



MALTA RESOURCES AUTHORITY

**Decision 02/2014/ED of the 19th of August 2014
in virtue of the Malta Resources Authority Act (Cap. 423)
on the Complaint by Mr. Jesmond Farrugia against ARMS Ltd and
Enemalta Corporation**

I. Determination

Whereas

I.A. The MRA has received a complaint by Mr. Jesmond Farrugia (hereinafter to be referred to also as ‘the complainant’) regarding the alleged overcharging by ARMS Ltd with respect to the electricity consumption of the premises at FLT 1, Olivia, Triq Furtu Salvatico, San Giljan.

II.B. MRA has taken note of the complaint and has investigated the matters raised in it.

II. Considerations

II.A. Facts

1. The facts of this Case are outlined in the attached document entitled *Review of Dispute between Mr Jesmond Farrugia (Account No 101000091719) and ARMS Ltd / Enemalta Corporation Services Corporation*” and dated 7th July 2014.

II.B Assessment

2. The Authority took note of the submissions presented by both parties as outlined in the attached document entitled “*Review of Dispute between*

Mr Jesmond Farrugia (Account No 101000091719) and ARMS Ltd.\Enemalta Corporation” and dated 7th July 2014.

3. The Authority also took note of the review of the dispute as indicated in the attached document and the observations and considerations raised in this Report.

III. Decision

4. **On the complaint by Mr. Farrugia in regard to the charging by ARMS Ltd of the 36c per unit rate in his bills when his annual consumption has not exceeded 6450 units and thus allegedly over charging him in the process and that ARMS Ltd has justified this by saying that the bills are worked on a pro rata rate, the Malta Resources Authority hereby determines that:**

ARMS Ltd in working the bills on a pro rate basis and by applying the 36c/kWh rate even though the annual consumption has not reached and exceeded the threshold of 10000 units has acted in accordance with the Electricity Supply Regulations G.N. 223 of 1940 as amended by (LN 34 of 2010) which in the First Schedule provides that:

“A Residential Premises Service shall be billed, for any period or periods as Enemalta may, from time to time determine, in accordance with the following charges and tariffs:”, and

“(2)Residential Premises Service shall be subject to the following Consumption Tariff based on a cumulative consumption per annum and which may be billed on a pro rata basis:

- i) *For every kWh of the first 2,000 kWh..... €0.161; and*
- ii) *For every kWh of the next 4,000 kWh.....€0.173; and*

- iii) For every kWh of the next 4,000 kWh.....€0.189; and*
- iv) For every kWh of the next 10,000 kWh.....€0.360; and*
- v) For every kWh of the remaining consumption.....€0.620.”.*

5. On the claim by Mr Farrugia that an end of year adjustment should be sufficient to arrive to the correct rates and thus expecting to be refunded for the overcharged rates by ARMS Ltd., the Malta Resources Authority hereby determines that:

The Electricity Supply Regulations do not provide for reconciliation of the bills at the end of each year as being requested by the complainant and therefore interim bills calculated on actual readings are final. Therefore, the basis of the complaint submitted by the complainant cannot be reviewed further by the Authority.

Ing James Camenzuli
Chairman



MRA Reference: MRA/ENE/24/14

7th July 2014

Review of Dispute between Mr Jesmond Farrugia (Account No 101000091719) and ARMS Ltd.\Enemalta Corporation

1. INTRODUCTION

The Malta Resources Authority received notice of an official complaint against ARMS Ltd from Mr Jesmond Farrugia by email dated 18th June 2014 regarding the alleged overcharging by ARMS Ltd with respect to the electricity consumption of the premises at FLT 1, Olivia, Triq Furtu Salvatico, San Giljan with ARMS Account number 101000091719. The account is registered as a residential premises service.

In his email to the Authority, Mr Farrugia stated that:

“Official complaint re ARMS

I have been charged at €0.36c per unit over a year when my consumption did not go over the 6540 units. ARMS are trying to justify this by saying that the bills are worked on a pro rata rate. Although ARMS can work in whatever way they feel, **the law is clear in the rates that ARMS are allowed to charge.** They have clearly overcharged in my case.

Kindly look into this case; an end of year adjustment should be sufficient to arrive to the correct rates and I expect to be refunded for the overcharged rates.”

Mr Jesmond Farrugia also submitted the following documentation together with his email of 18th June 2014:

1. Copy of email dated 15 April 2014 to ARMS Ltd regarding the charging of the 36c tariff on account number 101000091719 when the total annual electricity consumption for the year 2013 was 6540;
2. Copy of email dated 10 June 2014 from ARMS Ltd stating that the bill is correct and referring Mr Farrugia to a contract with MRA;
3. Copy of email to Mr Farrugia dated 10 June 2014 clarifying that the complaint relates to charging of electricity purchased from Enemalta and reiterating that the bill is not correct;
4. Copy of email from ARMS Ltd to Mr Farrugia dated 13 June 2014 confirming that the bills were worked out correctly based on actual meter readings and

on a pro rata basis but if in disagreement with the readings in the bill to provide own meter readings for a revision of the bill;

5. Copy of six bills received from ARMS Ltd covering the period between 12 September 2012 and 23 April 2014.

2. BACKGROUND

The Authority took note of the complaint and examined the documents submitted by Mr Jesmond Farrugia.

The Authority informed ARMS Ltd and Enemalta by an email dated 23rd June 2014 of Mr Farrugia's complaint and they were invited to submit any information relevant to the case which would assist the Authority in taking cognisance and in considering the dispute. ARMS Ltd and Enemalta were given until the 27 June 2014 to make any submissions.

No submissions were received until the 3rd July 2014.

3. REVIEW PROCEDURE

In the course of this review, the following documents were examined:

- (i) Correspondence between both parties;
- (ii) Breakdown of electricity readings extracted from the bills related to account number 101000091719 for the period 12 September 2012 to 23 April 2014;
- (iii) Electricity Supply Regulations which establish the electricity tariffs and their application in the calculation of the electricity bills.

This independent review of the complaint received considered the following issues, namely whether:

1. The electricity bills received by the consumer for the period 12 September 2012 to 23 April 2014 were calculated correctly or otherwise;
2. Compliance with the Electricity Supply Regulations;
3. Manner and timelines in the handling of the customer complaint by ARMS Ltd on behalf of Enemalta.

4. CONSIDERATIONS TAKEN IN THE COURSE OF THIS REVIEW

4.1 This review noted that:

1. Mr Farrugia filed his first complaint regarding the application of the 36c per unit tariff to his account consumption bill on **15th April 2014** stating *“This account has been charged for units at €0.36c. This is normally charge on consumption of over 10,000 units per year (please refer to attached official MRA tariffs up to March 2014)”*.
2. ARMS Ltd reply to the customer’s complaint dated **10th June 2014 15:39** almost two months after the receipt of the complaint was *“kindly note the bill issued correctly as per contract made with MRA. If you have any queries please contact MRA.”*
3. On the **10th June 2014 3:57pm** the complainant wrote to the ARMS Ltd customer care agent explaining that his complaint was related *“to the units purchased from Enemalta, not the units generated by the PV. The bill is not correct as you are aware; the €0.36c per unit applies over 10,000 units every year. The bill is clear in that the units used in 2013 do not go over 10,000 units, in fact is totalled 6540 units. Please note that this is happening in 2014 as well. I expect the bill to be reworked correctly over a year and a refund made. Failing this, I will raise the case to the MRA and the Ombudsman”*.
4. ARMS Ltd reply on the **13 June 2014** was *“Kindly note invoice was issued based on actual readings, thus it is correct if you do not agree with the meter readings you may provide us with the photos of the meters to revise accordingly. However bills are worked out as pro rata basis and since you exceeded the total consumption you were charged with the other rates. Therefore we confirm that bills are worked correctly.”*
5. On **18th June 2014**, Mr Farrugia submitted his official complaint regarding the above to the MRA.

The Review notes that:

- a) The Electricity Supply Regulations establish that Consumers may be billed for such periods or periods as Enemalta may determine, Regulation 66 sub-regulation (1) provides that:

“Accounts shall be made for such period or periods as Enemalta may determine either generally or with respect to any or more consumers or classes of consumers and shall be presented and

collected at the address to which they refer unless arrangements are made for their delivery at any other address, in which case payment shall be made at the office:.....”

b) The First Schedule to the Electricity Supply Regulations provides that:

A Residential Premises Service shall be billed, for any period or periods as

Enemalta may, from time to time determine, in accordance with the following charges and tariffs:.....

2) Without prejudice to the other provisions of these regulations, a Residential Premises Service shall be subject to the following Consumption Tariff based on a cumulative consumption per annum and which may be billed on a pro rata basis:.....

Electricity tariff rates on cumulative annual consumption applicable from January 2010 until 30 March 2014:

- i) For every kWh of the first 2,000 kWh €0.161;*
- and*
- ii) For every kWh of the next 4,000 kWh €0.173;*
- and*
- iii) For every kWh of the next 4,000 kWh €0.189;*
- and*
- iv) For every kWh of the next 10,000 kWh €0.360;*
- and*
- v) For every kWh of the remaining consumption €0.620.*

Electricity tariff rates on cumulative annual consumption applicable from 31 March 2014 onwards:

- “i) For every kWh of the first 2,000 kWh €0.1047;*
- and*
- ii) For every kWh of the next 4,000 kWh €0.1298;*
- and*
- iii) For every kWh of the next 4,000 kWh €0.1607;*
- and*
- iv) For every kWh of the next 10,000 kWh €0.3420;*
- and*
- v) For every kWh of the remaining consumption €0.6076.”*

The Review also noted the contents of the bills provided by the complainant:

a) Information extracted from the bills provided by the complainant with the relative invoice number billing cycle length, billing days, highest electricity tariff charged for consumption and the consumption in units:

Invoice number	Billing cycle length		Billing days	Highest electricity tariff charged for consumption	Consumption
	From date	To date			
16770730	11 Sept 12	5March13	176	0.189	3831
17538025	6 March 13	5 Sept 13	184	0.173	2903
Invoice number	Billing cycle length		Billing days	Highest electricity tariff charged for consumption	Consumption
	From date	To date			
17813223	6 Sept 13	05Nov13	61	0.173	809
18182400	06Nov13	03Jan14	59	0.36	1706
18338712	04Jan14	05Mar14	61	0.36	1959
18639134	06-Mar-14	23-Apr-14	49	0.189	972

b) All the bills referred to in the table above cover periods less than a year and ARMS Ltd applied the tariffs on a pro rata basis for each invoice. In the case of invoices number 18182400 and invoice number 18338712 the highest rate applied was 36c per unit.

- Invoice number 18182400, the tariffs were applied *pro rata* to a consumption of 1706 kWh over 59 days:

Residential Consumption (06.11.2013 - 03.01.2014)

323.288 units @ 0.1610 = 52.05

646.575 units @ 0.1730 = 111.86

646.575 units @ 0.1890 = 122.20

89.562 units @ 0.3600 = 32.24

- Invoice number 18338712: Application of tariffs and tariff bands pro rata to a consumption of 1959 kWh over 61 days

Residential Consumption (04.01.2014 - 05.03.2014)

✓ 334.247 units @ 0.1610 = 53.81

✓ 668.493 units @ 0.1730 = 115.65

✓ 668.493 units @ 0.1890 = 126.35

287.767 units @ 0.3600 = 103.60

5. REVIEW'S CONCLUSIONS

5.1 **Conclusions as to the claim by Mr. Farrugia in regard to the charging of 36c per unit rate when his annual consumption does not exceed the 6450 (i.e. less than 10,000kWh cumulative annual consumption threshold over which the 36c per unit become applicable)**

On the claim submitted by Mr Farrugia that ARMS ltd in charging the 36c per unit rate has over charged him, this review notes that the Electricity Supply Regulations provide that:

- a) *“A Residential Premises Service may be billed for any period or periods as Enemalta may, from time to time determine”, and*
- b) *Residential Premises Service shall be subject to the following Consumption Tariff based on a cumulative consumption per annum and which may be billed on a pro rata basis...”*

In addition, the Electricity Supply Regulations do not provide for reconciliation of the bills at the end of the year as being requested by the complainant and therefore interim bills calculated on actual readings are final.

In view of the above it is concluded that ARMS Ltd on behalf of Enemalta Corporation in calculating the bills on a *pro rata* basis has acted within the provisions of the Electricity Supply Regulations.

6. OTHER OBSERVATIONS

6.1 In the course of this Review the following additional observations are being noted for the attention of ARMS Ltd

- (i) ARMS Ltd responded to the complainant’s first communication with a delay of almost two months;
- (ii) The first reply from ARMS Ltd was not relevant to the complaint made by the consumer The customer care agents at ARMS Ltd should be made aware that:
 - a) Customers having a PV system have no contract with MRA regarding the payment of the feed-in tariff and that the payments are due from Enemalta/ARMS Ltd;
 - b) The information related to the PV installation relevant to the billing is attached to the application submitted to ARMS Ltd for the connection of the PV system and hence available at ARMS
 - c) If there is an issue in the bill related to the PV installation the agent should try to resolve the issue using the information at hand
- (iii) ARMS Ltd should have provided more details in its reply to the consumer to explain why they deemed that the bill was worked out correctly.