

2009/10 Annual Performance Report Gas Trading Licences

January 2011

Economic Regulation Authority

 WESTERN AUSTRALIA

A full copy of this document is available from the Economic Regulation Authority website at www.erawa.com.au. For further information, contact

Economic Regulation Authority
Perth, Western Australia
Phone: (08) 9213 1900

The copying of this document in whole or in part for non-commercial purposes is permitted provided that appropriate acknowledgement is made of the Economic Regulation Authority and the State of Western Australia. Any other copying of this document is not permitted without the express written consent of the Authority.

Disclaimer

This document has been compiled in good faith by the Economic Regulation Authority (the Authority). This document is not a substitute for legal or technical advice. No person or organisation should act on the basis of any matter contained in this document without obtaining appropriate professional advice.

The Authority and its staff members make no representation or warranty, expressed or implied, as to the accuracy, completeness, reasonableness or reliability of the information contained in this document, and accept no liability, jointly or severally, for any loss or expense of any nature whatsoever (including consequential loss) ("Loss") arising directly or indirectly from any making available of this document, or the inclusion in it or omission from it of any material, or anything done or not done in reliance on it, including in all cases, without limitation, Loss due in whole or part to the negligence of the Authority and its employees. This notice has effect subject to the *Trade Practices Act 1974* (Cth) and the *Fair Trading Act 1987* (WA), if applicable, and to the fullest extent permitted by law.

The summaries of the legislation, regulations or licence provisions in this document do not contain all material terms of those laws or obligations. No attempt has been made in the summaries, definitions or other material to exhaustively identify and describe the rights, obligations and liabilities of any person under those laws or licence provisions.

Contents

List of Tables	ii
Purpose of the Report	iii
Gas Retail Market Structure	iii
Gas Compliance Reporting Manual	vi
Highlights	vii
Gas Trader Performance	1
Customers	2
Affordability	4
Customers on Instalment Payment Plans	4
Direct Debit Plans terminated as a result of default	5
Security Deposits	6
Disconnections and Reconnections	7
Residential Disconnections for non-payment	7
Non-residential Disconnections for non-payment	8
Inter-jurisdictional comparison of disconnections	9
Residential Reconnections	9
Non-residential Reconnections	10
Inter-jurisdictional comparison of reconnections	11
Complaints	12
Residential Complaints	12
Non-Residential Complaints	13
Call Centre Performance	15

List of Tables

Table 1: Residential and non-residential customers by retailer	3
Table 2: Number of contestable and non-contestable customers in 2009/10	3
Table 3: Customers on an instalment payment plan in 2009/10	4
Table 4: Customers on an instalment payment plan	5
Table 5: Residential customer direct debit plans terminated for default	5
Table 6: Non-Residential Customer Direct debit plans terminated for default	6
Table 7: Residential customers disconnected for failure to pay a bill	7
Table 8: Additional residential customer disconnection indicators for 2009/10	8
Table 9: Non-residential customers disconnected for failure to pay a bill	8
Table 10: Inter-jurisdictional comparison of residential and non-residential disconnections	9
Table 11: Residential customers reconnected at same supply address (within seven days of being disconnected)	10
Table 12: Additional residential reconnection indicators for 2009/10	10
Table 13: Non-residential customers reconnected at the same supply address (within seven days following disconnection)	11
Table 14: Inter-jurisdictional comparison of residential and non-residential reconnections	11
Table 15: Residential customer complaints	12
Table 16: Residential customer complaints by complaint category	12
Table 17: Non-residential customer complaints	13
Table 18: Non-residential customer complaints by category for Alinta Sales and Synergy	13
Table 19: Inter-jurisdictional comparison of total customer complaints	14
Table 20: Summary of retailer call centre performance in 2009/10	15
Table 21: Number of calls to an operator	15
Table 22: Operator calls responded to within 30 seconds (%)	16
Table 23: Level of unanswered calls (%)	16
Table 24: Average duration before a call is answered by an operator (seconds)	16
Table 25: Inter-jurisdictional comparison of the percentage of operator calls responded to within 30 seconds	16

Purpose of the Report

The purpose of this report is to bring transparency and accountability to the performance of gas retail businesses who supply small use customers¹ and to benchmark, where possible, performance against similar businesses in other gas markets.

All gas trading licences include a condition that the licensee must provide to the Authority any information that the Authority may require to fulfil its functions under the *Energy Coordination Act 1994 (Act)*. The Authority has specified the performance information to be provided by gas trading licensees in the Gas Compliance Reporting Manual (**Reporting Manual**), published by the Authority in July 2010² and the Gas Trading Licence Performance Reporting Handbook (**Handbook**)³ published by the Authority in May 2010. The Reporting Manual incorporates the relevant non-financial performance indicators in the 2007 SCNR Framework.⁴

This report focuses on the performance data provided by gas retailers in accordance with the performance reporting obligations set out in the Reporting Manual.

The report focuses on performance in the following areas:

- **Affordability:** information about the number of customers accessing instalment payment plans and the level of direct debit plan terminations as a result of default.
- **Access:** information about the rates of customer disconnection for non-payment and reconnection of these customers, with particular attention being paid to customers on instalment payment plans, those in receipt of a government funded concession and those who have been previously disconnected within the past 24 months.
- **Customer Service:** information about customer satisfaction with service provided by their retailer, as measured by complaints and customer call centre responsiveness.

Gas Retail Market Structure

Gas licensing is regulated by the Act. Part 2A of the Act deals with the licensing of gas supply. The functions of the Authority⁵ in respect of licensing are to:

- administer the licensing scheme;
- monitor and report to the Minister for Energy on the operation of the licensing scheme and the compliance of licensees with their licences; and
- inform the Minister of any failure by a licensee to meet the requirements of its licence.

The Act prescribes two classes of gas supply licence:

¹ A small use customer is defined as a customer who consumes less than 1TJ of gas per annum.

² Gas Compliance Reporting Manual, which can be found on the Authority's website: http://www.erawa.com.au/2/319/51/gas_licensing_regulatory_guidelines.pm

³ Gas Trading Licence Performance Reporting Handbook, which can be found on the Authority's website: http://www.erawa.com.au/2/319/51/gas_licensing_regulatory_guidelines.pm

⁴ National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007.

⁵ Section 11AA of the Act.

- a) Distribution - which authorises the licensee to construct a distribution system and transport gas through it, or to transport gas through an existing distribution system.⁶
- b) Trading - which authorises the licensee to sell gas to small use customers that is transported through a distribution system.

Gas trading licences permit the retailer to supply gas in one or more supply areas, or one or more parts of one or more supply areas. Figure 1 shows the eight⁷ gas supply areas in the State and the locations of gas trading operations that were licensed by the Authority as at 30 June 2010.

During 2009/10, there were six gas retailers⁸ participating in the small use market:⁹

- Alinta Sales (licence GTL9);
- Origin Energy Retail (licence GTL7);
- Synergy (licence GTL8);
- Wesfarmers Kleenheat Gas (**Wesfarmers**) (licence GTL10);
- WorleyParsons Asset Management (**WorleyParsons**) (licence GTL11); and
- Perth Energy (licence GTL12).

Origin Energy Retail was granted a licence on 9 June 2008, but they did not retail gas during the 2009/10 reporting year. Accordingly, performance data is not presented for Origin Energy Retail in this report.¹⁰

Perth Energy was granted a gas trading licence on 9 November 2009. Performance data is not presented for Perth Energy in this report because they did not supply gas to customers in the 2009/10 reporting year.

By 30 June 2010, the Western Australian gas retail market comprised approximately 613,000 residential and non-residential small use customers.

This retail market is dominated by Alinta Sales, which holds a licence to retail gas in the Coastal, Goldfields-Esperance and Great Southern supply areas. As at 30 June 2010, Alinta Sales supplied 99.9% of total small use customer accounts. The remaining 0.1% of customers are shared between Wesfarmers (who supply reticulated LPG¹¹ in Margaret River and Albany), WorleyParsons (who supply natural gas in Esperance) and Synergy (who supply natural gas in the Coastal, Goldfields-Esperance and Great Southern supply areas).¹²

⁶ This report uses the term distribution network to describe a distribution system, which is consistent with the approach used to describe electricity distribution systems.

⁷ Figure 1 shows the Albany area separately, however, this forms part of the Great Southern gas supply area.

⁸ Note that for the purposes of this report, the terms 'gas trader' and 'gas retailer' are interchangeable.

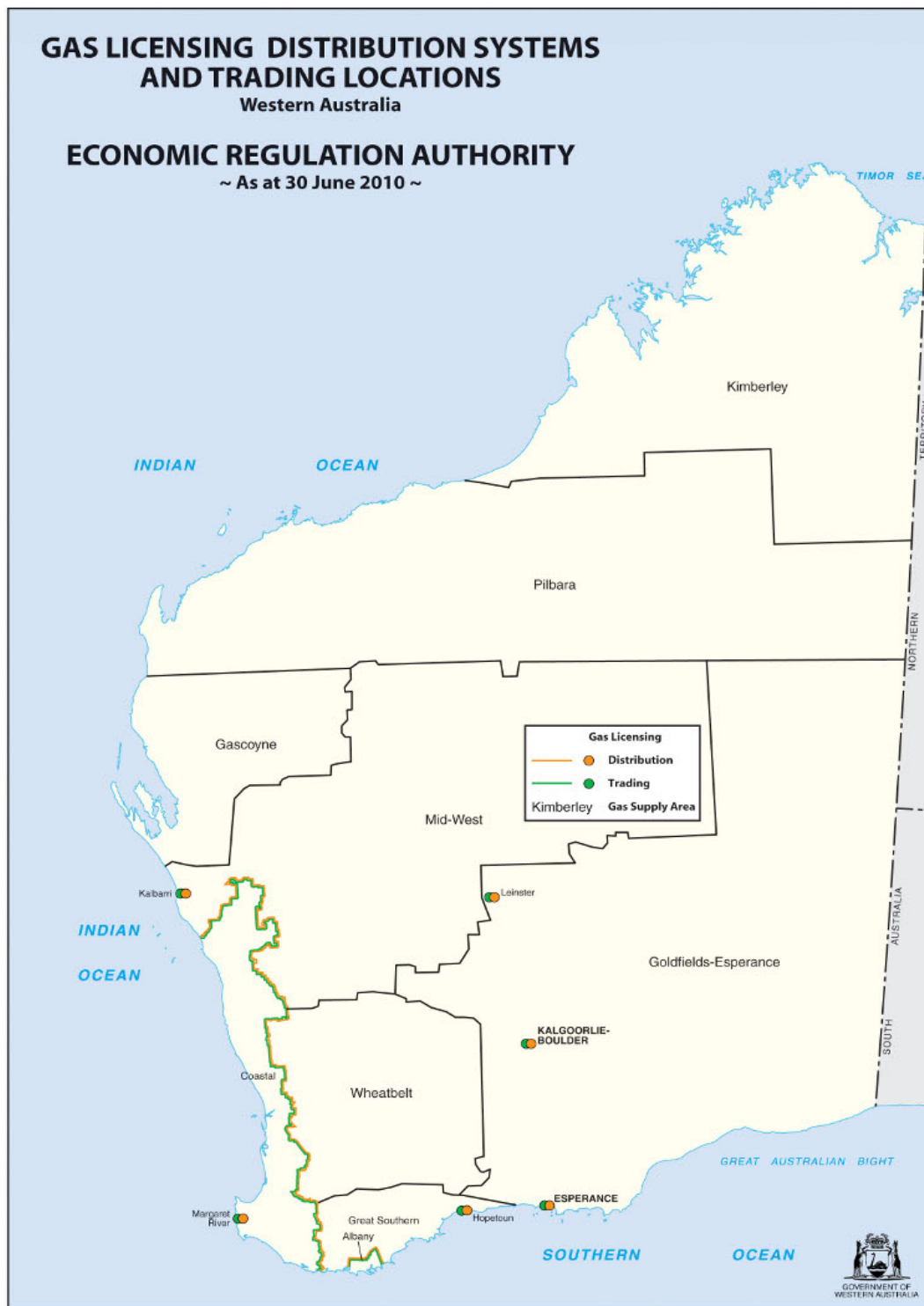
⁹ The small use market is defined as the customers who consume less than 1TJ of gas per annum.

¹⁰ Origin Energy Retail Ltd surrendered its gas distribution and trading licences on 13 July 2010.

¹¹ Liquefied Petroleum Gas.

¹² The Synergy licence operating area is the area covered by the South West Interconnected System (**SWIS**), which is the same as the operating area covered by their electricity retail licence.

Figure 1: Gas distribution and trading locations in Western Australia



The entry of Synergy into the market in July 2007 has resulted in the introduction of competition in the three largest gas supply areas in the State.¹³ Synergy's entry into the small use gas retail market follows the changes, in July 2007, to the Gas Market Moratorium (**Moratorium**)¹⁴ that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum. The purpose of the Moratorium is to

¹³ These are the areas that were previously supplied on a monopoly basis by Alinta Sales.

¹⁴ More information on the Gas Market Moratorium and related issues can be found on the Office of Energy's website: http://www.energy.wa.gov.au/2/3177/64/gas_market_mora.pm

provide equity between the small use electricity market in areas supplied by Synergy¹⁵ and the gas market in areas supplied by Alinta Sales in the absence of full retail contestability in either market.¹⁶

For the purposes of this report, all customers who consume less than 1TJ of gas are considered to be contestable customers. However, in the areas supplied by Alinta Sales and Synergy, the Moratorium prevents Synergy from supplying customers who consume less than 0.18TJ of gas. Because Synergy was the only retailer competing with Alinta Sales in these areas during 2009/10, the Moratorium covered customers are effectively non-contestable customers. In the areas supplied by Alinta Sales, contestable customers are those not covered by the Moratorium. However, because the Moratorium only applies to Synergy, other retailers are permitted to supply customers.

This report provides the number of Alinta Sales' customers not covered by the Moratorium, in order to identify the effective competitive market size in the areas supplied by Alinta Sales. For example, the report¹⁷ provides both Alinta Sales' and Synergy's contestable non-residential small use customer numbers, which together total 1,963 customers. Synergy has 112 contestable non-residential small use customers, which represents 5.7% of the contestable non-residential small use market, in the areas supplied by Alinta Sales.

Gas Compliance Reporting Manual

Version published in September 2009

In December 2008, the Authority approved a range of new customer protection licence conditions under the Act. These new conditions were listed in Parts 3 to 13 of the *Compendium of Gas Customer Licensing Obligations (the Compendium)*, also known as the *Gas Customer Code 2008*.¹⁸

In May 2009, the Authority approved the amendment of gas trading and distribution licences to include the new customer protection provisions in the *Gas Customer Code 2008*. On 1 July 2009, gas licences were amended to include the requirements with most of the new conditions coming into effect from that date. A revised version of the Reporting Manual, incorporating the requirements of the *Gas Customer Code 2008*, was published by the Authority in September 2009.¹⁹

Version published in July 2010

The Authority introduced the *Gas Customer Code 2008* in January 2009²⁰ to ensure that gas customers received, where possible, protection equal to that provided for electricity customers under the *Code of Conduct for the Supply of Electricity to Small Use Customers*. Following a review of the *Code of Conduct for the Supply of Electricity to*

¹⁵ Synergy is the only retailer permitted to supply small use customers who consume less than 50MWh of electricity per annum within its supply area.

¹⁶ The Government introduced market reforms to the Western Australian gas retail market on 31 May 2004. These reforms included the introduction of practical full retail contestability. Achieving full retail contestability means that all of the legal and technical requirements are now in place to allow new gas companies to enter the marketplace, thereby providing retail choice for all gas customers in the State.

¹⁷ Refer to Table 2, page 3 of this report.

¹⁸ Further information is available on the Authority's website: <http://www.erawa.com.au/2/317/51/notices.pm>

¹⁹ The revised Manual is available on the Authority's website: <http://www.erawa.com.au/2/317/51/notices.pm>

²⁰ The Authority published the *Gas Marketing Code of Conduct (GMCC)* and the *Gas Customer Code 2008 (GCC)* in January 2009. The GMCC came into effect in January 2009 and the GCC on 1 July 2009.

Small Use Customers, the Authority announced, on 23 January 2010, that it would be making a new Code, effective from 1 July 2010.

To ensure that customer protection remained as consistent as possible across the electricity and gas sectors, the Authority made amendments to the *Gas Customer Code 2008* that were intended to align, where possible, the provisions in the *Gas Customer Code 2008* with those in the electricity Code. The amended *Gas Customer Code 2008* was also renamed to the *Gas Customer Code*.

On 15 July 2010, the Authority published a new Reporting Manual, which incorporated changes to the compliance obligations and performance reporting obligations for both gas trading and distribution licences arising from the new *Gas Customer Code*. It was agreed that the 2009/10 non-financial performance reports provided by the licensees would be based on the Reporting Manual that was published in July 2010. Accordingly, in May 2010, the Authority published the MS Excel Gas Retail Data Sheets and a Gas Trading Licence Performance Reporting Handbook²¹ to assist retailers with the reporting process.

Highlights

This is the fourth annual report published by the Authority that examines the performance of gas trading licensees (gas retailers) who supply small use customers in Western Australia. However, due to significant changes to the retailer performance reporting framework that occurred in 2007 and in order to preserve data comparability, this report only covers the past three years.

Customers

As at 30 June 2010, there were 612,947 small use gas customers in the State, comprising 604,609 residential customers and 8,338 non-residential customers. Compared to 2008/09, the number of residential customers increased by 3.3% and the number of non-residential customers increased by 2%.²² In 2009/10, contestable²³ customers represented 0.2% of the state-wide residential customer base and 24% of the state-wide non-residential customer base.

Alinta Sales is the largest retailer in the State, supplying 99.9% of residential customers and 98.2% of non-residential customers. In the areas supplied by Alinta Sales, Synergy was the only competitor, focusing on the non-residential market. By 30 June 2010, Synergy supplied 5.7% of the contestable non-residential customers.²⁴ The residential customer market in these areas was supplied exclusively by Alinta Sales.

Wesfarmers retails gas to 435 customers in Albany and Margaret River via gas distribution networks that they also operate. WorleyParsons retails gas to 266 customers in Esperance via the gas distribution network operated by a related company, Esperance Power Station. Customers in these areas were supplied exclusively by Wesfarmers and WorleyParsons respectively.

²¹ The Gas Trading Licence Performance Reporting Handbook can be found on the Authority's website: http://www.erawa.com.au/2/319/51/regulatory_guid.pm

²² Due to a calculation error, Alinta Sales has re-stated their non-residential customer numbers for both the 2007/08 and 2008/09 years.

²³ Refer to page vi of this report for the definitions of 'contestable' and 'non-contestable' customers, used in this report.

²⁴ Under the Moratorium, Synergy cannot supply gas to small use customers consuming less than 0.18TJ per annum in Alinta Sales operating areas.

Affordability

Compared to 2008/09, the total number of residential customers on an instalment payment plan increased by 39.4% (to 10,058). By 30 June 2010, 1.7% of residential customers, and 0.5% of non-residential customers were on an instalment payment plan.

Alinta Sales was the only retailer to terminate residential customer direct debit plans for default during 2009/10, terminating 624 plans, which was 10.5% less than the previous year.

Customer Disconnections

During 2009/10, the state-wide number of residential disconnections for non-payment increased by 2.5% (to 17,232), compared to the previous year. Just over 45% of residential gas customer disconnections involved customers who had been disconnected previously within the past 24 months. The Authority notes that the Hardship Utility Grants Scheme²⁵ became available to Alinta Sales residential customers²⁶ from July 2009.

Alinta Sales was the only retailer to disconnect non-residential customers during 2009/10. The state-wide number of non-residential disconnections increased by 19.7% (to 158), compared to the previous year. Since 2008/09, the state-wide disconnection rate has increased from 1.5% to 1.9% of non-residential customers.

During 2009/10, the percentage of residential (2.9%) and non-residential (1.9%) disconnections in Western Australia was higher than South Australia and Victoria. This was the third successive year that the residential disconnection rate was the highest of the three jurisdictions.

Reconnections

Alinta Sales and WorleyParsons were the only retailers to report reconnecting residential or non-residential customers within 7 days of disconnection during 2009/10. Compared to 2008/09, the state-wide number of residential reconnections fell (by 16.2%) and the number of non-residential reconnections increased (by 59.5%).

During 2009/10, 64% of residential customers who were disconnected were subsequently reconnected within seven days. The residential customers who had previously been the subject of an instalment payment plan were most likely to be reconnected.

During 2009/10, the state-wide residential reconnection rate (1.82%) was significantly higher than in South Australia (0.52%) and Victoria (0.35%). This is the third successive year that reconnections by Western Australian retailers have been significantly higher than those in the other jurisdictions.

Complaints

Alinta Sales and WorleyParsons were the only retailers to report receiving any complaints from residential customers, while Alinta Sales and Synergy were the only retailers to report receiving complaints from non-residential customers.

²⁵ The Western Australian Government introduced the Hardship Utilities Grants Scheme (**HUGS**) in July 2008. HUGS is intended to help people pay their overdue utility bills before disconnection, and provide these people with free financial advice to reduce the future likelihood of disconnection.

²⁶ Alinta Sales joined HUGS in July 2009.

Compared to 2008/09, the number of residential customer complaints reported by Alinta Sales increased by 82.2%. The majority of the residential complaints (59%) were categorised as “other”.²⁷

All non-residential complaints received by Alinta Sales, during 2009/10, were categorised by Alinta Sales as “other”. In contrast, Synergy reported that the majority (57.1%) of its complaints related to billing issues. Approximately a third of Synergy’s non-residential customer complaints were not resolved within 15 business days.

During 2009/10, the state-wide complaint rate per 100 customers (0.16) for small use customers²⁸ was significantly lower than that reported by Victorian retailers (0.37) and South Australian retailers (0.53). The difference in the level of complaints might, in part, be explained by the presence of full retail contestability in the other jurisdictions. Full retail contestability may lead to an increased level of complaints, especially in the areas of marketing and the transfer of customers between retailers.

Call Centre Performance

Only two gas retailers, Alinta Sales and Wesfarmers,²⁹ operate call centres.

In 2009/10, the call centres handled a total of 899,604 calls (up from 785,182 in 2008/09) to an operator, with the Alinta Sales call centre accounting for 80.9% (727,524) of the total calls.

Compared to 2008/09, Wesfarmers reported improvements in the level of unanswered calls and the percentage of calls answered within 30 seconds, while Alinta Sales reported a modest deterioration in performance across the board.

During 2009/10, the responsiveness of the call centres, measured by the percentage of calls responded to within 30 seconds, operated by Western Australian retailers was on a par with call centres operated by South Australian retailers and significantly better than the call centres operated by Victorian retailers.

²⁷ The “other” category includes poor service, privacy considerations, failure to respond to complaints in a timely manner, health and safety issues and any other matter not falling into the billing, marketing and transfer categories. WorleyParsons received a single complaint, which was classified in the “other” category.

²⁸ This is the combined total residential and non-residential small use customer complaints.

²⁹ The majority of the calls handled by the Wesfarmers call centre relate to other businesses operated by Wesfarmers.

GAS TRADER PERFORMANCE

Customers

In 2009/10, there were four gas retailers' active in the small use residential and non-residential gas market: Alinta Sales; Synergy; Wesfarmers and WorleyParsons. Another two retailers, Origin Energy Retail and Perth Energy, held licences but they did not retail gas during the 2009/10 reporting year.

The Reporting Manual requires gas retailers to keep records of the number of residential and non-residential accounts held by contestable and non-contestable³⁰ small use customers.³¹ This provides an annual snapshot of the size of the gas retail market and the distribution of contestable and non-contestable customers between retailers.

As discussed previously,³² all customers who consume less than 1TJ of gas are, for the purposes of this report, considered to be contestable customers. However, in the areas supplied by Alinta Sales and Synergy, the Gas Moratorium prevents Synergy from supplying customers who consume less than 0.18TJ of gas. Because Synergy was the only retailer competing with Alinta Sales in these areas during 2009/10, the Moratorium covered customers are effectively non-contestable customers. However, because the Moratorium only applies to Synergy, other retailers are permitted to supply customers.

Table 1 disaggregates the number of residential and non-residential customers supplied by each retailer in 2009/10 and the previous two years. Compared to 2008/09, the total number of customers increased by 2.9%, comprising a 3.3% increase in the number of residential customers and a 2% increase in the number of non-residential customers.

In 2009/10, Alinta Sales reported the number of residential customers increased by 3.4% and the number of non-residential customers increased by 2.1%, compared to 2008/09. Over the same period, Synergy reported a 14.3% increase in the number of non-residential customers and Wesfarmers reported decreases in the number of residential customers and non-residential customers (by 46.7% and 89.5% respectively).

Wesfarmers stated that the decrease in customer numbers was due to Leinster and Hopetoun customers being excluded from the 2009/10 report.³³ Therefore the 2009/10 customer numbers only include the Margaret River and Albany supply networks.

Alinta Sales was the largest retailer in the State, supplying 99.9% of residential customers and 98.2% of non-residential customers, which has remained relatively unchanged since 2008/09.

³⁰ This refers to Moratorium covered small use customers, which applies to Alinta Sales only (see page v for more information).

³¹ For the purposes of this report a customer is equivalent to a customer account. Throughout the remainder of the report the term customer will be used.

³² See page vi.

³³ During the 2009/10 year Leinster and Hopetoun gas distribution networks were bulk supplied and no metering occurred at the reticulated customer connection level. The licensee is now of the opinion that these networks are not covered by the requirements of the trading licence.

Table 1: Residential and non-residential customers by retailer

Licensee	Number of residential customers			Number of non-residential customers			Total number of customers		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Alinta Sales	565,131	584,035	603,943	7,707 ³⁴	8,024 ³⁵	8,191	572,838	592,059	612,134
Synergy	0	0	0	97	98	112	97	98	112
Wesfarmers	772	812	433	19	19	2	791	831	435
WorleyParsons	181	211	233	28	31	33	209	242	266
State Total	566,084	585,058	604,609	7,851	8,172	8,338	573,935	593,230	612,947

As noted earlier in this report, Synergy entered the small use gas retail market following changes, in July 2007, to the Moratorium. The amended Moratorium permits Synergy to supply customers who consume between 0.18TJ and 1TJ per annum. Table 2 details the number of contestable and non-contestable (or Moratorium covered) residential and non-residential accounts by retailer. In 2009/10, contestable customers represented 0.2% of the state-wide residential customer base and 24% of the state-wide non-residential customer base.

By 30 June 2010, Synergy had a 5.7% share of the contestable non-residential small use market in the Coastal and Goldfields-Esperance supply areas that are subject to the Moratorium.

Table 2: Number of contestable and non-contestable customers in 2009/10

Retailer	Number of Residential Customers		Number of Non-Residential Customers		Total Number of Customers	
	Contestable	Non-contestable	Contestable	Non-contestable	Contestable	Non-contestable
Alinta Sales	256	603,687	1,851	6,340	2,107	610,027
Synergy	0	0	112	0	112	0
Wesfarmers	433	0	2	0	435	0
WorleyParsons	233	0	33	0	266	0
State Total	922	603,687	1,998	6,340	2,920	610,027

Wesfarmers retail LPG in Margaret River and Albany, supplying customers from gas distribution systems that they also operate. The Margaret River and Albany customers are contestable because another retailer could obtain a trading licence and apply for access to the distribution network.

WorleyParsons retails gas in Esperance to customers who are supplied by a distribution system operated by a related company (Esperance Power Station). All of the customers supplied by WorleyParsons are contestable because another retailer could obtain a trading licence and apply for access to the Esperance distribution network.

³⁴ Due to a calculation error, Alinta Sales has re-stated their non-residential customer numbers for both the 2007/08 and 2008/09 years. These figures and any calculated indicators that rely on non-residential customer numbers have also been amended in this report.

³⁵ Ibid. Footnote 34.

Affordability

The credit management policies of gas retailers can impact on those customers who are experiencing financial hardship or payment difficulties. This section of the report provides information about the measures implemented by retailers to facilitate access to a gas supply by residential customers.

Key measures of performance include the number of customers who have:

- entered into an instalment payment plan to pay account arrears and continued usage, according to an agreed payment schedule. This does not include customers using a payment plan as a matter of convenience or for flexible budgeting purposes;
- had a direct debit plan terminated as a result of payment default.

Synergy reported that they did not place any customers on an instalment payment plan, or terminate any direct debit plans during 2009/10. Consequently, the remainder of this section focuses on the performance of Alinta Sales, WorleyParsons and Wesfarmers.

Customers on Instalment Payment Plans

Table 3 details the number of residential and non-residential customers who were on an instalment payment plan during 2009/10. The state-wide percentage of residential customers (1.7%) on an instalment payment plan was significantly higher than the percentage of non-residential customers (0.5%).

Table 3: Customers on an instalment payment plan in 2009/10

Retailer	Residential Customers on instalment payment plans during 2009/10		Non-residential Customers on instalment payment plans during 2009/10	
	Number	(%)	Number	(%)
Alinta Sales	10,031	1.7	44	0.5
Wesfarmers	10	2.3	0	0
WorleyParsons	17	7.3	0	0
Total Customers	10,058	1.7	44	0.5

Table 4 details the number of customers on an instalment payment plan for the three years to 2009/10. During 2009/10, the total number of residential customers on an instalment payment plan increased by 39.4% (or 2,826 customers), compared to 2008/09.

During 2009/10, WorleyParsons reported placing residential customers on instalment payment plans for the first time since reporting commenced in 2007/08. WorleyParsons have commented:

The increase is generally attributed to customers from low socio-economic backgrounds and those who have lost their jobs during the global economic crisis.

The state-wide increase in the number of residential customers being placed on an instalment payment plan (Table 4) could indicate that there has been an increase in the number of customers experiencing difficulties in meeting their utility costs over the past year.

During 2009/10, the total number of non-residential customers on an instalment payment plan remained relatively unchanged (at 0.5% of the state-wide non-residential customer base) from the previous year.

Table 4: Customers on an instalment payment plan

Licensee	Residential customers on instalment payment plans			Non residential customers on instalment payment plans		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Alinta Sales	4,945	7,205	10,031	43	44	44
Wesfarmers	0	11	10	0	1	0
WorleyParsons	0	0	17	0	0	0
State Total	4,945	7,216	10,058	43	45	44

Direct Debit Plans terminated as a result of default

Wesfarmers, Synergy and WorleyParsons reported that they did not terminate any residential direct debit plans as a result of default during 2009/10. Consequently this section focuses on the performance of Alinta Sales.

Table 5 details the number and percentage of residential customer direct debit plans terminated by Alinta Sales for payment default, for the three years to 2009/10.

Table 5: Residential customer direct debit plans terminated for default

Retailer	2007/08		2008/09		2009/10	
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	540	0.10	697	0.12	624	0.10
State Total	540	0.10	697	0.12	624	0.10

Compared to 2008/09, the state-wide number of residential customer direct debit plans terminated for default fell by 10.5%.³⁶

Table 6 details the number of non-residential direct debit plans terminated by Alinta Sales and Synergy for payment default for the three years to 2009/10. Compared to 2008/09, the state-wide number of non-residential customer direct debit plans terminated for payment default decreased by 92.7%, driven by a similar reduction in the number of plans terminated by Alinta Sales.

³⁶ The 2007 SCONRRR Report (National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007) explicitly covers the situation when the termination of a direct debit occurs due to the oversight or mismanagement by the customer. The report also states that the termination of a direct debit, as a result for non-payment, is considered an unambiguous indication of financial stress.

Table 6: Non-Residential Customer Direct debit plans terminated for default

Retailer	2007/08		2008/09		2009/10	
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	36	0.5 ³⁷	41	0.5 ³⁸	2	0.0
Synergy	0	0.0	0	0.0	1	0.9
State Total	36	0.5³⁹	41	0.5⁴⁰	3	0.0

Security Deposits

A security deposit is a refundable advance payment made by a customer to secure connection or reconnection to an electricity or gas supply.

All four retailers reported that they had not required any of their residential or non-residential customers to provide a security deposit in order to obtain a gas supply during 2009/10.

³⁷ See footnote 34.

³⁸ See footnote 34.

³⁹ See footnote 34.

⁴⁰ See footnote 34.

Disconnections and Reconnections

Residential Disconnections for non-payment

Wesfarmers and Synergy reported that they did not disconnect any residential customers for failure to pay a bill during 2009/10. Consequently, this section will focus on the performance of Alinta Sales and WorleyParsons.

Table 7 details the number, and percentage of, residential customers who were disconnected for failure to pay a bill during the three years to 2009/10. Compared to 2008/09, the state-wide number of residential disconnections increased by 2.5%, resulting in a disconnection rate of 2.9%. This is the second successive year that the state-wide number of residential disconnections has increased (there was a 29.8% increase between 2007/08 and 2008/09). The increases in residential customer disconnections and the number of customers on instalment payment plans (page 5) taken together indicate there has been an increase in the number of customers struggling to pay their gas bills in the past year.

During 2009/10, WorleyParsons reported nine residential customer disconnections, up from two in the previous year. WorleyParsons have commented that:

This is generally due to state housing customers who have left the property prematurely without paying their gas bills.

Table 7: Residential customers disconnected for failure to pay a bill

Retailer	2007/08		2008/09		2009/10	
	Number of residential disconnections	Residential disconnections (%)	Number of residential disconnections	Residential disconnections (%)	Number of residential disconnections	Residential disconnections (%)
Alinta Sales	12,942	2.3	16,803	2.9	17,223	2.9
WorleyParsons	4	2.2	2	0.9	9	3.9
State Total	12,946	2.3	16,805	2.9	17,232	2.9

Table 8 provides additional information about residential disconnections. Comparing Table 7 with Table 8 it can be seen that, during 2009/10, 45.1% of residential disconnections involved customers who had been disconnected at the same supply address within the past 24 months.

Table 8: Additional residential customer disconnection indicators for 2009/10

Retailer	Residential customers disconnected who were previously the subject of an instalment payment plan		Residential customers disconnected who were disconnected previously at the same supply address within the past 24 months		Residential customers disconnected while receiving a Government funded rebate	
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	274	0.1	7,784	1.3	0	0.0
WorleyParsons	1	0.4	0	0.0	0	0.0
State Total	275	0.1⁴¹	7,784	1.3	0	0.0

Non-residential Disconnections for non-payment

Alinta Sales was the only retailer to report disconnecting non-residential customers for failure to pay a bill during 2009/10.

Table 9 shows that the number of non-residential disconnections reported by Alinta Sales increased by 19.7% during 2009/10, compared to the previous year.

Comparing Table 9 with Table 7 shows that, in 2009/10, the number, and percentage, of non-residential disconnections was lower than the level of residential disconnections.

Table 9: Non-residential customers disconnected for failure to pay a bill

Retailer	2007/08		2008/09		2009/10	
	Number of non-residential disconnections	Non-residential disconnections (%)	Number of non-residential disconnections	Non-residential disconnections (%)	Number of non-residential disconnections	Non-residential disconnections (%)
Alinta Sales	117	1.52 ⁴²	132	1.65 ⁴³	158	1.92
State Total	117	1.49⁴⁴	132	1.61⁴⁵	158	1.89

⁴¹ Rounded to one decimal point.

⁴² See footnote 34.

⁴³ See footnote 34.

⁴⁴ See footnote 34.

⁴⁵ See footnote 34.

Inter-jurisdictional comparison of disconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential disconnections by gas retailers. This is the third year that disconnection data has been reported by Western Australian gas retailers.

Table 10: Inter-jurisdictional comparison of residential and non-residential disconnections

State	Disconnections per 100 residential customers			Disconnections per 100 non-residential customers		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Western Australia	2.29	2.87 ⁴⁶	2.85 ⁴⁷	1.49 ⁴⁸	1.61 ⁴⁹	1.89
Victoria ⁵⁰	0.39	0.57	0.85	0.45	0.57	0.92
South Australia ⁵¹	1.06	1.28	0.91	1.74	2.20	1.53

During 2009/10, the percentage of residential and non-residential disconnections in Western Australia was higher than that reported by gas retailers in Victoria and South Australia.

This was the third successive year that Western Australian gas retailers have reported the highest percentage of residential disconnections of the three jurisdictions.

Residential Reconnections

The Authority notes that retailers often levy a charge on customers to recover the costs that they incur for arranging the reconnection, which is an additional cost to the customer over and above normal supply charges.

Alinta Sales and WorleyParsons were the only retailers to report reconnecting residential customers during 2009/10.⁵² Table 11 shows that the number of Alinta Sales' residential customers who were reconnected within seven days of disconnection for failure to pay a bill, fell by 16.2% compared to 2008/09, which reduced the reconnection rate to 1.8%.

Comparing Table 11 with Table 7 shows that, during 2009/10, 64.0% of disconnected residential customers were reconnected within seven days of the disconnection.⁵³

⁴⁶ This figure has been rounded to one decimal place in Table 7.

⁴⁷ This figure has been rounded to one decimal place in Table 7.

⁴⁸ See footnote 34.

⁴⁹ See footnote 34.

⁵⁰ ESC, Energy Retailers Comparative Performance Report - 2009-10.

⁵¹ ESCOSA, 2009/10 Annual Performance Report: Energy Retail Market.

⁵² However, it appears that the one reported reconnection reported by WorleyParsons does not appear to have occurred within seven days, so it has been excluded from Table 11.

⁵³ Alinta Sales informed the Authority that the number of residential reconnections occurring within seven days may actually be higher than that reported due to the fact that system processes may prevent Alinta Sales becoming aware of a customer self-restoring their gas supply within the seven day period.

Table 11: Residential customers reconnected at same supply address (within seven days of being disconnected)

Retailer	2007/08		2008/09		2009/10	
	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)
Alinta Sales	9,553	1.7	13,153	2.3	11,028	1.8
State Total	9,553	1.7	13,153	2.2	11,028	1.8

Caution should be exercised when interpreting reconnection data in Table 11. There are a range of circumstances where reconnections have occurred, but the account holder who has been disconnected for failing to pay a bill at the supply address has either vacated the premises before, or shortly after, the disconnection has taken place. There are also circumstances where a supply may be established, within seven days of disconnection, in the name of a new account holder at the disconnected premises, with the previous account holder still in residence.

Table 12 provides additional information about residential customer reconnections. Comparing Table 12 and Table 8 shows that the customers who were most likely to be reconnected within 7 days were those customers who had previously been the subject of an instalment payment plan.⁵⁴

Table 12: Additional residential reconnection indicators for 2009/10

Retailer	Residential customers reconnected who were previously the subject of an instalment plan		Residential customers reconnected who have been disconnected within the past 24 months		Residential customers reconnected who were receiving a concession prior to disconnection	
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	284	0.05	2,546	0.42	0	0.00
WorleyParsons	1	0.43	0	0.00	0	0.00
State Total	285	0.05	2,546	0.42	0	0.00

Non-residential Reconnections

As with residential reconnections, retailers often levy a charge on customers to recover the costs that they incur for arranging the reconnection, which is an additional cost to the customer over and above normal supply charges.

Alinta Sales was the only retailer that reported reconnecting non-residential customers during 2009/10. Table 13 shows that, during 2009/10, the number of non-residential customer reconnections increased by 59.5%.

⁵⁴ Of the 275 disconnected customers who were previously on an instalment plan, 285 (or 103.6%) were reconnected within 7 days. Alinta Sales have stated that this apparent anomaly i.e. Alinta Sales reconnections being slightly greater than disconnections is because some reconnections related to disconnections that occurred in late June 2009, so the disconnection would not appear in the 2009/10 data.

Table 13: Non-residential customers reconnected at the same supply address (within seven days following disconnection)

Retailer	2007/08		2008/09		2009/10	
	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)
Alinta Sales	32	0.4 ⁵⁵	42	0.5 ⁵⁶	67	0.8
State Total	32	0.4⁵⁷	42	0.5⁵⁸	67	0.8

Comparing Table 13 and Table 9 shows that 42.4% of non-residential customer disconnections results in a reconnection within seven days of the disconnection.⁵⁹

The cautionary comments made in relation to interpreting the residential reconnection data also apply to interpreting non-residential customer reconnection data.

Inter-jurisdictional comparison of reconnections

Table 14 provides an inter-jurisdictional comparison of residential and non-residential reconnections by gas retailers in 2009/10 and the previous two years.

For the third successive year the percentage of residential reconnections reported by Western Australian retailers was significantly higher than that reported by retailers in both Victoria and South Australia. Over the past three years, the residential (and non-residential) reconnection rate in Victoria has been significantly lower than that in South Australia and Western Australia.

The increase in non-residential reconnections during 2009/10 has placed the Western Australian reconnections at a similar level to that in South Australia.

Table 14: Inter-jurisdictional comparison of residential and non-residential reconnections

State	Reconnections per 100 residential customers			Reconnections per 100 non-residential customers		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Western Australia	1.69	2.25	1.82	0.41⁶⁰	0.51⁶¹	0.80
Victoria ⁶²	0.17	0.24	0.35	0.18	0.24	0.34
South Australia ⁶³	0.60	0.65	0.52	0.74	1.07	0.83

⁵⁵ See footnote 34.

⁵⁶ See footnote 34.

⁵⁷ See footnote 34.

⁵⁸ See footnote 34.

⁵⁹ Alinta Sales has informed the Authority that the number of non-residential reconnections occurring within seven days may actually be higher than that reported due to the fact that system processes may prevent Alinta Sales becoming aware of a customer self-restoring their gas supply within the seven day period.

⁶⁰ See footnote 34.

⁶¹ See footnote 34.

⁶² ESC, Energy Retailers Comparative Performance Report - 2009-10.

⁶³ ESCOSA, 2009/10 Annual Performance Report: Energy Retail Market.

Complaints

Residential Complaints

Alinta Sales and WorleyParsons were the only retailers to report receiving any complaints from residential customers during the three years to 2009/10.

Table 15 details the complaints from residential customers reported by Alinta Sales and WorleyParsons during the three years to 2009/10. Compared to 2008/09, both Alinta Sales and WorleyParsons reported increases in the number of complaints made by residential customers. This has led into an 82.4% increase in the state-wide number of residential customer complaints, which has lifted the percentage of residential complaints⁶⁴ from 0.09% in 2008/09 to 0.16% in 2009/10.

Table 15: Residential customer complaints

Retailer	2007/08		2008/09		2009/10	
	Number of complaints	Complaints per 100 residential customers	Number of complaints	Complaints per 100 residential customers	Number of complaints	Complaints per 100 residential customers
Alinta Sales	855	0.15	529	0.09	964	0.16
WorleyParsons	0	0.0	0	0.0	1	0.43
State Total	855	0.15	529	0.09	965	0.16

Table 16 disaggregates the residential complaints into complaint categories. Consistent with 2008/09, the majority of Alinta Sales residential complaints in 2009/10 related to the “other” category (which includes poor service, privacy considerations, failure to respond to complaints in a timely manner, health and safety issues and any other matter not falling into the billing, marketing and transfer categories).

Alinta Sales has commented:

The majority of its “other” complaints related to credit control and payment issues.

WorleyParson’s single residential complaint also related to the “other” category.

Table 16: Residential customer complaints by complaint category

Complaint Category	2007/08		2008/09		2009/10	
	Alinta Sales	WorleyParsons	Alinta Sales	WorleyParsons	Alinta Sales	WorleyParsons
Total Number of Complaints	855	0	529	0	964	1
Billing (% of total)	29.0	0.0	32.5	0.0	39.5.0	0.0
Marketing (% of total)	5.0	0.0	1.9	0.0	1.6	0.0
Transfer (% of total)	0.0	0.0	0.0	0.0	0.0	0.0
Other (% of total)	66.0	0.0	65.6	0.0	58.9	100.0

⁶⁴ This is the number of complaints per 100 residential customers expressed as a percentage.

Both Alinta Sales and WorleyParsons reported that all of the residential complaints that were received during 2009/10 were concluded within 15 business days.

Non-Residential Complaints

Alinta Sales and Synergy were the only retailers to report receiving any complaints from their non-residential customers during the three years to 2009/10.

Table 17 details the complaints received from non-residential customers by Alinta Sales and Synergy during the three years to 2009/10. Both Alinta Sales and Synergy did not report any non-residential customer complaints in 2008/09. However, the state-wide number of non-residential customer complaints increased to 18 in 2009/10, which has lifted the percentage of non-residential customer complaints⁶⁵ to 0.21%.

Table 17: Non-residential customer complaints

Retailer	2007/08		2008/09		2009/10	
	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers
Alinta Sales	30	0.39 ⁶⁶	0	0.0	4	0.05
Synergy	1	1.03	0	0.0	14	12.5
State Total	31	0.39⁶⁷	0	0.0	18	0.21

Table 18 disaggregates the non-residential complaints into complaint categories. In 2009/10, all of Alinta Sales non-residential complaints related to the “other” category. In contrast, the majority of Synergy’s complaints related to billing (57.1%), followed by the “other” category (42.9%).

Table 18: Non-residential customer complaints by category for Alinta Sales and Synergy

Complaint Category	2007/08		2008/09		2009/10	
	Alinta Sales	Synergy	Alinta Sales	Synergy	Alinta Sales	Synergy
Total Number of Complaints	30	1	0	0	4	14
Billing (% of total)	33.3	100.0	0.0	0.0	0.0	57.1
Marketing (% of total)	0.0	0.0	0.0	0.0	0.0	0.0
Transfer (% of total)	0.0	0.0	0.0	0.0	0.0	0.0
Other (% of total)	66.7	0.0	0.0	0.0	100.0	42.9

Alinta Sales and Synergy reported that the percentage of non-residential customer complaints that they resolved within 15 days was 100% and 64.3% respectively.

⁶⁵ This is the number of complaints per 100 non-residential customers expressed as a percentage.

⁶⁶ See footnote 34.

⁶⁷ See footnote 34.

Table 19 provides an inter-jurisdictional comparison of small use⁶⁸ customer complaints for the three years to 2009/10.

Table 19: Inter-jurisdictional comparison of total customer complaints

State	Complaints per 100 small use customers		
	2007/08	2008/09	2009/10
Western Australia	0.15	0.09	0.16
Victoria ⁶⁹	0.43	0.80	0.37
South Australia ⁷⁰	0.48	0.50	0.53

In 2009/10, the complaint rate (per 100 small use customers) reported by Western Australian retailers was 77.8% higher than the previous year. Over the same period, the complaint rate for South Australian increased by 6.0%, while that for Victorian retailers decreased by 53.8%.

The level of customer complaints reported by Western Australian retailers is substantially lower than that reported by retailers in South Australia and Victoria for the third successive year. A possible explanation for this difference is the existence of full retail contestability in the other jurisdictions, leading to an increase in marketing, customer transfers, service orders and other transactions processed by retailers that might give rise to complaints.

⁶⁸ This is the sum of residential and non-residential complaints.

⁶⁹ ESC, Energy Retailers Comparative Performance Report - 2009-10.

⁷⁰ ESCOSA, 2009/10 Annual Performance Report: Energy Retail Market.

Call Centre Performance

A customer call centre comprises a dedicated telephone infrastructure and customer service officers to handle customer enquiries. The telephone infrastructure is capable of recording a range of information about the calls that it is handling, including performance statistics.

Only two gas retailers, Alinta Sales and Wesfarmers,⁷¹ operate call centres. Synergy and WorleyParsons provide telephone support to their customers using simpler telephone systems that do not record performance statistics.

Table 20 provides a summary of call centre performance for 2009/10.

Table 21 details the total number of calls that were handled by each call centre for the three years to 2009/10.

Table 22, Table 23 and Table 24 detail call centre performance against three key performance measures for the three years to 2009/10.

During 2009/10, the total number of calls handled by the retailer's call centres increased by 14.6% driven by a 20.0% increase in the number of calls handled by the Alinta Sales call centre.

Compared to 2008/09, Wesfarmers reported improvements in the percentage of calls answered within 30 seconds and the level of unanswered calls. In contrast, Alinta Sales reported a modest deterioration in performance against all three performance indicators.

Table 20: Summary of retailer call centre performance in 2009/10

Retailer	Total number of calls to an operator	Operator calls responded to within 30 seconds (%)	Unanswered calls (%) ⁷²	Average duration before call is answered by an operator (seconds)
Alinta Sales	727,524	77.8	1.7	29
Wesfarmers	172,080	93.1	0.4	13
State Total	899,604	80.7⁷³	1.5	-

Table 21: Number of calls to an operator

Retailer	2007/08	2008/09	2009/10
Alinta Sales	604,093	606,063	727,524
Wesfarmers	147,202	179,119	172,080
State Total	751,295	785,182	899,604

⁷¹ The Authority also notes that for Wesfarmers, total calls received include calls related to gas retailing, gas distribution and all other Wesfarmers services, which needs to be considered when interpreting the data provided.

⁷² As a percentage of the total number of calls to an operator.

⁷³ Calculated as a weighted average.

Table 22: Operator calls responded to within 30 seconds (%)

Retailer	2007/08	2008/09	2009/10
Alinta Sales	79.9	80.9	77.8
Wesfarmers	80.1	80.0	93.1
State Total	79.9	80.7	80.7

Table 23: Level of unanswered calls (%)

Retailer	2007/08	2008/09	2009/10
Alinta Sales	1.4	1.3	1.7
Wesfarmers	1.2	1.1	0.4

Table 24: Average duration before a call is answered by an operator (seconds)

Retailer	2007/08	2008/09	2009/10
Alinta Sales	33	25	29
Wesfarmers	15	13	13

Table 25 compares the responsiveness of call centres (measured by the percentage of calls responded to within 30 seconds) operated by Western Australian retailers with that of South Australian and Victorian retailers for the three years to 2009/10. During 2009/10, the responsiveness of the call centres operated by Western Australian retailers was on a par with call centres operated by South Australia retailers and significantly better than call centres operated by Victorian retailers.

Table 25: Inter-jurisdictional comparison of the percentage of operator calls responded to within 30 seconds

Year	Western Australia	Victoria ⁷⁴	South Australia ⁷⁵
2007/08	79.9	78.0	84.6
2008/09	80.7	72.0	84.5
2009/10	80.7	64.0	83.8

⁷⁴ ESC, Energy Retailers Comparative Performance Report - 2009-10. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.

⁷⁵ ESCOSA, 2009/10 Annual Performance Report: Energy Retail Market. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.