



26 October 2011

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Thank you for the opportunity to comment on the Australian Competition & Consumer Commission's review of consumer and market priorities.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. We have identified five priority areas based on our experience of energy and water complaints in NSW. Our response is brief as requested, however we would be pleased to provide complaint numbers, case studies or further information if needed.

### *1. Affordability of essential energy services and customer hardship*

Customer complaints to EWON continue to rise, particularly in the areas of disputed billing and affordability issues. As it is predicted that energy prices will continue to rise significantly over coming years we expect that many more customers will struggle to pay their bills and face the risk of disconnection of their essential energy services. Customers in hardship in NSW often require referral to a community agency to access financial assistance, financial counselling, and other support services. They may also need access to their retailer's customer assistance program for manageable payment arrangements, energy saving advice, and case management of their account.

Given that price increases in essential energy services will impact throughout Australia, EWON sees value in a national discussion about energy affordability issues. This could establish a benchmark for 'energy stress', examine the concept of a 'social tariff' for low income consumers, and research best practice among the range of state-based rebates and financial assistance offered to customers in hardship, with a view to achieving national consistency.

## *2. Marketing of energy contracts*

EWON is experiencing an increase in complaints about the marketing of energy contracts through door to door marketers or telemarketing. The majority of customers complain about misleading conduct by the marketer, or excessive pressure exerted upon them to enter a contract.

Complaints about marketing to vulnerable customers by door to door marketers remain a source of concern. Advocates regularly contact EWON on behalf of their frail aged parents, a family member or friend who does not speak English well, or who has literacy, health or other issues that impact on their capacity for informed consent.

Marketing to non account holders continues to be an issue, with many customers complaining that their current account has been cancelled without their knowledge or authority when another person has been contacted by a marketer and signed a contract with another retailer. These 'third parties' include a spouse, other family member, a housemate, or even a visitor to the premises.

EWON has welcomed the initiative of the Energy Retailers Association of Australia (ERAA) to self regulate the conduct of marketers through the establishment of Energy Assured Limited. We hope that this results in higher standards for marketing conduct and a reduction in marketing complaints.

EWON has recently raised concerns about energy switching websites/brokers. Customers complain that:

- the sites do not disclose whether they are affiliated with a particular retailer
- the sites do not necessarily provide the most competitive deal available across all retailers there are delays in transferring to the new retailer, and poor service encountered when they wish to cancel within the cooling off period.

## *3. Credit issues*

### *Credit listing*

EWON has seen a steady increase in complaints from customers who have been credit default listed because of a utility debt. While some of these cases are a result of a failure to pay arrears, utility debts can also accrue inadvertently when a customer moves house and a final bill is issued after they have moved out. If they fail to provide the retailer with a forwarding address, or if they provide one but their retailer fails to record or use this address, the final bill can remain unpaid. Many of these customers are not aware that they have been credit default listed until their application for a loan is denied some years later. In some cases the small amount of the utility debt seems out of proportion to the consequent denial of credit. EWON has separately recommended that the minimum



amount for which a consumer can be default listed should be increased from \$100 to \$300<sup>1</sup>.

#### *Credit repair agencies*

There are numbers of “credit repair” agencies operating in NSW which offer a service of assisting consumers to rectify disputed credit listings. These agencies will sometimes contact EWON as an advocate for the customer, and although EWON's services are free, they charge the customer for their services.

#### *Jackgreen*

EWON continues to receive complaints from customers of the former retailer Jackgreen following the company’s suspension from the national market and subsequent receivership. Many of these customers have disputed accounts or are challenging a credit default listing. EWON is continuing to work with the relevant debt collection and credit listing agencies, however we are limited in the assistance we can now offer to former Jackgreen customers.

#### *4. Energy efficiency and consumption management*

EWON supports the focus on energy and water saving and efficiency measures to assist consumers reduce their usage and better manage their bills. The media and community in general are increasingly focused on the cost of energy and environmental concerns. In this context it is worth noting the following:

#### *Energy saving scams*

A customer recently alerted EWON that telemarketers are selling an ‘energy saving device’ that is claimed to reduce energy consumption ‘up to 40%’. The marketing has been focussed on one particular cultural community, and has involved both misleading statements and harassment. We have worked with NSW Fair Trading in their investigation of this extensive scam and in issuing consumer warnings<sup>2</sup>. We are concerned that similar scams will emerge over the next few years to exploit community concern about increasing energy prices.

#### *Renewable energies eg solar power*

In NSW, customers can connect a solar PV system or wind turbine to the electricity grid. There are environmental benefits in doing so, as well as the benefits of reduced electricity bills.

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<sup>1</sup> EWON Submission to the Senate Finance and Public Administration Committee *Credit Reporting Exposure Draft*. Available on [www.ewon.com.au](http://www.ewon.com.au)

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[http://www.fairtrading.nsw.gov.au/About\\_us/News\\_and\\_events/Media\\_releases/2011\\_media\\_releases/20110915\\_urgent\\_consumer\\_warning\\_on\\_power\\_savers.html](http://www.fairtrading.nsw.gov.au/About_us/News_and_events/Media_releases/2011_media_releases/20110915_urgent_consumer_warning_on_power_savers.html)



EWON received many complaints relating to the installation of solar arrays and the impact of government policy relating to the NSW Solar Bonus Scheme. While this scheme has now closed to new applicants, EWON continues to receive complaints about connection delays, tariff issues, and meter reading associated with the solar installation. Complaints relating specifically to installers are referred to NSW Fair Trading.

IPART is currently investigating solar feed-in tariff options to establish a fair and reasonable value for the electricity generated by solar systems in NSW. We suggest that solar and other renewable energy initiatives would benefit from a nationally coordinated and consistent approach.

#### *5. Consumer access to energy efficiency information and assistance*

Information and education about energy efficiency and usage is crucial, to ensure customers are informed about what they can do to reduce and manage their energy consumption and bills. EWON supports current government and utility company initiatives, both in providing general energy saving information, and in specific home energy audits for individual customers. As well, we consider it important that there is continued financial support for the No Interest Loans Scheme (NILS), which assists customers purchase new energy and water efficient white goods and appliances.

We also suggest that it is a priority that free services such as energy ombudsmen, financial counsellors, community welfare agencies and community legal services remain accessible to assist consumers resolve their issues. EWON continues to monitor our accessibility to ensure all customers have the opportunity to resolve their energy complaints, for example via interpreters or information in other languages, and through extensive community outreach initiatives.

If you would like to discuss this matter further, please contact me or Emma Keene, Manager Policy & Research on 02 8218 5250.

Yours sincerely

A handwritten signature in blue ink that reads "Clare Petre". The signature is written in a cursive, flowing style.

Clare Petre  
Energy & Water Ombudsman NSW