

The newsletter of the Energy & Water Ombudsman NSW

Ombudsman's Note

Like gas and electricity providers and a range of other organisations, EWON is preparing for the challenges that will face us when the NSW electricity and gas markets become fully contestable early next year.

EWON has grown significantly over our three years of operation, and we are currently restructuring the organisation so that we can better serve the needs of consumers, our member companies and other stakeholders. We intend to focus on improving complaints management, increasing our community awareness and information campaigns, and continuing to build on our strong links with the electricity, gas and water industries and community agencies.

By far the greatest number of contacts from customers concern billing issues. Last year almost 65% of matters received by EWON were about electricity, gas or water accounts. For most people, their contact with their retailer is through their standard bill. With a number of new retailers entering the fully contestable market there is the potential for confusion among consumers. Access to information and consumer protection measures is therefore of major importance.

EWON is working with utilities to improve the relationship between retailer and consumer. We have welcomed the move away from a 'one size fits all' approach to bills, and a move to an increase in payment options to better suit the budgets of customers. More practical payment options benefit retailers as well as customers, as this should mean a reduction in credit management costs.

Clare Petre

Energy & Water Ombudsman NSW

What's inside?

Payment Options Seminar

EWON hosts seminar on how utilities can offer more payment options to customers



The Ombudsman and representatives from industry, consumer groups and welfare organisations at the seminar

Easy Dispute Resolution

EWON has joined with a range of other alternative dispute resolution schemes to assist youth to access advice and help

Avoid a shock this winter!

Practical suggestions on how to save on heating costs this winter

Case Studies

These cases give a snapshot of the type of work we do on a day to day basis

Hints and Tips

Our Investigations Officers provide useful tips to help consumers with common complaints

Payment Options for Customers

Extending the Horizon

On 27 April 2001 EWON hosted a seminar on payment options for customers. This was attended by representatives of utilities, community and welfare groups, regulators, and government agencies.

Of particular interest was the 'pay as you go meter'. Originating in Europe, pay as you go metering is not a new idea. However, it appears that a combination of geography and history has meant it has not taken hold in Australia.

In 1995 the Tasmanian electricity distributor, Aurora Energy, started a small trial to see how customers responded to pay as you go meters. A new meter was installed at the homes of selected volunteers. Customers insert a rechargeable smart card in their meter. When it is low on credit the meter beeps and the customer recharges the card at an outlet such as a petrol station or store.



Community workers from Tasmania recount their experiences

A clear majority of the people involved in the trial responded positively. They said they liked not having to receive a bill, as well as having some control over their power consumption because they could see more easily the power that different appliances used. Following the success of the trial, Aurora made the meters available to all their customers, and to date over 10,000 customers have taken them up.

The seminar clarified some issues about pay as you go meters, eg they cannot disconnect overnight or on weekends, they can go into debit if a card runs out.

Community workers from Tasmania whose clients had used the meters spoke positively about them. However, they reinforced the message that there is no one ideal payment system for all customers, including pay as you go meters, that payment options must be the customer's choice, and that we must continue to explore ways of making payments easier for customers of essential services.

Easy Dispute Resolution

The Energy and Water Ombudsman joined with a range of non-government, non-profit alternative dispute resolution schemes to launch *Easy Dispute Resolution*. This is a national initiative, designed to bridge a gap in services provided to young people in particular.

Recent industry and government research clearly indicates that young people are not accessing these services in sufficient numbers. As a result, many young people may be experiencing unnecessary difficulties with financial services, mobile phone contracts, car and housing loans and insurance policies as well as day to day services such as electricity, gas or water supply.

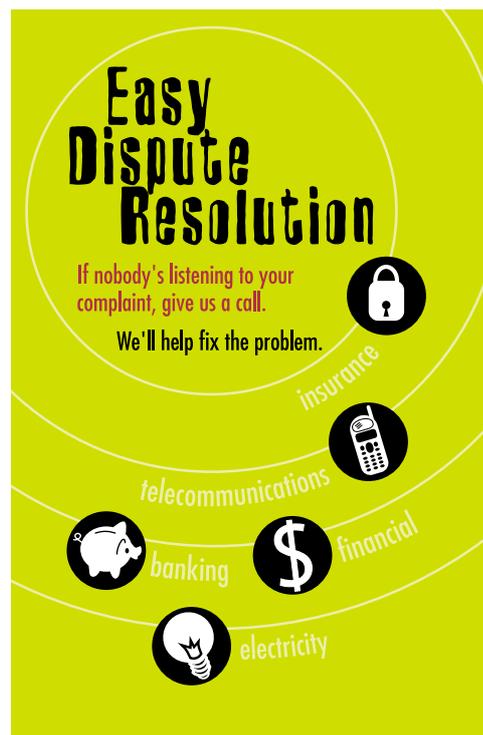
Our common objective is that all Australians, whatever their age or income, can readily access an independent, non-government scheme if

they have a complaint about a service provider. *Easy Dispute Resolution* will ensure that young people know there is always someone to listen to their complaint and to help fix their problems.

This free nation-wide service is offered by the:

- Energy & Water Ombudsman NSW,
- Australian Banking Industry Ombudsman,
- Telecommunications Industry Ombudsman,
- Insurance Enquiries and Complaints Limited,
- Financial Industry Complaints Service
- Energy Industry Ombudsman (Victoria, SA & Tasmania).

To contact *Easy Dispute Resolution*, obtain further information or order cards, please call 1800 001 501 or visit www.dispute.com.au.



One of the cards now available for distribution throughout Australia

Avoid a Shock this Winter!

Every year EWON receives many complaints about high gas and electricity bills. More than 15% of customers who contacted us between September and November 2000 said their winter bill was too high.

In some cases we have found that high bills are due to errors by utility providers, eg in transfer of meter data, computer error. In other cases, our investigation has found that the cause of high bills appears to be home heating.

The average household spends more than a quarter of their annual electricity bill on space heating or

cooling. Oil filled column heaters and electric radiators are two of the most expensive appliances to run. If used for 8 hours a day, for example, the average heater can consume up to \$200 worth of power every three months. In most homes, one heater is not enough to heat the whole family, and costs of heating can mount up.

The Sustainable Energy Development Authority (SEDA) has an Energy Smart program which gives advice on how to reduce heating costs without sacrificing personal comfort. This advice covers areas such as insulation, sealing out draughts and the use and maintenance of heaters.

live
**ENERGY
SMART™**
SEDA – SOLUTIONS FOR NSW

The energy smart program is an initiative of the NSW government's Sustainable Energy Development Authority.

Energy Smart Website

www.energysmart.com.au

Energy Smart Information Centre

1300 138 638

Recent case studies

When a rebate becomes a windfall...

Mrs N remembered being told by her water company eight years ago that she was not eligible for the pensioner rebate.

Earlier this year, Mrs N contacted the water company again to check if she could get the rebate. Even though neither the circumstances, nor the eligibility criteria had changed, Mrs N was told that she was now eligible for the rebate.

Mrs N contacted EWON when the water company refused to backdate the rebate further than the beginning of the financial year. Mrs N thought that she had been paying too much for the last eight years and believed that she was entitled to a refund.

EWON contacted the company and discovered that the customer had been eligible for the rebate for the entire eight years. They accepted that Mrs N had been given the wrong information in 1993. The company agreed to backdate the rebate and to send a cheque for \$1314 directly to the customer.

A comedy of errors?

For the last 14 years, Mrs B had paid all her electricity bills on time. Her account followed a fairly predictable cycle, rising from \$100 in the Summer, to \$300 in the Winter.

When Mrs B received a \$981 bill late last year, she could not understand why it was so large. She wrote to her electricity company for an explanation.

The response from the distributor recounted a series of meter-read errors, access problems and possible billing mistakes, leading to the high account. Mrs B was not happy with the response and asked EWON to investigate.

EWON had the electricity meters tested and analysed the distributors records. We found that the customer had been undercharged in previous bills but that this was an accurate 'catch-up' bill.

Nevertheless, given the customer's outstanding payment history, the distributor agreed to base the bill on previous year's usage. As such, \$800 was removed from Mrs B's bill.

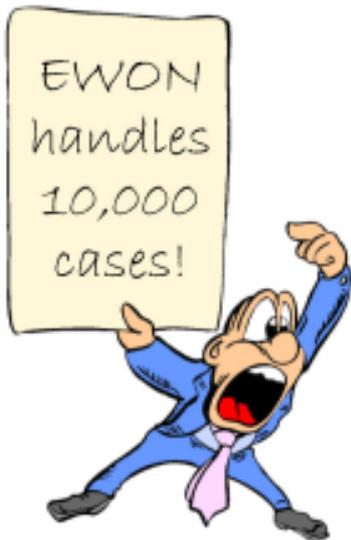
Unwelcome surprise

Ms F lived at the same address with her five children for seven years, unaware that her hot water system used gas. When Ms F came back from a two-week holiday, she was surprised to find a \$2300 gas bill due two days earlier and her hot water disconnected.

Ms F contacted EWON because she was not in a position to pay this extremely large bill, particularly in the time frame allotted. The customer was extremely distressed at not having the hot water available.

EWON contacted the gas distributor who confirmed that they had no contact with Ms F before the \$2300 bill was issued. They agreed to reconnect the hot water immediately.

After an internal review, the gas distributor accepted that they could have tried to contact Ms F much earlier. The distributor agreed to only bill the customer for gas usage for the last two years, thus reducing the amount owed from \$2311 to \$698.



In March 2001, we recorded our 10,000th consumer contact.

In the three years since June 1998, when EWON began operating, we have recorded an average of almost 290 cases per month. This year, we have averaged more than 370 cases per month - a 30% increase.

The NSW government has scheduled full retail competition in the gas and electricity markets from January 2002. With further competition in the energy market and expansion of EWON's jurisdiction to include energy marketers and all licensed energy providers to small domestic and business customers, we anticipate a further increase in customer contacts.

Allyson's Tip

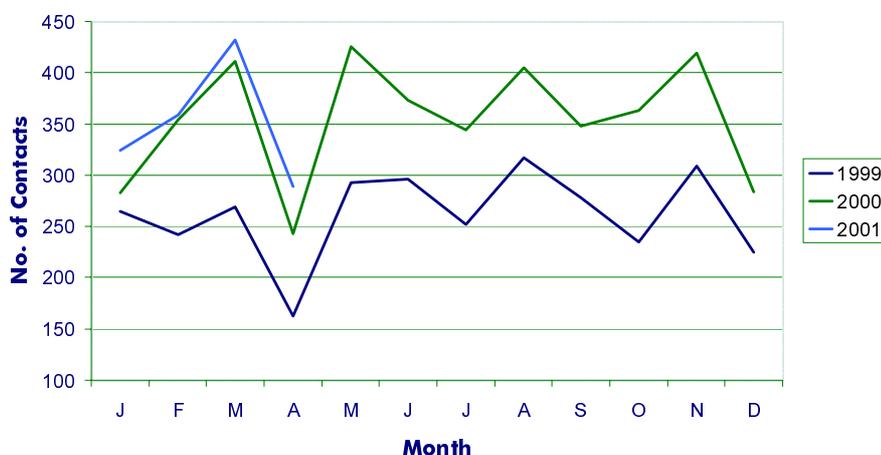


Allyson Henry, Investigations Officer

"When you are thinking of purchasing a property that is not connected to the sewer or water mains, it is important to research all the costs involved in connecting to these services, including the developer costs. You can do this by visiting your local Sydney Water branch and making the relevant enquiries. Don't forget to bring a plan of your property, it helps Sydney Water determine the layout of the land."

Each issue, a member of EWON's staff will share a tip to help consumers avoid problems with their energy or water provider.

Comparison of customer contacts 1999-2001



The Premier of NSW has announced plans to establish one of Australia's largest country-based businesses – Country Energy.

If approved by the ACCC, Country Energy will result from a merger of three current rural electricity distributors: Advance Energy, Great Southern Energy and NorthPower. All three distributors are members of the EWON scheme.

Country Energy's distribution area will extend from Queensland to the Victorian border. Customer access to EWON will not change before, during, or after the merger. Our service will continue to be available free of charge to the more than 700,000 customers affected by this change.

On 9 April, the Energy & Water Ombudsman NSW, Clare Petre, gave evidence to the Inquiry into the merger by the Standing Committee on State Development of the NSW Parliament.

The Back Page...

EWON welcomes the opportunity to provide feedback to regulators, consumer groups and industry about customer issues. Recently we have made submissions on:

- Default supply contracts and pricing in the contestable gas market (to Ministry of Energy and Utilities)
- Reliability of supply (to Ministry of Energy and Utilities)
- Sydney Water system performance standards (to IPART)

We have established a joint working group with other complaints handling agencies in NSW to explore shared initiatives such as community information and joint publications.

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