

Guideline for Unexplained High Usage and Undetected Leak Enquiries

Victorian Water Industry
Urban Water Corporations

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Developed by a working group established under the IWA Customer Service Special Interest Group. The working group comprised representatives from the customer service teams of Victoria's Urban Water Corporations as well as from the Energy and Water Ombudsman (Victoria) (EWOV) and the Essential Services Commission (ESC)

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Background

The Victorian water industry adopted a Guideline for Unexplained High Usage and Undetected Leak Enquiries in October 2010. Its intent was to provide an industry standard for resolving enquiries from customers who receive an unexpected large water bill due to a leak at their property or due to unexplained high usage. The guideline was developed by a project team representing urban water corporations across Victoria.

That 2010 guideline has provided great value to the water industry and customers over the last ten years by:

- Establishing a consistent basis for water corporations to resolve high usage and leak enquiries;
- Clearly setting out the roles and responsibilities of both customers and water corporations in a consistent decision making process for investigating customer enquiries; and
- Clearly setting out a minimum guideline process for calculating rebate allowances for leaks and unexplained high usage.

Over time the 2010 guideline has become outdated and in March 2020 the Victorian water industry initiated a review to produce a more contemporary guideline that is:

- Mindful of experience in application of the old guideline;
- Better addresses current and evolving needs; and that
- Remains useful in practice into the future.

A working group was established including representatives from 15 of the Victorian urban water corporations. A representative from the ESC participated in the review to ensure alignment with customer service obligations in the water customer service codes. A representative from EWOV participated in the review to provide an independent perspective on broader challenges for customers and water corporations based on EWOV's case handling experience.

The review reinforced the importance of water conservation being a shared accountability between water corporations and customers as a key driver for the guideline. It also identified that many parts of the guideline could be updated to support fairer and more equitable treatment of high usage and leak enquiry cases. In particular, expanding rebate eligibility through reducing and streamlining exclusions will extend benefits to a broader range of affected customers. Water corporations have limited budgets to cover rebate claims for high water usage. As such, placing greater emphasis on rapid resolution of leaks will result in fairer and more equitable distribution of the available budgets to all eligible customers.

The revised guideline maintains the following key elements of the original guideline:

- Only one rebate will be provided per eligible customer, per property every five years;
- A bill rebate will only be provided once a customer has investigated and rectified the cause; and
- A bill rebate will be calculated based on 50% of the estimated water lost, up to a maximum dollar value cap.

In addition, the revised guideline incorporates the following key changes from the 2010 guideline:

- The dollar value cap for a bill rebate has been increased from \$1,000 to \$2,000;
- The rebate on volumetric waste disposal charges (where these apply) will be increased from 50% to 100% of the full estimated water lost;
- Eligibility criteria for a rebate have been expanded and simplified;
- A rebate can be applied flexibly over two consecutive billing periods, as appropriate;
- An explicit requirement for customers to rectify any leak within two weeks of notification and/or identification of a high water usage event. The original guideline requirement for the customer to make any application for a rebate enquiry within 90 days is also retained; and
- Simplification of the rebate application and approval processes to provide greater flexibility and improved accessibility for customers.

This revised guideline represents a practicable standard for dealing with all high water usage and leak rebate enquiry cases. The criteria included in the guideline are based on what all the water corporations can reasonably achieve and practically implement and manage. In applying the guideline, a water corporation may exercise discretion, according to its assessment of what is fair and reasonable in particular circumstances.

The guideline is also a customer service initiative. It is designed to educate customers on their obligations and to provide guidance and assistance in their efforts to conserve water. This is not a hardship guideline. Its intent

is deliberately limited to providing a fair, equitable, consistent and systematic process for resolving high usage and leakage bill rebate enquiries. It does not seek to provide for resolution of hardship, vulnerability or other difficulties that may impact customers. Any customers affected by such issues may be referred by the water corporations to other appropriate support agencies or processes where further assistance is required beyond resolution of the high usage and leak rebate covered by this guideline.

Offsets exist within complex and evolving global and Australian policy and regulatory frameworks. To ensure cost effectiveness and compliance over time, offset selection must be robust in the face of potential policy and regulatory change. Offset sourcing cannot rely on a 'set and forget' approach, and water corporations need access to substantial capability to assess offset quality. The Decision-Making Framework reflects the sector's desire to implement Victorian policy in reducing emissions and embrace leading-practice approaches to achieve this. It is also intended to help the sector anticipate and adapt to regulatory change and will provide a foundation from which to build the capacity to successfully use carbon offsets in the water sector.

This report illustrates some of the challenges with carbon offset selection. It is intended to be a resource to build understanding in the Victorian water sector of carbon offsets and to support the adoption and application of a decision-making framework for carbon offset use and selection for the sector. While Melbourne Water has access to a broader range of offsets than other water corporations, the decision-making framework that guides their selection can be applied to both self-generated Victorian offsets, Australian and international offsets.

1. Guideline Purpose and Objectives

The key purpose of this guideline is to provide a framework for handling high water usage and leak enquiries. This includes resolving the cause and determining an appropriate bill rebate for eligible customers. The intent is to improve the customer service experience by applying a streamlined and consistent approach that supports fair and equitable decision making.

The guideline is based on three key principles:

Equity

- All enquiries should be managed through a fair, impartial and consistent assessment process.

Equality

- All eligible customers have an equal right to access the guidelines for resolution of high usage and leakage enquiries.

Water conservation

- Water conservation is a joint accountability between water corporations and their customers. A water conservation objective is important to minimise the extent of water loss events, thereby minimising financial impacts on both customers and water corporations. This ensures the fairest and most equitable distribution of available rebate budgets to as many eligible customers as possible.

Consistent with these principles, the specific objectives of the guideline are to:

- Enhance customer satisfaction through fair and equitable treatment of cases;
- Provide a systematic and consistent basis for resolving enquiries;
- Reduce complexity and difficulty in resolving enquiries and any associated complaints;
- Reduce unreasonable financial impacts on customers;
- Reduce the amount of outstanding customer debt for each water corporation; and to
- Support and promote water conservation.

In this context, it is recommended this document be used by water corporations, customers and EWOV as a Victorian water industry guideline for:

- Considering a fair and reasonable approach to resolving high usage enquiries; and for
- Reviewing approaches to handling high water usage and leakage enquiries to provide greater consistency across the industry.

2. Applicability of this Guideline

This guideline applies to all customers of:

- Victorian urban water corporations; and of
- The urban operations of Victorian water corporations that comprise both urban and rural operations;

that are liable for the water usage charges for water supplied to a property under sections 273A and 273B of the *Water Act 1989*, except:

- Irrigation customers (secured by water share issued under Division 2 Part 3A of the *Water Act 1989* or by a take and use licence under that Act);
- Commercial irrigation customers supplied from potable supply systems; and
- Water Supply by Agreement customers¹.

Eligible customers include those that:

- Own and occupy a serviced property connected to the water corporation's water supply system;
- Occupy a serviced property which is connected to the water corporation's water supply system and are liable to pay water usage volumetric charges – for example a residential tenant;
- Own, but do not occupy, a serviced property connected to the water corporation's water supply systems and are liable to pay water usage volumetric charges – for example, a landlord/owner of an unoccupied residential property, or of a commercially rated property.

The calculation of rebates under this guideline does not apply to trade waste disposal charges.



¹ Water Supply by Agreement customers include those whose properties are serviced by a private water main extension and/or where the customer is required to enter into a Supply by Agreement with the water corporation for the supply of water. This is defined as a private water supply service which provides water to one or more customers' properties, where the water corporation's water main does not front or pass through the customer's property or where the property is not located within an urban water supply district. The maintenance and responsibility of the private line remains with the property owner.

3. Types of Leaks and High Usage this Guideline Covers

High water usage is considered to be a larger than normal amount of water usage measured in kilolitres (as opposed to an increased dollar amount) that constitutes a significant increase when compared to the customer's normal usage for the same period at the same property over previous years.

Water corporations may find it useful to refer customers to EWOV's website for information about how to determine the cause of high water usage and leaks.

Bill rebate allowances under this guideline may be provided for high water usage that results from the following identified causes:

- A leak from the customer's water supply infrastructure², except for:
 - Easily detectable leaks that have not been promptly rectified; and
 - Leaking and/or malfunctioning appliances (such as evaporative air conditioners and solar hot water heaters);

or
- A one off unexplained high usage event, where a customer genuinely cannot account for a limited period of high usage after ruling out other possible explanations. Unexplained usage is often attributed to either water theft or a one off event that the account holder is not, or has not been made, aware of.

This guideline does not apply to explainable high water usage resulting from the customer's water use patterns or changes in those water use patterns.



² A customer's water supply infrastructure is defined as any part of a hot or cold water service that is connected to a drinking water supply, from the point of connection to the water supply to the points of discharge of the service. A customer's water supply infrastructure also includes any part of a non-drinking hot or cold water service or rainwater service, from the point of connection to the water supply to the points of discharge of the service.

4. Detection and Rectification of High Water Usage and Bill Rebate Application Process

Prevention, avoidance and prompt rectification of high water usage events are crucial in minimising the extent of such events. This will minimise financial impacts on both customers and water corporations. Reducing avoidable water loss ensures the fairest and most equitable treatment of eligible customers. This requires proper attention to maintaining water supply infrastructure and to rapidly rectifying any identified cause of water loss where it does occur. There are therefore obligations on both water corporations and customers under this guideline for avoiding and minimising water loss.



4.1 Water Corporation Obligations

Water corporation obligations under this guideline include:

- Proactively educating customers and raising awareness of water conservation initiatives to assist customers in managing their water use.
- Proactively educating customers and raising awareness of policies, obligations and processes (including this guideline) relating to high water usage.
- Actively assisting and supporting customers with high water usage enquiries, including:
 - o Providing information and guidance regarding:
 - Appropriate leak detection processes;
 - Availability of alternative assistance schemes or concessions customers may be eligible for;
 - Payment arrangement options within the customer's capacity to pay, including application to relevant assistance processes under the water corporation's hardship policy.
 - o Making customers aware of their obligations under the water corporation's policy on high water usage and leaks and under this guideline.
 - o Letting customers know about the information and assistance available from EWOV relating to high water bills and how to detect leaks.
 - o Referral of customers experiencing hardship or other difficulties that may arise to other appropriate support agencies or processes where further assistance is required beyond resolution of the high usage and leak rebate covered by this guideline.

A water corporation may notify customers of potential high water usage anomalies where these are detected. If so, such notification should be made to an affected customer either prior to, or at the time of, issuing the water bill to ensure that the customer is aware of the issue as soon as possible.

The emergence and ongoing development of digital metering and associated detection and analysis technology may enhance water corporations' capacity for detection and notification of high usage anomalies in the future. However, these technologies and their application in practice are not yet sufficiently well developed to provide reliable and systematic identification of customer high water usage events. Future reviews of this guideline should consider the implications of further developments and advances of such technologies.

4.2 Customer Obligations

Customer obligations under this guideline include:

- Property owners must ensure that the property's water supply infrastructure is maintained in good working order. This includes repairing leaks in a timely manner to conserve water and reduce potential costs. For helpful advice, see EWOV's website for information about identifying causes of high water bills and leaks.
- The occupier of a property is liable for the costs of all water supplied to an occupied property, in accordance with sections 273A and 273B of the *Water Act 1989*.
- The owner of a property is liable for the costs of all water supplied to a non-occupied property, in accordance with section 273B of the *Water Act 1989*.
- Where the occupier of a property, or the owner of a non-occupied property, is notified of potential high water usage by the water corporation, or identifies high usage themselves from an issued water bill or some other means, that customer must:
 - o Act reasonably to ensure that any leak from a property's water supply infrastructure is rectified within two weeks of such notification or identification;
 - o In the case of tenants, there is an obligation to promptly report a suspected leak to the owner/managing agent such that leak rectification can reasonably be undertaken by the owner/manager within two weeks;
 - o Property owners must act to ensure that a leak is rectified within two weeks in an appropriate manner that meets current plumbing standards.
- Applications by customers for high water usage rebate enquiries under this guideline must be made:
 - o Within 90 days of any potential high water usage notification received from the water corporation; or
 - o Within 90 days from the due date of the water bill which identifies the high water usage.
- To substantiate that appropriate rectification of any leak has been completed as required, appropriate evidence or verification of repairs may be requested from the customer, including but not limited to:
 - o Plumbing invoice or report;
 - o Photographic evidence;
 - o Meter readings;
 - o Relevant receipts relating to repairs.
- Where an application for a high water usage rebate enquiry has been made, the affected customer must co-operate with the water corporation and provide information as requested to resolve the claim.

4.3 Bill Rebate Application Process

Applications for high water usage bill rebate enquiries under this guideline can be made in any way that is mutually agreed between the customer and water corporation. Enquiries should be initiated promptly by customers as soon as high water usage has been notified or otherwise identified. This will ensure that any leak or other cause of water loss is identified and rectified within the required two week timeframe. Initial contact for enquiries should be made through the most convenient existing channel (e.g. as outlined on the water corporation's website), including:

- Telephone;
- Email;
- In writing;
- Web portal contact or forms.

Applications will be assessed by water corporations and the outcomes communicated to customers within 10 business days. This will be based on assessment of the required relevant information, circumstances and supporting evidence provided by the customer as agreed as part of the enquiry process. Water corporations will undertake assessment of all applications in accordance with their obligations as outlined in section 5.1 of this guideline.

If a property leak has not been repaired following consultation with the water corporation, the water corporation may issue a notice to repair the leak pursuant to Section 150 Notice to Repair and Section 151 Notice of Contravention of the Water Act 1989. No bill rebate adjustment will be considered until the leak is repaired.

Where the assessment shows that the customer has met all their obligations as outlined in section 5.2 of this guideline, the water corporation will:

- Calculate an appropriate bill rebate adjustment as outlined in section 6 of this guideline.
- Communicate to the customer the calculated bill rebate adjustment that will be offered, as well as other relevant and supporting information including:
 - o Information on the customer's eligibility for any future high water usage bill rebate requests (limited to one rebate every five years per property per customer);
 - o Reiteration of the customer's obligations under this guideline;
 - o Information on further assistance and support that may be available for customers experiencing hardship or other difficulties, and referral to associated appropriate agencies or processes as required.
- Process the calculated bill rebate adjustment offered to the customer.

Further assistance may be available beyond the resolution of the high usage and leak rebate covered by this guideline as part of the water corporation's hardship policy.

5. Estimation of Unexplained High Water Usage and Leak Allowance Rebate

The following outlines a process for calculating water bill rebates for eligible unexplained high water usage and leak (water loss) allowances:

1. Only one water bill rebate will be offered per customer, per property per five year period for eligible water loss events.

One claim can be made for either a single leakage event or a single unexplained high usage event within a five year period. Claims for both a leakage event and an unexplained high usage event cannot be made within a five year period.

2. The calculation of water bill rebates for eligible water loss events is based on:
 - Estimating the volume of water lost over the relevant event period.

This is calculated as the difference between the high volume use measured over that period and the estimated average use by the customer over the equivalent period.

- Providing a reduction in the volume of water use charged to the customer equal to 50% of the estimated volume of water lost.
- Capping the maximum water use charge bill rebate offered at \$2,000.
- If a volumetric sewage or waste disposal charge is applicable, providing a 100% reduction in these charges associated with the full estimated volume of water lost.

3. The estimated volume (in kilolitres) of water lost for eligible water loss events is calculated as follows:

where:

H = high volume water use measured over the high usage period

and

A = estimated average water use volume for the equivalent period

(calculated using up to three years of relevant historical data where available, or using another suitable method)

then

$$\text{Volume of Water Lost (VWL)} = H - A$$

4. The water supply charge component of the bill rebate will be calculated as follows:

$$\text{High Water Use Volume Adjustment} = \text{VWL}/2$$

with the water supply charge rebate calculated by multiplying this volume adjustment by the applicable per kilolitre usage tariff rate charged in the original bill.

The remaining 50% of the estimated high water usage volume will remain charged to the customer at the applicable per kilolitre usage tariff rate.

5. Where the water supply charge rebate calculated under step 4 exceeds \$2,000, the rebate offered will be capped at \$2,000.
6. If a volumetric sewage or waste disposal charge is applicable, an additional rebate will be offered equal to the full volume of estimated water lost (defined as VWL above) multiplied by the applicable seasonal and discharge factors and by the applicable per kilolitre usage tariff rate.
7. To ensure that any potential impacts of an eligible water loss event over more than a single billing cycle can be handled within a single rebate application:
 - The water corporation will assess the impacts of the water loss event on the previous bill and on the next bill, as well as on the current bill;
 - Where this assessment indicates that the water loss event has impacted, or will impact, the water use charged to the customer over multiple billing cycles, any assessed water use reduction and associated rebates may then be applied, as appropriate, to up to two consecutive billing periods over the water loss event;
 - The consecutive billing periods used for the rebate adjustment will be chosen to give the best outcome for the customer.
8. The total bill rebate offered will be calculated as the sum of the water supply charge rebate (under steps 4 and 5) and the sewage or waste disposal charge rebate (under step 6) over the full estimated water loss period (covering up to two consecutive billing cycles).



6. Other Recommendations

- Each water corporation should ensure that its own internal policies, processes, systems and procedures are consistent with its obligations under this guideline and with the guideline’s overriding intent, purpose and objectives.
- With the adoption of this revised guideline, it may be opportune for each water corporation to undertake some level of review of its related processes and procedures. This will ensure consistency and that all processes and procedures support appropriate implementation of the revised guideline and its clear and accessible communication to customers.
- To ensure that this guideline remains useful, relevant and helpful for both water corporations and customers into the future, the guideline should be subject to ongoing periodic review at intervals of no more than five years.
- Subsequent reviews of this guideline should actively consider the implications of further developments and advances in digital metering and associated water usage anomaly detection and analysis technology. This should include assessments of whether and when there may be scope for the guideline to embrace application of such technologies to enhance detection and notification of high usage anomalies and hence to further reduce water loss impacts on customers.





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