

Energy & Water Ombudsman NSW Clare Petre

Current issues for consumers:
What's happening and why?

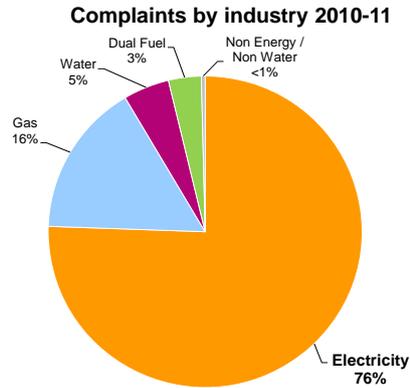
ACOSS Conference: 13 September 2011

Energy Ombudsman services

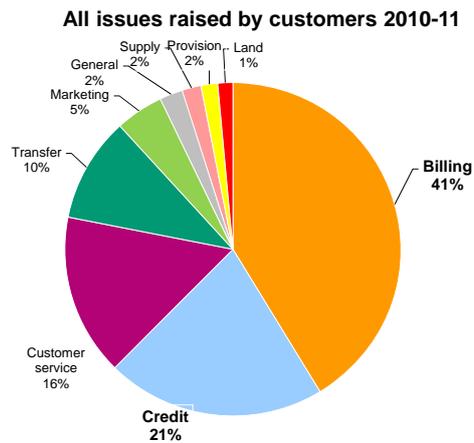
Energy Ombudsman offices in NSW, Victoria, Queensland, Tasmania, Western Australia, South Australia offer independent dispute resolution for **electricity** and **gas** customers



EWON in 2010/2011



Customer complaints to EWON



Community expectations

- a safe, affordable and reliable electricity service
- a product we don't have to think about most of the time
- consultation and information about things that will impact on us
- a rapid response if problems arise
- dispute resolution



Media focus on electricity prices

We are now more likely to

- closely check our bills
- challenge our bills and other utility issues
- be anxious about future bills and price increases



Price increases

- Some states (eg NSW) still have price regulation while others (eg Victoria) do not
- All states are experiencing rising prices
- In NSW, IPART explained that increases are mainly due to:
 - increasing network costs incurred in maintaining and expanding the distribution network
 - the cost of complying with the Federal Government's Renewable Energy Target (RET)

This can mean 'bill shock' for some customers



Pricing complaints to EWON

- Affordability is an increasing concern, with a growing number of consumers unable to pay their bills by the due date
- Price increases impact most on
 - low and fixed income households, who may have old or energy inefficient electrical appliances
 - tenants, who do not have control of their infrastructure, eg poor insulation, heating, hot water service
 - households with no financial flexibility



Household income

Community workers tell of older customers who take a fierce pride in paying their bills on time

but at a cost of going without meals and medication.



Pricing issues for consumers

- Aged and inefficient appliances
- Lack of information/awareness about the cost of operating some common appliances
- The 'two dollar shop' syndrome – the cheaper the heater the cheaper to run?
- The gap between consumption and billing – we forget what we used during those very cold or very hot days up to 3 months ago



Community awareness of market contracts

- In a de-regulated market, licensed energy retailers engage in marketing, to attract customers to switch their account from their current retailer, usually on the basis of saving money.
- Marketers must comply with all relevant Codes and Regulations, but...



there is always that minority...



“I’m from the government – I’m here to check you are receiving the right discount.”

“You need to sign here as your current retailer is no longer in business.”

“Can you just sign this form so my supervisor can see I have called on you.”

Marketing complaints

- Deceptive conduct
- Misleading conduct
- Pressure or coercion
- Marketing to vulnerable customers
- Marketing to non-account holders

Switching sites

- There are commercial switching sites that offer to find customers the 'best deal'.
- These sites are not necessarily independent – many act as brokers on commission for one or more energy providers.
- Comparison sites operated by the state regulators and planned by the Australian Energy Regulator (AER) are comprehensive and independent.

Metering - Interval (or Time of Use) meters

Interval meters enable time of use (TOU) pricing.

Those customers who can move usage outside the peak time band (usually 2-8pm) will benefit.

Concerns about non discretionary usage in peak times.



Metering - Pay As You Go meters

20%+ of Tasmanian households have PAYG meters, receiving direct information about their energy usage.

"We have cut our power bills down by using lower peak times"

"I like the fact that I can manage my power use more efficiently and keep costs down"

A viable solution for some customers?



Source: Aurora Energy website

Help for consumers

Consumers need to be better informed of the options available to them to:

- find a competitive energy contract
- only agree to a contract if sure it suits them
- purchase more energy efficient appliances
- access energy efficiency advice to manage usage

Help for consumers

- No Interest Loans (NILS) programs
- Financial assistance to help pay energy bills
- (research into the most effective way to deliver financial assistance)
- Energy audits and energy saving advice
- Real time/direct information about energy consumption (smart grid projects)
- Financial counselling

Energy Affordability and Fuel Stress

- The UK sets a benchmark of 10% of household income on fuel. Any expenditure above this is considered to be 'fuel poverty'
- ABS: domestic fuel and power accounted for 2.6% of household spending in 2009-10 (average)
- We need a national industry wide discussion on fuel stress:
 - establishing a benchmark for 'energy stress'
 - the value of establishing a 'social tariff' and what such a concept could look like
 - research into best practice and potentially harmonising areas such as rebates and emergency assistance



National Energy Law

- the new National Energy Retail Law is due to commence 1 July 2012
- the Australian Energy Regulator will:
 - approve and monitor retailers' customer hardship programs
 - run the energy price comparison website



Keeping essential services within reach – “a partnership”

Energy retailers	<ul style="list-style-type: none"> • Through Contact Centres and Hardship programs <ul style="list-style-type: none"> – identify customers in hardship – offer payment arrangements, short or longer term – offer energy saving advice and assistance – support for NILS
Energy distributors	<ul style="list-style-type: none"> • Metering and network services, and energy saving advice.
Government – state and federal	<ul style="list-style-type: none"> • A range of customer assistance including <ul style="list-style-type: none"> – consumer protection framework – Financial assistance programs – rebates (Energy, Life Support , Medical) – support for financial counselling – Home Power Savings Program
Community agencies	<ul style="list-style-type: none"> • Emergency relief, personal support, financial counselling, tenancy and legal advice, No Interest Loans schemes
Ombudsman services	<ul style="list-style-type: none"> • Dispute resolution, systemic issues, hardship forums, best practice models



Keeping essential
services within reach.

www.ewon.com.au