

## COVER STORY

# Lighten the load

Even fixed-price power bills are not what they seem. Consumers need to check, and double-check, everything, writes **Lesley Parker**.

**E**nergy ombudsmen are girding themselves for a flood of complaints as consumers open the first bills bearing the full impact of the latest electricity price rises.

In NSW, the energy and water ombudsman, Clare Petre, is predicting a 30 per cent rise in complaints in the next 12 months as people go into bill shock, while her Victorian counterpart, Cynthia Gebert, thinks the load may increase by 20 per cent to 25 per cent.

This is after approved price rises averaging 18 per cent in NSW and ranging up to 14 per cent in Victoria, where retail prices are not regulated. This comes on top of rises of a similar scale last year.

"There's an enormous amount of anxiety in the community and people are querying their bills more," Petre says. That focus will lead to an increase in disputed bills and, even when bills are correct, to elevated complaints about customer service.

Complaints are also bound to flow from the increased marketing to consumers that's evident at the moment and, later, from customers disappointed that a deal was not quite what they thought it would be, she says.

On the plus side, it is a great time to negotiate with energy suppliers – potentially playing one against the other as the offers flow.

"It's a very competitive market in NSW," Petre says. "Retailers are very keen to hold on to customers and others are very keen to get them."

With retailers changing prices more independently in Victoria, Gebert says there is also good reason to shop around there.

The chief executive of the independent research group the Climate Institute, John Connor, says taking control of your power use and investing in energy efficiency are other ways to offset the price increases.

Connor offers the reality check that electricity accounts for just 2 per cent of the average household's budget, according to Bureau of Statistics data.

That means one further option is to offset your higher electricity bill with savings in other categories of spending, he says.

## TRICKS OF THE TRADE

Electricity consumers have the choice of buying their power on a regulated contract or on a market contract.

The price rises that have been making headlines refer to the regulated price, and it may be possible to cut your bill by changing to a market contract. If you are already on a market contract, you may be able to find a provider with a better offer – the key word being "better".

Petre and Gebert say they get complaints from people disappointed that an offer did not turn out to be what they thought.

What consumers think they're getting and what they get when they do receive that first bill can vary quite a bit," Gebert says.

That can be because the fine print makes the contract less generous than it might seem at first glance.

For instance, the discount offered may not apply to your total bill but only to your actual usage, rather than service fees and other charges.

Depending on your pattern of usage, you might be better off switching to a provider with less onerous fees, even if they are offering a smaller discount on usage, or to a provider who has a lower base rate anyway.

Under some contracts you may lose some or all of your discount if you don't pay your bill on time (also incurring a late payment fee). There may be a fee for paying by credit card.

The highly publicised One Big Switch campaign, for instance, has been

## WHAT MAKES A DIFFERENCE: BIGGEST ENERGY GUZZLERS

USE	\$ (pa)
Swimming pool	620
Second fridge	290
Spa	244
Air-conditioning	163
Dryer (1 a week)	77
Dishwasher (1 a week)	77
Total	1471

SOURCE: IPART, SEPTEMBER 2011

criticised for trumpeting discounts of 16 per cent to 18 per cent when, according to one analysis of the scenario for customers in western Sydney, that discount is calculated off a rate that is higher than the regulated tariff to start with. Also, some of the fixed charges are comparatively high and the discount slumps to 3 per cent if payment is late.

"I'd encourage consumers to understand their bill as much as they can," Gebert says of the need to study any contract closely.

"How much of their bill is usage – therefore, how much can they control versus fixed charges?"

Petre says complaints also arise about energy contracts when people discover discounts do not necessarily apply to future price increases.

"People get upset when they think they've signed up for a fixed contract... but it actually says network price increases are excluded and will be passed on," Petre says.

Termination fees are another tripwire. The ombudsmen say that before signing a new contract you should check whether your previous contract has run its course and, if not, the extent of any termination fees. Those fees could more than wipe out the gain from a new deal.



Power to the people... Lee and Rochelle Stewart with Jade, two, and Blake, 10 months, at their rented Naremburn home. Photo: Sehan Hayes

## Back to basics – everything old is new again

Lee Stewart estimates that he has cut his power use by about 20 per cent, even as a tenant who can't make big changes to his home.

Stewart lives in rented accommodation in north Sydney with his wife and young children and has relied on simple, low-cost and non-invasive steps – such as draught-proofing, insulating the hot water cylinder, using the sun to dry

clothes, installing energy-efficient light bulbs and turning off appliances at the wall – to save standby power.

He has removed two of the four bulbs from the ceiling heat lamp in the bathroom without affecting his family's comfort.

Part of his approach is about returning to the practices of his parents, Stewart says, such as turning off the light when leaving a

Petre is also concerned about problems with the automatic renewal of contracts – something that was intended to protect consumers from defaulting to a more expensive regulated rate but which is having some unintended consequences.

"The retailer may write to you and say, 'Your contract's coming up for conclusion. You can renew or you can go elsewhere, but if we don't hear from you we will roll over your contract. Many customers contact us to say they didn't get that letter, they didn't know the contract had been rolled over, they switched and then they got a letter saying, 'Please pay this termination fee.'"

## HARD SELL

Working all this out when a marketer comes knocking on your door can be a big ask, but that is the approach some energy providers take.

"Standing on your front doorstep and trying to understand the complexities of the electricity industry is challenging for anyone, I'd suggest," Gebert says.

"We'd encourage consumers not to sign anything until they're completely comfortable. That applies even if the sales patter is that this is a 'once only' limited offer. Take time out to read the contract closely and do your own sums, using your past bills, to ensure you get a true comparison.

If you do sign up during one of these visits, be aware that a cooling-off period of 10 business days applies to door-to-door sales and you should be given the paperwork for this during the visit.

The industry, in light of growing complaints, has a new code of practice aimed at improving door-to-door marketing standards. This provides for

the deregistering of individual door-to-door marketers if they breach the code – for instance, by making misleading statements. The code is available at [energyassured.com.au](http://energyassured.com.au).

The chief executive of the Handle My Complaint service, Jo Ucakalo, says it pays to keep a copy of everything a marketer gives you.

If you decide to opt out of a contract within the cooling-off period, also keep a copy of the form you submit to rescind your decision.

Whenever a salesperson makes an assertion, get it in writing, Ucakalo says: On the phone, ask for the representative's name and employee number, and keep your own record of what was agreed. And if they tell you the information is "in the system", insist on written confirmation.

## EMPOWER YOURSELF

The ombudsman services have also been receiving complaints about "comparison" services (although they refer such complaints to fair trading or financial services authorities).

"Our main concern is the lack of comprehensive information and independence," Petre says.

"We know that they don't represent all retailers in the market."

The Federal Court last month ordered Energy Watch (now in liquidation) to pay \$1.95 million for falsely representing that its service compared the rates of all or many of the energy providers in a consumer's area, when in fact it only compared rates from retailers with which it had commercial agreements.

In NSW, Petre points people to the impartial comparison service

room and heating only one room in winter.

"I guess I was frustrated at not owning a home and therefore not being able to take advantage of these solar schemes, etc, so I decided to get stuck in," says Stewart, who last year trained with American climate-change campaigner Al Gore to be a volunteer "climate leader".

provided by the Independent Pricing and Regulatory Tribunal (IPART) at [myenergyoffers.nsw.gov.au](http://myenergyoffers.nsw.gov.au). And in Victoria, the Essential Services Commission has a similarly independent and full comparison tool at [yourchoice.vic.gov.au](http://yourchoice.vic.gov.au).

As for cutting your usage, Connor says that may be about "having a fresh look at what comfort means" and turning the clock back to the days when people wore another layer rather than turning on the heater.

Shift energy use to cheaper times of the day if you have access to off-peak tariffs, Connor says.

This could be as simple as putting the washing machine on before you go to bed (using the cold-water cycle). Invest in energy efficiency in the form of products such as energy-saving power boards and high-efficiency downlights, he says. Get rid of the second fridge and turn appliances off at the wall so you are not using standby power.

According to IPART, the biggest users of energy are hot water (31 per cent), refrigeration (14 per cent) heating (12 per cent), TV and entertainment (10 per cent) and lighting (7 per cent).

Swimming pools, hot water systems, second fridges and spas use a lot of energy, it says, along with airconditioners, clothes dryers and even dishwashers.

Energy companies provide power-saving ideas on their websites, or you can get specific advice by arranging an energy audit of your home or conducting one yourself using a template such as the one at [aglemarterliving.com.au/home-energy-audit/do-it-yourself](http://aglemarterliving.com.au/home-energy-audit/do-it-yourself).