

ANNUAL REPORT

2007
2008



**Energy Industry
Ombudsman SA**

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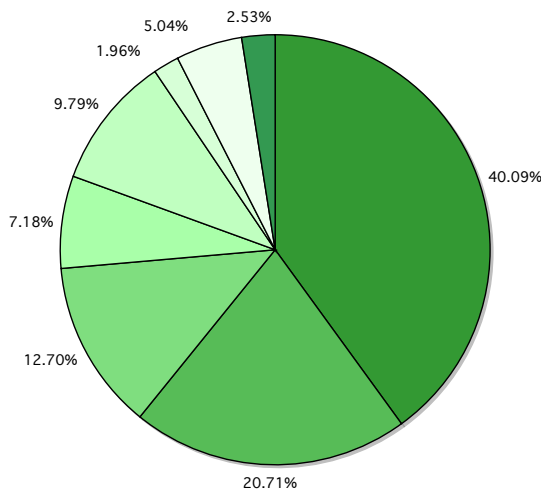


2007/2008 SNAPSHOT

CASES RECEIVED BY ENERGY INDUSTRY OMBUDSMAN SA (EIOSA)

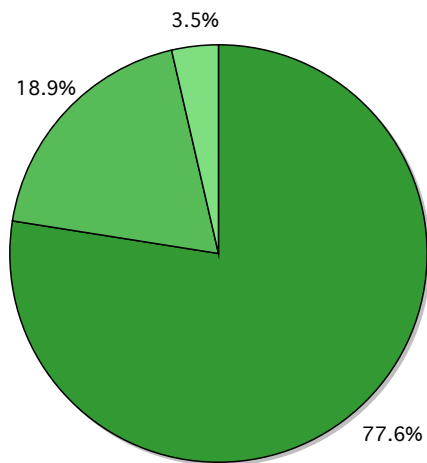
Case Types

Billing	2122	(40.09%)
Competition	1096	(20.71%)
Credit Management	672	(12.70%)
General Enquiry	518	(9.79%)
Customer Service	380	(7.18%)
Provision	267	(5.04%)
Supply Quality	134	(2.53%)
Land	104	(1.96%)
Total	5293	100.00%

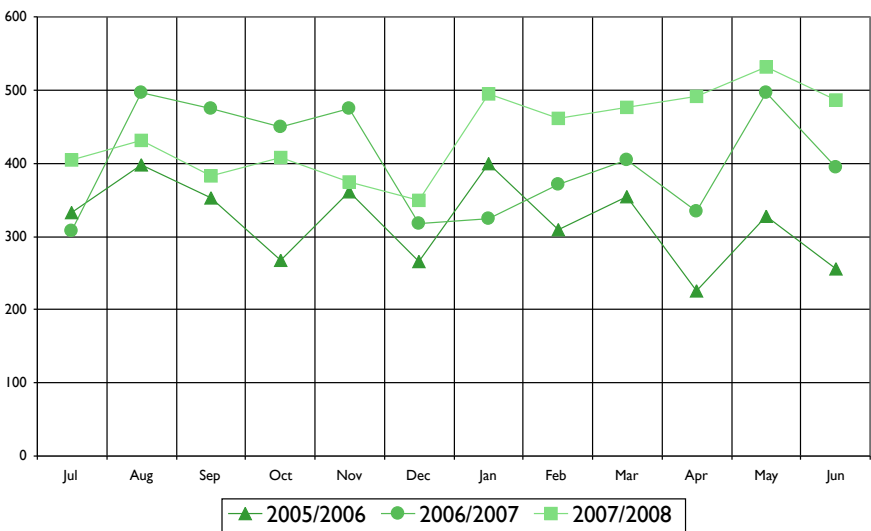


INDUSTRY/FUEL SPLIT

4106	(77.6%)	Electricity
1002	(18.9%)	Gas
185	(3.5%)	Dual Fuel
5293	100%	Total



MONTHLY COMPARISON OF CASES RECEIVED



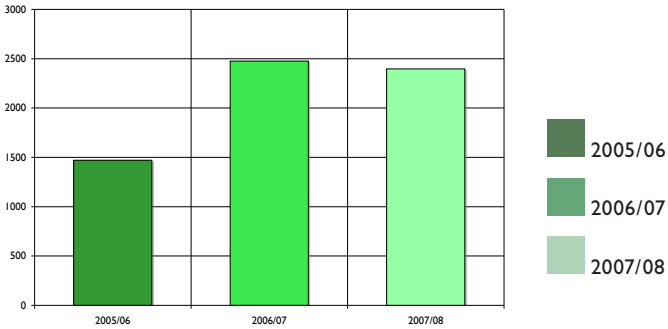
2007/2008 SNAPSHOT CONTINUED

CASE MANAGEMENT

The information below represents the stage at which cases were received and classified by EIOSA.

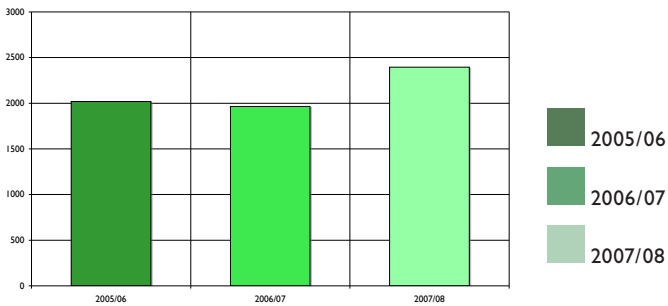
Enquiries

2005/06	2006/07	2007/08
1470	2474	2395



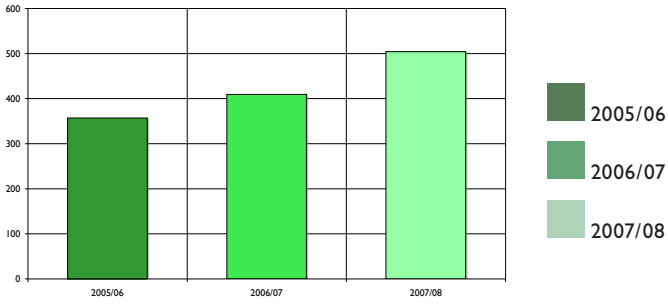
Higher Level Referral

2005/06	2006/07	2007/08
2019	1963	2394



Investigations

2005/06	2006/07	2007/08
357	409	504



EXPLANATION OF TERMS

Enquiries

An Enquiry is a request for information, not an expression of dissatisfaction. However, if a person with a complaint has not contacted the energy company prior to contacting us, the contact will be recorded as an Enquiry and the customer asked to contact the company's customer services section.

Higher Level Referral

If a complaint (expression of dissatisfaction) has been raised with the energy company's customer services area, then the matter will be referred by us to the company's higher level contact staff in an effort to resolve the matter.

Investigations

Where a complaint has been referred to a higher level contact in the energy company and remains unresolved with the customer, we will investigate the matter and negotiate an outcome.



OUR ROLE

The Energy Industry Ombudsman (SA) Ltd (EIOSA) is an independent body established to investigate and resolve disputes between customers and electricity and gas companies in South Australia.

We facilitate the prompt resolution of complaints and disputes between consumers of electricity and gas services and members of the scheme by providing a free, independent, accessible, fair and informal service to consumers.

GUIDING PRINCIPLES

- We will deal with complaints in a fair, just, informal and expeditious manner.
- We will act independently while maintaining good working relationships with members and other stakeholders.
- We will be accessible to electricity and gas consumers in SA and will ensure there are no barriers to access such as geographic location, language, physical or mental capability, or financial status.
- The service will be free to consumers.
- We will make effective use of technology to assist in quality complaint handling, referral and reporting.
- We will foster effective links with members, other complaint handling bodies, government agencies, and consumer and community organisations.

MEMBERS

Founding Electricity Members

AGL South Australia Pty Ltd
ETSA Utilities
ElectraNet Pty Ltd

Joining Electricity Distributor Member

Murraylink Transmission Partnership

Joining Electricity Retailer Members

AGL Sales (Queensland Electricity) Pty Ltd
Aurora Energy Pty Ltd
Country Energy
Flinders Power Partnership
Jackgreen (International) Pty Ltd
Momentum Energy Pty Ltd
Origin Energy Electricity Ltd
Powerdirect Pty Ltd

Red Energy Pty Ltd

Simply Energy

South Australia Electricity Pty Ltd

TRUenergy

Founding Gas Members

Origin Energy Retail Ltd

Envestra Ltd

Joining Gas Retailer Members

AGL South Australia Pty Ltd

Simply Energy

TRUenergy



OUR ROLE CONTINUED

WHAT WE DO

Customers can approach EIOSA about a range of matters including:

- connection, supply and sale of electricity and gas by a member company;
- disconnection of supply;
- billing disputes;
- administration of credit and payment services;
- security deposits;
- the impact on land or other property of actions by a member company;
- the conduct of member companies' employees, servants, officers, contractors or agents;
- any other matters referred by a member company by agreement with the Ombudsman and the person/s affected.

Generally customer issues are resolved by negotiation, however, the Ombudsman can resolve a complaint by making a determination that is binding on the member company, including by:

- directing the company to provide electricity or gas services;
- directing the company to amend, or not impose, a charge for a service;
- directing the company to supply goods or services that are the subject of the complaint or undertake any corrective action, or other work, to resolve the complaint;
- directing a company to do, not to do, or cease doing an act.
- making a determination that the company pay compensation to the complainant

The Ombudsman can make determinations up to a value of \$20,000 or up to \$50,000 with the consent of the member company.

WHAT WE DO NOT DO

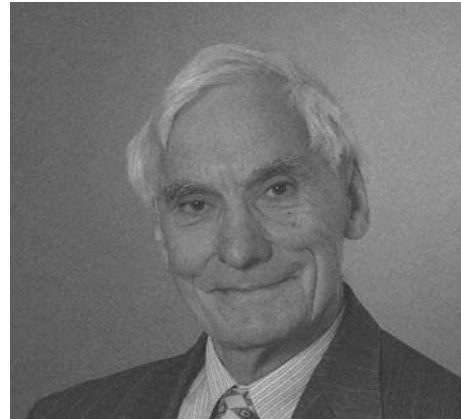
The functions of the EIOSA do not extend to areas such as:

- the setting of prices and tariffs;
- commercial activities which are outside the scope of the member's licence;
- the content of Government policies, legislation, licences and codes;
- matters before a court, tribunal or arbitrator;
- customer contributions to the cost of capital works;
- disputes between member companies.

HOW WE DO IT

- We will generally require that customers take up their complaint with the electricity or gas provider in the first instance so that complaints can be resolved as quickly and as close to the source as possible, unless it is difficult for the customer to do so because of factors such as age, language or disability.
- Where we refer a customer back to their electricity or gas provider, we will ask them to contact us if they have not been able to sort things out directly and are not satisfied with the company's response.
- We will keep customers informed of the progress of our investigation.
- We will be as helpful as possible to people who contact the office, whether or not we are able to assist them directly. If we cannot help, we will try to find someone who can.
- We will provide interpreter, translator or other assistance to customers who have difficulties communicating with us.

EIOSA BOARD



Keith Hancock



Sue Filby



Rod Williams



Colleen Fitzpatrick



Pia Bentick-Owens



Barry McClure

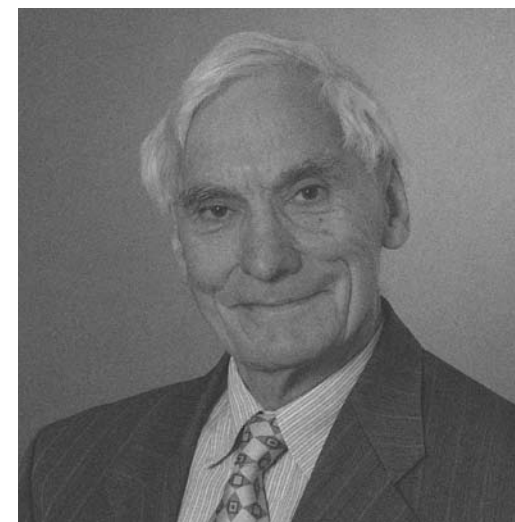


Mark McCabe



David McNeil

CHAIRMAN'S REPORT



that is both effective and appreciated, and the credit for this belongs mainly to Nick.

In last year's report, I said that the Board had begun the task of finding a successor for Nick. This was a careful and time-consuming process. We were fortunate to attract a strong field of applicants. The Board eventually chose Sandy Canale to be the new Ombudsman, and he commenced duties on 1 December 2007. I am happy now to report that Sandy quickly established good relations with the staff, consumer advocacy groups and energy providers. The Scheme has maintained the high-quality performance that was achieved under Nick Hakof's leadership. It has done so at the same time as responding to an increase in consumers' use of the Scheme that is documented elsewhere in this report.

The year 2007-2008 was another successful year for the Energy Industry Ombudsman Scheme in its efforts to promote the fair and efficient supply of electricity and gas to small customers in South Australia.

Nick Hakof, the inaugural Ombudsman, retired on 30 November 2007. Nick took office on 4 January 2000 and was twice reappointed. I take this opportunity to place on record my warm appreciation of the work that he did with the Scheme and, through it, for the South Australian community. Nick's previous roles had created a reputation for him as an outstanding administrator. He deployed those skills as the CEO of the Scheme, and presided over a contented and hard-working staff. But he also brought to his task a keen understanding of the role that an Ombudsman can fill in assisting both the consumers and the providers of energy. Like most other members of the Board, I learnt much from observing Nick at work. In my opinion, we now have a Scheme

I am pleased to say that, on present indications, the development of a national scheme of energy regulation will not entail a centralisation of Ombudsman services. It is clear that consumers appreciate and benefit from having available a service that is locally focused. At this stage, it is difficult to predict what changes to the governance structure of the Ombudsman Scheme will be necessary under national regulatory arrangements.

My present term as Chairman expires in March 2009. I have informed the Board that I am not offering myself for reappointment, and the Board is in the process of finding my successor. I have been Chairman since March 2000. It has been a pleasure and a privilege to work with Nick Hakof, Sandy Canale and the Board members who have served during my period in office. I shall leave the Scheme in a good state and confident that it will continue to serve well both users and suppliers of energy in this State.

THE BOARD

Chairman

Emeritus Professor Keith Hancock AO
Formerly Senior Deputy President, Australian Industrial Relations Commission

Directors

Susan Filby
General Manager Services, ETSA Utilities

Colleen Fitzpatrick
Consumer Representative

Sean Kelly (resigned 17 December 2007)
Formerly General Manager, Energy Regulation, AGL

Mark McCabe
General Manager, Customer Transaction Services, Origin Energy

Barry McClure
Member of SA Farmers Federation, Agribusiness Committee

Julie Parr (resigned 24 October 2007)
Formerly Director, Family Support Service, Salvation Army

David McNeil (Appointed 25 February 2008)
General Manager, Customer Operations, AGL Retail Energy Ltd

Rodney Williams (Appointed 24 October 2007)
Consumer Representative

Company Secretary

Pia Bentick-Owens



Energy Industry Ombudsman SA: Sandy Canale

OMBUDSMAN'S REPORT

ACTIVITY TRENDS UPWARDS

Demand for the services of the Energy Industry Ombudsman (SA) Ltd (EIOSA) continued to grow in the 2007/2008 year, indicating the importance of its role in the framework of consumer protection.

EIOSA received 5,293 cases in 2007/2008, an increase of 447 cases or 9.2% over the previous year. The second half of the financial year was more active, with the January to June 2008 period accounting for 56% of cases in 2007/2008.

The key areas of increased cases with EIOSA were experienced in the categories of 'Billing' (up by 193 or 10% more), 'Credit Management' (192 or 40.0%), 'Customer Service' (194 or 104.3%), and 'General Enquiry' (149 or 40.4%). Decreased levels of cases were experienced in two categories: Competition (-246 or down 18.3%) and Supply Quality (-68 or 33.7%). Detailed commentary and statistics can be found in the Case Management section on page 27.

The number of disconnection and imminent disconnection cases addressed by EIOSA increased from 222 in 2006/2007 to 297 in 2007/2008. Whilst this is still a very small number relative to the number of energy customers in South Australia, these cases are of importance and the changes may reflect broader economic conditions being experienced by consumers.

Overall, as a proportion of total cases, billing issues accounted for 40.1% (2,122) of all cases received and continued to be the largest category of cases with the office, up from 39.8% (1,929) last year.

The rise in the 'Customer Service' category reflects an increase in the number of cases where the customer was unable to get through to the service centre of the energy company in a timely fashion, or was dissatisfied with the response time to their enquiry by the company.

While nearly half of cases to EIOSA are resolved or dealt with at an 'Enquiry' level, the remainder need the office's intervention to refer a complaint or concern to a higher level authority in the energy company or progress to an independent investigation by EIOSA.

The increase in cases was not experienced by all members with some showing a decline in complaints or concerns over the previous reporting period.

The increased activity has seen EIOSA recruit an additional Investigation Officer, to start with the

Scheme in July 2008, lifting the total number of staff to 8.1 FTE's.

(NOTE: the SA Energy Market comprises around 778,000 electricity customers and 369,000 gas customers which potentially fall with the jurisdiction of the scheme.)

NEW OMBUDSMAN APPOINTED

In November 2007, after seven years in office, the inaugural Energy Industry Ombudsman, Nick Hakof, retired from the role. Nick established a professional, effective and independent scheme for consumers of gas and electricity services in South Australia and guided it through the introduction of retail competition in the electricity and gas sectors.

I feel privileged to have succeeded Nick in the role, taking up the position on 1 December 2008. With the dynamic nature of the energy industry and many changes for the sector in the pipeline, I am looking forward to the challenges ahead and ensuring that EIOSA continually improves the services it provides.

NATIONAL ENERGY REGULATION

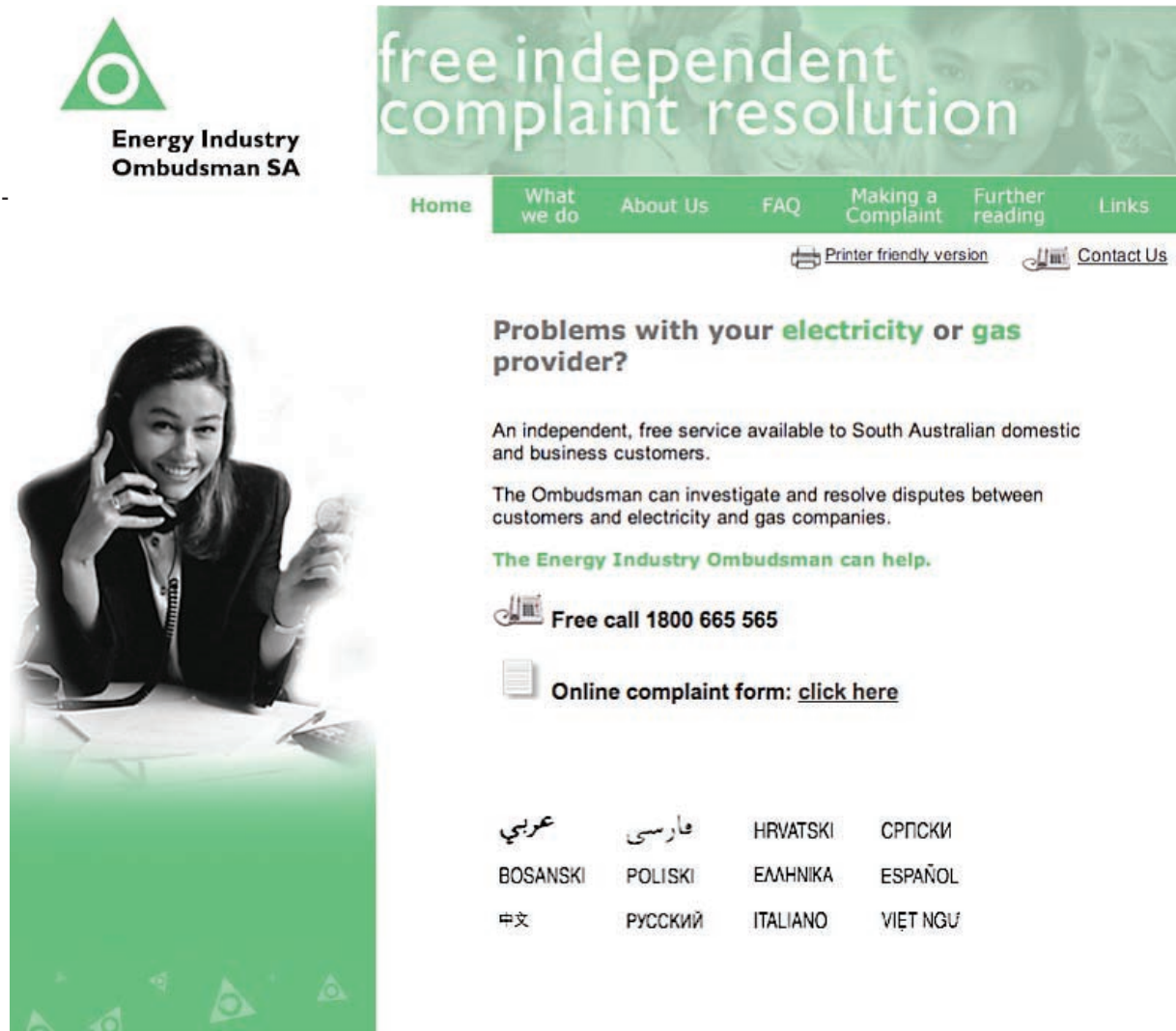
The Ministerial Council on Energy, under the direction of the Council of Australian Governments, has continued to progress energy market reforms.

On 1 January 2008, economic regulation of electricity distribution networks transferred to the Australian Energy Regulator (AER). The AER will be responsible for reviewing revenue and pricing arrangements for ETSU Utilities for the regulatory period July 2010 – June 2015.

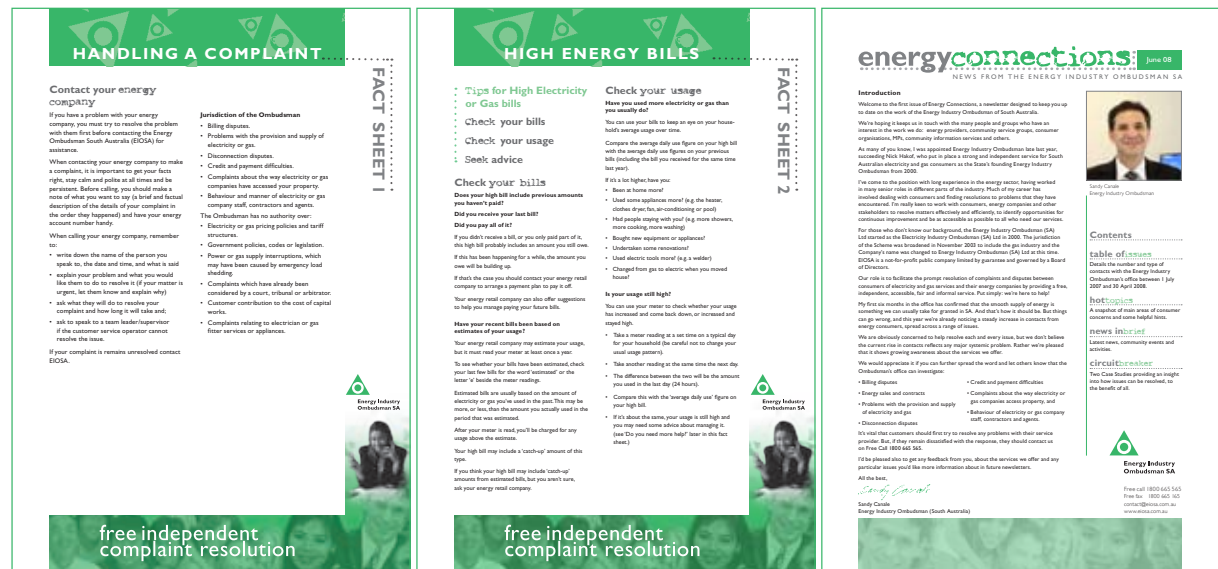
Economic regulation of gas distribution networks was transferred to the AER on 1 July 2008. The AER therefore will be responsible for conducting the next review of the access arrangement for Envestra's gas distribution network in South Australia for the July 2011 - June 2016 period.

Development of a single national framework for regulating the supply of electricity and gas to retail customers continues to progress. In June 2008, the Ministerial Council on Energy Standing Committee of Officials released a policy paper for the proposed National Energy Customer Framework. The framework includes areas such as governance, supply of energy to retail customers (including obligations to offer supply to small customers, and a hardship policy regime), and the relationship between distributors and retailers in supplying energy to customers.

Homepage of website -
Screen Image



Customer
Information



A new reinvigorated website was created during the year, together with a range of new communication material including Fact Sheets and our Newsletter - Energy Connections.

OMBUDSMAN'S REPORT CONTINUED

OMBUDSMAN SCHEMES

Under the Australian Energy Market Agreement, the independent Energy Ombudsman dispute resolution schemes will remain as State-based functions and it is proposed that retailers and distributors will continue to be required to participate in these independent schemes.

The Productivity Commission (PC) completed a review of Australia's Consumer Policy Framework in April 2008, in which it considered the role of Ombudsman in the consumer policy framework across a number of industries, including water and energy. The review noted the role that Alternative Dispute Resolution (ADR) schemes (such as EIOSA) play in resolving disputes between providers and consumers. It also considered the opportunity for a national scheme for energy and water consumers, and concluded that a national ADR scheme for energy would be beneficial in the long run. However it noted that Australia has not yet moved to a nationally consistent consumer policy framework for energy and, on that basis, suggested a national scheme should be further considered once a national framework is in place.

EIOSA provided a submission to the review, commenting on the absence of nationally consistent energy regulations and jurisdictional and constitutional differences in the various energy and water Ombudsman schemes. EIOSA particularly noted that some schemes have responsibility for energy matters only and others for energy and water. EIOSA also submitted that any national scheme should take into account the necessity for strong representation at the local level. EIOSA's experience, including its contacts with users and representatives of consumer and welfare groups, demonstrates the importance of consumers having access to local offices able to deal directly with problems. Centralised handling of complaints could diminish the effectiveness of an Ombudsman Scheme.

RESIDENTIAL ENERGY EFFICIENCY SCHEME

In February 2008, the South Australian Government announced that a new scheme would be introduced to improve the energy efficiency of households in South Australia. This scheme, referred to as the Residential Energy Efficiency Scheme (REES), will commence on 1 January 2009.

The primary objectives of the REES are to:

- improve energy efficiency and reduce greenhouse gas emissions within the residential sector;

- assist South Australian households prepare for likely energy price increases from an emissions trading scheme; and
- reduce total energy costs for South Australian households generally, and low income households in particular.

The REES specifically targets low income households and those in hardship as a priority group to benefit under the scheme. The REES places an obligation upon licensed energy retailers to achieve three targets:

- To achieve a set amount of greenhouse gas savings by implementing approved energy efficiency activities in households.* In achieving their targets, retailers are expected to offer incentives to households to adopt energy-saving measures such as insulation, draught proofing, efficient lighting, water efficient showerheads, and early retirement of inefficient fridges and electric water heaters.
- To ensure a set proportion of these greenhouse gas savings are achieved within priority group households, i.e. low income households and those in hardship.*
- To deliver a set number of energy audits to priority group households.* These are essentially in-home audits with a skilled auditor working actively with the household. It is anticipated that these will be offered at little or no cost to the household. Auditors will assess the thermal performance of the property (e.g. shading, blinds, insulation etc.) and the major energy-using appliances and practices within the home. The primary objective is to help householders understand how they use energy in their home and assist them in identifying ways to reduce energy use and bills, and improve comfort levels. Where the audit identifies that the household would benefit from retro-fitting with energy efficiency measures, an energy retailer may choose to implement some or all of these and thereby gain credits towards its greenhouse gas savings target.

The targets to be achieved by energy retailers will be set by the Minister for Energy in the second half of 2008.

The Essential Services Commission of South Australia (ESCOSA) will be the scheme administrator.



OMBUDSMAN'S REPORT CONTINUED

Once operational, the scheme may assist some of EIOSA's customers experiencing payment difficulties by providing advice and support in reducing consumption in their households.

MEMBER MEETINGS

EIOSA places a high value on developing and maintaining strong and constructive relationships with all stakeholders, including members of the scheme. During the year a number of meetings were held with members covering a range of matters including:

- Complaint handling processes and progress in the resolution of complaints.
- Information from members on changes to business practices affecting customers.
- Development of hardship support programs.
- Changes to members' executive management and customer support structures and staffing.
- Information about new marketing campaigns and changes to products and services.

It is encouraging that members regard EIOSA as an important component of the energy market in South Australia in providing an independent, free, complaint resolution service for those complaints that cannot be resolved between the member and the customer.

COMMUNITY AWARENESS

Community service organisations play an important role in increasing community awareness of EIOSA. They are often called upon by consumers experiencing difficulties with their energy bills.

EIOSA values the positive relationships it has developed with these organisations and other vital community contact points for consumers.

Information about EIOSA is provided to a range of community service organisations, government agencies, and others with an interest in the scheme's operations, including the Department for Families and Communities, SA Council of Social Service, Council on the Ageing, State and Federal Members of Parliament, and local councils.

During the year EIOSA was involved in a number of awareness-raising activities including:

- presentation to trainee financial counselling students through UnitingCare Wesley;
- presentation to the Association of Major Charitable Organisations on EIOSA's role;
- attendance of and presentation at an Information Forum on energy and financial

disadvantage in Mount Gambier, organised by Anglican Community Care Inc;

- presentation to the residential customer service team of the Energy Division, Department of Transport, Energy and Infrastructure on 1 May 2008;
- discussions with the South Australian Council of Social Services, Uniting Care Wesley and the Council on the Ageing about opportunities to improve knowledge of EIOSA services within their constituencies;
- presentation to the Student Support and Advocacy Team at Flinders University on EIOSA's role and opportunities for the promotion of the scheme to the university's student population.

MEDIA

The Ombudsman invited and responded to media interest during the year on a range of matters impacting on consumers.

SYSTEMIC ISSUES

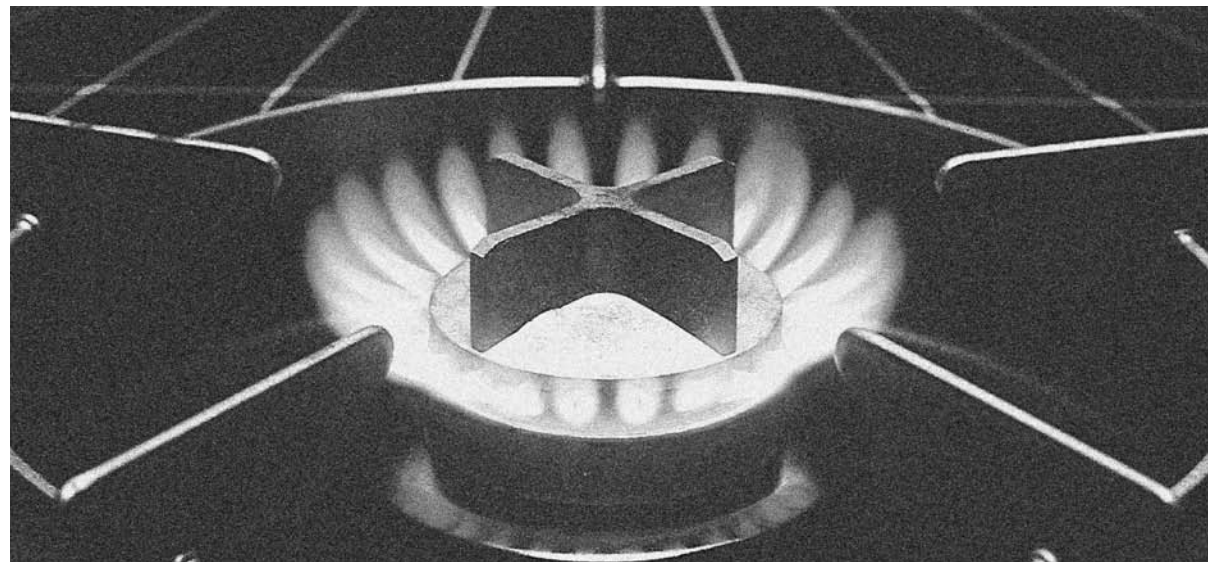
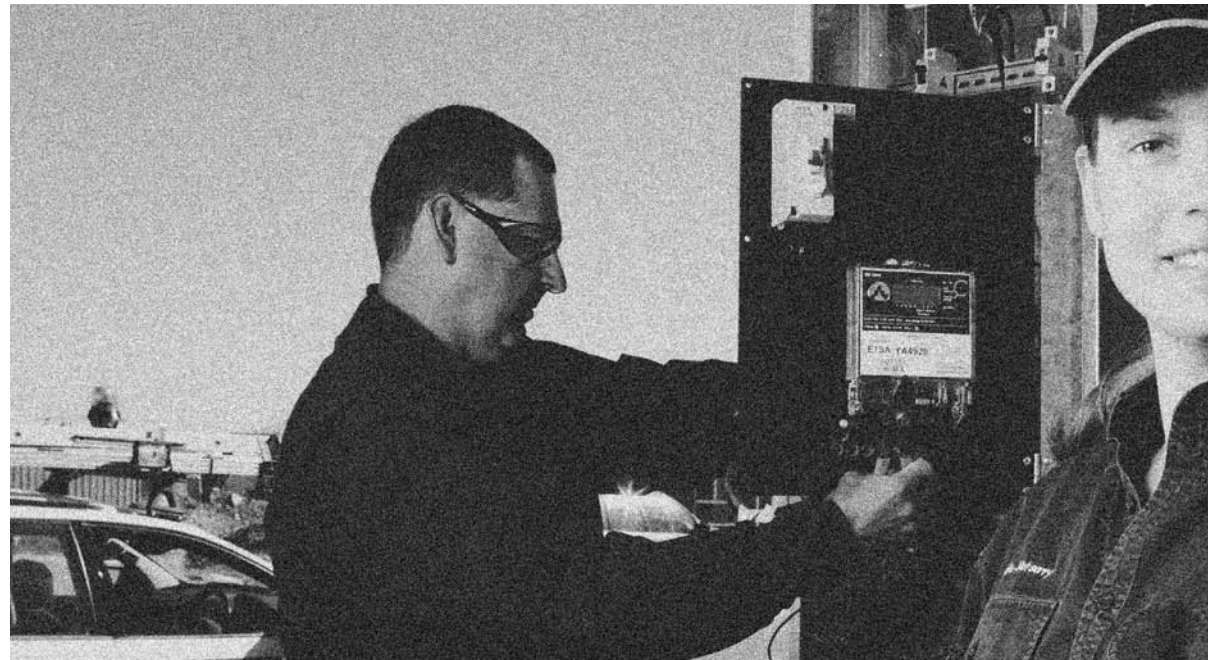
The major role of EIOSA is to resolve complaints about electricity and gas services that are unable to be resolved directly between a customer and the energy company.

However, EIOSA also plays an important role in identifying systemic issues, i.e. an issue or change in policy and/or practice by a member which affects, or has the potential to affect, a number of customers. Our independent contact with customers enables us to identify and report to members and ESCOSA and to facilitate early corrective action. Two systemic issues were noted during the year:

Contract Expiry Notification

Clause 1.8 of the Energy Retail Code requires a retailer to advise a customer no earlier than 40 business days and at least 20 business days prior to the expiry of a fixed-term contract of the following information:

- the date on which the fixed term market contract expires;
- new terms and conditions which will come into effect after the expiry date if the customer does not elect before the expiry date to enter into a new contract with the retailer or another retailer;
- existence of other contractual options that may be available; and
- ability of the customer to choose a retailer from whom they wish to purchase energy.



OMBUDSMAN'S REPORT CONTINUED

EIOSA received several complaints concerning the same retailer which indicated that the timelines referred to above had not been followed. Subsequent investigation by that retailer identified other customers had not been contacted because of a system problem.

The retailer advised EIOSA that it would rectify the problem and contacted the affected customers to ensure they were not disadvantaged by the omission.

Off Peak Billing

EIOSA received several calls from customers following receipt of a letter from their retailer seeking recovery for off-peak charges that had inadvertently not been billed for the 1 September 2007 to 31 May 2008 period.

The matter was referred to the retailer who advised that, due to a system problem, a number of customers were impacted by the error.

Clause 6.5 of the Energy Retail Code (under charging) allows recovery for undercharged amounts as a result of an act or omission of the retailer (or distributor), but limits the amount that may be recovered to the amount undercharged in the 12 months prior to the meter reading date on the last bill sent to customer. In such cases, the energy company must offer the customer time to pay the undercharged amount by agreed instalments over a period nominated by the customer being no longer than:

- the period during which the undercharge occurred (if the undercharging occurred over a period of less than 12 months); or
- in any other case, 12 months

Approximately 3,300 customers were impacted by the error. The retailer advised that it had rectified the billing problem and that future bills would be issued with the off-peak rates where applicable. Customers were provided with appropriate extensions of time to pay.

MEMBERS OF EIOSA

As at 30 June 2008, EIOSA had 21 members; 16 electricity members and 5 gas members. See page 5 for details.

CONTINUOUS IMPROVEMENT

Throughout the year an internal review of our business operations was conducted. Whilst solid foundations have been laid for the Scheme, a number of opportunities were identified which will ensure we continue to deliver quality, efficient services for

our stakeholders into the future. These initiatives will be implemented during 2008/2009. As part of that review, a new website with greater functionality and improved consumer information was developed and implemented. A new set of 'Fact Sheets' were also produced for use by our customers.

A number of policies were reviewed and approved during the year including Health and Safety, Equal Employment Opportunity, Smoking in the Workplace, Drug and Alcohol and Privacy. A subsequent review of EIOSA's operating policies and procedures will continue into the 2008/2009 year.

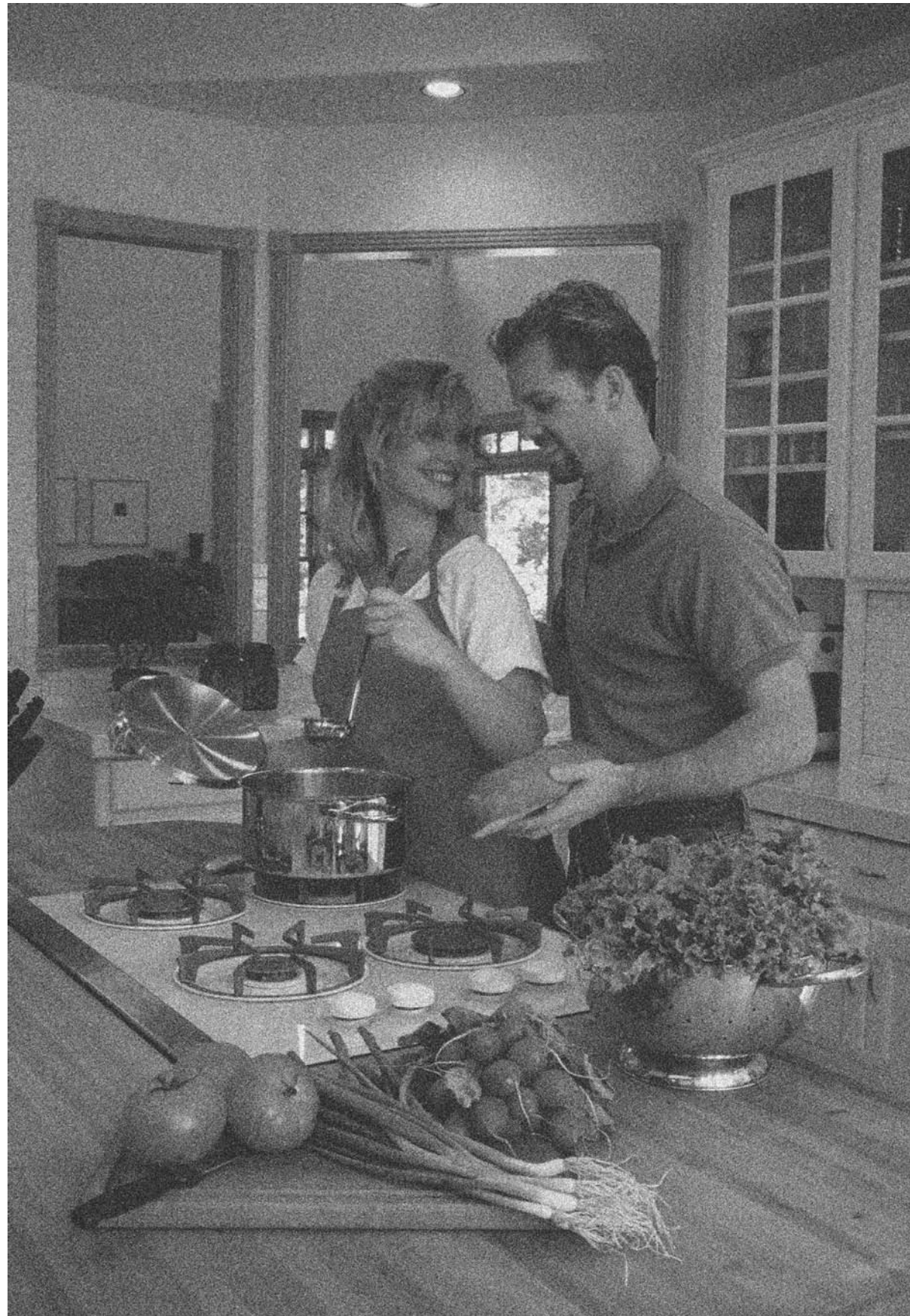
STAFFING

As at 30 June 2008, the office comprised eight employees (7.1 Full Time Employees). Scheme activity increased significantly in the second half of the 2007/2008 year, necessitating the recruitment of an additional Investigation Officer, who will commence employment in July 2008.

I would like to take this opportunity to acknowledge the commitment and professionalism of the EIOSA team in successfully meeting the challenges of a very busy year.

THE BOARD

I would like to thank the Board for their ongoing encouragement and support to the scheme and myself since my appointment to the role. In particular I thank the Chairman, Keith Hancock, for his support and guidance.



CASE STUDIES

Business Damage Claim

Mr C ran a café that was affected by a power outage prior to Christmas. He lodged a claim with the distributor for the cost of food that was spoilt (including food that was partially cooked when the outage occurred), lost takings and wages he had to pay to staff when he closed for the evening, unsure when power would be restored. The claim was denied so Mr C contacted EIOSA for an independent review.

The cause of the power outage was determined to be vegetation impacting the distributor's infrastructure. As tree trimming had not been performed within an acceptable timeframe in this area, the distributor accepted liability and agreed to reassess Mr C's claim.

As Mr C's café used in excess of 30MWh of electricity per year (a large consumer), the distributor's liability (under the Electricity Distribution Code), was limited to physical losses and damage suffered and for personal injury. Accordingly, the distributor compensated the customer for loss of food only and not for the lost takings or wages.

Food Loss Claim

Mrs P lived on Kangaroo Island. She lodged a claim with the electricity distributor following a power interruption which resulted in the loss of food in her fridge and freezer. Mrs P believed that a booster plant had been installed by the distributor to reduce the impact of power interruptions on Kangaroo Island. However, she questioned why it had not been used on this occasion to avoid the interruption which lasted for more than 24 hours. Mrs P's claim for spoilt food was rejected by the distributor and so she contacted EIOSA for an independent review.

EIOSA's investigation found that there were widespread storms across South Australia at the time of the power interruption, with multiple faults to the distributor's infrastructure caused by lightning. The distributor confirmed that a local electricity generation plant had been installed in 2006 to provide power to the island in case the undersea cable from the mainland or the mainland distribution network failed. The distributor advised that the powerlines and equipment beyond the power station were damaged during the storm and that power could not physically be delivered to Mrs P's property.

As the power interruption was outside of the control of the distributor, it was not liable to pay the claim. However, as Mrs P's power was interrupted

for more than 12 hours, she was entitled to a Guaranteed Service Level payment which the distributor paid.

Clarification for High Bill

Mr S received high gas bills from his retailer following a meter exchange the previous year. His retailer had billed and then re-billed him for different dates so he was confused about what he had been billed for. An account reconciliation statement was provided to him to explain the billing but this did not include a payment he had made. Mr S contacted EIOSA and the matter was referred to the retailer at a higher level. Mr S was provided with an account reconciliation table by the retailer to resolve the matter.

Mr S sought clarification from EIOSA as an independent party. EIOSA contacted both the retailer and the distributor to verify the billing information and sought details about the meter exchange. The distributor confirmed that the meter was exchanged as part of a periodical replacement program. However, it identified that the meter exchange had been completed two months prior to the date provided to the retailer. This had resulted in a high estimated reading being used to bill the customer for the old meter rather than the actual reading taken at the time of the exchange, two months earlier. The retailer apologised that it was unable to resolve the matter when it was originally referred to it and applied a \$50 customer service gesture in recognition of the inconvenience caused.

Response to High Bill Complaint

Mrs A had a high electricity bill which had been the subject of ongoing discussions, including telephone calls and emails, with her retailer for nearly two years, and she felt the retailer was unresponsive to her concerns. During part of the billing period, Mrs A and her husband had been overseas and the house had been unoccupied, yet the bill was still higher than previous bills. Subsequent quarterly bills continued to be higher than Mrs A believed to be correct, so she paid to have the meter tested which was subsequently found to be faulty, reinforcing her view that her bills were too high. In addition, she had received notices from her retailer threatening disconnection of her supply. She was upset and felt she had given her retailer sufficient time to resolve her concerns. She therefore contacted EIOSA for advice.



CASE STUDIES CONTINUED

Generally complaints must have arisen from events that have occurred no more than one year prior to being raised with EIOSA. However, having regard to the particular circumstances, the Ombudsman exercised his discretion for EIOSA to investigate.

The retailer confirmed that the meter was tested, found to be faulty, and replaced the same day. As a result of this meter fault, the retailer re-calculated Mrs A's bills using readings from the new meter to work out the average daily consumption. The retailer provided EIOSA with evidence detailing all of Mrs A's readings on her old and new meters, the bills that had been issued and cancelled, the revised bills and all of the amounts she had paid. This information satisfied Mrs A that she had not been overcharged.

As a result of discussions with EIOSA, the retailer acknowledged that Mrs A's concerns should have been resolved more proactively and, in view of the inconvenience, paid her a \$50 customer service gesture. In addition, the retailer offered to negotiate a payment plan for the outstanding amount if this was required.

Claim for Supply Interruption

Mrs J contacted EIOSA as a result of a denied claim by the electricity distributor. She had experienced a supply interruption and had incurred damage to several appliances in her home.

EIOSA investigated the complaint and asked the company for details of the fault and copies of all documentation relevant to the outage. After further investigation, EIOSA concluded that the company had not been negligent nor acted in bad faith. The outage was due to a pinhole crack in an insulator, caused by lightning. As the damage was caused by environmental factors, beyond the distributor's control, the claim was denied.

Disputed Energy Contract

Ms D called EIOSA on behalf of her daughter, Ms N, who had entered into a market contract with an electricity company. Ms D believed the contract was invalid, and that the company had misled her daughter. She further advised that there were sections of the contract which should have been completed, but the salesperson had omitted to ask the appropriate questions of her daughter. Ms N had previously contacted the company to cancel the contract, however it was only prepared to do so if Ms N paid the termination fee. Ms N felt this was unfair.

Ms D advised that her daughter was living in a

rental property and a section of the contract, which referred to the supply address being rented or owned, had been struck out, as was the section for driver's licence details. Ms D stated that her daughter had a current driver's licence, however she was not asked for details during the sales process.

Ms D also said that her daughter had not been made fully aware of the terms and conditions of the contract, nor the financial impact if she moved from her rental property during the term of the contract. Two months had elapsed since the contract had been signed by her daughter, but no confirmation letter had been received in that time. Ms D felt that the company had taken advantage of Ms N's youth and inexperience in dealing with contractual matters.

Ms D indicated that she wished to act for her daughter, so EIOSA obtained written authorisation from Ms N allowing EIOSA and the retailer to discuss her concerns with her mother.

The retailer explained to Ms D that Ms N was an adult who had entered into a contract for the sale of electricity and, despite having a 10 working day period in which to read the terms and conditions and question the incomplete sections of the documentation, had not contacted the company. The company had correctly taken this to mean that Ms N was satisfied with the contract. In an effort to resolve the complaint, the retailer offered a reduction in the termination fee in consideration of Ms D's daughter's inexperience in dealing with contracts. Ms D advised she was satisfied with the offer.

High Summer Bill

Mr P had received high summer electricity bills since moving into the house four years ago. Mr P could not believe his appliances could use so much electricity and he was particularly concerned that a neighbouring property may have been feeding off his power. Further, he had received an estimated bill although a key had been provided to enable access to his meter. This matter was originally referred by EIOSA to Mr P's energy retail company for resolution, however Mr P contacted EIOSA again as he remained dissatisfied with the response.

After contacting the energy retail company and distributor, it was apparent that the meter was normally accessed and read each quarter. However, on the occasion in question, the meter reader had not been able to open the lock with the key provided.



CASE STUDIES CONTINUED

Following Mr P's initial complaint, a check reading had been arranged by the company and the estimated bill adjusted accordingly. This reading showed usage was still very high. An earlier meter test had eliminated the possibility of a meter fault and the distributor advised that it was physically impossible for the neighbouring house to be using his power as this would have been detected when the meter was tested. Also the neighbouring property's supply was from a different street.

It is difficult to determine individual power consumption levels. A whole range of factors can impact, including the use of additional or different appliances, weather conditions, the number of individuals in the household including visitors, and/or faulty appliances or electrical wiring.

Mr P was provided with a table which showed his usage peaking in summer and he was referred to his local library for a Home Energy Action Toolkit which could help him to identify the appliances that were causing his high usage. Mr P's energy retail company invited him to contact them to set a payment arrangement to clear the outstanding amount on his account.

Incorrect Transfer of Account

Ms A received a final bill from her electricity retailer (Retailer 1) but she had not accepted a contract with another retailer (Retailer 2). She was assured by Retailer 2, which had taken on her account in error, that they would rectify the problem and transfer her account back to Retailer 1. Two years passed and she did not receive a bill in that time. This matter was originally referred to Retailer 2 and Ms A was told she would be billed by this retailer up until the date her account was transferred back.

Ms A was not satisfied with this response as she had not provided explicit informed consent and Retailer 2 had not returned her account to Retailer 1 when she contacted them two years prior. Ms A contacted EIOSA for assistance. In the meantime, the retailer reconsidered its position and advised it would not be billing her. However, Ms A was concerned that she had nothing in writing to confirm this. EIOSA contacted the retailer which confirmed that the account had been returned to Retailer 1, bills had been withdrawn and a letter of confirmation was sent to Ms A.

Transfer Delay due to Solar System

Mr B purchased a photovoltaic solar system and made arrangements to transfer to a retailer which offered to buy back electricity he was generating, as his current retailer did not offer this service. The transfer could only occur after the next meter read which was due in November 2007, several months later. As he wanted to take advantage of the new arrangements sooner, Mr B arranged (and paid) for a special meter reading to take place in September 2007. Following this reading, Mr B called the existing retailer and, two weeks later, was advised the transfer had not been completed. His existing retailer and the future retailer blamed each other for the delay. The distributor advised Mr B that it could not install the new photovoltaic meter until his new retailer took over the service.

Mr B was dissatisfied that the delay was costing him money in lost electricity generation and contacted EIOSA requesting assistance in ensuring he was transferred to his new retailer in a timely manner. EIOSA made contact with the customer's new retailer which identified a system error that had caused the delay in transfer. The retailer corrected the error and the transfer was backdated to September 2007. The retailer also provided a customer service gesture for any inconvenience caused. Mr B was satisfied with the outcome.

Estimated Readings lead to Large Catch up Bill

Ms P contacted EIOSA after receiving a 'catch-up' electricity bill for more than \$2,000. A meter reading had been obtained when Ms P had first moved into the property two years earlier and then again when the meter had been moved to outside the house. In between, all bills had been estimated. Ms P explained that she had not been able to provide access to the meter during this period, as she worked long hours and therefore could not be at home.

EIOSA explained to Ms P the regulations that apply to the retailer, distributor and customer. The Connection and Supply Contract sets out the terms under which the distributor connects and supplies electricity to customers. The contract states that it is a customer's responsibility to ensure safe and convenient access to the supply address for the purpose of reading meters.



CASE STUDIES CONTINUED

As Ms P was not satisfied with the billing and could not meet the payments requested by the retailer on the catch-up bill, EIOSA referred her complaint to a higher level contact area with her retailer.

EIOSA's referral resulted in the retailer amending the billing to distribute the electricity usage evenly over the two year period. This gave Ms P the benefit of having more usage charged at lower rates and slightly reducing the overall charges. As well, the retailer agreed to a payment plan on the amount owing that was more suitable to Ms P's financial situation.

Sales Agreement not Honoured

Mr A had an energy marketer call at his premise regarding an electricity contract offer. Although Mr A felt pressured by the marketer, after considerable discussion he agreed to the proposed electricity market contract. His acceptance was conditional upon the contract not being effective until his contract with his current retailer expired, due in another 2-3 months. The marketer agreed to this condition and Mr A signed the required documentation to enter into the market contract.

A couple of months later, Mr A received a final bill from his retailer, which included an exit fee for terminating the contract before the full term of the contract had expired. Mr A contacted the new retailer and was advised there was nothing it could do, but that he could transfer back to the original retailer without incurring another exit fee from them.

Mr A was not satisfied with the response and contacted EIOSA. Following EIOSA's intervention, the new retailer provided Mr A with a credit to the value of the exit fee incurred by his original retailer. Mr A considered this was an appropriate outcome to his complaint.

Bulk Hot Water

Mr T lives in a multi-storey complex. Two large hot water services provide hot water for the ten units including Mr T's unit. Mr T's gas bills for hot water were over \$200 per quarter. Believing his bills were higher than they should have been, Mr T spoke to his neighbours and identified that the five units across the top floor had much higher bills than the five units on the bottom floor.

EIOSA investigated the matter. The gas retailer identified a type of cross metering at the property which meant that the top five units at the complex were overcharged by 30% and the bottom five units were undercharged by 60%.

As a result of the error the gas retailer took the following action:

- Corrected the cross metering situation.
- Amended bills and issued refunds for over-charged customers, including Mr T.
- Wrote an apology to all affected customers explaining the error and corrective action.
- Did not seek to recover from customers that had been undercharged.

Mr T expressed his satisfaction with the outcome.



2008 CASE MANAGEMENT REPORT

OVERVIEW

EIOSA received 5,293 cases in 2007/08, an increase of 447 (9.2%) from the previous year. The majority of the increase occurred in the second part of the 2007/2008 year which reflected 56% of the activity.

These cases were either Enquiries (2,395), Referred

to Higher Level (RHL) Complaints (2,394) or Investigated Complaints (504).

There were 5132 cases closed during 2007/08 and 353 cases unresolved (in process) at the end of the year.

ISSUES RECEIVED

The table below provides details on the types of issues received in 2007/08. The key areas of increased cases with EIOSA were experienced in the categories of 'Billing' (up by 193 or 10.0%), 'Credit Management'

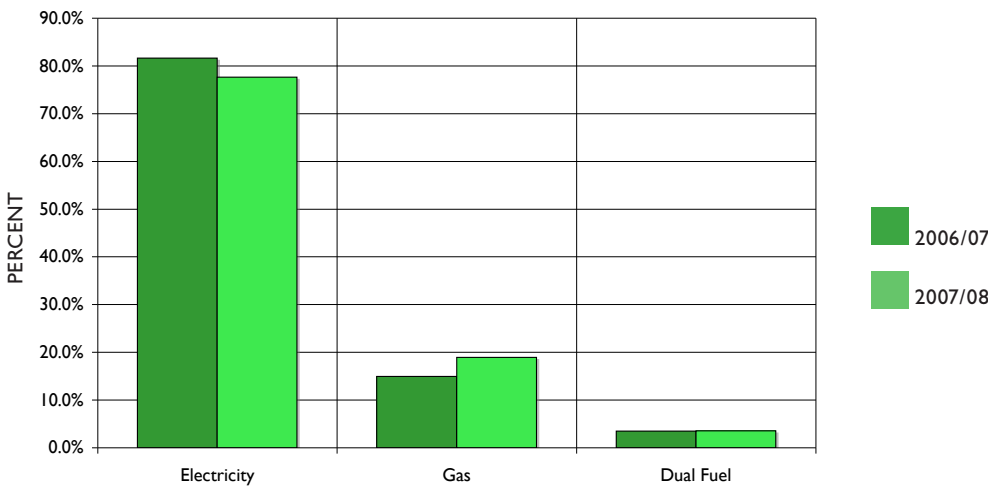
(192 or 40.0%), and 'Customer Service' (194 or 104.3%). Decreased levels of cases were experienced in two categories: Competition (-246 or down 18.3%) and Supply Quality (-68 or 33.7%).

ISSUES	2006/07		2007/08		Difference	
Cases Received	No.	%	No.	%	No.	%
Billing	1929	39.81%	2122	40.09%	193	10.0%
Competition	1342	27.69%	1096	20.71%	-246	-18.3%
Credit Management	480	9.91%	672	12.70%	192	40.0%
Customer Service (Incl Privacy)	186	3.84%	380	7.18%	194	104.3%
General Enquiry	369	7.61%	518	9.79%	149	40.4%
Land	85	1.75%	104	1.96%	19	22.4%
Provision	253	5.22%	267	5.04%	14	5.5%
Supply Quality	202	4.17%	134	2.53%	-68	-33.7%
TOTAL	4846	100.00%	5293	100.00%	447	9.2%

INDUSTRY

Electricity issues accounted for 77.6% (4106) of all cases received in 2007/08, up 4% from 2006/07 and gas accounted for 18.9% (1002) of all cases received, an increase of 39% over the previous year. Dual fuel cases represented 3.5% (185) of cases received, an increase

of 8% from 2006/07. The introduction of a new billing system by a retailer, for their South Australian gas customers, was the predominant reason for the increase in gas cases.



THE DIFFERENCE BETWEEN ENQUIRIES AND COMPLAINTS

A case represents a contact to EIOSA and can be handled as an Enquiry or a Complaint. There were a total of 5132 cases handled (closed) in 2007/08.

An Enquiry is a request for information or service. A complaint is an expression of dissatisfaction with an energy company that is a member of EIOSA.

THE DIFFERENCE BETWEEN ENQUIRIES AND COMPLAINTS continued

Enquiries

If a person with a complaint has not contacted the energy company prior to contacting EIOSA, the contact with EIOSA will be recorded as an Enquiry and the customer asked to contact the company's customer service section. It is a requirement of EIOSA's Charter for members to have had an opportunity to consider the complaint.

Many enquiries involve the provision of information and/or advice. Typically an Investigation Officer will provide information on industry codes and regulations which may apply to the customer's issues. If the issue is outside the jurisdiction of EIOSA we endeavour to provide the customer with details of appropriate referral points. The provision of timely and accurate information is an important component of EIOSA's role.

EIOSA handled 2,386 cases at Enquiry Level, 46.5% of the total cases handled in 2007/08.

Complaint – Refer To Higher Level (RHL)

Where the customer has been unable to resolve a complaint with an energy company, EIOSA accepts the issue as a complaint. If the customer's contact has been at the company call centre level only, EIOSA will refer the complaint to the company's higher-level dispute resolution area under our "Refer to Higher Level" policy.

This policy is similar to other industry ombudsman schemes and provides companies with a further opportunity at a more senior level to resolve the customer's complaint. Exceptions to this RHL policy include complaints about disconnections which are imminent or have already taken place.

Customers are advised that, if they are not satisfied with the resolution or the time taken to resolve the complaint, they should contact EIOSA again.

Importantly, EIOSA does not close RHL cases until advised by the company that the complaint has been resolved. In this way EIOSA maintains a "watching brief" over the resolution. Again, as detailed above, if customers advise EIOSA that they are not satisfied with the outcome, the case is upgraded as an investigation.

EIOSA handled 2,259 RHL cases, comprising 44.0% of the contacts handled in 2007/08.

Complaint – Investigation

When a case has been accepted for investigation, members are asked to provide information to assist the investigation. This may include details such as the customer's billing history, previous contacts between the member and the customer relevant to the complaint, cause of any outage, whether informed consent was given as part of a market contract etc. If the customer has supporting information, we ask that this also be provided.

Where appropriate, EIOSA may also obtain independent technical or legal advice or seek the opinion of a regulatory body such as Essential Services Commission of South Australia and/or the Office of the Technical Regulator.

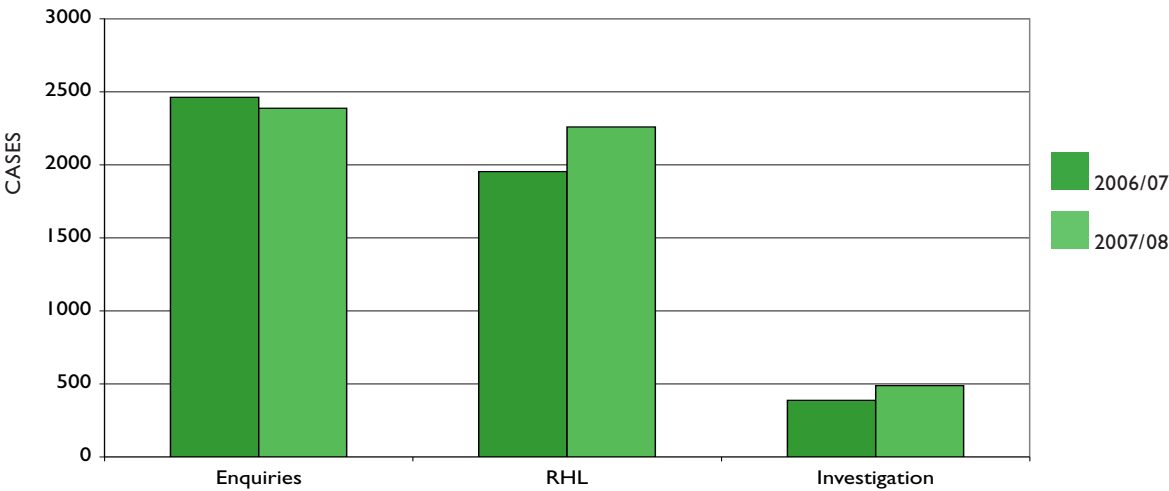
Investigations will normally also include a review as to whether the requirements and provisions of the relevant energy codes and regulations have been met.

EIOSA's aim is to establish an objective and independent view of the issues and to negotiate a fair and reasonable outcome.

EIOSA handled 487 Investigations during 2007/08.

CASE HANDLING LEVELS

During 2007/2008 cases to EIOSA were handled at the following levels:



CASE HANDLING LEVELS continued

The number of cases handled at Enquiry Level in 2007/08 has decreased by -3.1% (76 cases) over the previous year.

Both RHL cases numbers and the number of Investigations handled increased from the previous year. RHL'S increased by 305 (15.6%) and Investigations by 101 (26.2%).

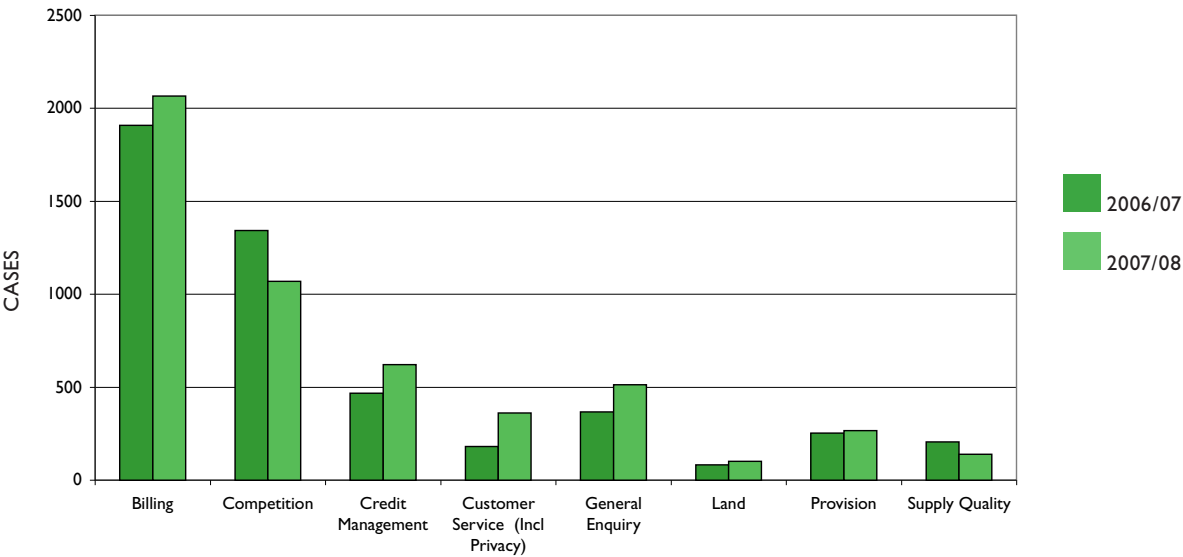
Generally Investigations are more complex and resource intensive.

ISSUES

The type of issues that were handled in 2007/2008 compared to 2006/2007 is outlined in the following table.

Issues	2006-2007	2007-2008
Closed Cases	%	%
Billing	39.7%	40.3%
Competition	28.0%	20.8%
Credit Management	9.7%	12.1%
Customer Service (Incl Privacy)	3.8%	7.0%
General Enquiry	7.6%	10.0%
Land	1.7%	2.0%
Provision	5.2%	5.2%
Supply Quality	4.3%	2.7%
TOTAL	100.0%	100.0%

ISSUES HANDLED



Billing

In common with other similar ombudsman schemes, billing issues (2,066) continue to be the

largest issue category 40.3%. In 2006/07 billing cases comprised (1,907), 39.7% of the types of issues handled.

Disconnections

The number of disconnection and imminent disconnection cases increased from 222 in 2006/07 to 297 in 2007/08. Whilst disconnections and imminent disconnections remain a relatively small component of this credit management category,

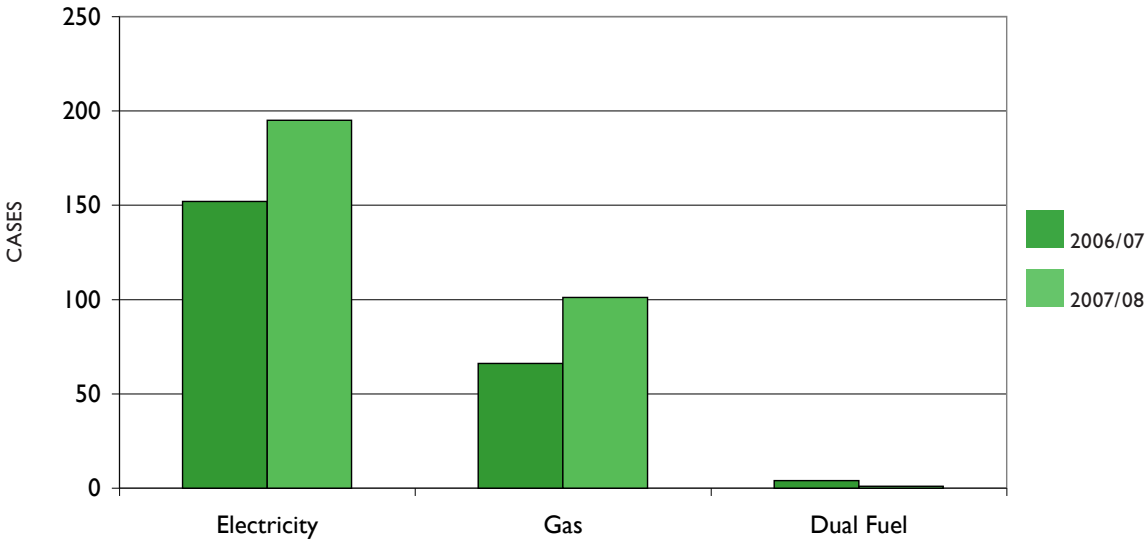
these cases are of importance and the changes may reflect broader economic conditions being experienced by consumers. The chart and tables below detail the number of disconnection cases dealt with in 2006/07 and 2007/08 and these cases expressed as a percentage of billing cases and all cases received.

Year	Number	Disconnection as a % of Billing and Credit Cases	Disconnections as a % of Total Cases
2005/2006	223	10.7	7.6
2006/2007	222	9.4	4.6
2007/2008	297	11.1	5.8

Disconnections by Industry/Fuel - 2007/2008

INDUSTRY/FUEL	Actual	Imminent	TOTAL
ELECTRICITY	96	99	195
GAS	75	26	101
DUAL FUEL	0	1	1
TOTAL	171	126	297

DISCONNECTIONS
Actual and Imminent Disconnection – Comparison by Industry/Fuel



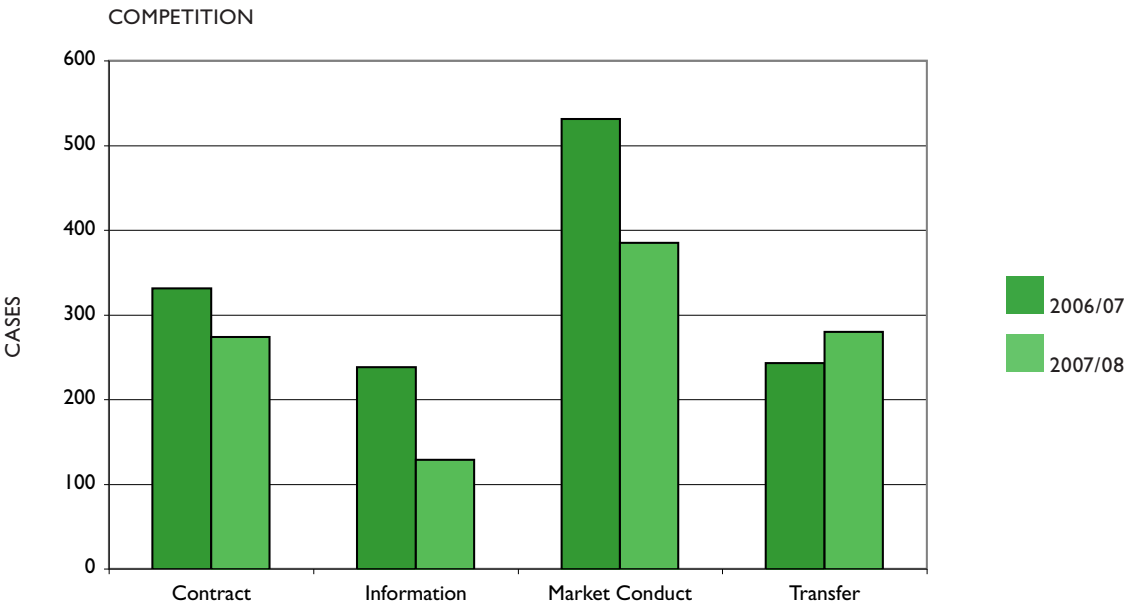
In 2007/08, electricity cases (195) comprised 66% of the disconnection cases handled by the scheme compared to (152) 69% of cases in 2006/07. Gas

disconnections increased from (66) 30% of the cases in 2006/07 to (101) 34% in 2007/08. Dual Fuel cases reduced from 4 to 1 between 2006/07 and 2007/08.

Competition

Competition-related cases decreased by 275 (20.5%) compared to 2006/07 This largely reflects

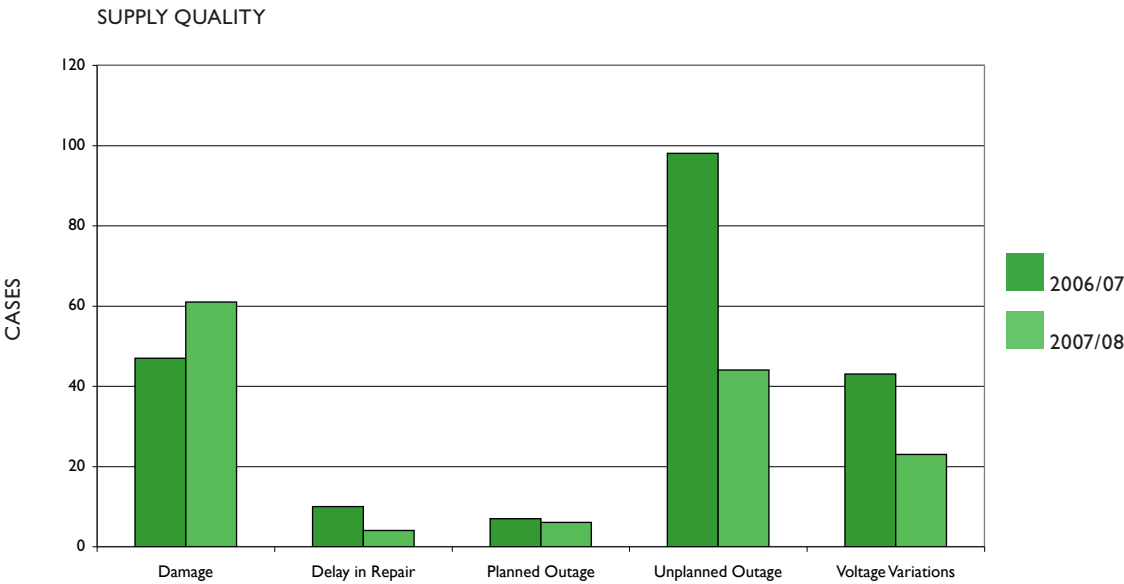
the reduced level of gas and electricity market transfers that occurred in 2007/08.



Supply Quality

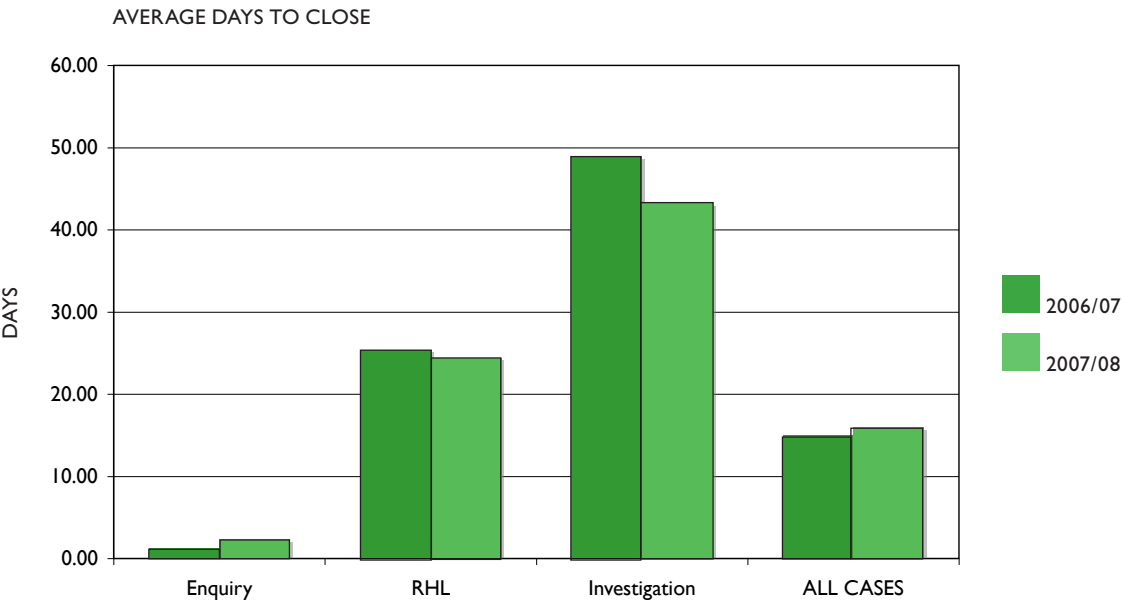
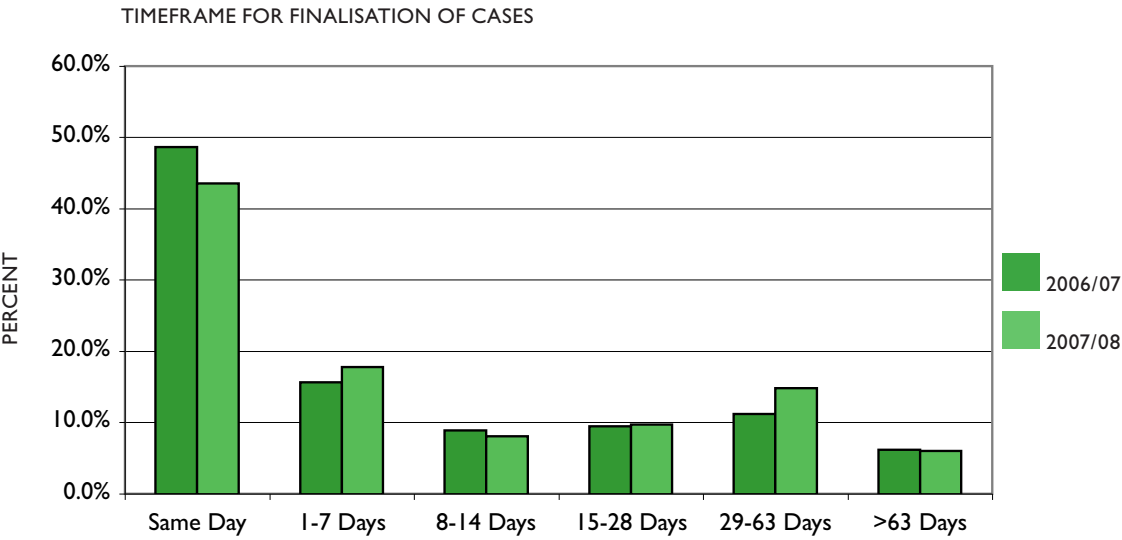
EIOSA handled 138 supply quality cases during 2007/08, compared to 205 in the

previous year, a decrease of 67 (32.7%)



TIMEFRAME FOR FINALISATION OF CASES

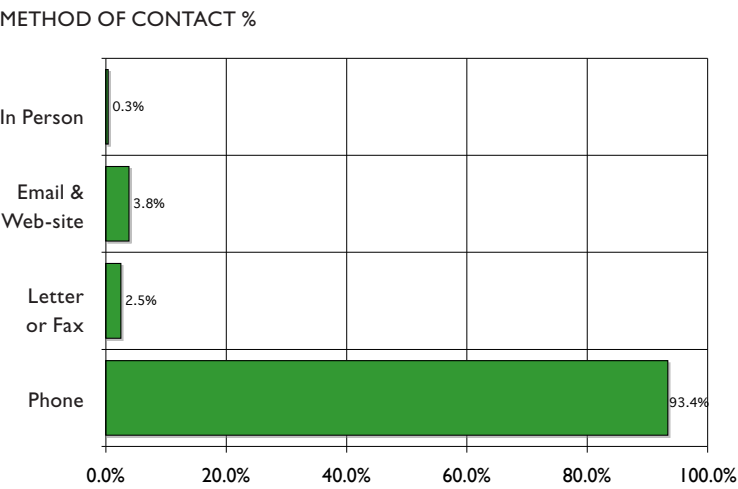
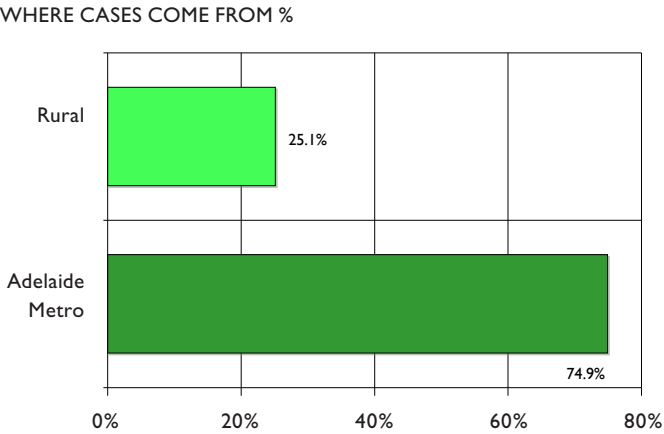
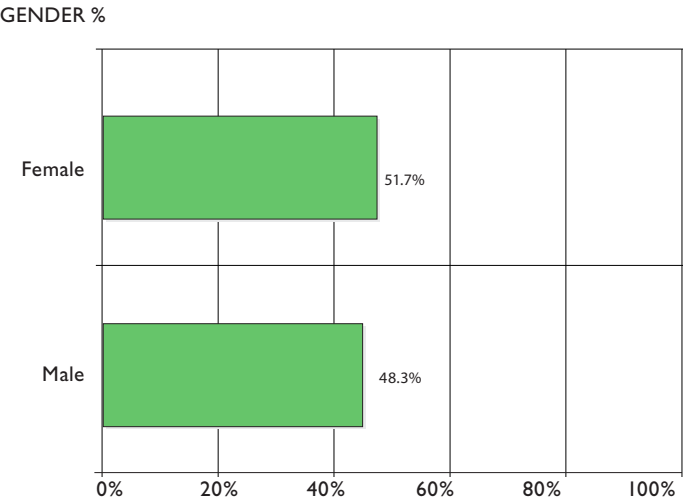
Although the overall number of cases increased, including the more resource intensive and time consuming Investigations, the timeframe for resolution of cases in the RHL and Investigations categories decreased slightly in 2007/08.



CONTACT STATISTICS 2008

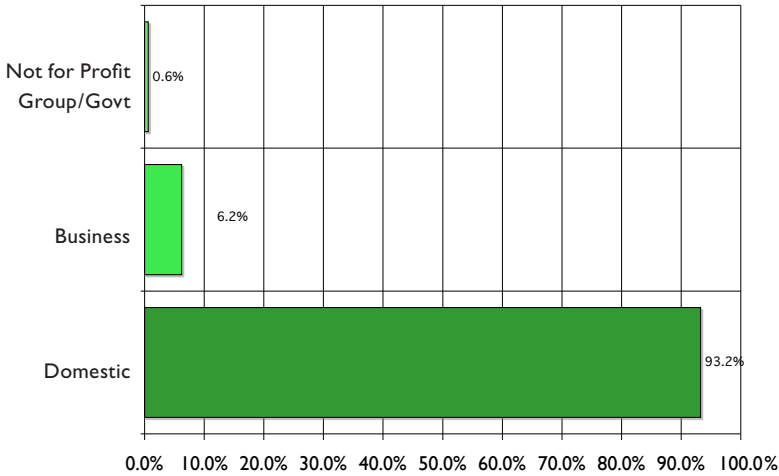
The SA Energy Market comprises around 778,000 electricity customers and 369,000 gas customers which potentially fall within the jurisdiction of the scheme.

The following tables provide EIOSA contact statistics for the 2007/08 year.

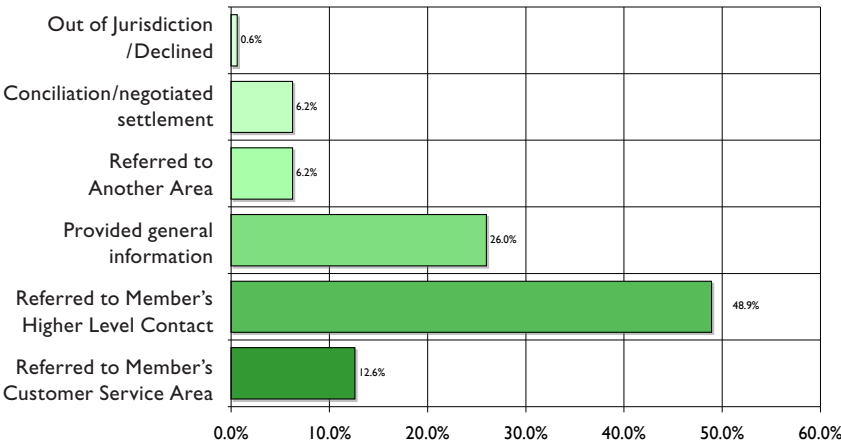


CONTACT STATISTICS CONTINUED

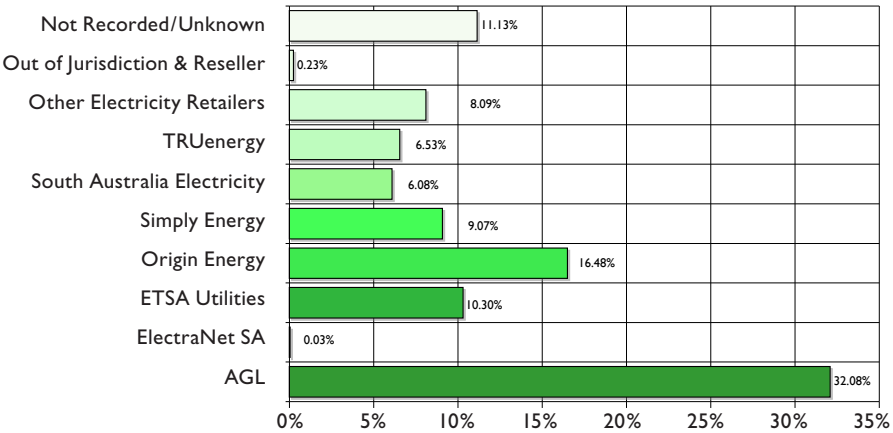
CUSTOMER TYPES BY %



HOW EIOSA DEALT WITH CASES

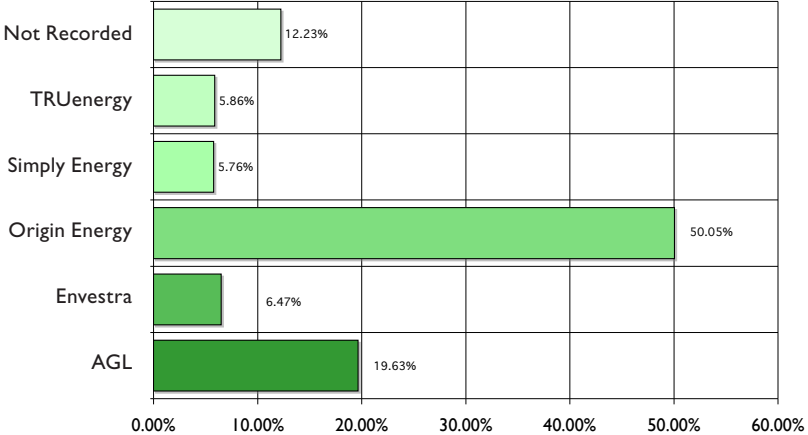


PROVIDER - ELECTRICITY %

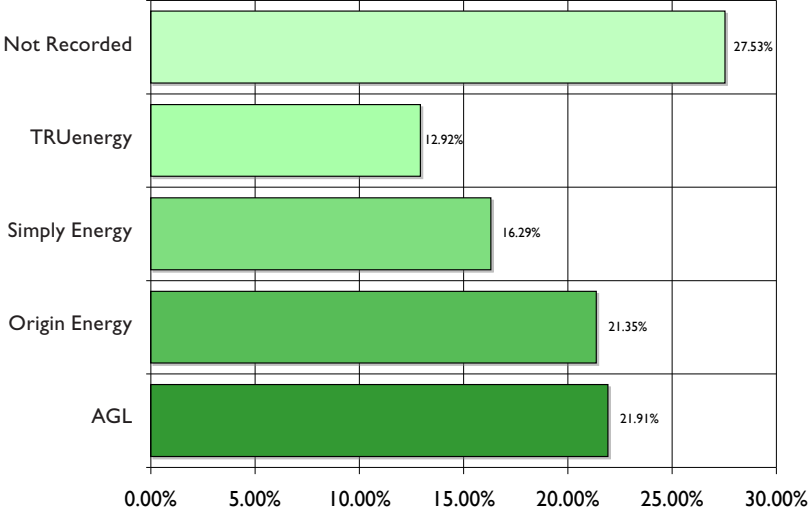


CONTACT STATISTICS CONTINUED

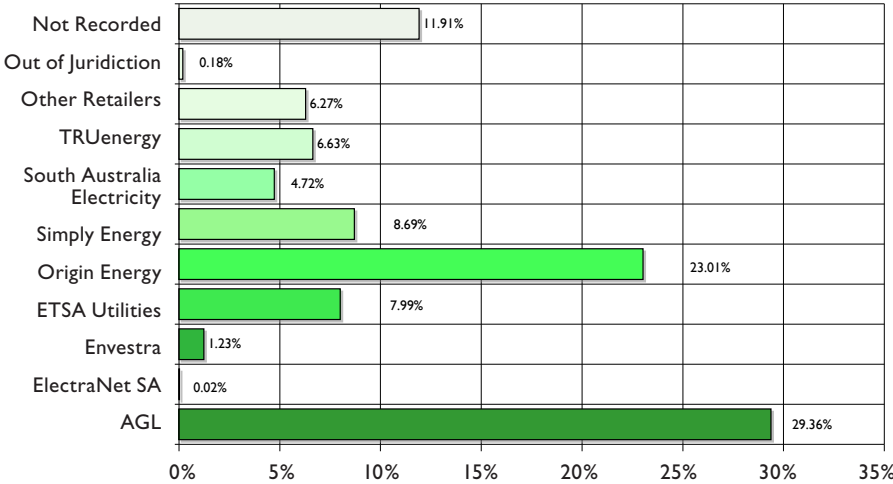
PROVIDER - GAS %



PROVIDER - DUEL FUEL %



PROVIDER - ALL FUELS %



FINANCIALS 2007/2008

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$	\$
Revenues from ordinary activities	1,025,233	844,242
Expenses from ordinary activities	1,024,175	920,173
Operating Surplus/(Deficit)	1,058	(75,931)
Accumulated surplus at the beginning of the financial year	278,199	354,130
ACCUMULATED SURPLUS at the end of the financial year	\$279,257	\$278,199

BALANCE SHEET AS AT 30 JUNE 2008

CURRENT ASSETS

Cash and cash equivalents	343,828	322,044
Trade and other receivables	78,029	15,005
Other	189,930	101,903

TOTAL CURRENT ASSETS	611,787	438,952
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NON CURRENT ASSETS

Property, plant and equipment	115,148	126,510
Rent Bond receivable	17,100	17,100

TOTAL NON CURRENT ASSETS	132,248	143,610
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TOTAL ASSETS	744,035	582,562
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CURRENT LIABILITIES

Trade and other payables	76,027	10,174
Provisions	351,756	256,545
Other	36,995	37,644

TOTAL CURRENT LIABILITIES	464,778	304,363
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TOTAL LIABILITIES	464,778	304,363
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NET ASSETS	\$279,257	\$278,199
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EQUITY

ACCUMULATED SURPLUS	279,257	278,199
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TOTAL EQUITY	\$279,257	\$278,199
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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Payments received from members	958,385	849,715
Interest received	19,006	19,692
Payments to suppliers and employees	(928,423)	(900,880)
Interest paid	-	-

NET CASH FLOWS FROM OPERATING ACTIVITIES	48,968	(31,473)
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(43,721)	(57,758)
Proceeds on sale of plant & equipment	16,537	-
Net cash flows from investing activities	(27,184)	(57,758)
Net increase/(decrease) in cash held	21,784	(89,231)

CASH AT BEGINNING OF YEAR	322,044	411,275
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CASH AT END OF YEAR	\$343,828	\$322,044
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Energy Industry Ombudsman SA

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This Annual Report has been
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