudsman Act* 1998 outlines in general terms, the reports that the Ombudsman is required to provide to the Regulator. More specific criteria are defined in a Memorandum of Understanding between the Ombudsman and the Energy Regulator.

The Ombudsman has consulted with the Regulator during the reporting period for clarification of issues arising from the investigation of a complaint or to highlight areas of concern.

The Electricity Customer Consultative Committee (ECCC) & the Gas Customer Consultative Committee (GCCC) have been important forums, not only for the Energy Regulator to consult with community and industry representatives, but to allow other members of the committee, the Ombudsman included to consider current

issues. Some matters raised by the Committee include accessibility to the Ombudsman, hardship issues, issues relating to the current pricing determinations etc.

Partly as a result of the consultation with the committee, the Ombudsman has undertaken a review of complaint forms, in order to simplify the requirements for complainants when lodging a complaint, whilst at the same time, considering s.7 of the Act. The hardship discussion paper was also tabled at the ECCC meeting for comment.

The GCCC has remained less productive due to the problematic status of retail gas distribution in Tasmania.

Complaints referred to the Energy Regulator

Three complaints were recorded as referred to the Regulator during the financial year.

001-0301020: The complainant was unhappy with the increasing tariff pricing structure in Tasmania and how that had affected his bill between the two tariff periods. The complainant believed the entire account should have been based on the old tariff structure rather than an apportionment of the old and the new.

001-0209004: The complainant was unhappy with the tariff structure in Tasmania and the fact the consumer had to pay for the cost of the meters and wrote a letter of complaint to the Electricity Ombudsman. After discussion with an officer of the Energy Regulator, it was determined to be more appropriate for the Energy Regulator to respond to the complainant's concerns.

001-0210029: A senior citizens' organisation wrote to the Ombudsman in relation to the tariff applied to their organisation. The complainant believed the tariff was too high because the members of the organisation were generally pensioners on low incomes, and therefore it was unreasonable to be on a higher tariff. The complaint was referred to the Energy Regulator.

REGISTER OF CONSULTANTS

During the reporting year expressions of interest were sought from suitably qualified companies to provide expert technical opinions when required during an investigation. A number of expressions of interest were received from various states of Australia resulting in a further six consultants added to the register, consisting of mainly electrical engineering and consultancy firms located in Hobart, Melbourne and Adelaide. The Ombudsman also established a consultancy relationship with a computer engineering company during the reporting period to provide opinions on the cause of damage to computers or electronic equipment when required.

COMMUNITY CONSULTATION

From 31 March to 2 April 2003, the Senior Investigation Officer visited King Island to provide information to the community and to meet with complainants. A successful meeting was conducted with community services representatives on the island. The local newspaper ran an article on the officer's visit.

On 15th and 16th April, staff visited the West Coast, conducting consultation sessions in Queenstown and Zeehan. Staff also met with community representatives at Queenstown and Rosebery and provided information on the services of the Ombudsman. A site visit was carried out with a complainant at Rosebery to coincide with the trip.

In October 2002, the Ombudsman and staff visited Smithton and conducted a community consultation session. The Ombudsman spoke to several complainants about a variety of issues.



CASE STUDIES

Complaint No: 001-0208021 - Access problems?

Mr S decided to upgrade his mains and rewire his home. His contractor advised him that his meter box, which had originally been inside, would now have to be re-located to an outside wall. It was agreed that the meter box be placed on the same wall, but externally (back garden) as the wall along the driveway was almost all window and would not be acceptable under current Standards.

On the day for the changeover Aurora advised that the placement of the meter box was incorrect and that until Mr S installed Ertz meters, they would not reconnect his power. He had no option but to comply at that time, as he did not want to lose a freezer full of meat. He complained to the Ombudsman.

The Ombudsman could find no access problems for Aurora in the placement of the meter. There were no locked gates and no dogs and thus it was requested that the Ertz meters be removed and the charges for their installation be waived.

Note: In my last Annual Report, I reported a case study on a similar case. Aurora Energy advised me at that time that it would update its Service and Installation Guide to ensure that this situation did not occur again. However, 12 months later, a similar situation has occurred. It is of serious concern that Aurora field staff and/or electrical contractors have still not been made aware that Ertz meters are only necessary for a customer to install where there is an access problem for the meter reader.

Complaint No: 001-0212007 - A negotiated outcome

Mr S contacted the Ombudsman following a request to Aurora for new supply in a country area. Mr S was happy to go ahead with the proposal from Aurora but had problems with the placement of the third and final pole, which he believed would impact on his view and affect the resale value of his property. He advised the Ombudsman that Aurora would not even discuss an alternative placement with him.

Aurora advised the Ombudsman that it was not aware of any problem and perhaps the complainant would care to contact them to discuss it. The Ombudsman believed that as there had already been differences in opinion regarding the discussion on the third pole, it would appear a more practical solution for the Ombudsman, as the independent party, to mediate between the parties at an on-site meeting. This occurred and a solution acceptable to Aurora and Mr S was soon arrived at.

Complaint No: 001-0301040 - Who needs to pay?

Mr W had lived in his home for about 20 years and his electricity supply was taken from a pole in front of his neighbour's house on his right. The span crossed the neighbour's property to his point of attachment on the right side of his home. Recently, this house next door to him was sold and the new purchasers contacted Aurora Energy and insisted that the span of wire to Mr W's point of attachment be removed from their property. Aurora agreed to this, as it was now possible for Mr W to take supply from the road to his left.

Aurora then approached Mr W and advised him he would need to move his metering and his point of attachment to the left side of his home. Initially when Mr W asked Aurora who would meet these costs, he was told it would be Aurora, but in later discussions he was advised that Aurora would only pay \$200 towards the cost. Mr W contacted the Ombudsman, as he is a pensioner and did not believe that he should have to pay over \$600 when he had made no request for the line to be moved.

Aurora advised the Ombudsman that it had been Aurora's intention for the contractor to proceed with the work and Aurora to pay the contractor's costs. However, it would appear this was not the understanding that the complainant had gained from discussions with Aurora staff. The quote was obtained for a new point of attachment and meter box due to the relocation of the mains. Aurora Energy then met the full cost of \$850.00.

Complaint No: 001-0302037 - Communication problems

Mr and Mrs B were required to replace a condemned pole on their property, or take their supply from an Aurora owned pole on the other side of their property. They opted to have their contractor move their point of attachment to the other side of their home to take supply from the Aurora pole and have the existing 3 private poles, which were no longer necessary, removed. They advised that their contractor had said that they should not have to pay for the connection to the Aurora pole and that the contractor had rung Aurora on their behalf to confirm this. They also advised that someone from Aurora had confirmed this in a telephone call to them several weeks later. They later received an Authority to Charge \$404.00 and said they had no option but to sign it or the work would not have gone ahead.

Six months later they received an account from Aurora for \$404 and when they telephoned Aurora about this, on several occasions, no one was able to clarify what the money was for and why six months later, they had now received an account when they believed there had been no cost involved in the connection. Aurora Energy then put the matter into the hands of the Tasmanian Collection Service. Mr and Mrs B contacted the Ombudsman.

Aurora advised that following Mr and Mrs B's electrical contractor's notice for new supply arrangement and service connection, the work was scheduled, but was unable to be carried out on the day as it was discovered the conductor would need restraining and this could only be carried out by a line crew and not a construction crew. An Aurora designer advised the electrical contractor that Aurora would not charge for connecting the new service wire to the house but that there would be a charge for the conductor restrain and removal. This work being the actual charge on the invoice of \$404. Aurora advised that there had been a six month delay in invoicing the account due to the introduction of a new system, which had caused a backlog.

The complainants' contractor was contacted and he confirmed that he did not at any time ring Aurora on the customers' behalf but that he did advise the customers that he believed they should only be charged for the disconnection and reconnection of supply.

The Ombudsman believed it was reasonable for Aurora to charge the complainants for the necessity of a crew to go on site and the charge should stand. However, it was clear that a great deal of confusion and misunderstanding had occurred regarding why

the charge had been made and what it was for. Aurora itself did not appear to be fully aware of the reason for the charge, as they originally advised the Ombudsman that it was for the installation of a ground stay on an existing private pole.

The Ombudsman recommended that Aurora remove the customers' record from the Tasmanian Collection Service and that the customers be provided with an appropriate timeframe to pay the account.

Complaint No: 001-0302039 – What time is it?

The complainant contacted Aurora to make a fault report because his off-peak meter was not working. Aurora attended and found there was a fault with the meter and repaired it accordingly. When repairing the meter it had to be reset. The meter was reset to a different time than previously. This meant that the meter activated two hours earlier than previously. The complainant requested that Aurora change the timer settings back to the same time as previously. Aurora's position was that if the complainant wished this to be done, he would need to pay a service fee of \$54.12. The complainant contacted the Ombudsman because he believed the application of a service fee to be unreasonable.

The Ombudsman requested a background report from Aurora. The report completed by Aurora confirmed that the time settings had been changed. This was because the time clock had been replaced as a precaution when Aurora attended the fault. Aurora advised that the clock had been set as Eastern Standard Time. The complainant's request was for the time clock to be set at Eastern Daylight Savings Time. In resolution of the complaint, Aurora voluntarily changed the time clock to the previous setting and did not charge the complainant. The complaint was closed as resolved.

Complaint No: 001-0211004 – Whose debt is it?

The complainant owned a business premises. The business closed several years ago. The complainant's brother connected the power in his name and was living at the premises. The complainant contended that whilst the power was connected in her brother's name, a group of people occupied the premises and used a considerable amount of power. The complainant's brother was then left responsible for the debt. The complainant contacted Aurora and requested she take responsibility for the debt because she owned the premises. In taking responsibility of the debt, the complainant therefore owed Aurora a considerable sum of money, as it was incorporated with her existing residential account. The complainant's residence was later disconnected for failing to meet the terms of the payment arrangements offered by Aurora. The complainant contacted Aurora and requested she be reconnected and the debt placed with her Brother because she had taken responsibility for a debt she could not repay. Aurora declined the request on the basis the complainant had accepted responsibility.

The complainant contacted the Ombudsman, as she believed Aurora's actions to be unreasonable. The complainant requested three alternative outcomes to the complaint: that the debt be waived, the debt be transferred to the collection agency or that a separate payment arrangement be made for the debt incurred by the complainant's brother. Whilst seeking material from Aurora, the Ombudsman requested the complainant be reconnected. The request was actioned. The Ombudsman considered several key issues. The first was the contract between the complainant and Aurora to

enable the complainant to take responsibility for the debt. The second was to consider the complaint in terms of the complainant's willingness to pay.

During the investigation, it was not clear to what extent the contract had been explained by Aurora and agreed to by the complainant. The report from Aurora indicated that the agreement was initially made verbally, and then confirmed in writing. Aurora took the payment plan to have been accepted when the first payment was made. In terms of the complainant's payment history, it was apparent the complainant had an inconsistent history of payments to Aurora. Although the Ombudsman was concerned in relation to Aurora's process to transfer the debt in terms of a written contract not being completed, it was the Ombudsman's view that the outcomes the complainant had requested were unreasonable. Aurora compromised in terms of the required upfront payment to reconnect the power being reduced. The complainant was asked to provide further comment in relation to the matter. The complainant did not provide a further response and the complaint was dismissed.

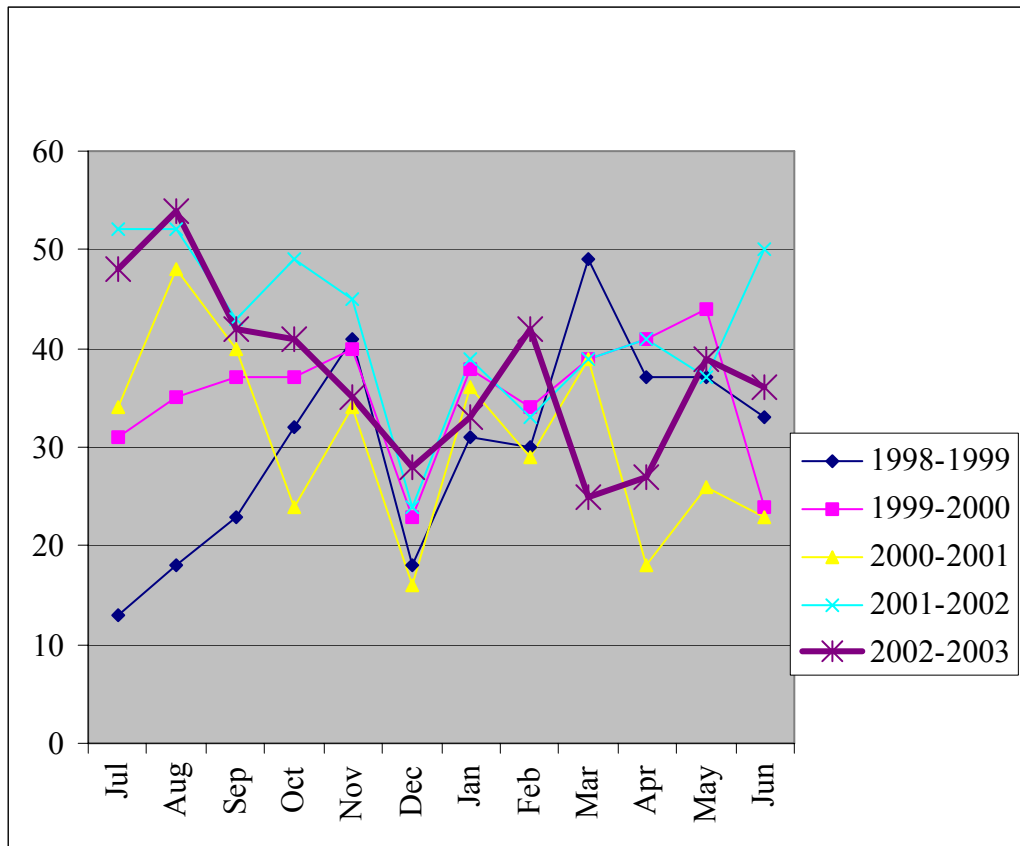
Complaint No: 001-0210017 – The dilemma of repairs.

The complainants contended they experienced a power disruption, which damaged their computer. They contacted Aurora and were provided with a claim form. The form requested that the item being claimed for should be assessed by a repairer or alternatively, repaired prior to the claim being submitted. The complainant chose to have the item repaired and to submit a report from the repairer with the claim. Aurora subsequently denied the claim, as there were no recorded events at the time of the incident.

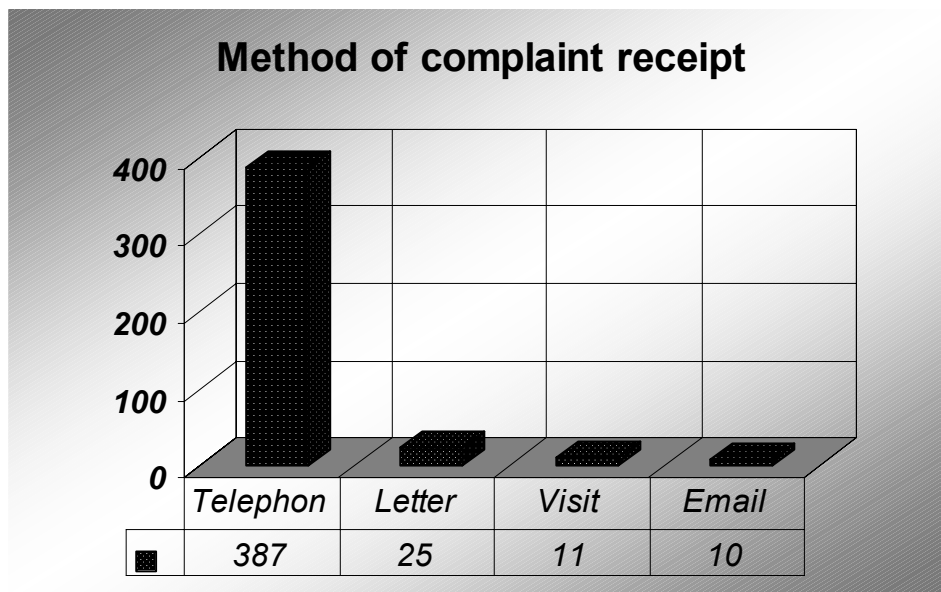
The complainant lodged a complaint with the Ombudsman, as they were dissatisfied with Aurora's view. The background report from Aurora detailed recorded events at the time of the incident claimed by the complainant. There were no recorded events in the vicinity of the complainant's residence. The complainant was requested to provide further material to be considered but was unable to. The Ombudsman formed the view that it was unable to continue to an investigation on the material available. Neither was it possible to have the computer independently tested because the computer had already been repaired. The complaint was dismissed as lacking substance. The Ombudsman was particularly concerned about the wording of the compensation claim letter in terms of the request for the item to be repaired or a report of damage completed. It was recommended that Aurora conduct a review of their claim assessment guidelines. In particular, it was recommended that Aurora consider splitting their claim process into two stages. The first stage would be the assessment of responsibility for the claim based on Aurora's investigation. If Aurora considered it had responsibility for the claim, an assessment of the damaged item could then be completed. It was also recommended that Aurora consider using their own experts to determine the cause of the damaged item. The review remains outstanding.

STATISTICAL TRENDS

NEW COMPLAINTS 1998 - 2003



METHOD OF COMPLAINT RECEIPT (ESTIMATED)



COMPLAINT ACTIVITY

Number of Complaints	2000 – 2001	2001 – 2002	2002 – 2003
Brought Forward from Previous	20	22	27
Opened in Period	367	504	433
Closed in Period	367	504	431
Opened & Closed in Period	345	483	415
Carried Forward (still Open)	22	19	19

ENQUIRIES VERSUS COMPLAINTS

Category	Aurora Energy	Hydro Tasmania	Transend Networks	TOTAL
Enquiries	65	0	0	65
Complaints	367	1	0	368
TOTAL	432	1	0	433

CLOSURE REASONS TABLE

Closure Reasons	Total
10.1 (b) Dismissed - referred to Energy Regulator	3
10.1 (c) I. Dismissed - lacks substance	33
Case Withdrawn	32
Complaint Resolved	87
Dismissed - dealt with by others	16
Enquiry Only	82
Explanation Given; No further action	88
ii. Dismissed - frivolous, not in good faith	4
Referred to Aurora	18
Award	4
Referred to Court	1
Dismissed – complaint not received in writing	63
Out of Jurisdiction	2
Total	433

Closure Reasons Explanation

1. **Dismissed – Lacks Substance:** The Ombudsman dismissed 33 complaints under this category. The major reason for dismissal is where the complainant is unable to support the argument presented in the complaint or refute the explanation provided by the electricity entity.
2. **Dismissed – Complaint not received in writing:** This category was introduced during the reporting year to identify the number of complaints closed when a complaint received by telephone was not followed up by a signed form or letter. These 63 cases represent approximately 15% of complaints received for the year. The Ombudsman conducted a random survey of complainants and the most common responses were that the matter had since been resolved; or they did not have time to consider their complaint further; or they had changed their mind about their complaint after discussing the matter with the Ombudsman. Pre-paid envelopes were also provided with

complaint form as a way of making the process easier. The Ombudsman is also mindful of people who may have difficulty in completing the complaint form in writing, hence the discretion available under s.7 of the Act to accept a complaint not received in writing.

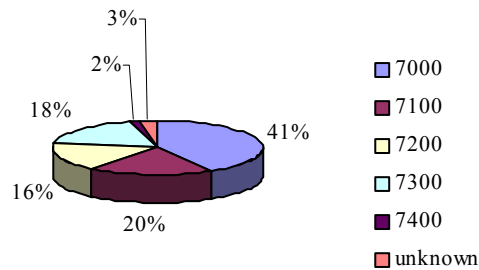
3. **Explanation given, no further action:** There were 86 complaints within this category. Complaints recorded in this category usually involved general discussion occurring with the complainant that did not require further investigation. This may include discussing a perceived billing issue, explaining Aurora compensation claim process or discussing the role and function of the Ombudsman.
4. **Complaint Resolved:** There were 87 complaints closed as resolved for the reporting period. Complaints are recorded under his category when a complaint outcome is achieved that the complainant is satisfied with. This may be prior to the complaint being accepted for investigation, where in consultation with Aurora, an outcome is presented that is accepted by the complainant. There is a separate category for complaints resolved under s.21 of the Act, which are recorded as Awards.
5. **Dismissed, dealt with by others:** This category recorded 16 complaints for the reporting period. The category is being used less frequently because of additional fields referring the complainant back to the electricity entity. The category is mainly used when it is realised a welfare organisation is currently negotiating with Aurora in relation to the matter, or alternatively, Aurora advises the matter has been resolved in the interim.

Referrals

1. **Dismissed – Referred to Court:** One complaint was closed with the advice the matter would be more appropriately dealt with by a court. The matter related to the ownership of infrastructure on a development site when the property changed ownership from the State Government to a private developer.
2. **Referred to Aurora:** A number of complaints were referred to Aurora during the reporting year. Generally, the reason for referring the complainant to the company would be where it is identified the complainant has not attempted to resolve the matter directly with the company prior to contacting the Ombudsman. In the Ombudsman's submission to Aurora Energy on their corporate Complaints Management Policy, it was suggested that an escalated complaints number/person be provided for the Ombudsman to refer relatively simple complaints that had the capacity to be resolved without the Ombudsman's intervention. Aurora declined and advised that these complainants may contact Aurora's Customer Feedback number

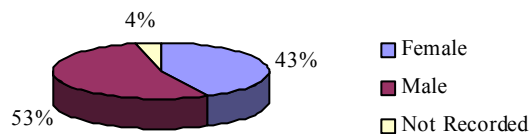
DEMOGRAPHICS

COMPLAINTS BY POSTCODE



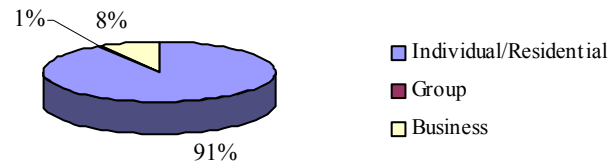
Approximately 60% of complaints were received from southern Tasmania. This is a similar trend to previous reporting years. As discussed previously in the report, the Ombudsman conducted some community consultation sessions during the reporting year in areas where complaint statistics have been historically low to ensure the community is aware of the role of the Ombudsman. Also, the implementation of separate display information brochures in all Service Tasmania stores across the State has been viewed as another positive way of providing information on the role of the Ombudsman.

GENDER STATISTICS



The gender percentage split of complainants remained consistent with previous reporting years, with male complainants recording 53% of contacts to the Ombudsman as opposed to 43% of females. The remaining 4% of complainants was not recorded on the complaint database.

CONSUMER TYPE



The Ombudsman continues to receive complaints primarily from the residential segment of the electricity consumer market. For the reporting year, 92% of complaints were received from residential customers. This continues a similar trend to previous reporting years and reinforces the intent of the Tasmanian Parliament, to provide a mechanism for independent complaint resolution for the consumer, primarily, the residential consumer. The remaining 8% of complaints were received from businesses, primarily small businesses. A common complaint issue recorded by business relates to the issue of security deposits for new businesses and the interpretation of new business.

Complaint issues for 2002-03

Issue Type	Issue	Sub Issue	Primary	Secondary	Tertiary
Billing	Arrears	Difficulty in payment	19	5	1
		Disconnection	50	7	
		Error	7	3	2
		Not recorded		1	
		Sub-Total	76	16	3
	Error	Debt transfer	11	3	
		Direct debit	5		
		Disconnection	1	1	
		EasyPay	9		
		Fees	1		
		Other	11	2	1
		Pay As You Go	1		
		Statements	1		
	Sub-Total	40	6	1	
	Fees	Connection	1		
		Field call	1		1
		Late fees / Interest fees	2		
		Meter checking		1	
		Other	3	1	
Service & Meter Charges		5	1		
Sub-Total	12	3	1		
High	Difficulty in payment		3		
	Disputed	33	4	1	
	EasyPay	19	3		
	Estimated	8	1		
Sub-Total	60	11	1		
Meter	Accuracy	3	1		
	Misread	1	1		
	Not read	3	1		
	Pay As You Go	9			
	Timeclock	1			
Sub-Total	17	3			
Minimum charges	Sub-Total	1			
Payment	Agents	1			
	Lost Payment	2			
	Offer Refused	2			
	Payment Plan	5			
Sub-Total	10				
Pensioner rebate	Error	2			
	Information	1	1		
	Sub-Total	3	1		
Security deposit	Amount	4			
	Exemption		1		
	Sub-Total	4	1		

Issue Type	Issue	Sub Issue	Primary	Secondary	Tertiary
Billing	Statement	EasyPay	6		
		Information	2	1	
		Sub-Total	8	1	
	Sundry Debtor	Sub-Total	2		
	Tariff	Incorrect	1	1	
		Rate	2	1	
		Sub-Total	3	2	
	Total-Billing	236	44	6	
Contestability	Information	Eligibility	3		
		Total - Contestability	3		
Customer Service	Contractor	Sub-Total	2		
	Failure to respond	Sub-Total	2	5	
	Information	Incorrect	1	2	
		Not recorded		1	
		Sub-Total	1	3	
	Information/Consultation	Sub-Total	4		1
	Poor attitude	Sub-Total	3	2	
Reduced service	Sub-Total	3	1		
	Total - Customer Service	15	11	1	
Land	Damage	Property	5		1
		Sub-Total	5		1
	Existing easement	Access	3		1
		Use	1	4	
		Sub-Total	4	4	1
	Meter	Access	7		
		Cost		1	
		Other	2		
Placement		5			
Sub-Total	14	1			
Other	Sub-Total	4	5		
Tree Trimming/Clearing	Sub-Total	1			
	Total - Land	28	10	2	
None	None	Total - None	3		
Out of Jurisdiction	Out of Jurisdiction	Total - Out of Jurisdiction	3	1	
Privacy	Connection in false name		2		
	Details released		1		
		Total - Privacy	3		

Issue Type	Issue	Sub Issue	Primary	Secondary	Tertiary
Provision	Connection	Authorisation	12		
		Capital contribution	3	1	
		Delay	30	5	
		Information	1	1	
		Other costs	4	2	2
		Other	2		
		Supply upgrade	1	2	
		Sub-Total	53	11	2
	Disconnection	Error	3		
		Other (non bill)	9	2	
		Sub-Total	12	2	
	Poles and wires	Cost	3	1	
		Contract/Authorisation	1		
Placement		7	1		
Private Lines		6			
Maintenance			1		
Safety		4			
Timeliness		2	1		
Sub-Total	23	4			
Total - Provision			88	17	2
Supply	Damage	Cust Equip failure	35	1	
		Gen/Trans Sys Fail		1	
		Unknown Cause		1	
		Sub-Total	35	3	
	Outage(planned)	Duration	1		
		Notice	1		
		Sub-Total	2		
	Outage(unplanned)	Duration	4		
		Frequency	4	1	
		Sub-Total	8	1	
Quality	EMF	1			
	RFI	2			
	Variations(voltage)	6	2		
	Sub-Total	9	2		
Total - Supply			54	6	
Total Recorded Issues			433	89	11

COMPLAINT TRENDS

Historically, the most significant portion of complaints concerns billing issues and this reporting year proved no different. A total of 54.5% of complaints recorded related to billing issues and this was followed by provisioning complaints with 20.32%, supply complaints with 12.47% and land complaints with 6.46%. It is important to note that the issue categories are recorded when the complaint is first made to the Ombudsman and are the perceived issue. The categories may not reflect the outcome of the investigation. The issues categories include all contacts made, enquiries, consultations or investigations.

Billing

Arrears: A total of 17.5% or 76 complaints were recorded as relating to billing arrears issues. The most significant sub issue was disconnections with a total of 50. Most complainants contact the Ombudsman when they have been disconnected or alternatively, when disconnection is pending. Disconnection of supply might be for a number of reasons. An electricity account may have been given low priority for payment, it may have been due to the customer's poor financial management, it may have been temporary financial difficulty or possibly a case of longer term financial hardship. The challenge for the Ombudsman is in determining whether the complainant has demonstrated a willingness to pay. A number of complaints relating to "capacity to pay" were accepted for investigation during the reporting year. As a general rule, Aurora has been receptive to offering additional payment plans or making some modifications to a payment plan when a complaint has been made to the Ombudsman, which is noted. The Ombudsman will continue to consider Aurora's obligations under s.19 of the *Electricity Supply Industry (Tariff Customers) Regulations 1998*, in particular, the customer's ability to pay. The sub issue – Difficulty in payment is similar but refers to complaints made prior to notices of disconnection or actual disconnection of supply.

Error: A total of 9.23% of complaints received related to perceived billing errors. The most significant issues identified were debt transfers. This issue may relate to transfers of debt to a collection agency when the debt is contested or alternatively, the transfer of debt from one name to another. In most cases, the complaint was not substantiated. However, in some instances, it was conceded by Aurora, that errors had occurred on their part, and it was agreed the record would be removed from the collection agency. The Electricity Ombudsman continues to monitor this area.

Easypay was the other significant sub issue in the reporting year. The recorded complaints largely related to issues prior to the suspension of Easypay for all new customers. The number of recorded complaints since the system was suspended for new customers has significantly decreased.

High: A total of 13.85% of complaints received related to perceived high bills. In particular, the sub issue related to disputed accounts. This remains a challenging area for the Ombudsman and for complainants. Although the process of checking meters and the accuracy of readings is reasonably simple, the identification of other probable causes of high bills is difficult. The Ombudsman has identified meter reading errors, larger quarterly bills due to a prior estimated meter reading or other system problems. However, a significant portion of high billing complaints are attributed to appliances that the complainant was unaware had the capacity to consume the levels of electricity

recorded and therefore reflects on some consumer's understanding of the tariff rates in Tasmania.

Provision

Connection: Complaints about connections was the most significant issue with 12.24% or 53 complaints. The largest sub issue was connection delay with 30 recorded complaints. The complaints in this category related to either the time frames for projects to be completed to connect the complainant or alternatively, the prescribed timeframes for connections to dwellings where infrastructure already existed. In the latter, complaints sometimes related to delays associated with debt needing to be paid before connection was obtained, or requests for connection on a Friday, which resulted in a delay in connection until the following week. The Ombudsman identified some cases where it was agreed there had been unnecessary delays. In these instances, payments have generally been made under Aurora's Customer Charter scheme. Delays may also be attributed to the actions of third parties, such as the quality of work completed by the complainant's electrical contractor, which cannot be attributed to Aurora. Connections have been completed as soon as possible where appropriate once the Ombudsman has received a complaint.

Poles and Wires: Provision complaints relating to poles and wires recorded 5.3% of complaints. The most significant sub issues related to the placement of poles and the issue of private lines. In terms of the placement of lines, complainants were not satisfied with the outcome of discussions with Aurora, particularly when the complainant believed the line's placement impacted adversely on their lifestyle. Or alternatively, complainants purchasing land and finding infrastructure located across the property, therefore restricting their ability to construct a house. Whilst in most cases, Aurora has been correct in their right to locate the infrastructure, the Ombudsman has in some instances conducted onsite mediation, which has resulted in suitable alternative locations for the infrastructure placement or alternatively, the complainant conceding the limitations on the possible locations of infrastructure due to terrain or other factors.

Supply

Supply complaints recorded 12.47% or 54 complaints received. Complaints in this category may relate to alleged damage to customer equipment as the result of an outage, the quality of the complainant's supply or the frequency or length of outages.

Damage: Complaints about perceived customer equipment failure due to power surges was the most recorded sub issue with 35 complaints. The issue of damaged appliances has been discussed earlier in the report. However, it should again be reiterated that Aurora has conceded their claim assessment procedures require further consideration and review, which is being presently conducted. This category remains a challenging area of investigation for the Ombudsman.

Outages: There were 8 complaints received on outage issues. Some related to the frequency of outages, some to duration. In the investigation of these complaints, the Ombudsman considers the history of outages in the area, fault histories, the condition of the feeder supplying the complainant and Aurora's requirements in terms of the number of outages and fault repair times.

Land

Complaints about land issues recorded 6.46% of complaints received. This category may relate to alleged damage to customer property as a result of provisioning work, or relate to meters or the use of easements.

Meter: The Ombudsman received 14 complaints regarding meters. In most cases, these related to Aurora's inability to access the meter, which resulted in an estimated account. In some cases, the problem of access was new and the complainant was advised of remedies such as ERTs meters or an Aurora preferred lock. However, where a history of accessing the meter by use of the customer's key was discontinued, the Ombudsman was of the view that the complainant's request to maintain the existing practice may not be unreasonable. Complainants often requested as an outcome that Aurora contact them prior to reading the meter. However, the Ombudsman agrees that this is problematic and may result in further problems due to unexpected delays, staff sick leave etc, meaning the meter reading could not be guaranteed on the day initially indicated.

The placement of meters was the other related issue, which recorded 5 complaints. The placement of meters related to complainants in the process of major upgrades to their electricity supply resulting in a request from Aurora to move the meter to another location due to previous access problems.

Comparison with previous reporting years

In the previous reporting year, 504 complaints were made to the Ombudsman. This year a total of 433 complaints were recorded, which is approximately 14% decrease in complaints. Most complaint issue types have recorded decreases. The exceptions are provisioning issues, which recorded a similar number of complaints to last year, and supply issues, which has recorded an increase in complaint numbers. Both categories therefore contributed higher overall complaints by percentage than last year. There do not appear to be any significant percentage trends in terms of sub issue variance between years. Whilst there has been a decrease in complaint numbers, the complexity of complaints has generally increased this year. In part this has been due to the complexity of policy and procedure investigations, but also because of the necessity to seek clarification on a substantial portion of reporting material presented by Aurora due to the format and content of material presented. An improvement in that regard has been noted as the reporting year unfolded.

ELECTRICITY OMBUDSMAN BUDGET AS AT 30 JUNE 2003

	2001-2002 Actual Expenditure	2002-2003 Actual Expenditure
Employee Related		
<i>Salaries & Wages</i>	\$ 167,909	\$ 207,796
<i>Superannuation</i>	\$ 16,613	\$ 22,870
<i>Other Employee Related Expenses</i>	\$ 12,905	\$ 2,198
Total Employee Related	\$ 197,427	\$ 232,864
Fuel, Light & Power		
Total Fuel, Light & Power	\$ 2,876	\$ 2,608
Administration		
<i>Advertising & Recruitment</i>	\$ 11,517	\$ 869
<i>Rental</i>	\$ 35,281	\$ 45,450
<i>Communications</i>	\$ 10,344	\$ 5,228
<i>Travel</i>	\$ 5,573	\$ 5,693
<i>Consultancies</i>	\$ 17,953	\$ 5,683
<i>Operating Leases</i>	\$ 16,140	\$ 11,942
<i>Printing & Stationery</i>	\$ 5,055	\$ 5,269
<i>Other Admin Exp</i>	\$ 2,065	\$ 1,052
Total Administration Expenses	\$ 103,928	\$ 81,186
Other Expenses		
<i>Repairs & Maintenance</i>	\$ 1,909	\$ 356
<i>Equipment - minor</i>	\$ 1,339	\$ 1,631
<i>Computers / IT minor purchase</i>	\$ 8,554	\$ 10,019
<i>Other Expenses</i>	\$ 3,123	\$ 1,340
Total Other Expenses	\$ 14,925	\$ 13,349
TOTAL OPERATING EXPENSES	\$ 121,729	\$ 97,140
TOTAL EXPENSES	\$ 319,156	\$330,004

Further information on the content of the report, or to request additional copies of the document or to obtain further information about the role of the Electricity Ombudsman may be obtained by contacting:

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www.justice.tas.gov.au/electricity_ombudsman

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