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EWON Members as at 31 March 2011

Energy Distributors

ActewAGL Distribution
Albury Gas Company
APT Allgas Energy
Ausgrid
Central Ranges Pipeline
Endeavour Energy
Envestra NSW
Essential Energy
Jemena
TransGrid

Energy Retailers

ActewAGL
AGL
Aurora Energy
Australian Power and Gas
Country Energy
Diamond Energy
Dodo Power & Gas
EnergyAustralia
Independent Electricity Retail Solutions
Integral Energy
Jackgreen (suspended)
Lumo Energy
Momentum Energy
Origin Energy
Powerdirect
Red Energy
Sanctuary Energy
TRUenergy

Water Distributors & Retailers

Gosford City Council
Hunter Water
Shoalhaven Water
State Water
Sydney Water
Wyong Shire Council

Ombudsman's message

Complaint trends

Customer complaints to EWON continue to rise, particularly in the areas of billing and affordability. From October 2010 to March 2011, we finalised 8922 cases, a 9% increase over the previous six months.

A standout complaint area continues to be high bills. Customers disputing a high bill made up 23% of total cases finalised.

We also received 2298 affordability related complaints in this period. Of these, 1071 customers had payment difficulties because of arrears on their account. Around 18% of the customers who complained about affordability issues had used our service before.

Affordability issues remain an ongoing concern for EWON. Customers in hardship generally require referral to external assistance to help them manage large bills and arrears. As part of our service, EWON provides referrals to emergency assistance, Centrepay, financial counsellors, the Home Power Savings Program and No Interest Loan Schemes. Without these programs, customers in hardship would have significantly less capacity to manage their utility bills.

Complaints relating to solar installations

EWON is receiving an increasing number of complaints from customers who have installed or are in the process of installing solar panels. Overall, from October 2010 to March 2011, we received 700 complaints relating to renewable energy installations which were primarily solar related. The complaints span a range of issues:

- 294 related to the application of the feed-in tariff
 - 151 cited poor customer service
 - 155 were out of our jurisdiction and referred to NSW Fair Trading.
- Many of these complaints related to contractors, for example: delays in panel installation, poor quality work or poor quality products.

Home Power Savings Program

On 28 February 2011, EWON and the [then] Department of Environment, Climate Change and Water NSW signed a Memorandum of Understanding regarding the Home Power Savings Program (HPSP). EWON sees the HPSP as a valuable program for low income households. We have agreed to refer customers to the program to assist them in reducing their energy consumption and costs.



Clare Petre, Energy & Water Ombudsman NSW and Bernard Carlon, Director, Sustainability Programs Division, at the [then] Department of Environment, Climate Change and Water NSW, signing the Memorandum of Understanding for the Home Power Savings Program.

► Ombudsman's Report (cont'd)

New EWON members

EWON welcomes the following new members:

- Diamond Energy
- Dodo Power & Gas
- Envestra NSW

Change for EWON members

On 1 March 2011, the NSW state owned energy retailers were sold:

- EnergyAustralia was purchased by TRUenergy
- Integral Energy and Country Energy were purchased by Origin Energy.

However, EnergyAustralia, Integral Energy and Country Energy will continue to trade as energy retailers under their existing names.

The network ('poles and wires') arms of these companies remain as state owned corporations, but have separated from the retailers and been renamed:

- EnergyAustralia network is now **Ausgrid**
- Integral Energy network is now **Endeavour Energy**
- Country Energy network is now **Essential Energy**

Clare Petre

Clare Petre
Energy & Water Ombudsman NSW

Positive results for tenants

EWON was pleased to see changes to the Residential Tenancies Regulation. The following applies to new tenancies from 31 January 2011.

Properties with gas supply

The Regulation states:

A landlord must pay any charges for the availability of a gas supply to the residential premises if:

- the premises do not have any appliances, supplied by the landlord, for which gas is required, and*
- the tenant does not use gas supplied to the premises for any purpose.*

Water usage charges

The Regulation states:

The prescribed water efficiency measures that residential premises are required to contain before a tenant can be required to pay water usage charges for the premises are as follows:

- all showerheads on the premises must have a maximum flow rate of 9 litres per minute,*
 - all internal cold water taps and single mixer taps for kitchen sinks or bathroom hand basins on the premises must have a maximum flow rate of 9 litres per minute,*
 - there must be no leaking taps on the premises at the commencement of the residential tenancy agreement or when the water efficiency measures are installed, whichever is the later.*
- Note: Taps and showerheads having a maximum flow rate of 9 litres per minute have a 3 star water efficiency rating.*

Credit default listing and utility debt

Over the past few years, EWON has seen a steady increase in complaints from customers who were credit default listed because of a utility debt. This typically occurs when a customer moves house and a final bill is issued after the customer has moved out. If they fail to provide the retailer with a forwarding address, or they provide one but their retailer fails to record it, the final bill can remain unpaid. The customer may not be aware of this if they never received the bill.

In March 2011, EWON provided a submission on the *Credit Reporting Exposure Draft* to the Senate Finance and Public Administration Committee regarding our concerns arising from customer complaints.

Many customers were unaware that they had been credit default listed until their application for a loan was denied. In our submission we noted that the small amount of some of the utility debts seemed out of proportion to the consequent denial of credit (including home or business loans), particularly when customers paid the debts as soon as they found out about them.

As well as making comments about the complaint handling procedures for customers wishing to dispute their credit listing, EWON recommended that the minimum amount for which a consumer can be default listed should be changed from \$100 to \$300.

EWON staff visit Essential Energy operations in Port Macquarie



Case studies: Credit default listing complaints

Customer's request denied due to poor payment history

Sam was having trouble obtaining a home loan because he had been credit default listed for an electricity debt of \$238. He had been unaware of the default listing, and paid the debt owing when he found out about it. Sam thought the listing would be removed after he paid the debt, however it wasn't, and he called EWON for help.

Sam said he found out about the default listing when he recently applied for a home loan. The listing was due to expire in a few months as it related to an address he lived at over five years ago, but he needed to secure finance earlier.

To ensure the retailer had followed the correct procedure, we asked Sam about his previous account. Sam acknowledged that he hadn't called the retailer to close his account and he hadn't provided them with a forwarding address.

EWON contacted the retailer to discuss Sam's complaint and to retrieve his billing history. The retailer's records showed Sam had paid the initial security deposit for his electricity account. However, Sam hadn't paid anything towards his account after this, leaving the retailer with a debt of \$238. The retailer had then sent six warning letters addressed to Sam at the old property, before proceeding to debt collection and the default listing. Given Sam's poor payment history, the retailer declined to remove the listing early.

We explained to Sam that according to the law, when a bill is 60 days overdue, the retailer is required to send one written notice to the last known address. If payment is not received within 60 days, they can default list a customer if the amount owing is over \$100. We also advised Sam that a retailer is not obliged to remove a credit listing after the debt has been paid. Given these circumstances, unfortunately EWON was not able to take any action.

Failure to close account results in default listing

Sandra contacted EWON after being credit default listed for a \$140 electricity debt which she considered was not hers.

Sandra said she owns a rental property which she used to live in. Sandra moved out of the property without closing the electricity account, because she thought the new tenant would open an account under their name.

When Sandra was contacted by the retailer about an outstanding bill for the property, she provided the retailer with the new tenant's contact details.

The retailer later confirmed the account had been transferred into the tenant's name and Sandra thought the matter was settled. She was unaware there was money owing on the account until she was denied a credit card because of a credit default listing.

Sandra contacted the retailer who said the tenant had only taken responsibility for part of the amount owing. Sandra disputed this however the retailer refused to remove the default listing.

We asked Sandra whether she could provide information to show when she moved out of the property and the energy account became the responsibility of the new tenant. Sandra provided a copy of the lease and we contacted the retailer to discuss her complaint.

The retailer accepted Sandra's position that the debt was not hers and agreed to remove the credit default listing.

Lost EAPA vouchers results in debt collection

Bert, a pensioner, was struggling to pay his electricity bill of \$99, which was a month overdue. He approached a community agency for help and they provided him with three EAPA vouchers (\$90). As his retailer didn't allow for payment of these vouchers at the post office, he sent the vouchers by mail as required.

A month later Bert received a notice from a debt collection agency, advising that he needed to pay \$157 or he would be credit default listed.

Bert contacted EWON for help. He said he had mailed vouchers before and was sure he had sent them to the correct address.

We contacted Bert's retailer who acknowledged that they had experienced problems with lost vouchers. The retailer offered to waive the amount owing on the account and to stop any further debt collection action. Bert was satisfied with the outcome.

NEW RELEASE



Revised EWON factsheets

We have revised our range of consumer factsheets. There are now three key factsheets: *Help for energy and water customers*, *Switching energy retailers* and *Getting high bills?* All our publications are free. To order publications visit www.ewon.com.au

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Complaint statistics 1 October 2010 – 31 March 2011

Overview

From October 2010 to March 2011, EWON finalised 8922 cases, a 9% increase from the previous period.

In terms of industry, the majority of complaints related to electricity retailers (69%) and gas retailers (15%).

Overall, we continue to see an increase in complaints about billing issues. We received 2094 complaints about a high bill or disputed account. This issue represented 23% of all complaints, making it the stand out issue for customers.

The number of customers complaining about debt collection or credit default listing because of a utility debt remains high. In the same period last year, EWON recorded 348 complaints about this issue, compared with 543 this period. This represents a 56% increase.

In terms of retail competition, complaints about marketers misleading or pressuring customers are steadily increasing.

SNAPSHOT OF COMPLAINTS

| Overall | Total complaints closed | 8922 |
|-----------|--|------------|
| Customers | Residential customers | 8493 (95%) |
| | Small business customers | 342 (4%) |
| | Living in social housing* | 330 (4%) |
| | Receiving pension/benefits* | 1651 (19%) |
| | Aboriginal or Torres Strait Islander customers* | 34 (<1%) |
| | Culturally and linguistically diverse customers* | 137 (2%) |

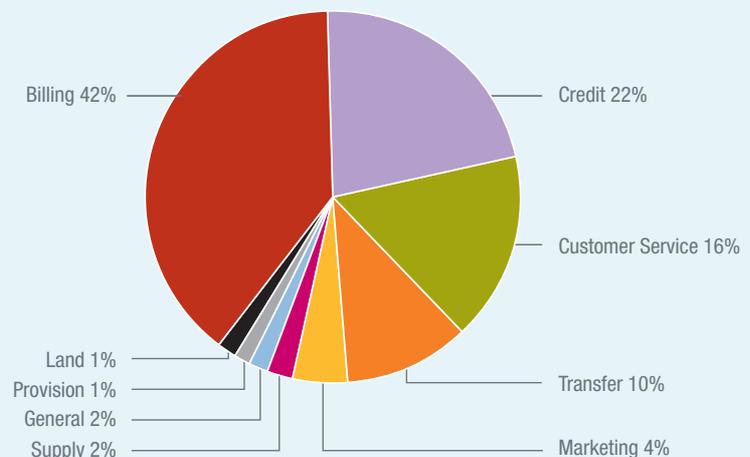
*EWON does not routinely collect demographic information however it is recorded if offered by the customer.

COMPLAINTS BY INDUSTRY

| Industry | Provider type | April 2010- Sept 2010 | Oct 2010- Mar 2011 | % change |
|----------------------|-----------------|--------------------------|-----------------------|------------|
| Electricity | Retailer | 5520 | 6161 | +12% |
| | Distributor | 423 | 493 | +17% |
| | Exempt Retailer | 24 | 30 | +25% |
| | Other* | 69 | 88 | +28% |
| Gas | Retailer | 1361 | 1374 | +1% |
| | Distributor | 50 | 34 | -32% |
| | Exempt Retailer | 0 | 1 | +100% |
| | Other* | 23 | 7 | -70% |
| Dual Fuel | Retailer | 260 | 284 | +9% |
| | Other* | 2 | 5 | +150% |
| Non-energy/non-water | Other* | 44 | 37 | -16% |
| Water | Retailer | 261 | 270 | +3% |
| | Distributor | 136 | 120 | -12% |
| | Exempt Retailer | 1 | 0 | -100% |
| | Other* | 21 | 18 | -14% |
| Total | | 8195 | 8922 | +9% |

*Non member specific, out of jurisdiction

ALL ISSUES RAISED BY CUSTOMERS



SNAPSHOT OF CUSTOMER ISSUES

| Issue | April 2010- Sept 2010 | Oct 2010- Mar 2011 | % change |
|--|--------------------------|-----------------------|----------|
| Billing | | | |
| High bill or disputed account | 1850 | 2094 | +13% |
| Estimated account | 443 | 500 | +13% |
| Delay in billing or bill not received | 276 | 396 | +43% |
| Backbilling | 241 | 307 | +27% |
| Credit | | | |
| Arrears or utility debt | 1104 | 1071 | -3% |
| Facing disconnection for non-payment | 716 | 782 | +9% |
| Debt collection or credit default listing | 532 | 543 | +2% |
| Disconnected due to non-payment | 401 | 400 | <1% |
| Denied an extension or payment plan | 212 | 220 | +4% |
| Marketing | | | |
| Misled by marketers | 320 | 339 | +6% |
| Pressured into signing or agreeing to a contract | 96 | 111 | +16% |
| Non-account holder approached for consent | 49 | 44 | -10% |
| Transfer | | | |
| Problems with the contract terms (variation in price, termination fee) | 600 | 502 | -16% |
| Did not consent to the transfer | 256 | 238 | -7% |
| Site ownership or disconnected in error due to transfer | 189 | 205 | +9% |
| Transferred in error | 131 | 110 | -16% |

HOW WE CATEGORISE COMPLAINT ISSUES

Note: There may be more than one issue raised per complaint

- Billing – high and disputed bills, fees and charges, responsibility for accounts
- Credit – disconnection, arrears, difficulty in payment, payment arrangement declined, debt collection
- Customer service – failure to respond, incorrect advice, poor attitude/service
- Land – impact of network assets, maintenance, environment
- Marketing – conduct by marketers, misleading information, pressure, non-account holder signed up
- Provision – problems with new or existing connections
- Supply – quality, damage/loss, outages
- Transfer – error in billing or account transfer due to switching retailers, contract terms, transfer delay, site ownership
- General – non-energy/non-water related, contractors

COMPLAINTS BY COMPANY

| | April 2010- Sept 2010 | Oct 2010- Mar 2011 | % change |
|-------------------------------------|--------------------------|-----------------------|----------|
| Energy Retailers | | | |
| ● ActewAGL Gas | 84 | 87 | +4% |
| ● AGL | 2298 | 2508 | +9% |
| ● Australian Power and Gas | 49 | 146 | +198% |
| ● Country Energy | 342 | 470 | +37% |
| ● EnergyAustralia | 998 | 1263 | +27% |
| ● Integral Energy | 753 | 982 | +30% |
| ● Jackgreen^ | 462 | 99 | -79% |
| ● Lumo Energy | 58 | 11 | -81% |
| ● Origin Energy | 1583 | 1636 | +3% |
| ● Powerdirect | 55 | 47 | -15% |
| ● Red Energy | 40 | 55 | +38% |
| ● Sanctuary Energy | 21 | 68 | +224% |
| ● TRUenergy | 308 | 387 | +26% |
| Energy Distributors | | | |
| Ausgrid | 232 | 255 | +10% |
| Endeavour Energy | 86 | 125 | +45% |
| Essential Energy | 104 | 111 | +7% |
| Jemena | 43 | 34 | -21% |
| TransGrid | 1 | 1 | 0% |
| Water Distributors/Retailers | | | |
| ● Essential Energy* | 1 | 5 | +400% |
| ● Gosford City Council | 6 | 8 | +33% |
| ● Hunter Water | 54 | 50 | -7% |
| ● Shoalhaven Water | 8 | 7 | -13% |
| ● State Water | 3 | 5 | +67% |
| ● Sydney Water | 295 | 284 | -4% |
| ● Wyong Shire Council | 3 | 6 | +100% |

There were no complaints received about ActewAGL Distribution, Albury Gas Company, APT Allgas, Aurora Energy, Central Ranges Pipeline, Diamond Energy, Dodo Power & Gas, Envestra NSW, Independent Electricity Retail Solutions, Momentum Energy.

^Suspended from the market

*Essential Energy is a water provider for Broken Hill customers only.

LEGEND: NSW RETAIL CUSTOMER BANDWIDTH

- Above 1 million customers
- 500,001 to 1 million customers
- 100,000 to 500,000 customers
- under 100,000 customers

6 For community workers

Electricity price increases

Annual price increases for electricity will come into effect on 1 July 2011. How much a customer is affected by the increase depends on where they live and what type of contract they are on.

A large part of the increase relates to higher network costs. Retailers are entitled to pass on increased network costs, so most customers will find that their electricity bill increases.

Below are answers to frequently asked questions from customers.

'I'm using less, why am I paying more?'

Some customers have complained to EWON that they are making significant efforts to use less electricity, however their bills keep increasing. Reducing usage doesn't necessarily mean a customer's bill will be lower, as the annual price increase may be more than a customer has saved by reducing their usage. However, reduced consumption will still save money and mean that the bill increase will be less than it might otherwise have been.

'I thought a discounted rate would mean my bill would be cheaper'

Some customers complain that they took up a market contract which offered a discount, thinking it will be applied to their whole bill. Usually the discount only applies to the usage part of their bill. It could be that the annual price increase is more than the discount, so the customer's bill isn't cheaper than before.

'Where can I find information on electricity pricing?'

The Independent Pricing and Regulatory Tribunal (IPART) has produced consumer factsheets to explain electricity pricing and the upcoming increases. Visit www.ipart.nsw.gov.au to download their factsheets.

'Where can I compare prices?'

Visit www.myenergyoffers.nsw.gov.au A free electricity and gas online price comparison website for residential and small business customers. If you need help using the site phone the Energy Information Line on 1300 136 888.

Payment plans and switching retailers

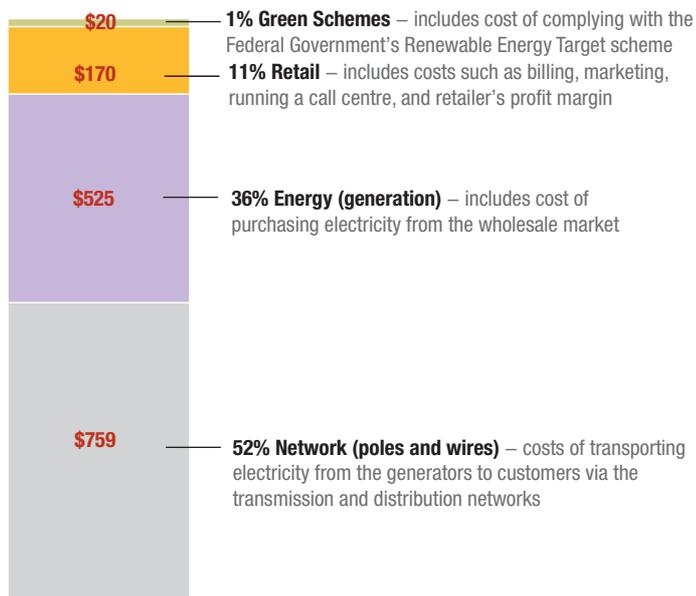
Sometimes customers who are struggling to pay arrears on their account will switch energy retailers because they see it as a way of deferring payment. These customers are often on a payment plan with their current retailer to pay off the arrears. They may not realise that if they switch, the payment plan is cancelled because the customer no longer holds an account with their previous retailer. This means that any amount owing to the retailer becomes payable immediately. If the customer isn't able to pay, the retailer may initiate debt recovery action.

EWON expects that energy marketing activity will increase during 2011/12. We urge community workers to make their clients on payment plans aware of this issue if they indicate they are considering switching.

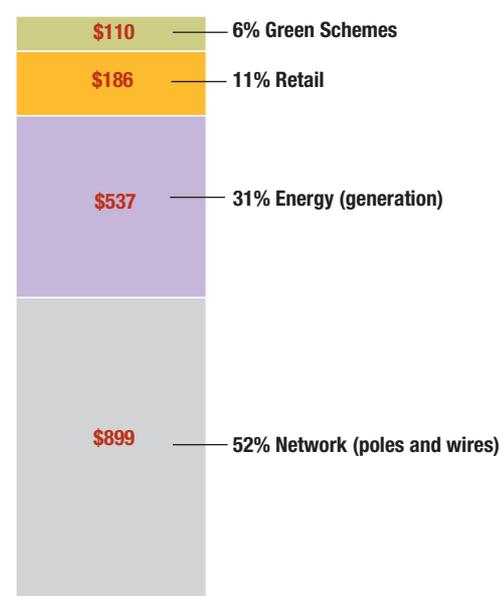
If your client has problems with a debt collection agency, they can contact the Credit & Debt Hotline on 1800 808 488.

What makes up my electricity bill?*

Before 1 July 2011, annual bill of \$1474



After 1 July 2011, annual bill increases to \$1732



*Example of a typical annual electricity bill for a small residential customer in NSW. These graphs are indicative only. Actual charges will vary depending on your network area and retailer. Annual electricity price increases come into effect 1 July. Source data: Independent Pricing and Regulatory Tribunal *Changes in regulated electricity retail prices from 1 July 2011: Electricity — Draft Report, April 2011*

Visits to agencies that distribute EAPA

EWON's Community Development Officer, Narelle Brown, reports on her visit to agencies that distribute EAPA (Energy Accounts Payment Assistance)

Thank you to Maggie Ingham (Salvation Army) and Amela Polovina (Granville Multicultural Centre), who kindly allowed me to observe their day delivering EAPA vouchers and other assistance under their agencies Emergency Relief programs. These visits help EWON better understand the challenges that community workers face assisting energy and water customers in hardship.

With full waiting rooms and growing waiting lists, these workers are in high demand. They are under constant pressure to manage appointments, balance agency and EAPA guidelines, manage clients' requests for help, while analysing utility bills and listening closely for other client concerns.

Community agencies are an integral part of the EAPA assistance scheme and their contribution cannot be overstated. As the EAPA program does not provide any funding for salaries or administrative costs, these have to be covered by the community agency.

Due to demand, the EAPA appointment may not be long enough

to address all the client's needs. Welfare workers often have to ask clients to come back on 'non-EAPA days' if they need help negotiating with retailers about bill payment or if they have other non energy issues.

During my visit workers raised concern about the notation of EAPA vouchers on the reverse of bills. Not all retailers provide information on the number of EAPA vouchers received on the account. Workers advise that they need this information to make their assessment. Workers have also come across instances where the information provided is inconsistent or incorrect.

Correct and consistent EAPA reporting on bills would make their job a little easier, particularly where customers have been assisted beyond the recommended guidelines.

Community workers sometimes identify systemic issues with a particular retailer or the industry generally, and they raise them with EWON. For example: one retailer was having problems with lost EAPA vouchers because they weren't able to accept them at Australia Post and they had to be mailed in. Delays meant that the EAPA vouchers were out of date by the time they reached the retailer. This resulted in customers facing disconnection and community workers

reissuing vouchers. EWON met with the retailer to discuss these issues and an interim solution was discussed.

EWON values its links with community and welfare workers and we are keen to hear about any energy or water issues you feel are a concern. If you would like to book a presentation or provide feedback to EWON, you can contact me at narelleb@ewon.com.au or phone (02) 8218 5241.

Outreach to Aboriginal communities

This year we began our Aboriginal outreach program with a stall at Yabun, a festival celebrating Survival Day. Following that Rose Gordon, EWON's Aboriginal Project Officer, attended interagency meetings, and Good Service Mob forums in Glenn Innes, Moree and Inverell.

EWON also participated in Aboriginal Community Information & Assistance Days organised by the NSW Department of Premier and Cabinet. Key agencies attend these days to offer Aboriginal communities services such as birth certificates, Medicare and electoral role registrations, and information sessions. EWON has found these days to be very successful and an invaluable way of reaching Aboriginal consumers.

Top left: EWON presentation to NSW Fair Trading staff at Parramatta. Bottom left: EWON at an Information & Assistance Day organised by the NSW Department of Premier & Cabinet. Left: EWON forum for community workers in Queanbeyan.



Power saving devices: are they worth it?

There are various devices which are marketed to consumers as 'power saving'. They range in price from \$20 to over \$1000 and may not be endorsed by independent authorities. EWON urges customers to research the effectiveness of a device before purchasing it, as it may cost more than any saving you may achieve. If you are not sure about the validity of a product or you wish to register a complaint about a fraudulent product, visit www.accc.gov.au or phone 1300 302 502.

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Help for low income households



Bill and Cholladda, among the first residents to take advantage of the Home Power Savings Program

Update on the Home Power Savings Program

Source: Office of Environment and Heritage NSW

More than 30,000 eligible households are becoming more energy efficient and saving money by taking advantage of the NSW Government's free Home Power Savings Program.

Participating households are expected to collectively save over \$5 million off household bills and over 28,000 tonnes of carbon pollution a year – a great result for the environment and the household budget.

The program, managed by the Office of Environment and Heritage NSW, targets pensioners and families on a low income and offers free help to manage rising energy costs.

Cholladda, a resident from Sydney's inner west, was one of the first to get a free home power assessment and a fully installed power savings kit.

Cholladda and her husband can expect to save at least \$129 a year by using their free energy saving items and even more by following the advice from the energy expert who performed the assessment.

"I joined the program because my electricity bill is becoming very hard to pay and I am interested in anything that can help me reduce my bills," said Cholladda.

"My last bill was about 20 per cent cheaper than the one before and I think I'll save even more on the next one as I am really trying to follow what the energy expert told me.

"I am very happy with the program. It was really good to understand how to save electricity," said Cholladda.

The free Kit, worth around \$200, includes a stand-by saver power board to reduce power waste from TVs and DVD players, four energy efficient light bulbs, a shower timer, water efficient shower head, tap aerators, door seal, draught-proofing strips and two door snakes.

The program also provides a free one hour home visit with an energy expert who will point out your top four power users and show you how much your appliances cost to run.

The Home Power Savings Program is open to nominated Centrelink and Veterans' Affairs card holders and those who are part of an energy retailer's hardship program.

Eligible households can call **1300 662 416** to make a booking for a free home power assessment, or visit www.savepower.nsw.gov.au for more free and low cost tips to save power around the home.

About EWON

The Energy & Water Ombudsman NSW (EWON) provides an independent way of resolving customer complaints about all electricity and gas suppliers in NSW and some water suppliers. Our service is free, fair and independent. Our aim is to keep essential services within reach of everyone.

We can help customers with a range of problems including:

- high bills, disputed accounts
- debts, arrears
- negotiating affordable payment plans
- problems getting reconnected
- disconnection/restriction of supply
- opening/closing accounts
- energy marketing practices
- negotiated contracts or switching retailers
- reliability or quality of supply

Contact EWON

Freecall 1800 246 545*
Monday–Friday, 9am–5pm

Freefax 1800 812 291
Freepost Reply Paid K1343
Haymarket NSW 1239

Email omb@ewon.com.au
Website www.ewon.com.au
Interpreter 131 450
TTY/Voice 133 677 (National Relay Service)

*Calls from mobile phones may attract a fee, which will vary depending on your service provider. If you are calling from a mobile phone, let us know and EWON will call you back.

About EWONews

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Editorial enquiries: news@ewon.com.au

Note: Names have been changed in case studies for confidentiality reasons.

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