

2010 ANNUAL REPORT



An independent body established to investigate and resolve disputes between customers and electricity and gas companies in South Australia.



**Energy Industry
Ombudsman SA**

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.

MISSION STATEMENT

To 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.

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 may 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 EIOSA do not extend to areas such as:

- the setting of prices and tariffs
- commercial activities 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 company 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 company, we will ask them to contact us if they have not been able to resolve disputes 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.



ANNUAL REPORT 2009-10

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**Energy Industry
Ombudsman SA**

CASES RECEIVED

Energy Industry Ombudsman (SA) Ltd (EIOSA) received 8,840 cases in 2009-10 compared to 8,608 cases in 2008-09, an increase of 2.7 per cent.

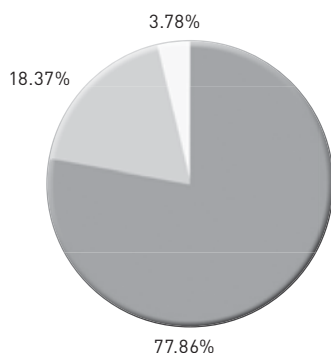
Case Issue Types

	2008-09	2009-10
Issues (Cases Received)	%	%
Billing	48.11	53.51
Sales and Marketing (Competition)	13.96	10.97
Credit Management	14.31	10.96
Customer Service (Incl Privacy)	7.01	7.68
General Enquiry	7.78	6.07
Land	0.98	0.93
Provision	5.73	7.81
Supply Quality	2.13	2.07
TOTAL	100.0	100.0

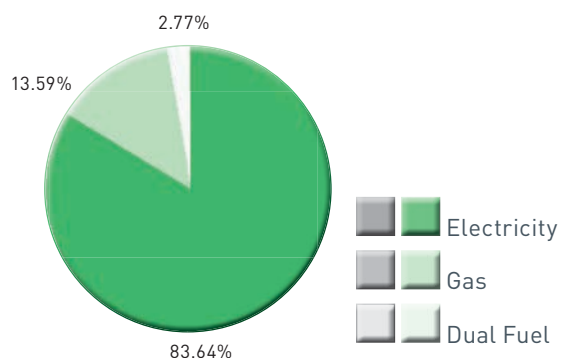
Industry/Fuel Split

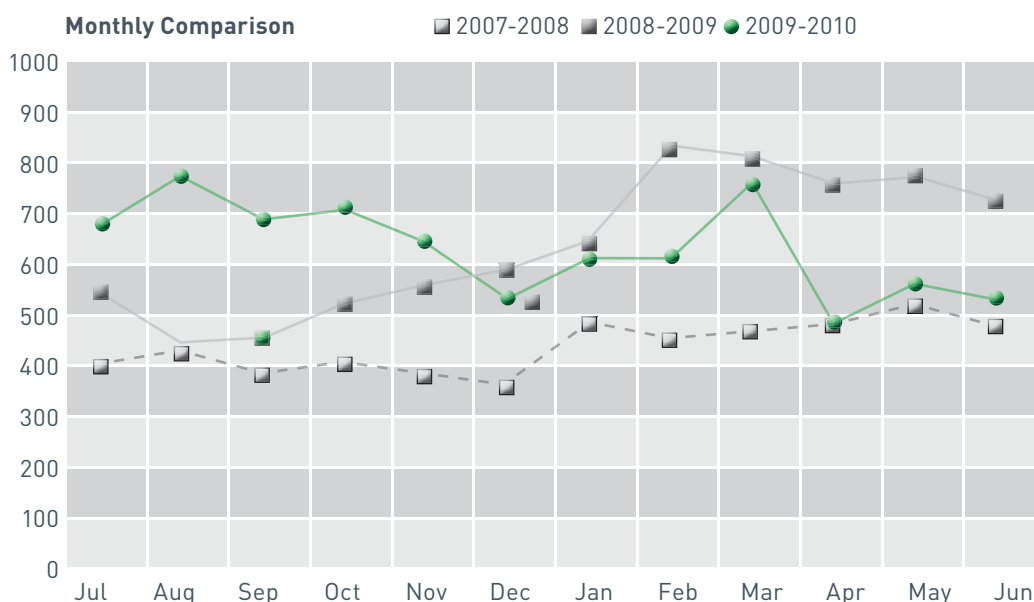
Industry (Cases Received)	2008-09		2009-10		Difference	
	No.	%	No.	%	No.	%
Electricity	6702	77.86	7394	83.64	692	10.3
Gas	1581	18.37	1201	13.59	-380	-24.0
Dual Fuel	325	3.78	245	2.77	-80	-24.6
TOTAL	8608	100.0	8840	100.0	232	2.7

Industry/Fuel Split 2008-09



Industry/Fuel Split 2009-10





LEVEL OF CONTACT

Enquiries

2007-08	2008-09	2009-10
2,395	2,951	3,369

Consultations

2007-08	2008-09	2009-10
241	463	364

Higher-level Referral

2007-08	2008-09	2009-10
2,394	4,937	4,938

Investigations

2007-08	2008-09	2009-10
263	257	169

DESCRIPTION OF CASE LEVELS

Enquiries

An enquiry is a request for information, rather than an expression of dissatisfaction. If a person with a complaint has not contacted the relevant energy company before contacting EIOSA, 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 an energy company's customer services area, then the matter will be referred by EIOSA to the company's higher level contact staff in an effort to resolve the matter.

Consultation

A consultation complaint occurs when a customer is without a gas or electricity supply. Cases include customer disconnections (or when disconnection is imminent) for non-payment of accounts.

Investigations

If a complaint has been referred to a higher-level contact in an energy company but remains unresolved, EIOSA will investigate and attempt to negotiate an outcome.

The Board of Directors comprises three industry directors elected by Scheme members, three consumer directors nominated by the Essential Service Commission of SA (ESCOSA) and an independent chairperson.

Chairman

William Cossey AM *(appointed March 2009)*

Semi-retired, formerly State Courts Administrator, Chair Australian Central Credit Union, Deputy Chair (ECH) Elderly Citizens Homes, Member, SA Government Social Inclusion Board, Chair of Board of Management, Don Dunstan Foundation, President, Tennis SA, Director, Tennis Australia, Director, East Waste, Council Member, University of South Australia

Directors

Susan Filby *(appointed 18 May 2006)*

General Manager Services, ETSA Utilities

Peter Bicknell *(appointed 27 February 2009)*

Chair UnitingCare Australia, Chair UnitingCare Wesley Port Adelaide Inc, chair Portway Housing Association Inc, Chair Adelaide Brighton Cement Community Liaison Group.

Kaylene Matthias *(appointed 27 February 2009)*

General Manager, Rural Financial Counselling Service SA, Member Regional Development Australia, Yorke and Mid North Board, Member SA Water Consultative Council.

David McNeil *(appointed 25 February 2008)*

General Manager, Retail Operations, AGL Retail Energy Ltd

Rodney Williams *(appointed 24 October 2007)*

Former Director, Competition Policy, SA Department of Premier and Cabinet

Nazzareno La Gamba *(appointed 29 April 2009)*

Retail Executive Strategic Director, Origin Energy

Company Secretary

Pia Bentick-Owens, FCIS, Barrister (np)

EIOSA MEMBERS

Founding Electricity Members

AGL South Australia Pty Ltd

ETSA Utilities

ElectraNet Pty Ltd

Joining Electricity Distributor Member

Australian Pipeline Trust ('formerly Murraylink Transmission Partnership')

Joining Electricity Retailer Members

AGL Sales (Queensland Electricity) Pty Ltd

Aurora Energy Pty Ltd

Country Energy

Diamond Energy Pty Ltd

(joined 30 June 2010)

Flinders Power Partnership

Jackgreen (International) Pty Ltd
(membership ceased on 18 December 2009)

Momentum Energy Pty Ltd

Origin Energy Electricity Ltd

Powerdirect Pty Ltd

Red Energy Pty Ltd

Simply Energy

Lumo Energy (SA) Pty Ltd ('formerly South Australia Electricity Pty Ltd')

TRUenergy Pty Ltd

Founding Gas Members

Envestra Ltd

Origin Energy Retail Ltd

Joining Gas Retailer Members

AGL South Australia Pty Ltd

Simply Energy

TRUenergy Pty Ltd



Bill Cossey



CHAIRMAN'S REPORT

This is my first full year report as Chairman of the Energy Industry Ombudsman Scheme of South Australia having taken up the position in March 2009.

Throughout the year the Board met each month (with the exception of January 2010) and discharged its governance obligations with enthusiasm and goodwill. In addition, the Board called two General Meetings of members to deal with matters requiring member decisions.

There was no change to Board membership during the year following the quite significant number of changes in 2008-09. Having settled into the role, Directors agreed that in addition to the Ombudsman's Business Plan, the Board would need to develop its own Strategic Plan. The process of forming this Plan commenced in late 2009 and the Plan was released in April at an event to mark ten years operation of the Scheme.

Refinement of the Strategic Plan will occur over time. The Board has now commenced a process of refining its agenda for Board meetings so that it concentrates its deliberations on those matters which are essential to the sustained, long term health of the Scheme. This will have the added benefit of ensuring that there is a clear separation of the Board's governance responsibilities from the Ombudsman responsibilities for operations and management.

Consistent with this approach the Board, after much consideration, submitted to the members at the November 2009 General Meeting that the funding arrangements for the Scheme should be modified effective July 1, 2010. The new arrangements which are based primarily on the member's usage of the scheme and on case fees indicative of the level of involvement the Scheme has with the case were unanimously approved.

The Board will be closely monitoring the impacts of these changes throughout 2010-11.

During the year the Board became aware of the possible inclusion of the water industry (as is the case in several other states) in the South Australian Scheme and commenced planning for this possibility. With the office accommodation already being severely constrained the Board approved relocation to larger premises in the same building. At the time of this report, plans are well advanced for relocation before the end of 2010.

Throughout the year, the Board maintained a sound working relationship with the Essential Services Commission of South Australia and has instigated the practice of meeting formally with Dr Pat Walsh, the Chairperson, at one Board meeting per year. This is in addition to numerous informal contacts. On behalf of the Board I thank Dr Walsh for his continued guidance and support.

In conclusion I place on record my sincere thanks to my fellow Board members for their continued support and enthusiastic contribution to the work of the Board. I thank all Scheme members for their willing support of the Board and the changes proposed during the year and for the cooperation with the Ombudsman and the staff of the office on a day to day basis.

Finally, I thank the Ombudsman, Sandy Canale and the staff of the Ombudsman's Office for their outstanding work in the resolution of customer enquiries and complaints and for their excellent work in promoting the Scheme to South Australians. The feedback from people who have made contact with the Scheme during the year continues to be extremely positive and is a credit to the Ombudsman and all staff.

Bill Cossey AM

Chairman

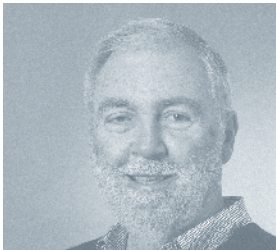
EIOSA BOARD MEMBERS



Bill Cossey



Sue Filby



Peter Bicknell



Kay Matthias



David McNeil



Rodney Williams



Nazzareno La Gamba



Pia Bentic-Owens



Sandy Canale



ACTIVITY

New cases to EIOSA increased by 2.7% in 2009-10 with 8,840 new cases received by the Scheme (up from 8608 in 2008-09).

The upward trend is significant given that cases increased by 62.6% the previous financial year. In the last quarter of the year, case numbers reduced by approximately 21% when compared to the previous three quarters. This is mainly attributed to one retailer who had implemented a new billing system the previous year reducing their level of complaints.

Whilst increases were experienced in a number of categories, several areas declined with the most pleasing being in the area of credit management (down 21.3 per cent). This category reflects disconnection and imminent disconnection cases and is closely monitored particularly for those customers who may be experiencing financial hardship. Retailers are required to take into consideration a customer's capacity to pay when addressing arrears and many customers were accepted into the retailers' hardship programs, which provide tailored and flexible payment arrangements and help reduce the number of disconnections.

In summary, increases were experienced in the following categories:

- Billing (up 589 or 14.2 per cent);
- Customer Service (up 76 or 12.6 per cent); and
- Provision (up 197 or 40 per cent).

Categories to experience a decrease in complaints were as follows:

- Competition (down 232 or 19.3 per cent)
- Credit management (down 263 or 21.3 per cent); and
- General enquiries (down 133 or 19.9 per cent)

Detailed commentary and statistics can be found in the Case Management section on page 17.

Overall billing issues accounted for 53.5 per cent (4,730) of all cases received and continued to be the largest category of cases within the office, up from 48.1 per cent (4,141) last year. The largest areas of increase were in relation to back bills, up by 62% (predominantly relating to a retailer which in the previous financial year implemented a new customer billing and information system) and disputed amounts (higher than expected bills), up 30%.

Disappointingly, the customer service category continues to increase and largely reflects failures by some of the retailers to respond to matters in a timely manner or satisfactorily. All companies are required to have approved (by the Essential Services Commission of SA) internal dispute resolution processes. These processes may not be operating at optimum levels and in the coming year we will focus on this area with member companies in an effort to encourage an improvement in their overall performance when responding to customer enquiries.

The increase in the provision category is mainly driven by complaints from a limited number of people relating to delays in responding to street light failures.

A 19% decline in the competition/marketing category is attributed to a reduction in sales activity by the retailers in South Australia.

GUIDING PRINCIPLE • EFFECTIVENESS

We will ensure that we focus on the mission of the scheme to facilitate the resolution of complaints.

Whilst 38% of the cases received by EIOSA were resolved or dealt with at the 'enquiry' level, the remainder required the office to refer complaints or concerns to higher level authorities within the energy companies, or required an independent investigation by EIOSA.

One of the benefits of a scheme like EIOSA is the knowledge base developed from the complaints raised by consumers. These issues help identify systemic problems and provide the energy companies with information which can assist to improve their service performance. The systemic issues identified during 2009-10 are reported on page 12.

Staff numbers remained consistent with the previous financial year and resolution times have remained reasonably stable compared with last financial year except for investigations which took longer to resolve than the previous year due to the complexity of the matters involved.

(NOTE: the South Australian energy market comprises about 817,000 electricity customers and 395,000 gas customers potentially falling within the jurisdiction of the Scheme).

TEN YEARS OF OPERATION

EIOSA CELEBRATED ITS 10TH ANNIVERSARY IN JANUARY 2010.

The legal entity that is presently constituted as Energy Industry Ombudsman (SA) Ltd came into existence on 22 October 1999, with Nick Hakof appointed as inaugural Ombudsman on 4 January 2000. Emeritus Professor Keith Hancock AO was appointed as the first independent Chair of the Board on 27 March 2000.

The Scheme, whose jurisdiction at creation was limited to electricity matters only, dealt with its first case on 5 February 2000, a matter relating to supply quality. In the first financial year (2000-01) of operation EIOSA received 1,270 cases of which 43% related to billing and credit management and 17% related to supply quality. This financial year, 10 years on, billing and credit management accounts for 64% of cases received with supply quality representing only 2%. In June 2003, the jurisdiction of the Scheme was expanded to include the gas industry.

The current Ombudsman, Sandy Canale, was appointed in December 2007 and Bill Cossey AM was appointed as the current Chair of the Board in March 2009.

This financial year, the Scheme received 8,840 new cases and has become an integral part of the energy consumer protection framework in South Australia. It enjoys high levels of customer satisfaction from the users of the Scheme with 90% stating that they were either satisfied or very satisfied with the service provided.

The success of the Scheme to date has involved the cooperation and support of a number of stakeholders including the member companies, community groups, consumer representatives, regulators, members of parliament and media to name a few. The skills and knowledge of the EIOSA staff over the past 10 years have also played a pivotal role in the success of the Scheme. The on-going support of all stakeholders will help to ensure that we are able to continue to achieve quality outcomes for the issues that arise.

GUIDING PRINCIPLE • ACCESSIBILITY

We will be easy to contact by all electricity and gas consumers in South Australia and our services to them will be free.



Looking forward, the Scheme may play a role in the proposed regulatory framework for water by extending its jurisdiction over that industry. In addition, there are many changes in the pipeline which will no doubt have some influence on the Scheme. This includes the proposed National Energy Customer Framework and transference of a number of regulatory functions from the Essential Services Commission of SA to the Australian Energy Regulator.

EIOSA STRATEGIC PLAN 2010 – 2013

Energy markets continue to evolve and significant energy market reforms are in the pipeline. It is expected that EIOSA will continue to play a key role in the consumer protection framework as changes occur and in this context the EIOSA Board met in late 2009 to develop its strategic road map for the 2010-2013 period.

The Plan aims to ensure that EIOSA is prepared for the changes ahead and is flexible and dynamic in meeting consumer and industry expectations of the Scheme. A copy of the Plan can be obtained at www.eiosa.com.au.

NEW FUNDING MODEL

A new funding model for the Scheme was developed and approved by members during the year. The new arrangements are based on a 'user pays' business model and are made up of three components; a fixed component based on customer numbers, a contribution to fixed costs and the balance based on case handling fees. EIOSA believes that the new arrangements will encourage greater focus by members on managing cases internally and ultimately deliver an improved level of customer service to consumers.

OFFICE RELOCATION

With demand for EIOSA services growing, the current accommodation is no longer considered appropriate for the future. As such, the EIOSA Board approved the move to larger premises during the year which will provide appropriate modern space for the staff and allow for expansion of resources if required into the future.

Planning is well underway and it is expected that the Office will relocate to the new premises in late 2010.

NATIONAL ENERGY CUSTOMER FRAMEWORK

Development of a single national framework for regulating the sale and supply of gas and electricity to retail customers has continued throughout the year. The key objectives for the creation of a National Energy Customer Framework (NECF) are to:

- streamline the regulation of energy distribution and retail regulation function in a national framework; and
- develop an efficient national retail energy market including appropriate consumer protection.

The Ministerial Council on Energy anticipates introducing the final legislative proposals into the South Australian Parliament (as lead Legislator) in late 2010. Jurisdictions will introduce the NECF progressively between July 2011 and July 2013, with each jurisdiction deciding upon the appropriate start date, given its market and regulatory environment.

Energy Ombudsman schemes will remain state-based under the proposed changes.

EIOSA has participated in the consultation process by attending information forums and submitting comments on the proposals.

Case Studies

DEBT ERROR

Mrs D received a letter from a debt collection company on behalf of her energy company chasing a gas debt of over \$900,000 and a \$400 electricity debt from her previous property. She rang her energy company and was told the gas debt was only \$50 in their system and they suggested she ring the collection company. When she rang them their computer system was 'down' and they could not help her. Mrs D was very dissatisfied with the standard of customer service she received from both companies and rang EIOSA. The matter was referred to a senior level of her energy company and they chased up with their debt collectors and discovered there had been an error whereby phone numbers had been used instead of the amount owing. The energy company apologized for the poor service, provided feedback to both companies about the service levels Mrs D experienced and waived the outstanding gas debt. Mrs D was satisfied that her feedback had been taken seriously and the matter resolved by her energy company.

APPLICATION OF FEE

Miss N pays an amount towards her electricity bills each month so her quarterly bills are almost fully paid by the time she receives them. When she did not pay the remainder of the amount owing on the bill by the due date, her energy company charged her a late payment fee. Miss N rang the company but as they were not prepared to waive the fee, she contacted EIOSA to see what could be done. We advised Miss N that the energy company did have the right to charge a fee if she had not paid her bill in full by the due date. Miss N advised she would ensure her bills were fully paid in future to avoid being charged any extra as she was on a limited income.



SMALL CUSTOMER DISCONNECTIONS DURING EXTREME HEAT WAVE CONDITIONS

The Energy Retail Code and Electricity Distribution Code were amended by ESCOSA on 1 January 2010 to prohibit ETSA Utilities and electricity retailers from disconnecting supply to small customers for non-payment during periods for which an 'extreme heat watch' or 'extreme heat warning' has been issued by the South Australian State Emergency Service or some other body authorised by the Government of South Australia to issue such an alert. ESCOSA took this step as a measure to help ensure that customers have access to electricity during extreme conditions which could give rise to heat-related health issues.

AUSTRALIAN ENERGY REGULATOR - DISTRIBUTION DETERMINATION FOR ETSA UTILITIES

The Australian Energy Regulator (AER), an independent Commonwealth statutory authority and administratively part of the Australian Competition and Consumer Commission under Part IIIA of the Trades Practices Act 1974, will assume responsibility for the economic regulation of ETSA Utilities from 1 July 2010.

The AER has completed its first pricing determination for ETSA Utilities which will apply for the regulatory period 1 July 2010 to 30 June 2015. Previous determinations were made by ESCOSA.

The impact of the AER's regulatory decision is that network charges for retail customers will increase on average by 7.2 per cent in nominal terms in the first year, followed by 8.4 per cent in the subsequent years of the regulatory period. The network charges for retail customers in the first year include the adjustment for the over recovery of revenue by ETSA Utilities in the last year of the previous determination made by ESCOSA. Distribution charges, on average, represent approximately 40 per cent of the cost of supplying electricity to residential customers.

COMMUNITY LIAISON

Maintaining good community links is important to EIOSA. We seek to ensure that those agencies and community services organisations that are often called upon for information and support by consumers are aware of the support that EIOSA can offer in assisting to resolve energy related disputes. EIOSA acknowledges the valuable contribution that these groups have made in helping promote our services over the past 10 years, particularly to low income and disadvantaged consumers.

Accompanied by other EIOSA team members, the Ombudsman participated in regional awareness presentations at Murray Bridge, Port Pirie and Mt Gambier during the year.

The Ombudsman also presented at energy forums organised by the SA Council of Social Services and the South Australian Financial Counsellors Association.

REGULATOR RELATIONSHIP

The Electricity and Gas Acts require ESCOSA to include a licence condition for electricity transmission, retail and distribution entities and for gas distribution and retail entities to participate in an Ombudsman scheme, the terms and conditions of which are approved by ESCOSA. EIOSA is the approved scheme in South Australia.

ESCOSA also has other important responsibilities under EIOSA's Constitution and Charter including the nomination of three independent Directors and approval of the appointment of the Chair.

The relationship between EIOSA and ESCOSA is therefore important and it is pleasing that it is positive and professional and has been so since the inception of the Scheme.

The Ombudsman is a member of ESCOSA's Consumer Advisory Committee and meets bi-monthly with the Chair of ESCOSA and senior staff to discuss consumer issues, systemic matters and complaint trends.

These bi-monthly meetings have more recently included staff of the Australian Energy Regulator (AER) in preparation for the future transfer of certain energy regulatory functions under the National Energy Customer Framework to the AER. In addition, the Ombudsman has been a member of the AER's Consumer Consultative Forum for the regulatory determination process for ETSA Utilities.

MEETING WITH MEMBERS

Meetings were held with member companies during the year to discuss a range of topics of benefit to both organizations. These topics include changes to customer processes, planned marketing events, complaint trends and systemic issues.

These meetings are invaluable in assisting to maintain positive and constructive relationships with members with a common goal of continually improving service delivery to consumers and the efficient and effective management of complaints when disputes arise.

MEDIA

The Ombudsman responded to a number of media enquiries and participated in media interviews relating to energy marketing, distribution services, billing, customer services and Scheme activity during the year.

MEMBER SYSTEMIC ISSUES

The primary role of EIOSA is to resolve complaints about electricity and gas services that cannot be resolved by customers and the relevant energy companies.

However, EIOSA also plays an important role in identifying systemic issues, that is, issues or changes in policy and/or practices by a member company that affect, or have the potential to affect, a number of customers. EIOSA's independent contact with customers enables us to identify and report relevant matters to members and ESCOSA and to facilitate early corrective action.

A summary of the key systemic issues that impacted individual members during the year is provided below:

Billing period missing on bills

The Energy Retail Code requires, amongst other things, that a bill sent to customers contains the number of days in the bill period. EIOSA noticed that this information was missing from

GUIDING PRINCIPLE • INDEPENDENCE

We will be even-handed in what we do and what we decide.



the bills of a retailer making it difficult to reconcile the bill amount. Following notification to the company the problem was remedied.

Behaviour of door to door marketers

EIOSA received several complaints about the behaviour of a door to door energy salesperson in a particular location. Customers alleged that misleading information was being provided by the salesperson. EIOSA approached the retailer which took immediate action to remedy the problem and apologised to the impacted customers.

Estimation code

Energy bills are required to identify whether the bill is based on an actual read or estimate. Bills generated by a retailer included a new identifier which made the basis of the bill unclear. Following discussion with the company, advice was provided that the new code related to a substituted read and the company modified the information on the bill for clarity.

Incorrect gas heating value

The heating value on gas bills sent by a retailer was found to be incorrect. Approximately 96,000 customers were impacted by the error which had minimal impact on the final calculation of the customer's bill. The company undertook to remedy the problem and alter the accounts of impacted customers.

Failure to cancel contracts

Due to a system error, a retailer failed to cancel approximately 290 contracts where the customer had exercised their cooling off rights within the required timeframe. The company, on becoming aware of the problem, took immediate steps to remedy the matter.

Prepayment meter undercharge

Approximately 70 customers with prepayment facilities were undercharged for their consumption due to a programming error with their installation. On becoming aware of the fault the retailer wrote to impacted customers seeking recovery of the undercharge which was limited to 12 months under the Prepayment Meter System Code. EIOSA ensured that customers were provided with appropriate information and reconciliation of their accounts.

Members of EIOSA

As at 30 June 2010, EIOSA had 20 members, consisting of 15 electricity members and 5 gas members. This is unchanged from the previous year. See page 4 for details.

Continuous Improvement

EIOSA continually reviews its processes to ensure that they are relevant and adaptive to energy market changes. During the year, case handling procedures were reviewed and fine tuned to ensure a more streamlined approach consistent with, and reflective, of the new funding arrangements.

Case Studies

TWO RATE TARIFF

Mr R had contacted his energy company for over a year seeking an explanation as to why his business tariff had increased following replacement of the electricity meter. He was concerned that the meter had been changed without his consent and that he may be paying for the neighbouring shop's usage. This matter was originally referred to a higher level at the energy company, but when Mr R contacted EIOSA saying he still had not received a satisfactory explanation, we agreed to investigate. During the investigation, both the retail energy company and the distributor provided a copy of the Application for Alteration of Service/Meter completed by an electrician which was also signed by Mr R requesting the installation of a two rate meter. This resulted in the energy company charging different tariffs for usage at peak and off-peak times rather than a single peak tariff for all times. As the business was only open Monday to Friday during normal business hours, they were using electricity mainly during the peak times. The new peak and off-peak tariff charged a higher rate at peak than the previous single rate peak tariff. This resulted in higher bills as Mr R was not getting any advantage from the off-peak tariff. Once Mr R was advised of the reason for the increase in tariff, he was able to consider his options regarding the new meter.

METER CHARGE

Mrs V had solar panels installed so that she could export excess power she generated back into the electricity grid. The installers of the system did not tell her that she would also have to pay for the cost of the import/export meter and so Mrs V was surprised when she found out that the electricity distributor would charge her over \$400 for installation of the correct type of meter. She rang EIOSA as she did not believe it was reasonable that she had to pay for a new meter. We confirmed the installation of new metering at the request of a customer is an 'excluded service' and that the distributor is entitled to charge for this. In addition, we explained that she would need to complete a connection agreement with the distributor to ensure her generation is approved to be connected to the electricity network.





The Member Manual which is provided to member companies was also revamped in line with changed case handling procedures following changes to case handling charges.

A more structured staff training program was developed and implemented during the year which not only improves initial induction, but also ensures ongoing development and support for staff.

Moving Forward

The energy market is dynamic and continues to evolve. Many of the changes in the pipeline will have implications for EIOSA which are being addressed. EIOSA will continue to contribute to the energy reform debate and ensure that it is well placed to meet the challenges ahead and that all consumers continue to have access to a timely, fair, independent and effective dispute resolution service that meets their expectations.

The current reform of the water industry and proposed Water Industry Act by the South Australian Government may lead to a role for EIOSA as the independent dispute resolution body for water consumers. If such an approach were to be adopted, it would align South Australia with other jurisdictions in the eastern states where there is a combined Energy and Water Ombudsman. EIOSA is taking the necessary steps to ensure that it is prepared for the changes should they occur.

Staffing

As at 30 June 2010, the office comprised 11 employees (10.3 full time equivalents)

I would like to thank all of our staff for the effort they put in over the past year; for their continued willingness to go the extra mile and for their ongoing commitment to achieving fair and reasonable outcomes for users of the Scheme.

The Board

I thank the Chairman, Bill Cossey and the Board for their advice and support throughout the year.

Case Studies

DAMAGED APPLIANCE

Mr K lodged a claim with the electricity distributor for damage caused to his computer following a planned power interruption. When the claim for repair or replacement of the computer was denied, Mr K contacted EIOSA. Mr K confirmed that he had received the required four business days' notice of the planned power interruption to enable upgrading of a transformer in the area. Following restoration of power after completion of the work Mr K's computer would not work when he turned it on. The investigation by EIOSA found that no abnormal events occurred during the interruption or restoration of power to contribute to any appliance damage. No claims were lodged by other customers and no other appliances at Mr K's property were affected. EIOSA concurred with the electricity distributor that it was likely the computer failure was coincidental with the supply interruption and failed because of some internal fault, as it was switched off at the time and there was no evidence of a 'power surge'.

HIGH CONSUMPTION

Mr M received a bill that was double the daily average usage of his bill for the same time last year. His energy company advised him to keep meter readings for a week, which he did and found that his daily average consumption climbed progressively higher over that week. Mr M called EIOSA as he was frustrated that he couldn't identify the reason for his escalating consumption. We suggested that he borrow a Home Energy Toolkit from his local library and he found that his freezer was costing \$8.00 per day. We referred the matter to a more senior level at his energy company who arranged for a Residential Energy Efficiency Scheme (REES) audit. This audit confirmed that his appliance was using a high level of energy.

While he purchased a new fridge and freezer and his consumption dropped, it was still higher than he believed it should be from using the Toolkit. He suspected that his meter was not working correctly and his energy company arranged a meter test at no cost. The meter was tested and it was found to be running fast. The meter was replaced and the customer's billing was adjusted.



OVERVIEW

EIOSA received 8,840 cases in 2009-10, an increase of 232 (2.7 per cent) from the previous year. The main increases were experienced in the 'Billing' (589 or 14.2 per cent increase) and 'Provision' (197 or 40.0 per cent) categories.

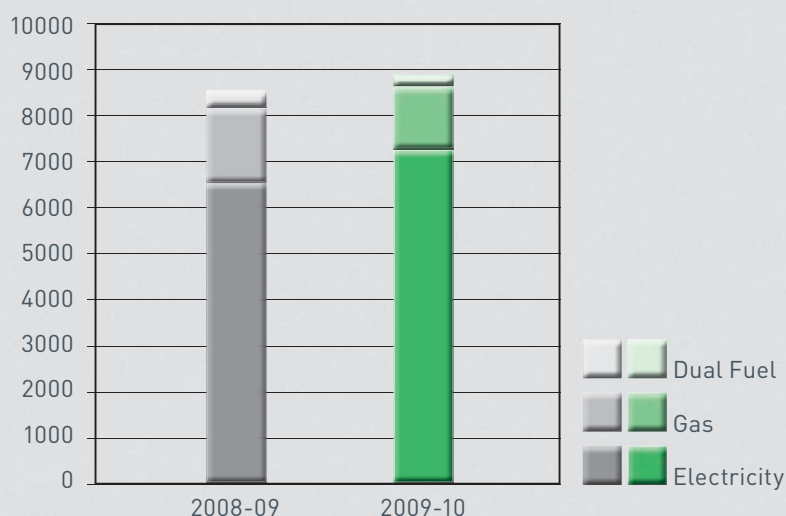
ISSUES RECEIVED

The table below provides details on the cases received and compares activity with the previous reporting period.

Issues (Cases Received)	2008-09		2009-10	
	No.	%	No.	%
Billing	4141	48.11	4730	53.51
Competition	1202	13.96	970	10.97
Credit Management	1232	14.31	969	10.96
Customer Service (Incl Privacy)	603	7.01	679	7.68
General Enquiry	670	7.78	537	6.07
Land	84	0.98	82	0.93
Provision	493	5.73	690	7.81
Supply Quality	183	2.13	183	2.07
TOTAL	8608	100.0	8840	100.0

INDUSTRY

Electricity issues comprised 83.6 per cent (77.9 per cent in 2008-09) of the cases handled by the Scheme, with gas accounting for 13.6 per cent (18.4 per cent in 2008-09) and dual fuel issues (mostly contract and marketing issues) comprising 2.8 per cent (3.8 per cent in 2008-09). The table below illustrates activity by Industry/Fuel.



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 8,972 cases handled (closed) in 2009-10.

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.

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 that the company has 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 that 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 3,373 cases at the enquiry level, 37.6 per cent of the total cases handled in 2009-10.

Complaint – Refer To Higher Level (RHL)

If a 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 the company with an opportunity to resolve the customer's complaint at a more senior level. Exceptions to this RHL policy include complaints about disconnections that 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 their complaints they should contact EIOSA again.

EIOSA does not close a RHL case 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 the customer advises EIOSA that he or she is not satisfied with the outcome, the case is upgraded as an investigation.

EIOSA handled 5,054 RHL cases, comprising 56.3 per cent of the contacts, in 2009-10.

Complaint – Consultation

A 'consultation' complaint emanates from a customer who is without gas or electricity supply. Cases include situations where customers have been disconnected (or disconnection is imminent) for non-payment of accounts.

EIOSA handled 364 consultation cases, comprising 4.1 per cent of the contacts, in 2009-10.

GUIDING PRINCIPLE • FAIRNESS

We will give people an opportunity to have a say and make decisions based on the information provided.

Complaint – Investigation

When a case has been accepted for investigation, the member company is 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, and whether informed consent was given as part of a market contract. 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 the Essential Services Commission of South Australia or the Office of the Technical Regulator.

Investigations will normally also include reviews of whether the requirements and provisions of the relevant energy codes and regulations have been met.

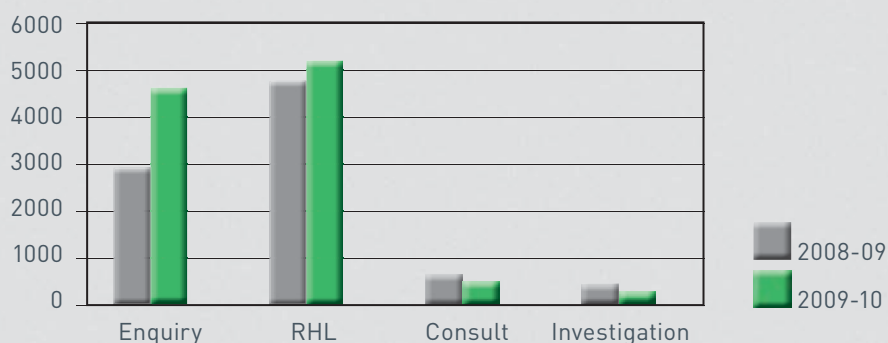
EIOSA's aim is to establish an objective and independent view of the issues and to negotiate fair and reasonable outcomes.

EIOSA handled 181 investigations, comprising 2.0 per cent of the contacts, in 2009-10.

CASE FINALISATION LEVELS 2009-10

During 2009-10 cases to EIOSA were finalised at the following levels:

CASE STAGE



The number of Enquiry cases increased by 428 (14.5 per cent) over the previous year.

Case Studies

LATE PAYMENT FEE

Ms L paid her bill on time at a local post office. However, she received a reminder notice with a late fee applied from her energy company. She rang to query this and was told her payment had not been received by the due date so the late fee stood. Ms L was not satisfied with this answer as payment by the post office was outside her control. She rang EIOSA and the matter was referred to a higher level at her energy company. They found payments were delayed due to late payment by the post office and accepted she was not responsible for this. The energy company apologized to Ms L and reversed the late fee.

BILL DOUBLED

Mrs Y contacted EIOSA concerned about high electricity bills she had received from her energy company for the past three years. She explained that she lived in a retirement village and that her neighbours all had similar lifestyles and appliances, and she would have thought that they would have similar electricity bills to hers. For the past three years her bills had been approximately double that of her neighbours, which caused her considerable concern. Over the years she called her energy company in excess of ten times asking for assistance and investigation into her bills. Each call was met with an explanation that they could not help her any further and that she simply must be using the power she was being billed.

Upon investigation by EIOSA, it was established that Mrs Y had been charged twice on each bill for the electricity she used. Her energy company was apologetic and advised it was an administrative error. They refunded the over charged amounts, in addition to providing a goodwill gesture for the inconvenience caused. Mrs Y was relieved when she received a refund cheque in the post. Mrs Y was very grateful for the assistance provided by EIOSA and she advised she would no longer worry about using her heater and air conditioner.



Issues

The types of issues that were finalised in 2009-10 compared to 2008-09 are outlined in the following table.

		2008-09		2009-10
Issues (Cases Finalised)	No.	%	No.	%
Billing	3957	47.0	4807	53.6
Competition	1201	14.3	1007	11.2
Credit Management	1247	14.8	973	10.8
Customer Service (Incl Privacy)	609	7.2	666	7.4
General Enquiry	673	8.0	543	6.1
Land	88	1.0	83	0.9
Provision	472	5.6	705	7.9
Supply Quality	180	2.1	188	2.1
TOTAL	8427	100.0	8972	100.0

Billing

In common with other similar Ombudsman schemes, billing issues continue to be the largest issue category, with the 4,807 cases representing 53.6 per cent of total caseload. Last year the 3,957 billing cases represented 47.0 per cent of the total finalised.

Credit Management - Disconnections

The number of disconnection and imminent disconnection cases decreased from 464 in 2008-09 to 390 in 2009-10. While disconnections and imminent disconnections remain a relatively small component of the credit management category, these cases are of importance and are continually monitored. The decline in the number of cases in this category may indicate that consumers are being provided with access to the energy companies' hardship programs where appropriate.

The chart and tables below detail the number of disconnection cases finalised between 2007 and 2010.

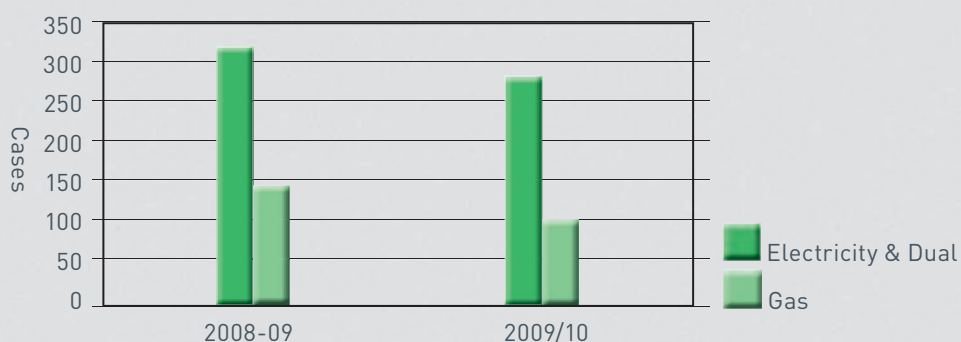
Year	Number	Disconnection as % of Billing and Credit Cases	Disconnections as % of Total Cases
2007-08	297	11.1	5.8
2008-09	464	8.9	5.5
2009-10	390	6.7	4.3

Disconnection by Industry/Fuel

	Actual	Imminent	Total
Electricity (& dual)	150	137	287
Gas	80	23	103
TOTAL	230	160	390

Yearly comparison

INDUSTRY/FUEL	2008-09	2009-10	Difference	% Change
Electricity (& dual)	321	287	-34	-10.6
Gas	143	103	-40	-28.0
TOTAL	464	390	-74	-15.9

**Competition**

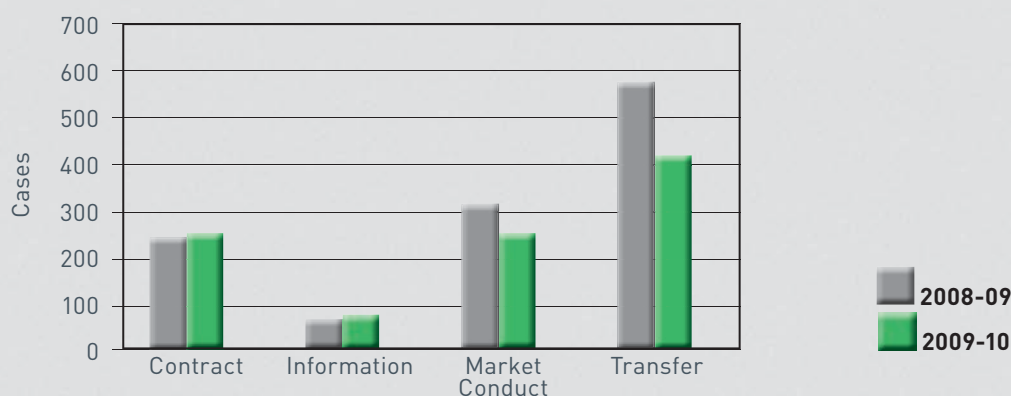
Finalised competition-related cases decreased by 194 (-16.2 per cent) from 2008-09. There were reductions in the number of complaints about market conduct (-17.2%) and transfers (delays in transfer and the wrong connection transferred) (-26.6%). There were slight increases in the number of complaints about contracts and competitive information.

	2008-09	2009-10	Difference	% Change
Contract	240	245	5	2.1
Information	73	81	8	11.0
Market Conduct	309	256	-53	-17.2
Transfer	579	425	-154	-26.6
TOTAL	1201	1007	-194	-16.2

GUIDING PRINCIPLE • ACCOUNTABILITY

We will keep accurate records of our contact with people. We will produce an Annual Report of our activities.

COMPETITION

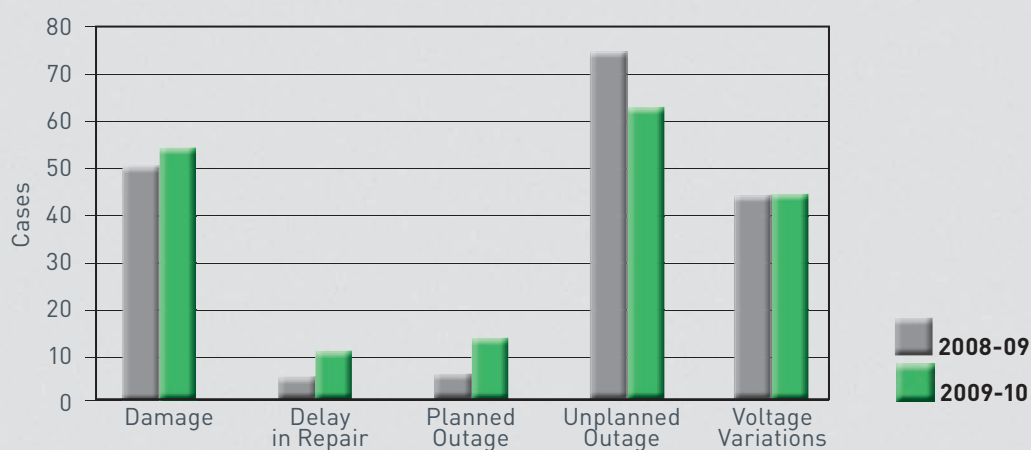


Supply Quality

EIOSA finalised 188 supply quality cases during 2009-10 compared to 180 in the previous year, an increase of 8 (4.4 per cent).

	2008-09	2009-10	Difference	% Change
Damage	51	56	5	9.8
Delay in Repair	4	11	7	175.0
Planned Outage	6	14	8	133.3
Unplanned Outage	75	63	-12	-16.0
Voltage Variations	44	44	0	0.0
TOTAL	180	188	8	4.4

SUPPLY QUALITY



Case Studies

FAULTY METER DISPLAY

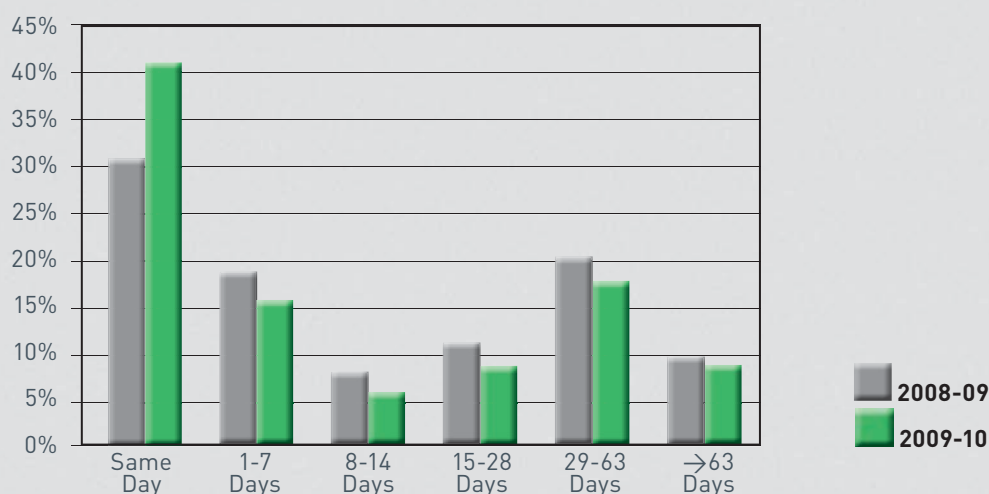
Mr A was told by his energy company that the electronic meter would be replaced following a meter display fault, noticed by the meter reader. Due to the faulty display, bills were being based on estimated readings (based on the previous year's usage) and were high as usage had dropped considerably in the household since the previous year. Many months later when the meter had finally been replaced, the bills on the old meter had not been adjusted. After numerous calls to his energy company, Mr A contacted EIOSA and the matter was referred to a higher level at the energy company. However, two months later when the high bills had still not been adjusted, Mr A rang EIOSA again requesting assistance and an investigation was conducted. The electricity distributor apologised for the delay in replacing the meter initially and advised they were able to obtain the actual meter readings off the old meter as the display was faulty but the meter itself still recorded the correct electricity consumption. These actual readings had not been forwarded to the energy company and a customer service gesture was provided to Mr A for the delays. Following the investigation by this office, the actual readings were supplied to the energy company and bills reissued for the lower usage.



Timeframe for Finalisation of Cases

Although the overall number of cases increased, the timeframe for resolution of cases in most categories decreased slightly in 2009/10. The increased timeframe for the resolution of investigations largely reflects the complexity of the matters managed by the Scheme.

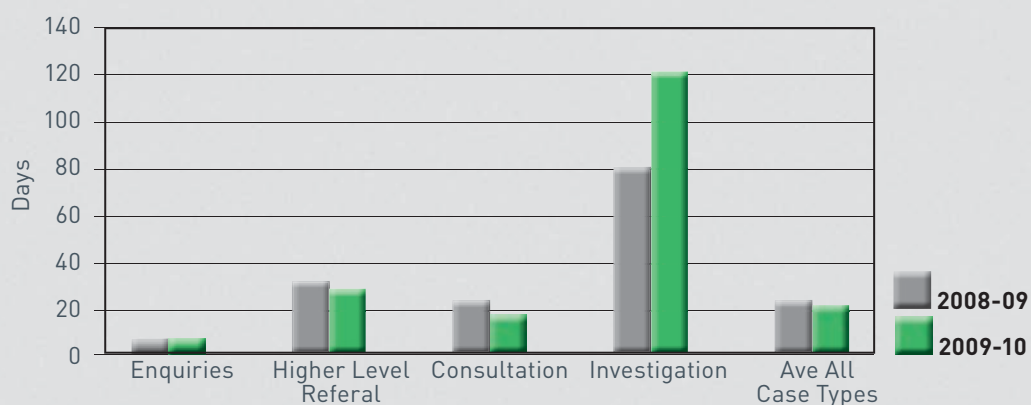
TIMEFRAME FOR FINALISATION OF CASES



Average handling Times

The average handling time represents the average number of days that is spent on each case category. Overall, the average handling time remained reasonably consistent with the previous year.

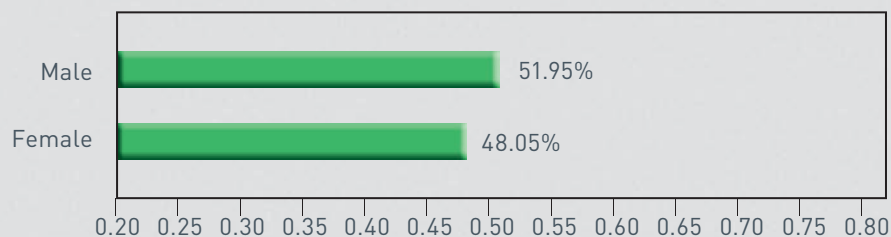
AVERAGE HANDLING TIMES



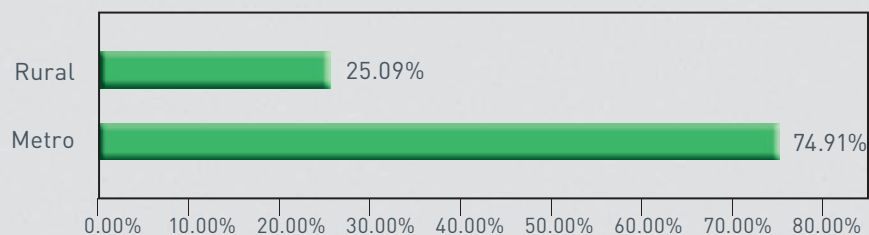
The SA Energy Market comprised around 817,000 electricity customers and 395,000 gas customers who potentially fall within the jurisdiction of the Scheme.

The following tables provide EIOSA contact statistics for the 2009-10 year.

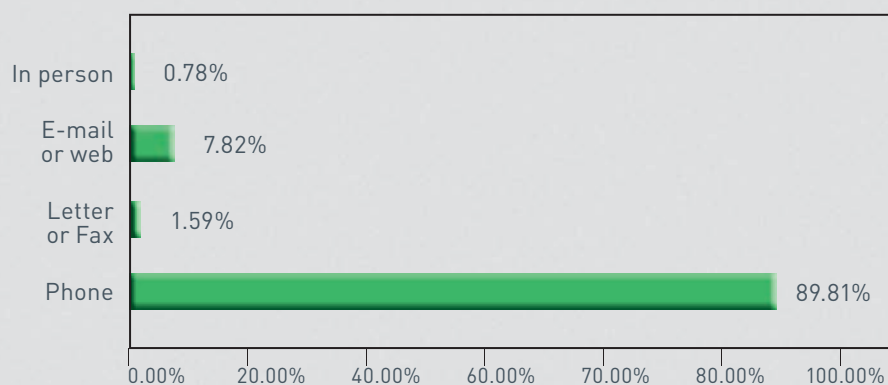
GENDER



WHERE CASES COME FROM



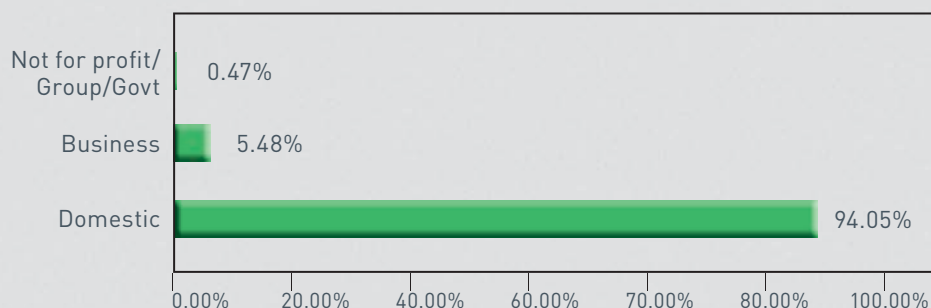
METHOD OF CONTACT



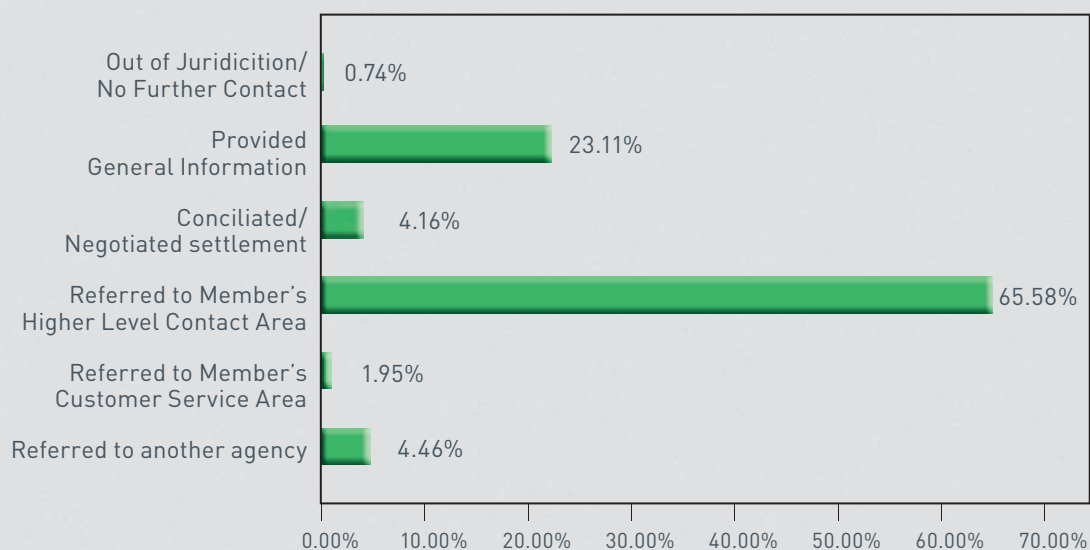
GUIDING PRINCIPLE • EFFICIENCY

We will ensure complaints and enquiries are handled well and that the matter is resolved as quickly as possible.

SOURCES OF CONTACT



HOW EIOSA DEALT WITH CASES



Case Studies

ENERGY CONCESSION

Mr G contacted EIOSA concerned that his electricity company had stopped crediting his account with the SA Government energy concession, which he was entitled to receive. Mr G explained to EIOSA that he had been a disability pensioner for many years and had in the past received his concession without any problems. In October 2008 his accounts stopped showing any credits for the concession. He contacted his energy company numerous times and was advised to contact Families SA to see why he was no longer eligible. When he contacted Families SA they advised him he was eligible and his energy company should be applying the concession.

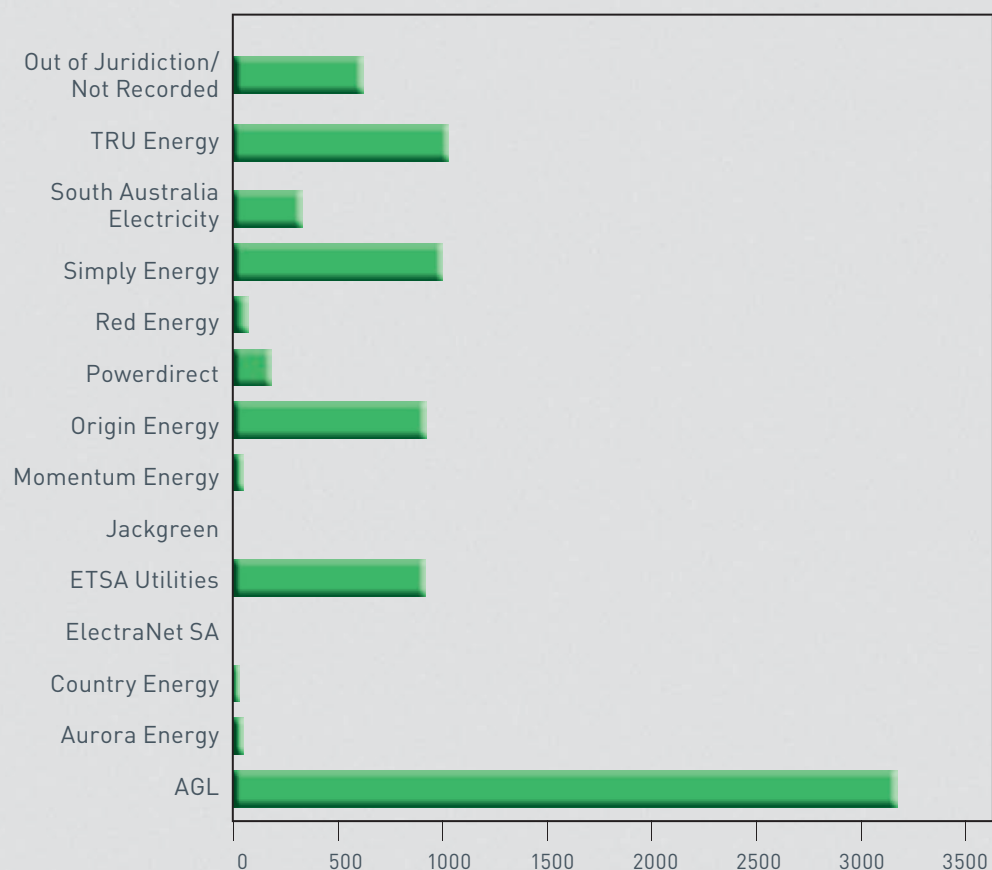
Upon investigation by EIOSA it was determined that Families SA was sending the credits for concession through to his energy company each quarter but they were not applying the credits. It was determined that when the energy company changed its billing system it failed to manually select an option to allow the concession to be applied. The company offered its sincere apologies for failing to pick up the error and promptly applied credits for backdated concession. The customer was pleased with the outcome achieved.

USAGE OF APPLIANCES

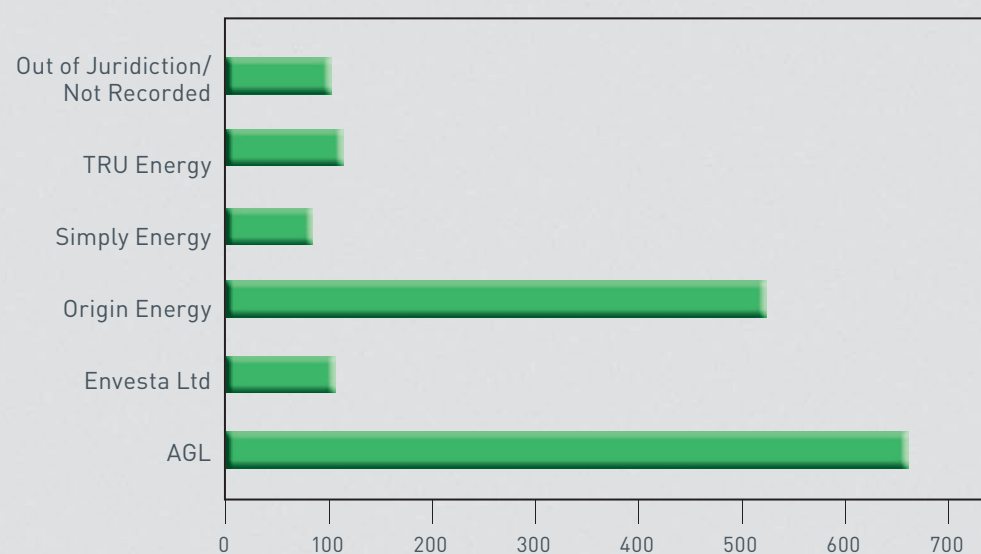
Ms O works away from home two months each quarter and was concerned about high bills she received for the short time she was back at the property. She had been contacting her energy company about the high bills for a number of years before contacting EIOSA. We initially referred her complaint to a higher level at the energy company. However, Ms O was not satisfied with the explanation she received and contacted this office again to have an independent investigation of the billing. The energy company had already arranged for the meter to be tested and it was found to be operating correctly. EIOSA verified the meter readings with the billing and was satisfied the billing was correct. Ms O was asked to take regular meter readings while she was home and before she left for work at the end of the month. These readings identified that there was very high usage when Ms O was home and little usage when she was away, indicating that there were appliances she was using when she was home that were using significant electricity. To assist Ms O and to resolve the matter, the energy company arranged a home energy audit which identified Ms O had ducted air-conditioning which she used for the whole house when she was home and a plasma television she also left on 24 hours a day. Ms O was also advised to obtain a Home Energy Toolkit, available from most libraries, to monitor how much power each of her appliances used. Ms O was grateful for the assistance given by her energy company and EIOSA to help her understand her bills.



ELECTRICITY (& DUAL FUEL) CASE RECEIVED BY PROVIDER



GAS CASES RECEIVED BY PROVIDER



Case Study

HIGH BILL CAUSED BY INCORRECT WIRING OF METER

Mr C's electrician contacted us, having recently installed solar panels for Mr C, and discovered an irregularity with the meter. Mr C had lived there for five years, and always had very high bills for his off-peak electricity consumption (for hot water). He lived alone, and his work meant that he was away from home for a considerable period of time, so he believed that his bills, which he had previously disputed with his energy company, were too high. The electrician believed there was a problem with the wiring of the meter to the hot water service.

The electrician called the electricity distribution company, which owns the meter, and they advised him to contact Mr C's energy company. The energy company said it wasn't their problem and told him to call the electricity distribution company back. The electrician was very frustrated and rang EIOSA. The matter was then referred to the energy company at a higher level.

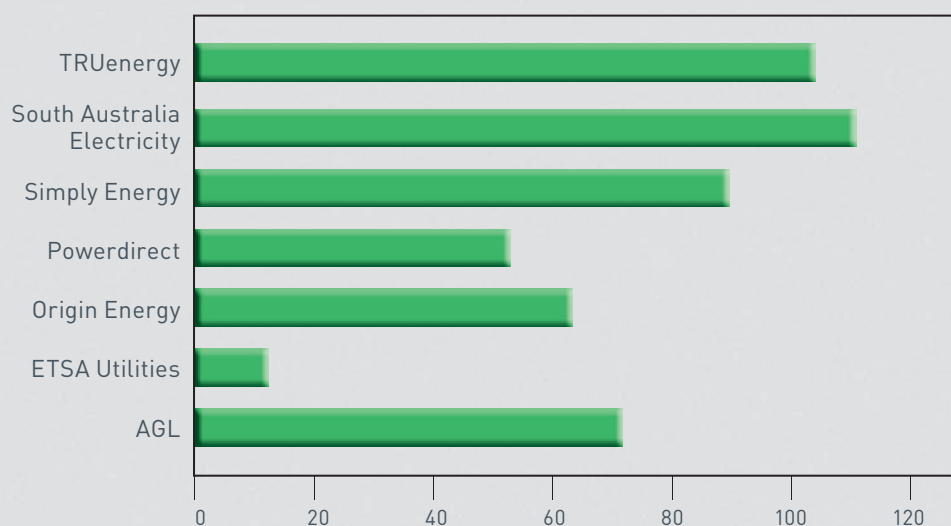
Mr C called EIOSA stating that the energy company only adjusted his bill back to January 2004, but he had lived there since 2001. As a result, EIOSA asked both the energy company and the electricity distribution company for details about Mr C's meter and bills.

EIOSA's investigation revealed that Mr C's peak and off-peak meters had been charged as peak consumption due to incorrect wiring. The electricity distributor had adjusted the meter readings and consumption from January 2004, from the date they took responsibility following changes in the industry. The energy company was responsible for metering data prior to January 2004 and needed to make their own adjustments for the earlier period.

EIOSA asked the energy company to manually calculate the difference between the amount Mr C had been billed and what he should have been billed while the energy company was responsible for the provision of the metering data. After checking all calculations, including the applicable peak and off-peak tariffs back to 2001, EIOSA was satisfied that the further credit to Mr C's account was correct.

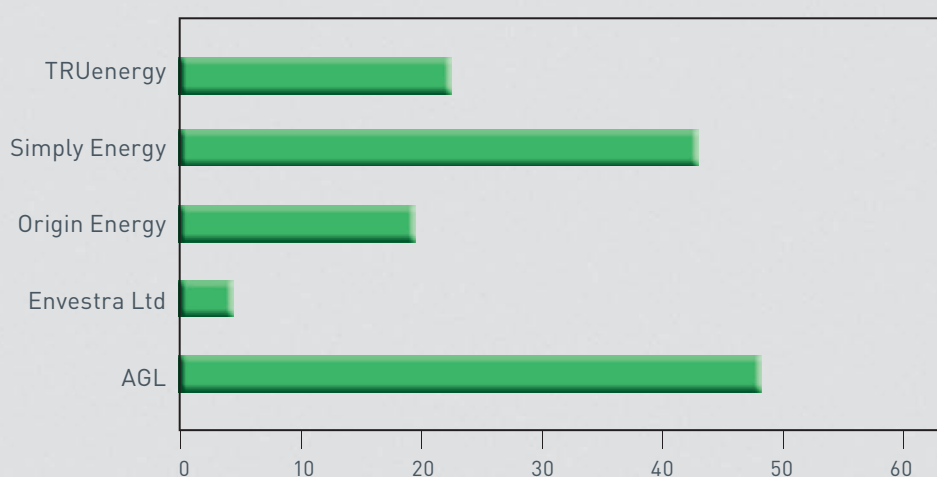


ELECTRICITY CASES PER 10,000 CUSTOMERS



Members with fewer than 40 contacts in 2009-10 [Aurora Energy, County Energy, Electranet SA, Jackgreen (International) Pty Ltd Momentum Energy and Red Energy] were omitted from the table.

GAS CASES PER 10,000 CUSTOMERS



Case Study

BEST ENDEAVOURS TO READ METER

Ms M disputed a final electricity bill from her energy company because it was too high and she would have difficulty paying it. She contacted the company and they told her that the reason it was so high was because all of her bills since moving to the address were estimated. Ms M, who worked full time, moved to the address in November 2007, and the electricity meter was in the enclosed back verandah of the house, which was always locked. It was only when she requested a final meter reading that there was access to the meter. Ms M didn't realise that all of the bills she had paid were estimated. She was not satisfied with the energy company's advice that the bill was correct, that she had used the power, and that she had a responsibility to provide access to the meter at all times. She contacted EIOSA for advice and an investigation was conducted.

To investigate the matter, EIOSA asked the energy company for copies of her bills and for the electricity distribution company's records of attendance at her address. Energy companies are required to use their 'best endeavours' to bill a customer at least once a year on an actual meter reading. The electricity distribution company is required to ensure they access the meter at least once a year to obtain an actual meter reading.

In addition, bills must state that they are estimated. The electricity distribution company is required to leave a card notifying the customer to call their energy company if they haven't been able to access the meter for a quarterly reading.

EIOSA's investigation revealed that the electricity distribution company did leave the cards on each occasion. The bills provided were compliant, however the energy company wasn't able to provide all of the bills back to November 2007, and so EIOSA could not confirm that all of the bills satisfied the requirements. Therefore, the energy company could only recover 12 months' consumption from the date of the final meter reading. This resulted in an adjustment of approximately \$1,000.00 to the final billed amount.

The consumer has a responsibility as part of The Connection and Supply Contract, to provide safe and convenient access to the meter at all times. Some consumers provide a key to the electricity distribution company to ensure access to the meter so bills are based on actual meter readings. Ms M was unaware of this, however, she now appreciates her responsibility as a customer and how she can ensure she is billed for her actual consumption.



STATEMENT OF INCOME FOR THE YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
Revenues from ordinary activities	1,645,216	1,176,736
Expenses from ordinary activities	1,420,850	1,191,253
Profit/(loss) for the year	224,366	(14,516)
Other comprehensive income	-	-
Total comprehensive income/(loss)	224,366	(14,516)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**CURRENT ASSETS**

Cash and cash equivalents	657,425	396,016
Trade and other receivables	115,878	22,756
Other	209,043	237,816

TOTAL CURRENT ASSETS	982,346	656,588
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NON CURRENT ASSETS

Property, plant and equipment	104,976	164,812
Rent Bond receivable	17,100	17,100

TOTAL NON CURRENT ASSETS	122,076	181,912
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TOTAL ASSETS	1,104,422	838,500
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CURRENT LIABILITIES

Trade and other payables	91,464	48,467
Provisions	489,576	499,385
Other	34,276	25,907

TOTAL CURRENT LIABILITIES	615,316	573,759
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TOTAL LIABILITIES	615,316	573,759
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NET ASSETS	\$489,106	\$264,741
-------------------	------------------	------------------

EQUITY

Accumulated surplus	489,106	264,741
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TOTAL EQUITY	\$489,106	\$264,741
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www.eiosa.com.au



Energy Industry
Ombudsman SA



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CONTACT DETAILS

Energy Industry Ombudsman (SA) Ltd (EIOSA)

Have you been unsuccessful in resolving your concern with your supplier or distributor in the first instance? Contact Us

FREE CALL*: 1800 665 565 (Monday to Friday 8:30am to 5:00pm)

FREE FAX: 1800 665 165

Email: contact@eiosa.com.au

Web: www.eiosa.com.au

Postal Address: GPO Box 2947 Adelaide 5001

Address: Level 7, 50 Pirie Street, Adelaide (by appointment only)

Translating & Interpreting Service (TIS) Ph: 131 450

National Relay Service Ph: 13 36 77

ABN 11 089 791 604

*Call charges may be higher on mobile phones

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NOTES

NOTES

2010 ANNUAL REPORT

An independent body established to investigate and resolve disputes between customers and electricity and gas companies in South Australia.

This Annual Report has been printed on a paper stock from managed forests and produced using a digital printing process.

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Ombudsman SA**

