

EOQ UPDATE

ISSUE No.6



Energy Ombudsman's message

The recent release of the Energy Ombudsman Queensland's (EOQ) 2008-09 annual report marked the end of our second year of operation. EOQ closed 13,456 cases in the 2008-09 financial year, nearly doubling the number of cases closed in our inaugural year and firmly establishing ourselves as an essential and valuable service for Queensland energy consumers.

The development and growth of our new organisation has not come without its challenges. With such a dramatic increase in case loads, the key was to stay focussed on the task at hand while ensuring we had the appropriate mix and number of skilled staff to deliver on our vision to provide a free, fair, effective, high quality and confidential service. It was also critical that we maintained and further developed policies, procedures and systems essential for the effective day-to-day operation of our organisation. This meant anticipating and responding to potential issues with solutions that continued to deliver a high level of customer service, while avoiding complaint backlogs and delays. As with other relatively new organisations, this is something we will continue to focus on throughout our formative years.

Account issues again topped our case load in 2008-09, with problems about payment difficulties, incorrect fees and charges, and issues with energy bills making up nearly 70 per cent of all complaint investigations closed. Energy affordability remains a problem and is likely to continue in 2009-10 in the current financial climate. I will continue to monitor complaints about payment difficulties as the recent increases in living expenses take effect and more people start to feel the pinch.

I sincerely thank everyone in EOQ who continued to strive for high professional standards and quality in all areas of their work during, at times, very demanding and stressful situations. I also thank our Advisory Council members, energy scheme members, and government and community stakeholders for supporting EOQ in our vision to provide a free, fair and accessible dispute resolution service for Queenslanders, which I look forward to continuing in 2009-10.

With the approach of the festive season, I wish to extend season's greetings and wish everyone a new year abounding with health, happiness and prosperity.

Barry Adams
Energy Ombudsman (Queensland)

November 2009

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EOQ closed cases - FYTD at 31 October 2009

Case category	Description	Total
Billing	High/disputed bills, delays, errors, estimated accounts, fees & charges, rebates/concessions, tariff, meters, refunds etc.	716
Credit	Payment difficulties, disconnection, bad debt etc.	80
Customer service	Failure to inform/respond, incorrect advice, poor attitude/service, privacy issues etc.	59
General	General enquiries for information.	545
Land	Impact of network assets, maintenance, vegetation management etc.	4
Marketing	Conduct by energy marketers, misleading information, pressure, non-account holder signed up etc.	41
Provision	Problems with new or existing energy connections etc.	33
Refer-back	Customer is referred back to their energy supplier because they haven't raised the complaint with them first.	1,046
Referral	Complaint is referred to another agency with jurisdictional responsibility.	434
Referral to higher level	Customer has opted to escalate their complaint to a higher level with their energy supplier before beginning an EOQ investigation.	1,339
Supply	Quality of energy supply, damage/loss, outage etc.	7
Transfer	Error in billing/transfer of account due to switching retailers, contract terms, delay in transfer, site ownership etc.	94
TOTAL		4,398

Total cases closed per month 2008-09

Month	Total cases
July 2009	1,323
August 2009	1,027
September 2009	995
October 2009	1,053
TOTAL	4,398



Compensation for overcharged tariff

Roger owns an all-night convenience store and is on Tariff 22 for his electricity supply, as are many other small businesses. On his last bill, Roger discovered that his electricity consumption between 9pm and 11pm was billed as a shoulder tariff and he was charged 20.16 cents per kWh for this electricity.

The Queensland Government has set Tariff 22 at 20.16 cents per kWh for electricity consumed between 7am-9pm Monday to Friday. All other times, the price is 7.10 cents per kWh. Roger felt he had been overcharged and contacted EOQ for assistance after his retailer failed to address his concerns.

EOQ investigated the matter with Roger's electricity retailer and they confirmed there was no shoulder tariff for customers in Queensland. However the electricity distributor who read the meter supplied peak, shoulder and off peak readings to the retailer for billing purposes. Under Tariff 22, Roger should have been billed at the off-peak rate, as it was after 9pm, but his electricity retailer had been billing his consumption at the peak rate. EOQ successfully negotiated a refund for Roger and the retailer is reviewing its systems to ensure other businesses on Tariff 22 are invoiced correctly.

Form redesign helps pensioners

David supplied all of the information regarding his concession card to the gas company salesperson at the time of signing a new contract but didn't receive his reticulated natural gas rebate. His attempts to resolve the issue with his gas retailer were unsuccessful so he contacted EOQ.

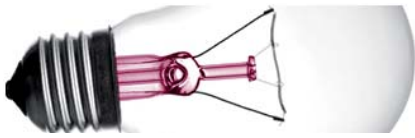
After investigation by EOQ, it was discovered that his concession details had not been entered into the energy company's computerised billing system correctly so he had not been receiving the pension rebate he was entitled to. EOQ resupplied David's concession details to the gas company which back-dated his rebate and credited the overcharged amount.

Contract cancelled without penalty

Mrs W agreed to a market contract after a salesperson rang her. But after talking with her husband, they decided it was in their best interests to remain on the standard contract with the government regulated tariff. Four working days later, Mrs W received the welcome pack from the electricity company and immediately rang the number provided to cancel the contract within the 10-day cooling-off period.

However, she was told she could not cancel the contract over the phone and needed to use the cancellation form provided in her welcome pack. Mrs W advised that the form was not included in her pack and requested another be sent to her. The customer service representative refused to send her one. Mrs W then contacted EOQ to try to cancel the contract without penalty. EOQ found the company could not explain why the representative told Mrs W she had to cancel the contract in writing when their policy stated contracts agreed to verbally could be cancelled over the phone, or why the cancellation form was not included in the pack. However, they did agree that Mrs W was within her rights to cancel the contract within the 10-day period and did not charge her the termination fee.





Review of Queensland's electricity pricing

Queensland's retail electricity pricing regime and tariff structures are being comprehensively reviewed by the independent Queensland Competition Authority (QCA).

The Queensland Government asked the QCA to conduct a two-stage review to examine:

- the current electricity pricing methodology and alternative methodologies for reflecting the costs of supplying electricity, including network costs and accounting for all State and Commonwealth Government environmental obligations
- Queensland's existing retail electricity tariffs and alternative tariff structures which may assist in the long-term management of peak electricity demand and provide an incentive for customers to use electricity more efficiently.

The QCA released its Final Report on Stage 1 of the review in early September 2009. The QCA concluded that:

- the current Benchmark Retail Cost Index (BRCI) methodology has a number of flaws
- existing tariffs and prices are unlikely to fully reflect the costs of supply, at least not for each individual tariff group and do not provide good signals to customers regarding the costs of their electricity use (however, the scope for change is limited by existing metering equipment)
- an alternative approach proposed by the QCA would offer significant improvements over the existing BRCI methodology.

QCA has released its Draft Report for Stage 2 of the review and will provide its final report to the Government by end of November 2009.

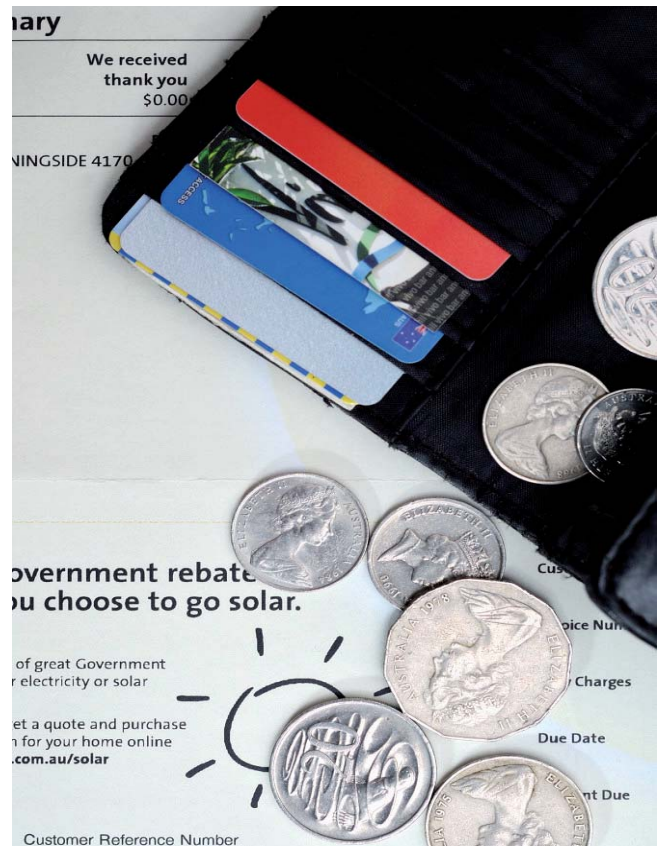
The Draft Report identifies two key issues relating to existing tariffs:

1. the fixed and variable components of existing retail tariffs often fail to reflect the fixed and variable costs of supply, limiting the degree of cost reflectivity in current prices and introducing a range of distortions that inhibit the development of a sustainable competitive market; and
2. the misalignment of retail tariffs and network tariffs also limits the cost-reflectivity of retail tariffs and means that price signals that might come from the distributors regarding network costs are not reaching customers.

To address these issues, the QCA's preferred approach would be to derive a new set of retail tariffs that:

- are aligned with network tariffs
- are as cost reflective as possible given the predominance of accumulation meters
- are easy for customers to understand.

The QCA invites submissions in response to the Draft Report by 17 November 2009. The Draft Report can be accessed at www.qca.net.au.

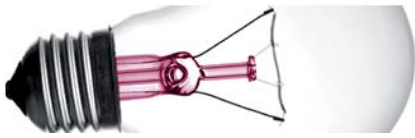


Success of 'Referral to higher level'

From the beginning of July 2009, EOQ introduced a Referral to Higher Level (RHL) process for complainants. The process gives people the option to escalate routine problems to a higher level with energy suppliers before beginning an investigation with EOQ.

The energy supplier's higher-level contact must contact the customer by phone within 48 hours or within five business days in writing if phone contact cannot be made. If the problem remains unresolved, EOQ will begin an investigation.

So far, EOQ has used RHL to expedite the resolution of routine matters more effectively with over 1,300 customers opting to escalate their complaint to a higher level with their energy supplier before beginning an EOQ investigation since July 2009.



Solar energy - do your research

Solar energy has many environmental benefits and Queensland's climate is well suited to solar energy. If people are considering solar power, it's important to do their research and fully understand the costs involved.

Some people have made complaints to EOQ about not receiving the savings they expected after the installation of solar panels. EOQ has not identified a common cause amongst these complaints at this point in time. Complaints could be caused by a range of issues including, but not limited to:

Overestimated cost benefits

It's important to calculate the cost benefits of installing solar power in your individual situation. The State Government's solar rebate scheme pays households for surplus electricity generated by their solar panel which is fed back into the electricity grid. If a one-kilowatt solar system generates four kilowatts of electricity during daylight hours and your home appliances use eight kilowatts per hour during daylight hours, then no surplus electricity will be exported to the grid. The only cost saving would be the four kilowatts not imported from the grid.

Marketing misconduct

If people believe they have been wrongly misled by solar energy marketers, they should contact the proper authorities such as the Office of Fair Trading or the Australian Competition and Consumer Commission.

Environment

Dust, smoke and weather conditions in general (eg. sunlight hours, cloud cover) can affect the performance of solar collectors.

Energy consumption

People who install solar power may believe they can use more power but underestimate the extra amount of energy they use and/or overestimate the amount of solar power generated.

Solar panel installation

The quality of solar panels and their placement can greatly affect their performance. It is also important to use an accredited installer to ensure the wiring between panels and meters is correct and functioning properly.

Billing issues

Energy retailers occasionally make billing errors or have billing system glitches. Similarly energy distributors can make meter reading errors or take an overestimated meter reading when they cannot access a meter.





Useful resources

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Launch of www.complaints.qld.gov.au

Independent accountability agencies in Queensland have joined forces to help the thousands of Queenslanders annually who seek free, impartial advice to resolve complaints about a range of issues. The agencies have established a shared complaints website www.complaints.qld.gov.au and an 'It's OK to complain' brochure that has been translated into 15 languages.

Agencies involved in the initiative include:

- Anti-Discrimination Commission Queensland
- Commission for Children and Young People and Child Guardian
- Commonwealth Ombudsman
- Crime and Misconduct Commission
- Health Quality and Complaints Commission
- Queensland Ombudsman.

The joint initiatives aim to improve the community's understanding of the roles of independent accountability agencies in Queensland, including EOQ. Many people, including those from multicultural backgrounds, are unsure of who to complain to if they or someone close to them has been unfairly treated. The shared website and multi-lingual brochure aims to improve their understanding of Queensland's accountability agencies, and lead them to the relevant agency to address their complaint.

To view the combined portal or the multi-lingual brochures, visit www.complaints.qld.gov.au.



Annual Report 2008-09

The EOQ 2008-09 Annual Report has been released and can be accessed online at www.eoq.com.au.

To order a printed copy of the report:

- email: publications@eoq.com.au
- phone: 1800 662 837

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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.



Freecall
1800 662 837



www.eoq.com.au



info@eoq.com.au



PO Box 3640
South Brisbane
QLD 4101



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