Customer Care Team

Annual Report 2014

To: Mr. Alex White, T.D. Minister for Communications, Energy and Natural Resources

Mr. Alan Kelly, T.D. Minister for the Environment, Community and Local Government

In accordance with the requirements set out in S.I. 463 of 2011, the Commission is pleased to present its sixth report on the number and type of complaints received from customers, their resolution and the service levels provided by electricity and gas suppliers in respect of the period 1st January 2014 to 31st December 2014.

Likewise, in accordance with the requirements contained in Section 13 of the Water Services Act 2014, the Commission has an obligation to prepare and submit a report to the Minister for the Environment, Community and Local Government of the works of the dispute resolution service for customers of Irish Water.

In light of this, and considering that the Commission's Customer Care Team covers all disputes from electricity, gas and water customers, the Commission is pleased to present an integrated annual report on its activities for the year 2014.

As the figures in this report indicate, there is a continued high demand for our dispute resolution services, both in the gas and electricity sector and increasingly for water customers. We aim to continue to provide a quality service in the years ahead.

Garrett Blaney
Chairperson

Commission for Energy Regulation
An Coimisiún um Rialáil Fuinnimh

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1. Introduction

The Commission's Customer Care Team (CCT) - formerly known as the Energy Customers Team- was established in 2006 to provide a complaint resolution and information service to small and medium businesses and domestic customers. Since our establishment, we have worked to make information more freely available to electricity and natural gas customers and to assist customers who experience difficulties within the market.

The CCT also has a number of functions with respect to consumer protection. We are responsible for providing an independent complaints resolution service to customers with an unresolved dispute with their supplier or network operator in the energy sector.

In addition, the year 2014 brought the appointment of the Commission as the independent economic regulator for water services in Ireland leading to an increased workload for the CCT.

In 2014, 5,554 contacts from customers were received by the CCT, at an average of 463 per month which is in line with the 2013 average. The overall number of customer contacts we received has levelled off in 2014 after a continued growth since 2008. Looking at gas and electricity alone, there has been a fall in contacts.

The new CCT role in the water sector manifested itself in an increase number of contacts regarding water charges, accounting for 14% of the total contacts received in 2014.

Mirroring proportions from previous years, 72% of those contacts were received by telephone, with the remaining 28% by written methods.

The majority of contacts do not translate into complex complaints that require our investigation. Return to supplier contacts (75%) and information requests (15%) accounted for 90% of total contacts received in 2014 while complex complaints accounted for 8% of the total contacts.

In 2014, there were 435 new complex complaints logged by the CCT, requiring a full investigation. This was a 33% decrease on the previous year. Out of the 593 closed complex complaints during the year, 57% were upheld in favour of the customer

Combined with other factors, the reduction in the number of complex complaints logged in 2014 meant that we were able to reduce the backlog of complaints that existed at the start of the year. As a result, the average time taken to resolve complaints was significantly reduced. On average the amount of time taken to resolve a dispute was reduced by 35% in 2014 compared to the previous year.

This is a positive story for Energy and Water customers, who can avail of a consolidated dispute resolution service which brings tangible results in customer service levels.

2. The role of the Commission and the CCT

The Commission has a statutory obligation to provide a complaint resolution service to domestic and small and medium businesses customers who have an unresolved complaint with their energy supplier or network operator.

In addition, the Water Services Act 2014 gave the Commission a statutory obligation to provide a complaints resolution service to customers with an unresolved dispute with Irish Water. In order to reflect this new regulatory responsibility, the Commission decided to rename the Energy Customers Team to the more inclusive Customer Care Team.

It is important to note that only customers who have completed their supplier's or network operator's complaint resolution process, and failed to reach a resolution, may raise their complaint with the Commission. Similarly, only customers who have registered with Irish Water and completed its complaint resolution process can avail of the Commission's dispute resolution services.

The Commission is also mandated to monitor the suppliers' dealings with customers. In energy, the Electricity and Natural Gas Supplier Handbook (CER/12/081) details what the suppliers and network operators are required to include in their Customer Charters and Codes of Practice for Household Customers.

Similarly, the Irish Water Customer Handbook (CER/15/010) provides guidelines to Irish Water in terms of required levels of customer service and customer protection measures to be implemented in their business operations.

In the energy sector, suppliers are required to produce Codes of Practices which serve to provide service guarantees to customers in each of the following areas: Marketing and Sign-up, Billing and Disconnection, Complaint Handling, Vulnerable Customers, Pay As You Go Metering and Budget Controllers. The Electricity and Natural Gas Supplier Handbook also details the requirements for suppliers and network operators when dealing with Non-household Customers.

Similar requirements apply for Irish Water. The areas covered by the different Codes of Practice for water customers are: Customer Communication, Billing, Vulnerable Domestic Customers, Networks Operations, Complaint Handling, and Terms and Conditions of Supply.

The issues raised by customers and the subsequent investigations carried out aid with the development of policy within the Commission and assist in the development of the electricity gas and water markets in general.

Responsibilities of the CCT

- Taking, investigating and responding to all complaints, queries and requests for information from domestic and small/medium business customers;
- Monitoring and updating the Customer Care section on the Commission's website;
- Feeding into the development of the guidelines for Codes of Practice and Customer Charters;
- Providing input, advice and recommendations on customer related policy within the Commission;
- Investigating complex complaints, issuing determinations and directions to suppliers and network operators and Irish Water, including the payment of a refund or compensation, where appropriate.

The remit and obligations of the Commission regarding energy customers are primarily outlined in the following legislation:

- **Directive 2009/73/EC** (Electricity) of the European Parliament and of the Council;
- **Directive 2009/73/EC** (Gas) of the European Parliament and of the Council; and
- **S.I. 463 of 2011**, which transposed these directives into Irish law.

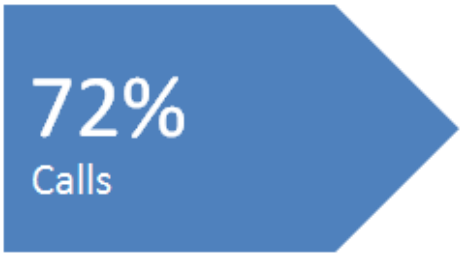
The remit of the Commission regarding water customers are primarily outlined in the following legislation:

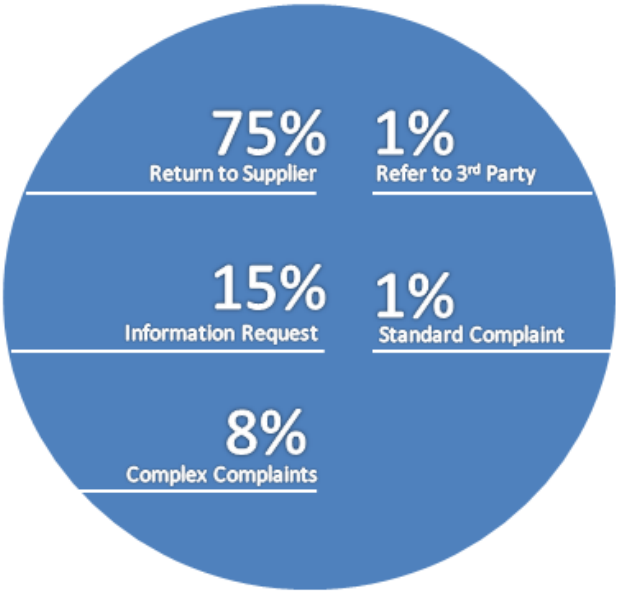
- **Water Services Act 2013**
- **Water Services (No 2) Act 2013**
- **Water Services Act 2014**

The Commission was given responsibility to provide a dispute and customer complaint resolution service for any final customer having an unresolved complaint with an energy undertaking or Irish Water and to publish the procedures and details of the service. The service has to be transparent, simple and inexpensive. The Commission must issue its determinations in writing, which may include the payment of a refund or compensation, which shall be proportionate.

The CCT was set up as a dedicated unit within the Commission to be the single point of contact for domestic and small business customers of the energy and water sectors.

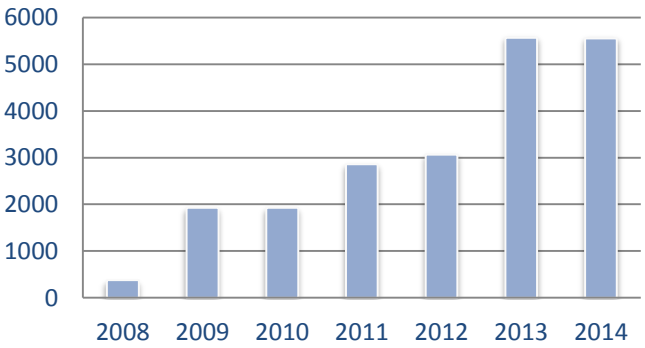
3. Trends in customer contacts





A total of 5,554 contacts were received in 2014. This is on a par with the number of contacts in 2013 (5,567). This is an average of 22 contacts per working day. The majority of these contacts (72%) were made by telephone, with the remaining 28% being made by written methods such as email (19%) or letter and fax (9%).

Graph I: Customer Contacts 2008 - 2014



The number of customer contacts that we received has levelled off in 2014 after the significant growth shown in 2013. However, the introduction of new functions as a dispute resolution centre in the water sector may affect this figure in the coming years, in particular after water customers receive their first bills from April 2015.

Return to Supplier/Network Operator - are contacts that are referred back to supplier's complaints handling process. This accounted for 75% of total contacts received in 2014.

Information Requests represented 15% of the total contacts in 2014. These involved general queries in relation to the function of energy or water markets.

Complex Complaints are complaints formally escalated to the Commission which require full investigation.

Refer to Third Party – are contacts that fall outside of the Commission's remit.

Standard Complaints – are contacts in relation to a Commission policy or tariff decision and represented 1% of the total in 2014.

4. Complex Complaints in Energy

One of the key roles of the CCT is providing customers an independent complaints resolution service. Although Complex Complaints made up just 8% of the customer contacts in 2014, they represent the majority of the work we undertake every year.

Complex complaints involve customers that have been unable to resolve their complaint with their supplier or network operator. Prior to the acceptance of a complex complaint, energy suppliers/network operators or Irish Water need to confirm that their complaint handling process has been completed. Only then are complaints formally escalated to the Commission for full investigation.

In the initiation phase, we first enquire whether the complaint has exhausted the supplier/network operators' complaint handling process. Once this is confirmed, we accept the complaint and log it as a complex complaint.

Each complex complaint is thoroughly investigated, which requires gathering information from both suppliers/network operator and customers. This may include correspondence, recording of phone calls, network-supplier communications, meter readings and any other information we deem relevant.

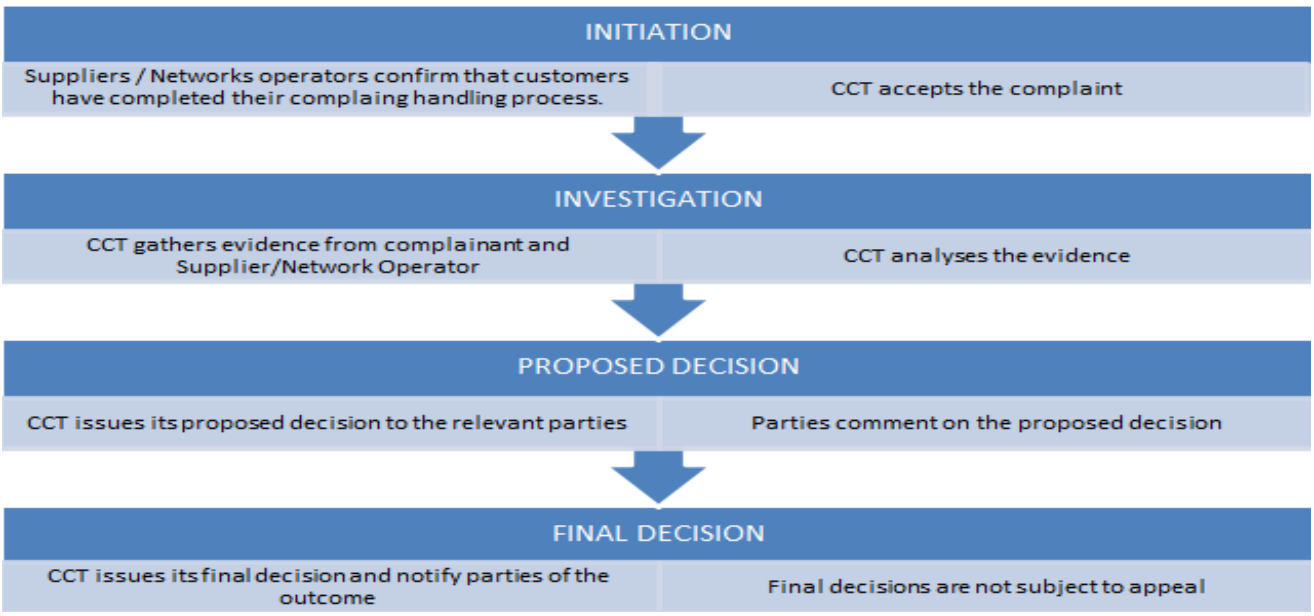
After examining the relevant information of each case, we issue a proposed decision which is sent to the relevant parties for comments.

We reach decisions after weighing up the different arguments provided by the parties in the form of comments to the proposed decision.

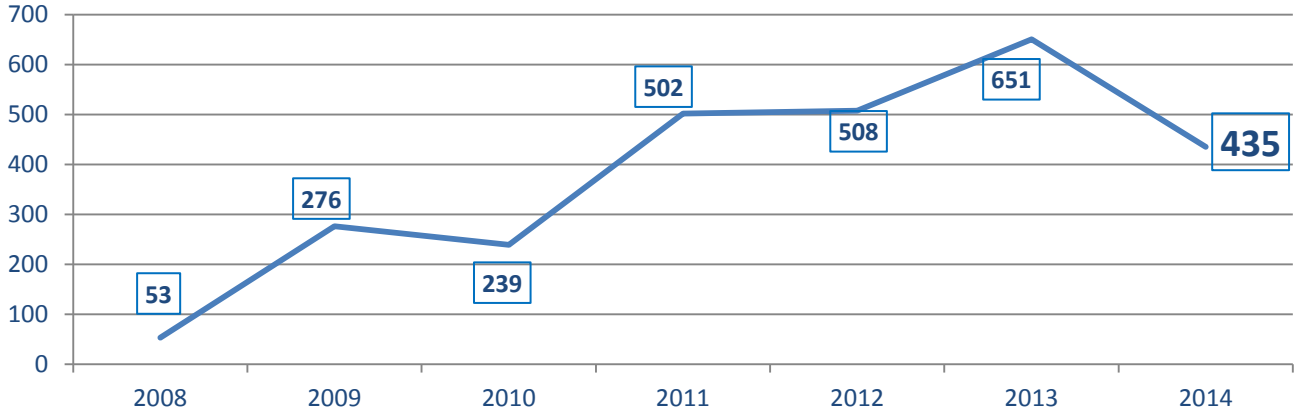
Final decisions are not subject to appeal and are binding on the energy supplier/network operator. However, customers are not obliged to accept the CCT findings and if they wish to take the matter further to another forum, they are free to do so.

We have the power to direct suppliers/network operators to award compensation or to resolve a complaint in a particular fashion.

The flowchart below explains the Complex Complaint process within the CCT.



Graph II: Opened Complex Complaints 2008 - 2014

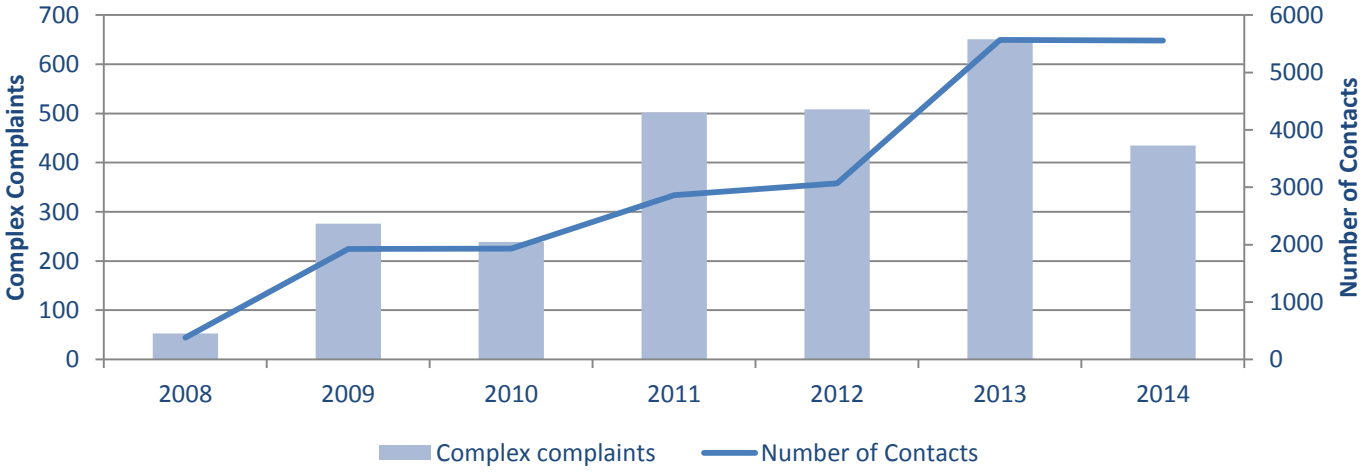


Graph II shows there was 435 complex complaints[1] logged in 2014, representing a 33% decrease from 2013. While the number of complex complaints has not reached the high levels of 2013, it can be seen that it was another busy year for the CCT. It is clear that there is continued high demand for the service provided.

The CCT functions act as a complement to the competitive forces at work in the retail energy markets, and a key component in ensuring customer protection in the monopolistic nature of the network operator and Water sector in Ireland. In essence, suppliers and network operators may assimilate from our decisions what the minimum standard of service expected is, helping them to improve their customer care services in a leaner and more efficient fashion.

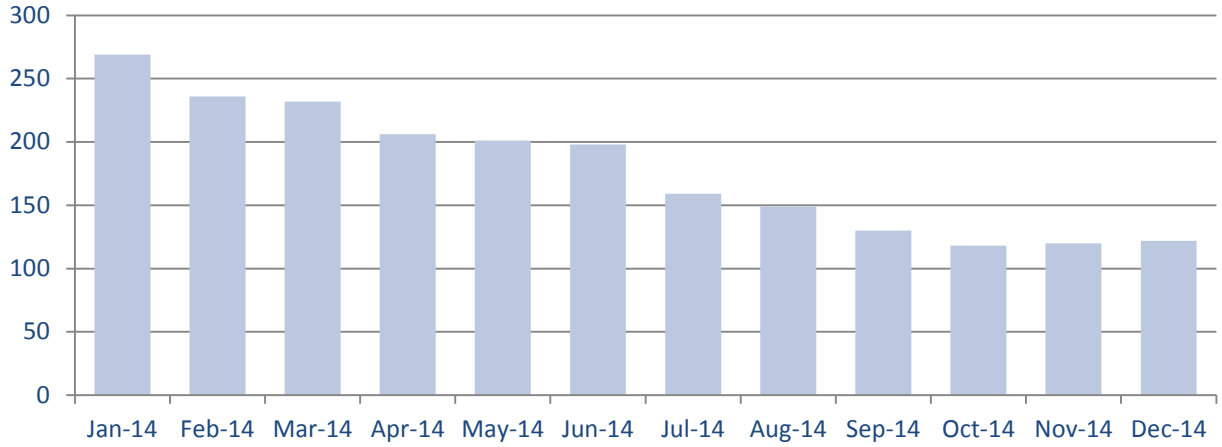
Graph III below shows that the total number of contacts contrasted with the amount translated into complex complaints. While it can be seen that total contacts remained at 2013 levels, the amount of complex complaints we logged was reduced from 651 to 435.

Graph III: Complex Complaints & Number of Contacts 2008 - 2014



[1] The complex complaints figure in 2014 includes switching and coordinated complex complaints, which were considered as different types of complaints in previous CCT Annual Reports.

Graph IV: Outstanding Complex Complaints - At Month End



Graph IV above shows the downward trend in the outstanding Complex Complaints logged in 2014. This reduction in the backlog of outstanding complaints is a continuation of the strong improvement achieved in 2013.

For background, we recognised in 2013 that there was an urgent need to reduce waiting times for decisions, as the rate of incoming complex complaints had increased due to the higher level of customer contacts logged during 2013.

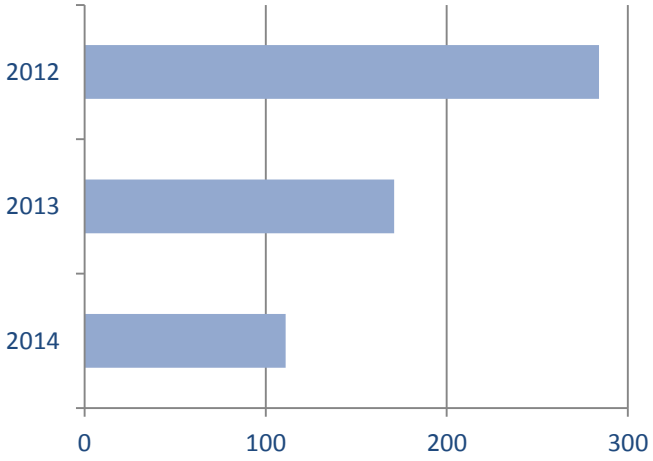
As a result, we decided to outsource the initial contact element of our workload in order to allow our staff to focus on investigating and resolving customer's complex complaints. In addition, it was also decided to employ more resources on a temporary basis from other areas of the Commission.

This re-allocation of resources enabled us to reduce the backlog of complex complaints built during the preceding period. As a result of these changes, the backlog of outstanding complex complaints was reduced by 55% during 2014.

This positive improvement translated into a reduction in the average duration time for investigation of complex complaints, which is the time from when the complaint is logged until a final decision is issued.

As Graph V shows, the trend over the period 2012 – 2014 shows a decrease in the average duration that the CCT takes to resolve complaints, with an overall reduction of 35% in 2014 alone. This coincides with the changes we adopted to improve our functioning, which translated into an overall enhancement of the dispute resolution service offered to energy and water customers.

Graph V: Investigation Duration Average Time (Days)



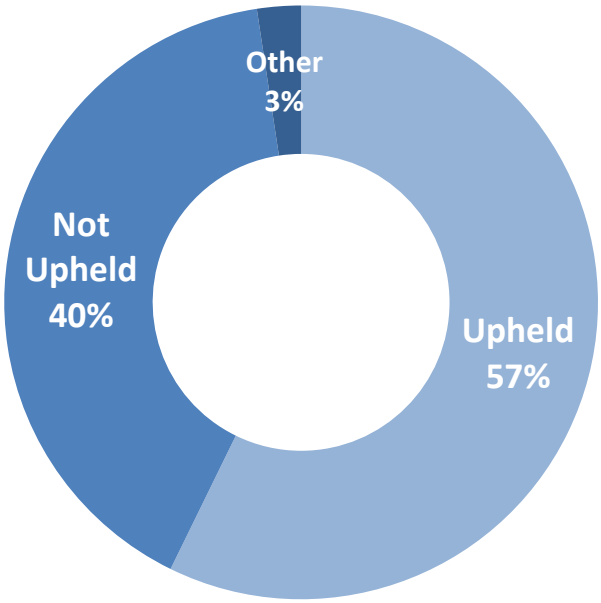


Figure I: Resolution Type

In 2014, 57% of the total complex complaints closed were upheld by us. This is a slight increase of 4% from the previous year. The number of complaints not upheld remained at the same level as in 2013. The remaining 3% represent complex complaints that were either reclassified as other types of complaints or withdrawn by customers before any decision was made by the CCT. Upheld complaints may include financial redress to be paid to the customer or directions to supplier/network opertor to implement a course of action to resolve a customer's problem.

In 2014, the majority of opened complex complaints for suppliers in electricity were concerned with billing and account issues (86%), as shown in figure II. Examples of this type of complaint may include inaccurate bills, back-billing and incorrect account details, among others. Complaints regarding disputed charges and tariffs made up 11% of the total while the remainder (3%) included other types of problem profile.

Figure III shows a more varied picture in electricity networks. Opened complex complaints about charges (26%) and power outages (25%) represent more than the half of the total cases investigated. Complaints about high voltage comprise a 16% of the total and those arising from meter issues represent a similar level of 14%. Connection problems (7%) and other (12%) make up for the remainder of the complex complaints in 2014.

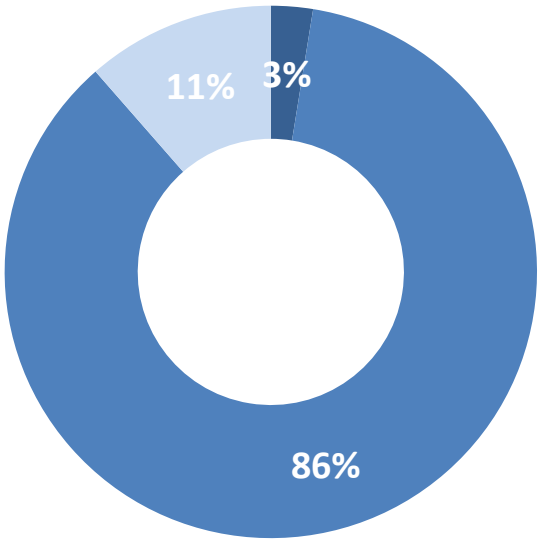


Figure II: Problem Profile Electricity Suppliers

86% Billing & Account Issues
11% Tariffs & Charges
3% Other

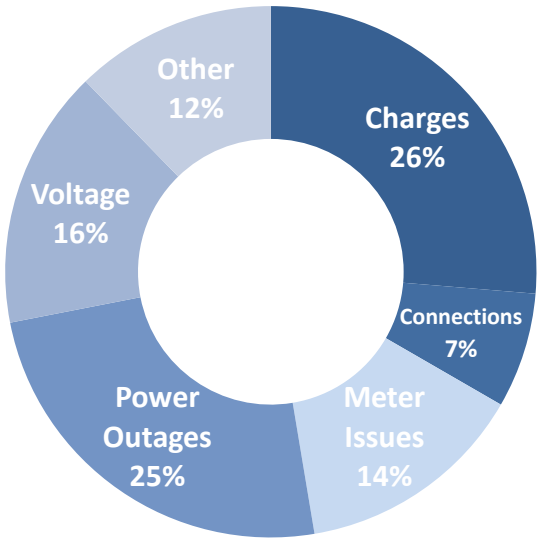


Figure III: Problem Profile Electricity Networks

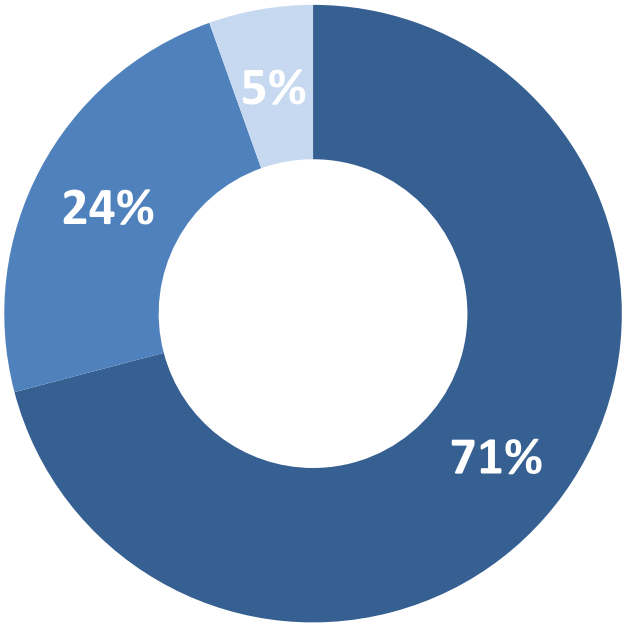


Figure IV: Problem Profile Gas Suppliers

71% Billing & Account Issues
24% Tariffs & Charges
5% Other

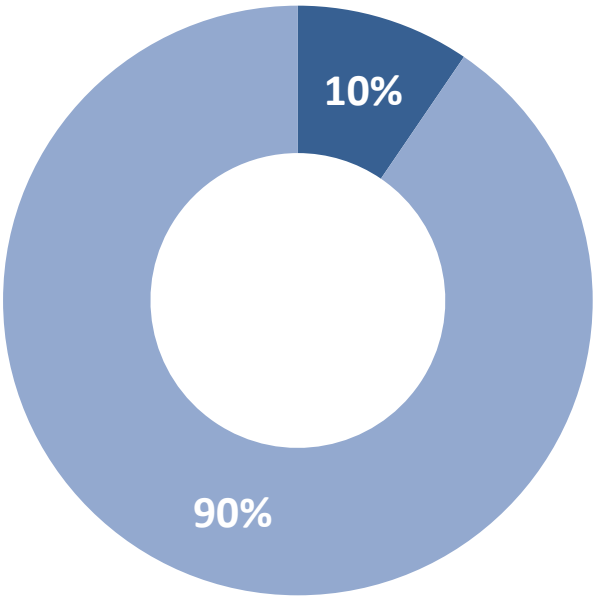


Figure V: Gas Networks

90% Meter Issues
10% Charges

In the gas market, the majority of complaints for suppliers were also about billing and account issues (71%). Complaints regarding disputed charges and tariffs (24%) form the second largest problem profile for gas suppliers. Other types of problems made up for the remainder 5%.

Figure V, on the right above, shows the profile for gas networks, where the majority of complaints were about meter issues (90%), with charges issues making up for the remainder 10%. This is sharply contrasted with figures from 2013, where charges represented 45% and meter issues 55% of the complaints received (with "other" complaints accounting for the remainder 5%).

Market Share and Complex Complaint

In 2014, there were eight different suppliers for the combined electricity and gas sectors. In the electricity sector, Electric Ireland (60%), SSE Airtricity (17%) and Bord Gáis Energy (13%) accounted for 90% of the market share in terms of customer numbers at the end of Q4 2014. PrePay Power and Energia accounted for 4% each, with companies such as Pinergy representing less than 1% of the total. This market share comprises the entirety of the electricity market, including both the domestic and non-domestic sectors.

In the gas sector, Bord Gáis Energy is the major player with 51% of the market share in terms of customer numbers at the end of Q4 2014, followed by Electric Ireland (22%), SSE Airtricity (16%), Flogas (5%), Energia (4%) and others (2%).

Figure VII below contrasts the number of opened Complex Complaints (inner circle) of the three major suppliers and their respective percentages of market share in terms of customer numbers (outer circle) for the combined gas and electricity sectors.

In 2014, Bord Gáis Energy had the majority of Complex Complaints opened, as it had 58% of the complex complaints with only 22% of the combined gas and electricity market share. Electric Ireland, with 52% of the market share, had 23% share of the total Complex Complaints. SSE Airtricty is the 3rd major player, with 16% of the total of Complex Complaints and a similar level of 17% of the market share.

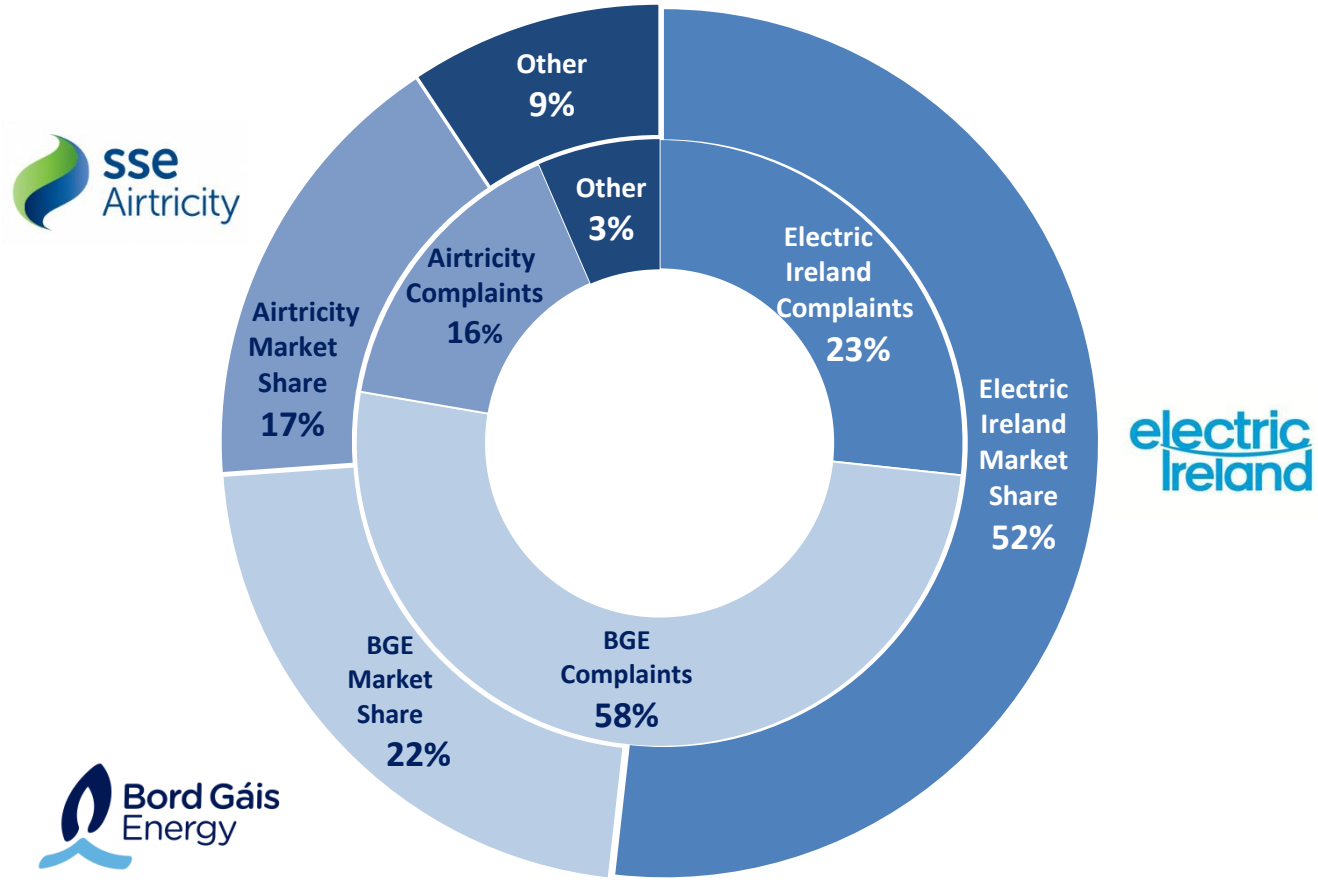
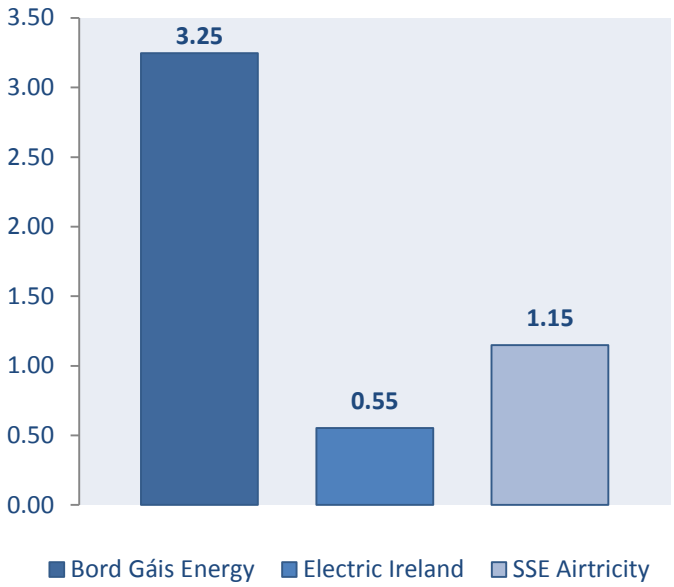


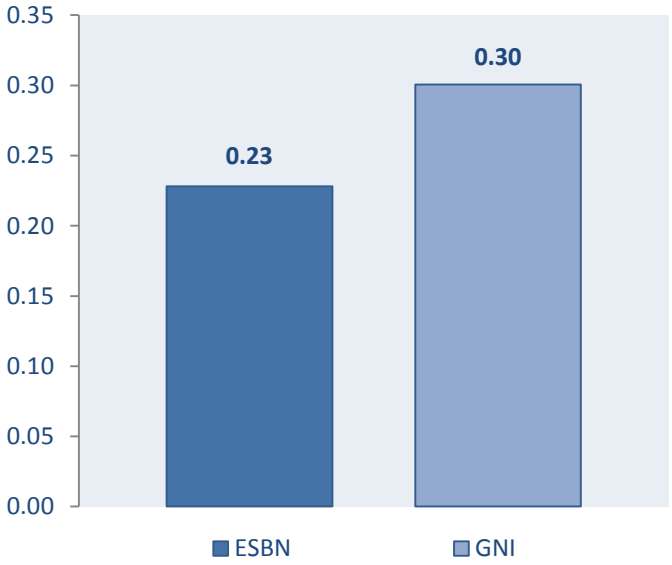
Figure VII: Combined Energy Sectors Market Share & Complex Complaints Share

Graph VI: Complex Complaints per 10,000 customers for large suppliers



To underline the variance between the three largest suppliers (those supplying to more than 100,000 customers), Graph VI shows the number of complex complaints opened per 10,000 customers. Bord Gáis Energy had the highest level of complex complaints at 3.25 per 10,000 customers. This is markedly contrasted with Electric Ireland's figure of 0.55 and Airtricity's figure of 1.15 complex complaints raised per 10,000 customers.

Graph VII: Networks Operators Complex Complaints per 10,000 sites



In the Networks side, ESB Networks supplied electricity to a total of 2.2 million sites. That means that for every 10,000 sites, 0.23 complex complaints were opened against ESBN as observed in Graph VII. Gas Networks Ireland supplied gas to 665,118 sites, which represented 0.30 complex complaints per 10,000 sites as observed in Graph VII.

Case Studies

Disconnection for Arrears – Not Upheld

The customer had built arrears for electricity consumption in her account and had made no attempts to pay such arrears. As a result, the supply of electricity was disconnected at her property. The customer believed that the disconnection was a breach of contract.

We investigated the evidence gathered from the customer and from the supplier about the disconnection. The procedures regulating disconnections of supplies are contained in the Electricity and Natural Gas Suppliers Handbook, where the minimum requirements to which suppliers must adhere to when disconnecting customers are included.

In this case, we found that the supplier had adhered to the minimum standards required in the Handbook, as it was clearly shown that they engaged with the customer and gave her ample payment options. The supplier only proceeded with the disconnection as a last resort after all other options had been exhausted.

We did not uphold the complaint but directed the supplier to set up a payment plan to facilitate the discharging of the monies outstanding, which set out a payment plan of around €40 per month for a two-year period.

Disputed bill – Upheld

The customer reported that his supplier had wrongly billed him for gas usage for a period where he was not residing in the premises.

Having examined all the relevant evidence, we decided to uphold the complaint as we recognised that the supplier wrongly charged the customer an outstanding debt for gas consumption which occurred prior to the initiation of the contract.

As a result, the disputed bill was struck off the customer's account. In addition, we recognised a poor handling of the complaint and directed the supplier to issue two charter payments totalling €70.

Large catch-up bill – Not upheld

The customer received an electricity bill totalling €950 and logged a complaint with his supplier. It later transpired that estimated readings were used to calculate the electricity usage in the property for a period of two years.

The Handbook states that suppliers must encourage customers to provide ESB Networks with access to meters or provide customer own reads where a history of actual reads does not exist at the premises. This must be done through messages on the bill, bill inserts and where appropriate through direct mailing to customers, email or SMS.

ESB Networks technicians left "Non Access cards" which reminded the complainant that an actual meter reading was due. In addition, ESB Networks issued a "Long Term Non Access" letter to advise the customer that his bills had been based on several estimated meter reads and that he should contact them to provide a meter read or arrange for a reading to be taken.

After investigating the evidence brought forward by the parties, we did not uphold the complaint. Network operators are responsible for reading customers meters and we considered that all efforts were made by the network operator to take meter readings for the property.

While we advised the customer of the importance of providing actual meter reads, we recognised that the outstanding debt was a considerable outlay for the customer. Hence, we directed the supplier to set up

a payment plan for the duration of 24 months in order to help the complainant to pay off the balance.

Failure to update Budget Controller – Upheld

The customer had in place a budget controller solution to assist prepayment on her account. Down through the years, she was under the impression that the bills issued were for information only and that the payments against the account were keeping up with the electricity usage and charges. This belief was reinforced by the negligence of the supplier who failed to advise her otherwise.

When the customer decided to switch supplier, a final bill of around €350 was issued to her account. The supplier maintained that the closing account as billed was due on the basis that the charges were accurately calculated. However the customer believed she should not be held liable for the closing bill as the charges have arisen due to errors or failures on the part of the supplier to keep the Budget Controller up to date.

After examining the correspondence received from both the customer and the supplier, we upheld the complaint as we considered that the basic intention behind the operation of the Budget Controller was that it should keep pace with the charges for the electricity used and billed. This requirement is contained in the Handbook's provision regarding budget controllers.

While we recognised that the charges amounting to almost €350 were correctly calculated, we directed the supplier to award €160 in charter payments which brought down the outstanding balance to €190. We set out a payment plan to repay the outstanding balance over 6 months.

Meter tampering – Not Upheld

The customer reported to Gas Networks Ireland (formerly Bord Gáis Networks) that the meter at his premises was failing to register top ups. An engineer from Gas Networks Ireland found that the meter would have to be replaced due to being tampered with internally. There is an obligation for customers to ensure that the meter is not being tampered with. For this reason, Gas Networks Ireland requested the customer to make a payment of €248 in respect of the replacement of the damaged meter. The customer felt that they should not have to pay this charge.

We did not uphold the complaint, as we considered that the actions of Gas Networks Ireland were in accordance with Section 5.2 of its Networks Terms and Conditions regarding the interference or tampering of gas meters. Similarly, we considered that Gas Networks Ireland was entitled to apply a charge of €248 in respect of site work that it carried at the customer's premises.

Incorrect billing – Upheld

As a result of receiving a bill for the sum of €600, the customer contacted the supplier to dispute the amount. Through contacts with the supplier the customer discovered that the supplier could not verify the accuracy of the bill. After several calls to the supplier it was confirmed to the customer that the bill should in fact have been issued for the sum of €150 instead.

The customer had noted that it had taken him seven months of dealing with the supplier in order for the latter to accept the errors in handling his account. The customer had refused a goodwill gesture in the sum of €50 offered by the supplier at the time.

After examining the evidence, we upheld the complaint due to several shortcomings in the handling of the customer's account that contravened several sections of the Electricity and Natural Gas Supplier Handbook. We awarded several charter payments to compensate for such failures. The errors included billing issues and poor customer service in general.

4. Customer Care Team and the Water Sector

In 2013, the Commission was appointed as the independent economic regulator for water services. In order to ensure a high quality of service for customers, the Commission developed a range of customer service standards and codes of practice for Irish Water customers during 2014. This process involved public consultations on the measures to be introduced allowing all stakeholders to provide their input into the final customer protection measures to be put in place for Irish Water customers.

Voluntary Working Practice for Dispute Resolution Services

Through our experiences in the energy sector, the Commission was cognisant of the necessity for customers to have a body to handle their outstanding complaints against a regulated utility.

In September 2014, due to the absence of a statutory mandate, the Commission signed a Voluntary Working Practice in relation to dispute resolution services. While the Voluntary Working Practice was not legally binding, it gave the Commission a role in assisting customers with an unresolved complaint with Irish Water. The CCT after investigation was allowed to apply charter payments in accordance with the Commission's Water Customers Handbook, direct Irish Water to pay refunds or compensate customers to a maximum amount of €100.

The arrangement outlined above came into effect on the 1st October 2014 and customers could log a formal complaint about Irish Water with the Commission from that date onwards. The CCT received five complex complaints through this arrangement in Q4 2014.

Statutory Complaints Resolution Service

The voluntary arrangement was put in place in the absence of a statutory role for the Commission or another body. However, the Water Services Act 2014 gave statutory responsibility to the Commission to provide a complaints resolution service to Irish Water customers with an unresolved dispute with Irish Water. This development was welcomed by the Commission, as it provided a more appropriate framework for resolving customer disputes.

This new statutory responsibility mirrors the role the Commission has in dispute resolution for electricity and gas customers. Irish Water customers who have registered and have an unresolved dispute with the utility can log a complaint with the CCT. Following investigation we have the power to direct Irish Water to pay compensation and resolve a complaint in a set fashion.

The following requisites have to be met before we can accept complaints from Irish Water customers:

- The customer must be a registered Irish Water customer in order to avail of our dispute resolution service,
- The customer must first have communicated the substance of their complaint to Irish Water in writing,
- The customer's complaint must have completed Irish Water's complaints process and a final decision issued to them in writing.

The Commission's new regulatory functions in the water sector will represent a challenge for the organisation as a whole and for the CCT in particular.

It is difficult to predict how the new requirements will impact the CCT workload, as the setting up of a new national utility is a complex process in itself, which is likely to translate into an increased number of contacts and complex complaints from water customers in the future.

Irish Water Customer Contacts

The public announcement of the launching of water charges meant that we received a significant number of contacts from customers at certain times during the year. Water charges were originally due to commence on the 1st October 2014 and in the months surrounding this date there was a significant peak in water related customers contacts. The graph below illustrates the increase in water related customer contacts in August which persisted until October

We anticipated this surge and had prepared to deal with the increased number of contacts, successfully addressing customer queries over this period of time in an efficient and timely manner.

Contacts regarding Irish Water represented 14% of the total contacts received by the CCT in 2014. However, this only translated into five complex complaints against Irish Water for several reasons. First, the low volume reflects the introduction of the dispute resolution service which remains relatively unknown to water customers.

Secondly, it reflects the lack of billing issues as the first billing cycle has not yet occurred for water customers. If the figures in the energy sector serve as a proxy for water, the majority of complaints would be about billing issues, which may translate into an increased number of water related complex complaints after April 2015.

The rest of the contacts were either information requests or "return to supplier" queries relating to charges, meter issues and account problems, among others.

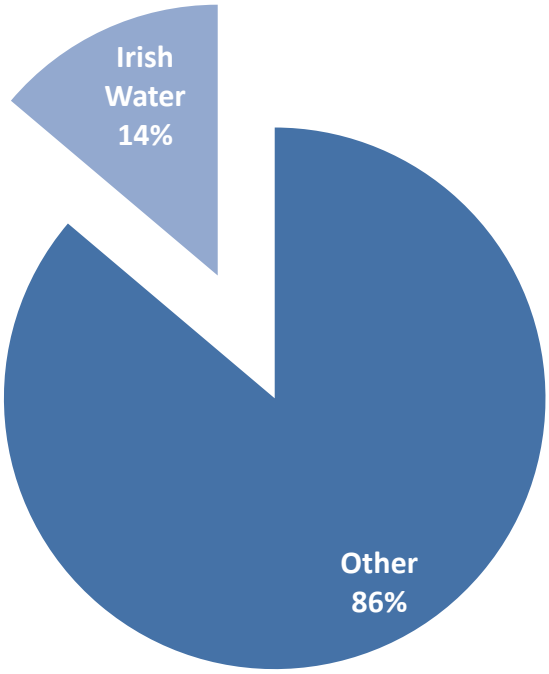
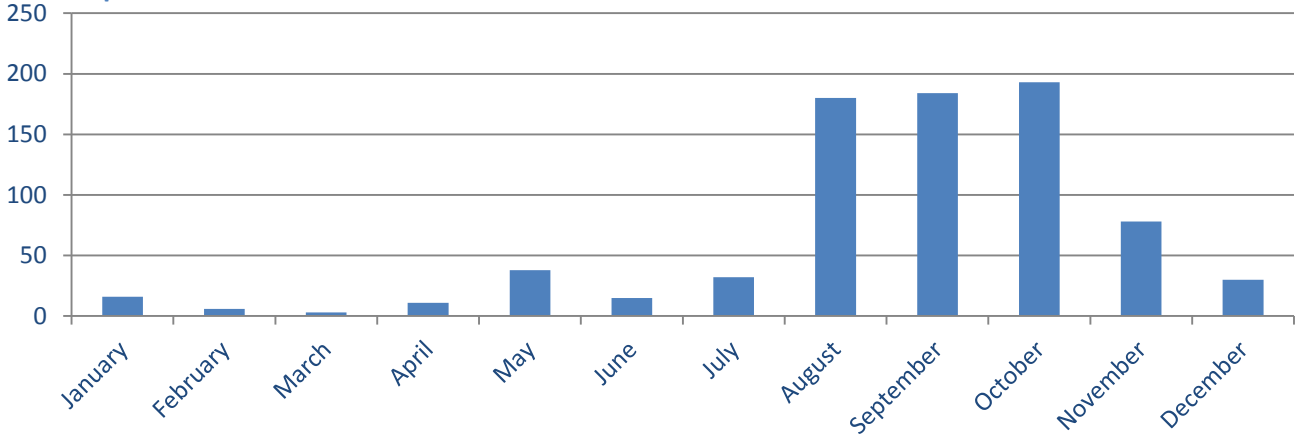


Figure VIII: Irish Water Customer Contacts

Graph VIII: Irish Water Customer Contacts



5. What's next in 2015

After a busy year, with the introduction of new regulatory functions in the water sector, the CCT will continue to provide a dispute resolution service for final customers. We will work towards continuously developing and improving this service as well working towards customer protection for energy and water users.

In addition, we will continue to provide information to customers in relation to policy changes and the overall functioning of the water and energy sector.

Similarly, we will continue to liaise with internal departments within the Commission in order to communicate areas of concern for customers in the energy and water sectors. We will continue to feed into the policy formulation process by incorporating customer feedback in order to shape policy in a more customer-oriented manner.

In the water sector, we will investigate complaints in order to safeguard the interests of water customers. We will make every effort to be ready for an increased volume of water complex complaints as the first billing period begins in April 2015.