

EOQ UPDATE

ISSUE No.2

March 2008

A newsletter from the Energy Ombudsman Queensland

Energy Ombudsman's message



Welcome to the second issue of EOQ Update, which also marks the Energy Ombudsman Queensland's (EOQ) ninth month of operation since our establishment in July last year.

Between 1 July 2007 and 29 February 2008, we were contacted by over 3,780 Queenslanders for assistance with a range of electricity and gas complaints as well as enquiries about the energy industry in general.

The most common complaints received related to account issues with over 680 complaints made. The majority of these were about payment difficulties, unusually high or disputed accounts, as well as fees and charges. The introduction of full retail competition in Queensland's energy market, which coincided at the same time as EOQ's establishment, also generated a number of competition-related complaints. Competition has been quite active in south-east Queensland to date, with over 190,000 householders and small business owners taking up the opportunity to sign up with a new energy retailer, or sign a market contract for a different deal with their existing retailer. EOQ staff investigated 270 complaints about contract issues and the conduct of energy marketers. Our investigations into contract and marketing conduct complaints resulted in successful outcomes, including re-training of energy marketers responsible for making false and misleading statements and the cancellation of contracts that were signed under coercion without penalty to the customer.

Another common complaint was about delays in the connection of electricity and gas supply to new residences. We received 135 complaints about delays in new connections to the existing energy network. Now that energy distribution and retail (billing) are carried out by separate companies, new connections can only occur once the customer's energy retailer and electrical contractor or gas fitter have both sent the required forms to the energy distributor to begin the connection process. Processing delays and errors in submission of these forms set back some new connections for several weeks.

With over 1,300 electricity and gas complaint investigations completed between 1 July 2007 and 29 February 2008, I am happy to say that after intervention from our staff we were successful in changing energy suppliers' original position on over 78 percent of complaints. Overall, I am very pleased with the running of the EOQ scheme so far and I look forward to the challenges ahead.

Barry Adams
Energy Ombudsman (Queensland)

March 2008

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EOQ complaints - 1 July 2007 to 29 February 2008

Category	Complaint	Description	Total
Account	Account Fees & Charges	Consumer is querying fees or charges on their account by their retailer	215
	Account Payment Difficulties	Consumer is experiencing difficulty in making payment of their energy account	208
	Account Responsibility	Consumer has query as to the name on their energy account	77
	Debt Collection	Consumer has complaint about contact by a debt collection agency seeking payment	10
	High/Disputed Account	Consumer is claiming their energy account is unusually high and is disputing both energy consumption and payment	172
Compensation	Compensation - Damages & Loss	Consumer alleges damage or loss of goods as result of incident on electricity or gas network	25
	GSL	Consumer is seeking a guaranteed service level rebate in accordance with the Electricity Industry Code	4
Connection	Connection Issue - Existing Network	Consumer is seeking new connection to the existing network (eg. new residence)	135
	Connection Issue - Extension of Supply	Consumer is seeking to have supply extended from the electricity or gas network to their property	50
Competition/Market	Contract Issue	Consumer has a complaint over the terms or conditions of their energy contract (market or standard contract)	179
	Market Conduct	Consumer complaint regarding the conduct of retailers attempting to sign customers on negotiated contracts	91
Customer service	Customer Service	Consumer complaint regarding the manner of contact with their energy supplier (eg. call centre contact)	117
Disconnection	Disconnections	Consumer has had energy supply disconnected and is seeking assistance to be reconnected	127
Distribution network	Interruption to Supply	Consumer is claiming an interruption to their electricity or gas supply via the network	14
	Quality of Supply	Consumer complaint regarding the quality of their energy supply	13
	Vegetation/Environment	Consumer complaint regarding the trimming or removal of vegetation near energy assets (eg. trees near powerlines)	11
	Equipment/Assets	Consumer is seeking to have energy supplier's assets relocated or removed from near or on their property (eg. relocation of power pole)	29
Referrals	Referred back to Energy Supplier	Customer is referred back to their energy provider as they have not initially raised their complaint with their provider	1560
	Referred to Energy Regulator	Customer complaint is referred to the Department of Mines and Energy	354
	Referred to Office of Fair Trading	Customer is referred to the Office of Fair Trading	5
	Referred to Other Agency	Customer complaint is referred to another agency (eg. Electrical Safety Office, Department of Communities)	84
	Referred to Queensland Competition Authority	Customer is referred to QCA	19
General enquiries	EOQ General Enquiry	Customer is seeking generic information (eg information on FRC)	287
TOTAL			3786



Wrongful disconnection leaves a bad smell

In September, Adam moved into a unit and signed a contract with a new energy company to supply his power. In December, he arrived home after being away for most of the day only to find that he had no power. All of the food in his refrigerator and freezer had gone off and was beginning to smell. After checking the safety switch, he decided to call an electrician to find out what the problem was. After a quick inspection, the electrician advised Adam that his energy supplier had disconnected his electricity supply.

Adam thought it was too late to call his electricity supplier, and his elderly mother who was living with him required refrigerated medication, so he decided to find alternative accommodation for the night. The power was still not working when Adam arrived back home the next day so he called his electricity supplier to find out why the power had been disconnected and was still not restored. At this point, Adam's electricity was restored.

The wrongful disconnection had greatly inconvenienced Adam. He was out of pocket for electrician, accommodation and cleaning costs as well as loss of food and supplies. After cleaning and throwing out the spoiled food, his fridge continued to smell so he kept all perishables in an esky.

Adam decided to contact EOQ for assistance after he was unsuccessful in seeking reimbursement from his electricity supplier for the loss of food and other expenses incurred. After EOQ's initial investigation into the problem, it was discovered that Adam's new energy supplier had failed to complete the new connection process properly, which includes informing the previous tenant's energy supplier that a new tenant has moved in and signed up with a different energy supplier. Because the previous tenant's supplier was unaware of the changes in tenancy, they'd disconnected the property due to non-payment from the previous tenant.

After further negotiations with Adam's energy company, EOQ was successful in getting an apology and a claim for compensation of \$2,500 to replace the fridge.



Delays in energy connection

David paid for an extension to the electricity supply at the house he was building. His energy supplier had provided three different dates for connection but did not meet any of them. He was concerned about the delays and the inconsistent advice from his energy supplier.

After an unsuccessful attempt at contacting his energy supplier to resolve the problem, David called EOQ for help. He was seeking reimbursement of the fuel costs for the generator he was forced to use as well as interest on the money he had to borrow from the bank to cover the cost to extend his electricity supply.

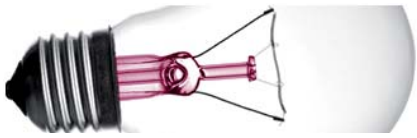
After EOQ intervention, David's supplier completed the extension work to his property and agreed to reimburse the extra costs caused by the delay.

Gas account mix up

Cathy called EOQ in October because she received a letter from her energy supplier stating that her gas supply was about to be disconnected due to unauthorised use of gas at a block of units that she owned. Cathy couldn't understand why her gas use would be classed as unauthorised when she had owned the units since 2005 and had no issues with her gas account previously.

After a failed attempt to resolve the issue with her energy supplier, she called EOQ for assistance. EOQ's investigation into the matter confirmed that Cathy's energy supplier had finalised her account 'in error' in April which resulted in an automated unauthorised usage letter being sent to her property. Upon finding this out, the EOQ officer who was investigating the complaint sent an interim order to Cathy's energy supplier requesting they do not proceed with disconnection during the course of the investigation.

Cathy's energy supplier decided to reverse all bills charged between April and October because they included incorrect fees and charges for unlawful use of gas. Once reversed, she was then re-billed for the correct amount and was also given a goodwill gesture of \$100. Cathy was not disconnected.



In the spotlight 4

Customers switched to market contracts without consent

It has been brought to our attention that some Queensland energy consumers are being switched from standard energy contracts to market contracts without their consent. EOQ has received complaints from consumers who say they've unknowingly been transferred from a standard retail contract to a market contract, some with contract periods of up to three years and increased fees and charges.

Before the introduction of full retail competition in Queensland's energy market, all residential and small business energy consumers were on a 'standard retail contract' with the energy supplier in their area. Now consumers can choose to enter a 'market contract' with a range of energy retailers, which means they can negotiate terms like price, payment arrangements, fees and charges with the company they sign up to. However, all consumers have a right to be supplied energy on a standard retail contract and are under no obligation to sign a market contract. EOQ is concerned about complaints from people who found out they had been switched to a market contract with their existing energy retailer when they had only called to change their address.



One complainant said that she asked to transfer her electricity supply, which was on a standard retail contract, to another address she was moving to within the same suburb. She rang her existing energy retailer to inform them of her new address and assumed they would just transfer her supply—not switch her to a market contract. She said there was never any mention of changing her original account to a market contract and no disclosure of the different terms and conditions associated with it, she just asked to change address.

EOQ officers will continue to monitor the number of complaints received about this issue and consumers are warned to be diligent when contacting their energy supplier.

Small businesses warned to be wary of electrical brownouts



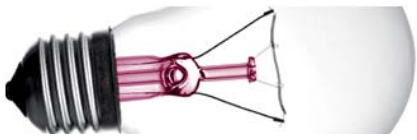
Small businesses, especially those who rely on equipment with electric motors, are warned to be wary of unplanned 'brownouts' that can cause damage to motorised electrical equipment.

Brownouts occur when electrical infrastructure becomes overloaded and the power voltage unexpectedly drops—often because of unforeseen damage to powerlines and poles from fallen trees during storms and traffic accidents. Unlike a blackout, electricity supply during a brownout is not completely lost. The electrical voltage drops from its normal level to a significantly lower level and back again—rather like the opposite of a surge. In many ways, brownouts are worse than blackouts. In a blackout, the power just goes off, but with a brownout electrical devices continue to receive power at a reduced level causing some appliances to malfunction rather than fail totally. Brownouts can cause electric motors to overload and may damage equipment such as fridges, commercial air conditioners, washing machines, pool pumps and irrigation systems.

Apart from installing a battery-based uninterruptible power supply (UPS) device*, there is little protection available for consumers during a brownout apart from being able to recognise a brownout and to know what to do when they occur. You can sometimes detect a brownout if lights dim or flicker. If this happens, it's important to turn off and unplug all motorised electrical appliances immediately. Energy suppliers are not liable for damage to electrical equipment if brownouts are caused by natural/unforeseen circumstances such as damage caused by storms.

Most surge protectors offer little protection during a brownout because they are designed to protect equipment from increases (surges) in voltage levels, not decreases. It's also important to check that your contents insurance policy is up to date and that it covers motor burnout in these situations.

*Battery-based Uninterruptible Power Supply (UPS) can be used to protect computer and electronic equipment during voltage fluctuations.



Young adults encouraged to be 'switched on' energy consumers ...

As a member of the Australian and New Zealand Ombudsman Association (ANZOA), EOQ has been working to spread the message that 'Ombudsman services are fair, free and independent'. EOQ co-hosted market day information stalls with other ANZOA members at the University of Queensland, Queensland University of Technology and James Cook University (Cairns) during Orientation Week celebrations in late February 2008.

EOQ has a special interest in ensuring young adults have a thorough knowledge of their consumer rights and responsibilities as energy account holders and of their right to make a complaint if they have an unresolved issue with their energy provider.

Many young adults who finished school last year have just started to undertake further study or enter the workforce and may also be considering moving out of home for the first time. This can be an exciting but daunting time—especially when it comes to finding somewhere to live and setting up utility accounts in their name. Many first-time energy account holders often struggle to stay on top of their bills and are not aware of their rights and responsibilities in relation to opening, closing and managing electricity and gas accounts.

EOQ staff attended the universities to provide students with valuable information about:

- opening and closing energy accounts
- managing bills and ways to cut down on costs
- signing an energy contract and dealing with energy marketers, and
- what to do if they have a complaint.

A postcard (see right) was also developed and distributed to spread the word among young adults. It lists the range of different Ombudsman services available to consumers in Australia. Postcards will also be distributed to popular youth venues and cafes throughout Queensland during Youth Week in April 2008.



To order copies of the postcard (pictured above), visit the 'Publications and Media' section of www.eoq.com.au





Welcome: Paul Mitchell

We are pleased to welcome our new Central Queensland Regional Manager, Paul Mitchell, who joined the EOQ team in late February. Paul brings a wealth of local knowledge from his previous employment as a Rockhampton Regional Manager for the Department of Emergency Services (DES), where he received the DES medallion for 'Outstanding Management and Innovation in the Delivery of Corporate Service in Central Region'. Paul also possesses a Graduate Certificate in Management and an Advanced Diploma in Health Administration and is an active member of the Australian Institute of Management.

"I'm very pleased to be heading up the Central Queensland division of such an important organisation. I really look forward to the challenges ahead and want local energy consumers to feel confident knowing that there is help at hand if they can't resolve a dispute with their energy supplier," Paul said.

Paul will be the guest speaker at the Safe and Confident Living Expo held at Schotia Place in Rockhampton on 17 March 2008 (9:30am to 1:30pm). The expo will focus on relevant issues facing seniors and those with disabilities. **For more information about the expo or to make a booking, call Schotia Place on (07) 4927 6793.**



Paul Mitchell, Central Queensland Regional Manager.

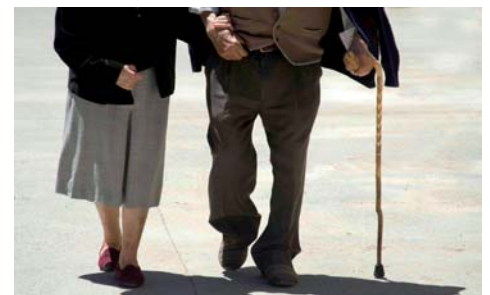
Gas rebate for pensioners

The Queensland Government has introduced the gas pensioner rebate scheme. The \$2.75 million rebate scheme will provide a rebate of \$55 per year to Queensland pensioners using reticulated natural gas. The rebate, which will be backdated to 1 July 2007, will assist pensioners to meet the increased supply costs of reticulated natural gas. Gas retailers are mailing rebate information to customers with their bills and/or through special mail outs.

Customers can apply for the rebate before receiving this information from their retailer. To apply for the rebate, customers will need to contact their gas retailer and provide the necessary information to verify their eligibility. Applications can be made over the phone or by filling out an application form which is available from natural gas retailers.

Once an eligible customer has applied for the rebate, and it has been processed by their retailer, the rebate will be paid to them as a credit on their next bill. The first rebate paid to customers will include a back payment to 1 July 2007; however, if a customer has only recently connected to reticulated natural gas, they will receive a pro-rata back payment to the date of connection. Customers who have had their gas disconnected and reconnected within the period or changed gas retailers will still get their back payment to 1 July 2007. After the initial back payment, all bills received will credit the rebate for the period of the bill (usually quarterly).

For more information about the rebate, customers should contact their gas retailer. For further information about the rebate from the Queensland Government, contact the Department of Communities on **13 13 04**, email concman@communities.qld.gov.au or visit them online at www.communities.qld.gov.au/community/concessions



New scheme members

Since our last issue of EOQ Update, two more licensed energy retailers, Queensland Electricity and Powerdirect, have become EOQ scheme members. To ensure that energy scheme members operating in the Queensland energy market abide by relevant legislation, regulations and codes, and act in a manner which recognises the rights of all consumers, all energy distributors and retailers must become EOQ scheme members when they supply residential and small business energy consumers with electricity or gas.



'Getting on with life' program for ex-offenders

EOQ's North Queensland Regional Manager, Samina Shah, attended a 'Getting on With Life' workshop for agencies that facilitate ex-offender reintegration back into the community.

The workshop was held by Department of Corrective Services in Cairns last month and was well attended with key speakers from Centrelink, Lifeline, Queensland Police, Gambling and Indigenous assistance agencies, Queensland Health and the Department of Justice.

Sam provided a brief overview on how EOQ services may assist ex-offenders. It also provided a great opportunity to network with a range of agencies involved in post-release reintegration as well as the opportunity to hear first-hand some of the financial barriers and problems encountered post release, including access to information about essential services and dispute resolution.



Community briefing in Rocky

Energy Ombudsman Barry Adams conducted a community briefing session in Rockhampton this January to provide information on the services of EOQ to various stakeholders in the central Queensland region. He was joined by Karen Chalmers-Scott, Chair of the Advisory Council (Council) to EOQ. Ms Chalmers-Scott introduced Council members and spoke about the Council's independent monitoring role which aims to ensure community and stakeholder confidence in the impartiality of EOQ's service.

Council members, Fraser Power (Customer Advocate, Ergon Energy) and Ian Jarratt (Executive Member, Queensland Consumers Association) also provided valuable insight into the EOQ scheme and Queensland's energy industry from an industry and consumer perspective.

Energy Ombudsman visits Cairns

In October last year, Barry Adams visited Cairns to promote the services of our dispute resolution scheme. While he was there, Barry met with a range of local stakeholders including local Members of Parliament and welfare/assistance agencies and community groups, including Drew Dangar (pictured) from the Indigenous Consumer Assistance Network (ICAN). Barry also carried out a range of local media interviews to spread the word of EOQ.



Redlands information session

EOQ officers met with a range of welfare and assistance agency workers in the Redlands area in late November last year. We presented at the Redlands Community Centre who kindly allowed us to use their venue and invited many of their colleagues from other local organisations to attend.

If you would like EOQ staff to present an EOQ information session to your organisation, please email info@eqq.com.au or freecall 1800 662 837.



Useful resources 8

Consumer fact sheets

The Energy Ombudsman Queensland has produced a range of free, useful and easy to read consumer fact sheets on the following topics.

- Handling a complaint with your energy supplier
- Consumer protections & guaranteed service levels
- Energy contracts
- Accounts and bills explained
- Dealing with energy marketers
- Payment assistance & rebates



The Australian and New Zealand Ombudsman Association's (ANZOA) Public Relations and Communications (PRAC) interest group has developed a fact sheet on 'Ombudsman services in Australia' outlining what an Ombudsman does, the types of Ombudsmen, the complaint resolution process and the contact details for various Ombudsman services in Australia.

You can order copies of our fact sheets through the 'publications and media' section of our website at www.eoq.com.au or by calling **1800 662 837**.

Energy price and contract comparator

There are a number of separate elements that can be included in electricity pricing, such as the price for electricity used, network charges and service charges. If you are comparing prices, make sure you check what has been included and what is excluded from your offer. All energy retailers who offer a market contract set their own 'market' prices. You should compare these prices against the Queensland Government's regulated price. The electricity you use is measured in kilowatt-hours (kWh) or megawatt-hours (MWh). A unit price is the price per kWh or MWh. This is how you will be able to compare prices from different retailers against the Queensland Government's regulated price. Check your recent bills to see how much energy you usually consume - and don't forget you may use more or less electricity in summer or winter.

The Queensland Competition Authority (QCA) has developed a price comparator so you can compare electricity prices offered by various Queensland energy retailers. The price comparator can be accessed through the QCA's website at www.qca.org/comparator.

Two commercial websites that also offer energy company comparison services are www.switchselect.com and www.shoparound.com.au. These sites may offer a limited range of switching options and may not provide prices for all energy retailers participating in the market.

EOQ Community Service Announcements for press media

We have produced a range of Community Service Announcements (CSAs) for press media, community newsletters and stakeholders to use when needing to 'fill a gap' with helpful community information. The following CSAs can be downloaded under 'publications and media' at www.eoq.com.au.

- Facing disconnection? Don't be left in the dark.
- Signing an energy contract? Read the fine print first.
- Keep cool, but keep costs down.
- Energy marketers knocking on your door?
- Information about EOQ services and contact details in Arabic, Bosnian, Chinese (simplified and traditional), Croatian, Greek, Italian, Japanese, Persian, Samoan, Spanish and Vietnamese.





Useful resources

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Do not call register

The Commonwealth Government set up a 'do not call' register which gives you a choice about whether to receive any telemarketing calls at home. Energy telemarketers should not call your number once it has been on the register for 31 days. You can register your home or mobile phone for five years on the register. The 'do not call' register is a free service which applies to most telemarketing activity, including all energy marketers. By law, if you add your name to the register, energy marketers (other than your own supplier) will not be allowed to contact you by phone. To access the register visit www.donotcall.gov.au or call **1300 792 958**.



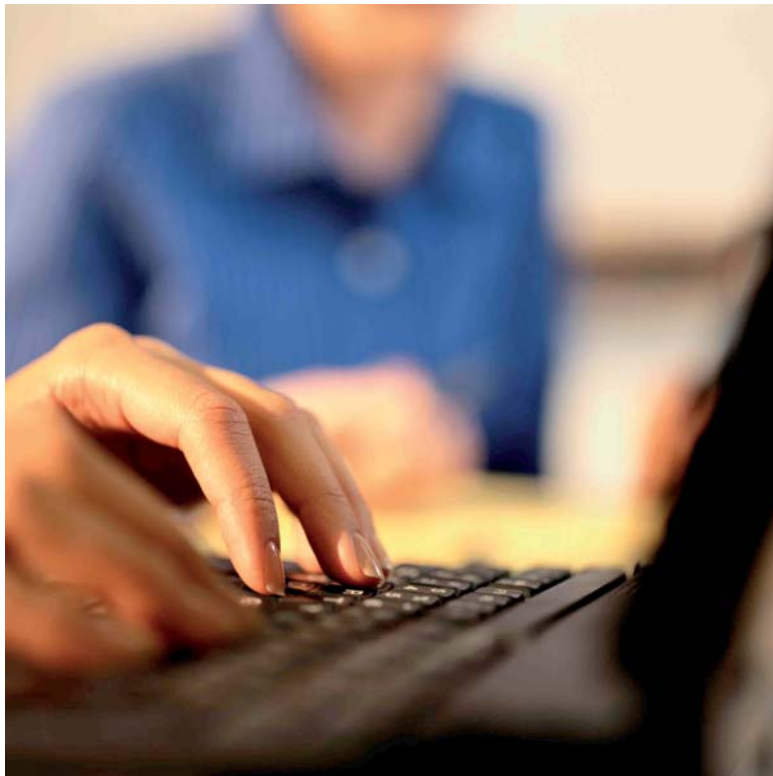
EOQ information distributed to libraries throughout Queensland

In late November last year, we distributed over 400 EOQ information kits, containing a general brochure, poster and our range of fact sheets to information stands in all public libraries throughout Queensland.

Subscribe

EOQ Update is a stakeholder e-newsletter from the Energy Ombudsman Queensland. If you would like to subscribe, unsubscribe or change your details, please visit our '[subscribe to email lists](#)' section of the EOQ website at www.eoq.com.au or email publications@eoq.com.au. You can also subscribe to receive our EOQ media statements when issued.

We welcome your feedback. Please direct all comments and suggestions about EOQ Update to publications@eoq.com.au.



ABOUT EOQ

The Energy Ombudsman Queensland is a free and independent dispute resolution and mediation service for Queensland's energy consumers.

We are committed to providing an effective, high-quality, fair and confidential service for domestic and small business energy consumers who have been unable to resolve a problem with their energy supplier.



Freecall
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