

EOQ UPDATE

ISSUE No.7



Energy Ombudsman's message

After a tumultuous beginning in 2007, 2009-10 has brought about more stability in case numbers.

EOQ experienced a slight decrease in cases closed - 12,590 compared to 13,456 in 2008-09.

Whilst over 50 per cent of the cases received by EOQ were about billing and credit, customer service and marketing complaints remain as areas of dissatisfaction for Queensland energy consumers. You can read more about our cases in 2009-10 on page four.

When we established EOQ, we made a commitment to a performance review after three years of operation. The independent review conducted by Colmar Brunton has provided a timely and useful snapshot of how our stakeholders and clients saw our performance, and will greatly assist us to develop meaningful business improvement strategies. The outcome of the review is discussed on page five but it is pleasing to see that stakeholder and customer perceptions of EOQ are very positive.

We also implemented a number of strategies to improve service delivery to our stakeholders in 2009-10. These included a new case management system, new case level classifications, and established a Policy and Research unit.

Our successes over the past year would not be possible without the hard work and expertise from our investigative and corporate staff. Through their professionalism and determination we have achieved so much, despite often difficult circumstances.

There is no doubt next year will have its challenges, and opportunities, but we are ready!

Barry Adams
Energy Ombudsman

October 2010

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Closed cases - FYTD at 30 September 2010

| Case category | Description | Total |
|--------------------------|--|--------------|
| Billing | High/disputed bills, delays, errors, estimated accounts, fees & charges, rebates/concessions, tariff, meters, refunds etc. | 350 |
| Credit | Payment difficulties, disconnection, bad debt etc. | 95 |
| Customer service | Failure to inform/respond, incorrect advice, poor attitude/service, privacy issues etc. | 29 |
| Land | Impact of network assets, maintenance, vegetation management etc. | 10 |
| Marketing | Conduct by energy marketers, misleading information, pressure, non-account holder signed up etc. | 16 |
| Provision | Problems with new or existing energy connections etc. | 32 |
| Supply | Quality of energy supply, damage/loss, outage etc. | 12 |
| Transfer | Error in billing/transfer of account due to switching retailers, contract terms, delay in transfer, site ownership etc. | 45 |
| Refer-back | Customer is referred back to their energy supplier because they haven't raised the complaint with them first. | 731 |
| Referral | Complaint is referred to another agency with jurisdictional responsibility. | 254 |
| Referral to higher level | Customer has opted to escalate their complaint to a higher level with their energy supplier before beginning an EOQ investigation. | 1,136 |
| General | General enquiries for information. | 316 |
| TOTAL | | 3,026 |

Total cases closed per month 2010-11

| Month | Total cases |
|--------------|--------------|
| September | 1,025 |
| August | 903 |
| July | 1,098 |
| TOTAL | 3,026 |



Disconnected for debt

Ms S, a pensioner, was disconnected for not paying her electricity account. When she couldn't get reconnected or convince her retailer she had made payments, she contacted EOQ.

When EOQ investigated it was discovered a payment plan had been set-up in April but when the payments were not received as agreed the retailer began disconnection proceedings. The retailer tried to contact Ms S to notify her of the pending disconnection but the phone number listed was disconnected.

Ms S was able to show EOQ that part payments had been made recently and a further amount was paid the day she called EOQ. She also assured EOQ she could make weekly payments for the amount owing and future consumption.

EOQ arranged for Ms S to speak to her retailer's financial hardship team in relation to a payment plan and negotiated reconnection pending a mutually agreeable outcome.

The payment plan was agreed to and Ms S was reconnected the same day. EOQ also requested she be considered by the retailer for a Home Energy Emergency Assistance Scheme payment and they discuss ways to reduce her energy consumption.

EOQ takes action against misleading solar claims

Two retailers of solar panel systems have amended their marketing campaigns after the Australian Competition and Consumer Commission (ACCC) raised concerns that representations in their advertisements were likely to mislead or deceive consumers.

The ACCC investigation was initiated following complaints from EOQ about the misleading nature of advertisements regarding savings that consumers could reasonably expect from the installation of solar panels.

The two retailers claimed:

- that consumers could 'wipe out' household electricity bills by installing a 1.5kw solar panel system, when a system of that size is not likely to generate sufficient electricity to eliminate an average household's electricity costs
- that the solar systems were available at heavily discounted prices, when they had never sold the systems at the higher prices or recommended retail prices advertised, and
- that the discounts were only available during limited sale periods, when the systems were always available at discount prices.



Delayed billing distresses widow

In November 2008 Mrs R's husband died. At the time she had an electricity bill for \$171.65 which was paid in December 2008.

During this time Mrs R was extremely upset and her daughter took over paying her bills. Her daughter mentioned one day that she had not received an electricity bill for some time. Mrs R contacted her retailer and informed them of this. She also checked her account balance and was told she was \$101 in credit. Her retailer stated that they would send the bill.

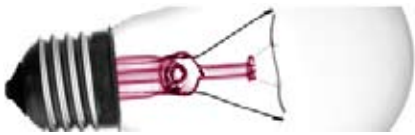
However Mrs R did not receive a bill for 18 months. She continually informed her retailer that she hadn't received a bill and therefore couldn't pay her account. Despite this, her retailer started disconnection proceedings for non-payment in July 2010.

Mrs R then discovered her retailer had sent the bills to the wrong address and she now owed \$977. She asked EOQ to investigate.

EOQ found Mrs R had advised her retailer several times of her correct address but a system error prevented Mrs R's address from being updated. Subsequently she never received the bills.

EOQ advised the retailer that because of this error Mrs R was very distressed.

In September the retailer sent Mrs R her bill to the correct address. In addition she was not charged for the bills from the date of contact with EOQ, as per legislative requirements. This resulted in charges of \$944 being waived as well as a goodwill gesture of \$50 applied to her outstanding account.



Energy bills still the top complaint



Billing, credit and transferring energy retailers were the top complaints from Queensland's energy consumers, according to EOQ's latest Annual Report.

Energy affordability remains a problem for many Queenslanders with 1,681 investigations into billing, of which 479 were about high bills.

EOQ also investigated 357 billing errors, 200 complaints into fees and charges, 152 delayed bills, 97 backbills, 64 complaints about meters not read or faulty, 58 estimated bills, 57 problems with rebates or concessions, 32 complaints into tariffs, and 25 problems with refunds.

Not being able to pay a bill (credit issues) caused problems for 274 people with 138 investigations into debt collection, 76 investigations into disconnection for non-payment of a bill and 60 investigations into payment difficulties.

Transferring retailers was a problem for another 205 people with delays in transfer, transferring without consent or in error, the main complaints.

AGL and Origin Energy had the highest number of complaints (3,229 and 3,081 respectively) with the next highest, Queensland Electricity (now Lumo Energy), with 994 complaints.

Interestingly, when this was broken down to the number of complaints per 10,000 customers, Queensland Electricity was significantly higher with 233 complaints per 10,000 customers compared to AGL's 92 and Origin Energy's 45.

The introduction of the Referral to Higher Level process was very successful with over 4,600 people taking up this process. This has significantly reduced the number of complaints requiring investigation and reduced the time for customers to have their concerns addressed.

The 2009-10 Annual Report is available to download from www.eoq.com.au, or email publications@eoq.com.au or phone 1800 662 837 for a copy.

Escalating cases

To ensure complaints are resolved quickly and effectively, EOQ can escalate cases to a higher level. Escalating cases imposes an additional cost to the scheme participant.

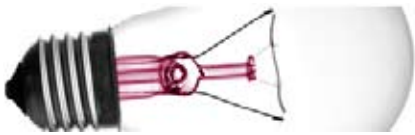
On 1 July 2010, EOQ introduced level 3 investigations to reflect the complexities of some cases and the amount of time required to finalise them.

Level 1 cases are those that require less than 240 minutes of EOQ time. Level 2 cases are those that require less than 480 minutes and level 3 cases are those that require more than 480 minutes. If there is no agreed outcome at this stage, the case may progress to final order by the Energy Ombudsman.

Cases can also be escalated at any time for breaches by a scheme participant. This includes:

- taking action against a customer (e.g. disconnection) when EOQ has issued a Notice of Investigation
- failure to provide information requested by EOQ within the specified timeframe
- failure to adequately address the information requested by EOQ
- failure to comply with the agreement reached by EOQ.

All case escalations are reviewed by the Regional Manager and may be appealed to the General Manager Operations.



EOQ meets the mark

An independent review has confirmed EOQ is meeting the dispute resolution benchmarks of accessibility, independence, fairness, accountability, efficiency and effectiveness.

Conducted by Colmar Brunton in June 2010, the review found EOQ has performed well overall and stakeholder and customer perceptions of the organisation are very positive. While there are suggestions for areas of improvement, the general consensus is these are improvements to a scheme that is already working well.

EOQ has developed an action plan to progress the relevant findings of the report in 2010-11.

Customer satisfaction survey

Colmar Brunton also conducted a customer satisfaction survey for EOQ.

Eighty-six per cent of respondents were satisfied or very satisfied with the overall service provided during their contact with EOQ. This exceeds the 80 per cent target for 2009-10 and is a four per cent increase on the 2008 customer satisfaction survey results.

There is also a growing percentage of customers who are finding more results in their favour and are satisfied with the outcome. Around three in five (57 per cent) customers had an outcome that was in their favour, and 76 per cent of customers were satisfied with the outcome of their complaint and the explanation given for this outcome (74 per cent). This is an increase in comparison to the 2008 survey which found 52 per cent of customers had an outcome in their favour and 67 per cent were satisfied with the outcome of their complaint.

EOQ input into national framework

The National Energy Customer Framework (NECF) has been the subject of extensive consultation during its development from 2007 to 2010. The Second Exposure Draft of the NECF (NECF2) was released in November 2009 for public comment.

As part of the consultation process, EOQ recently attended a number of Australian Energy Regulator (AER) forums held in Brisbane. The forums provided an opportunity for stakeholders to discuss concerns and seek clarification on changes proposed by the NECF. Attending these forums ensures EOQ is up to date with the latest changes proposed by the NECF for implementation by AER and provides EOQ with insight into the impact these changes may have on consumers and scheme participants.

EOQ recently provided comment to the AER on the Retail Market Performance Reporting issues paper. EOQ for the most part only commented on areas of significant interest to EOQ and overall supports the issues paper.



Staffing

EOQ has recently appointed two permanent Investigation Officers – one in Cairns and one in Rockhampton – and an Enquiry and Referral Officer in Brisbane. Corporate Services have also permanently appointed a Senior Systems Analyst and Principal Finance Officer.

A new Policy and Research unit was established in June. It is responsible for leading and coordinating research, analysis and the development of strategic, operational and corporate policies to ensure and enhance services to stakeholders. Marketing and Communication has moved to the Policy and Research unit.

EOQ now has 35 full-time equivalent staff throughout Queensland.





Seniors Week

EOQ was well represented during Seniors Week activities in August.

The Central Queensland regional office participated in the Fraser Coast Seniors Expo at Hervey Bay. Over 2,000 people attended and the EOQ stand was very popular with people lining up, bills in hand, to discuss their issues.

North Queensland regional office also attended a Seniors Week expo hosted by the Cairns Regional Council.

In a related event, Energy Ombudsman Barry Adams was the guest speaker at the Australian Pensioners' and Superannuants' League state conference in September. Barry discussed how EOQ can help people resolve their energy disputes.



Community agencies

Paul Mitchell, Central Queensland Regional Manager, attended Anglicare's Annual Regional Conference in Rockhampton. Addressing 27 regional counsellors and welfare officers, Paul discussed disconnections and how EOQ can assist people in financial hardship. He also promoted energy efficiency and government assistance and initiatives.

Paul also attended the Fraser Coast Regional Council's Community and Disability Services Expo held recently in Maryborough.

Keeping the lights on

The Credit Commercial and Consumer Law program, in partnership with the Queensland Council of Social Service, held a consumer network forum in March which focussed on issues for electricity consumers. Barry Adams gave two presentations about the problems experienced by energy consumers and how to make the complaints process work.

Youth

EOQ again participated in O Week activities at universities in Brisbane, Rockhampton and Cairns with the Australian and New Zealand Ombudsmen Association.

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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.



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