

28th March 2024

Attention: The Manager,
Energy Demand and Efficiency Policy Branch
Department of Energy, Environment and Climate Action
PO Box 500 EAST MELBOURNE VIC 8002

By email: energy.upgrades@delwp.vic.gov.au

Telemarketing and doorknocking ban under the Victorian Energy Upgrades program

Thank you for the opportunity to respond to the Department of Energy, Environment and Climate Action's Regulatory Impact Statement on Regulatory Impact Statement (the RIS) on proposed changes to the Victorian Energy Upgrades Program (VEU). We welcome the continued focus in addressing unsolicited sales and marketing of new energy technologies. Ensuring consumer trust in these technologies and the rollout of these new initiatives will be essential to the clean energy transition.

The Energy and Water Ombudsman Victoria (EWOV) provides free, independent redress to Victorian consumers by receiving and resolving energy and water complaints. We work to ensure fair and reasonable outcomes when energy and water problems arise.¹ We use our unique data insights about consumers' experiences of the Victorian energy and water markets to improve consumer and market outcomes, through our engagement with businesses, government, regulators and the wider community. Our work is guided by the principles in the Commonwealth Government's *Benchmarks for Industry-based Customer Dispute Resolution*.²

EWOV supports the introduction of the ban on telemarketing and unsolicited sales and supports extending the ban to door-knocking to harmonise consumer protections across different providers of new energy technologies and programs in the market. The rollout of wholly government funded upgrades (e.g. shower heads or in-home energy monitoring devices) may have benefited from door-knocking, but our data³ suggests these door-knocking installations may also have been used as a means for lead generation, or even involved scam activities by a small number of providers. In the case of future government initiatives to roll out larger appliance subsidies or co-funded upgrades, the established risk of pressure sales may lead to even greater consumer harm due to the higher dollar value of these initiatives - as has been the case in door-to-door sales of solar PV systems.⁴

EWOV supports either option B or option C outlined in the RIS – the introduction of a doorknocking ban for VEU products and activities in addition to the telemarketing ban.

¹ See Clause 5.1 of EWOV's Charter: <https://www.ewov.com.au/files/ewov-charter.pdf>

² See EWOV's website: <https://www.ewov.com.au/about/who-we-are/our-principles>

³ See EWOV's previous submission, *Consultation paper on banning telemarketing under the Victorian Energy Upgrades program*, 22nd July 2023.

⁴ Consumer Action, *MEDIA RELEASE: Consumer group calls for unsolicited sale ban after solar company fined \$3 million*, 6 May 2021, available online: <https://consumeraction.org.au/consumer-group-calls-for-unsolicited-sale-ban-after-solar-company-fined-3-million/>.



In our view, there may be a case for introducing a doorknocking ban sooner (option B) rather than later in the year on the basis that delayed introduction (option C) may result in consumer harm (as detailed in Chapter 2 of the RIS).

Additional considerations - appropriate External Dispute Resolution is required to build trust and confidence in electrification activities

In its Regulatory Impact Statement, DEECA has referenced EWOV's submission calling to provide consumers with access to independent dispute resolution for energy efficiency upgrades. The transition away from gas fired appliances and inefficient electric household appliances has seen an expansion in the number of VEU products and services available to consumers. Research indicates hot water and space heating make up a significant contribution to consumer energy bills,⁵ which means changing these appliances can cause unanticipated issues with a household's energy bill. As outlined in our previous submission, EWOV has already seen a range of consumer harms emerge from these new products, and reiterates that access to free, independent dispute resolution can support consumer trust and confidence in, and take-up of, new VEU offerings.

EWOV receives a range of complaints from consumers about aspects that are both in our jurisdiction and outside our jurisdiction. The following cases are examples of out-of-jurisdiction complaints relating to hot water heat pumps. While EWOV has drawn on these kinds of cases as evidence, we rely on the facts of the case as reported by the individual raising the complaint as we cannot investigate further. In some cases, elements of the complaint may fall within our jurisdiction, but without a clear and comprehensive jurisdiction to investigate and resolve all aspects of the complaint, it can be difficult to take these on. All personal details in cases have been anonymised.

Electrification and heat pumps

Where consumers raise complaints around high bills or estimated bills, EWOV can leverage our technical consultant to analyse meter data, to determine whether unusual usage may be causing an issue or an underlying rate change might be the cause of the issue. This is a core part of EWOV's capability where complaints are within our jurisdiction. If new high efficiency electric appliances are misconfigured or mis-installed, this may have an unintended consequence for consumers' bills, however EWOV does not currently have jurisdiction to handle complaints about appliances installed "behind the meter" and is therefore not able to apply this expertise to matters concerning appliance installation under the VEU scheme.

Unexpected high bill after hot water heat pump installation – out of jurisdiction (case 00029673)

Stephen* complained to EWOV, dissatisfied with his heat pump installation after receiving an unexpectedly high bill. Stephen had a new heat pump electric hot water system installed through the government green incentive program by an accredited provider. Stephen explained that his electricity bill "just for the hot water portion" had gone from just a few hundred dollars to \$2,360.00 for one quarter. Stephen explained he thought this was extremely high for just two people living in the house and nothing had changed or altered in the house to consume extra electricity. Stephen told EWOV he had repeatedly contacted the installer - eight to nine times - to get someone to have a look at this issue. He set up an

⁵ Energy Consumers Australia, *Stepping Up: A smoother pathway to decarbonising homes*, August 2023



appointment on three occasions with the installer but no one from the installer attended, with no explanation or notification from the installer to explain they were running late or not attending. Stephen felt he had wasted three days to organise attendance to resolve their issue. Stephen believes there is something very wrong with the hot water system and that needs to be resolved quickly so he knows whether to remove or replace this system.

Other cases indicate installers may not be following key safety requirements when installing these appliances or necessarily meeting compliance requirements.

Safety issue with heat pump installation – out of jurisdiction (case 00029824)

Rajeet called EWOV dissatisfied with his installer in relation to a hot water heat pump. Rajeet advised he had a heat pump based hot water system installed. He had used an approved retailer and he received a rebate from SolarVic.

Rajeet advised he was aware that in the guidelines, a separate Residual Current Device (RCD) must be installed for a heat pump hot water system. However, the installer's electrician connected it with a previously installed outdoor power socket line. No separate RCD was installed. Rajeet advised that after installation, the electrician did not provide him with a compliance certificate, nor did the installer's plumber provide a compliance certificate. Further, he reported his installer did not provide him with a warranty for the installed unit.

Incentive mechanisms to encourage the rapid electrification of households can create consumer confusion in seeking the correct redress pathway, and potentially creates further gaps in consumer dispute resolution. While the “no wrong door” approach to dispute resolution enables a warm transfer process between dispute resolution services, these transfers highlight the confusion for both regulators and consumers alike, particularly where some agencies do not have capability to resolve consumer complaints directly.

Issue with heat pump hot water subsidy – out of EWOV jurisdiction – (case 00025522)

Richard was referred by Consumer Affairs Victoria to contact EWOV in relation to a VEU subsidy for a hot water heat pump system. Richard has had delays with the heat pump installer. EWOV warm transferred Richard to the Victorian Ombudsman as EWOV was unable to handle the complaint because the complaint related to a government policy or subsidy.

In other cases, issues arising from the approval process create problems for retailers accessing key rebates or other incentives. For appliances like hot water heat pumps or high efficiency air conditioners, there is a significant co-contribution from consumers, and consumers may require the rebate to fully afford the installation of the appliance. Difficulties accessing rebates may impact trust and confidence of consumers in electrifying their homes, or even create payment difficulty where the quantum of incentive subsidies are significant.

Approval issue delays state government rebate – out of EWOV jurisdiction (00014489)

Sandy* contacted EWOV with an issue accessing his government rebate for a heat pump installation. The consumer had replaced a gas hot water with a heat pump at a cost of \$4,449.99 and had applied for a hot water rebate from the state government. His claim had been approved but an issue had emerged between his installer and the government entity – due to a particular wording in the contract with the installer, which created a problem transferring Small-scale Technology Certificates, and therefore his rebate.

EWOV is currently unable to handle this kind of complaint and therefore had to refer Sandy to Consumer Affairs Victoria and the Victorian State Ombudsman.

Developing a fit-for-purpose jurisdiction

From a policy perspective, developing a 'polluter-pays' model is key to ensure those responsible for generating issues bear the costs of resolving those issues, which itself creates a framework to incentivise improved conduct. To ensure consumer trust and confidence to participate and engage in household electrification, a broader and more integrated EDR is required across energy products and services to ensure a smooth transition. Putting the consumer experience at the centre of a future consumer protection framework is crucial to maintain consumer trust and confidence in the energy market.

We hope this submission will assist the Department in the important task of considering how best to support trust and confidence in the transitioning energy market. If you would like to discuss any aspect of our submission, please do not hesitate to contact, Nicole McCutcheon (General Counsel and Chief Risk Officer) at Nicole.McCutcheon@ewov.com.au or Ben Martin Hobbs (Policy Insights & Engagement Manager) at ben.martinhobbs@ewov.com.au.

Yours sincerely



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