



2010/11 Annual Performance Report Energy Retailers

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Economic Regulation Authority

WESTERN AUSTRALIA

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Executive Summary

This 2010/11 report continues the Authority's oversight of the performance of electricity and gas retailers supplying small use customers.¹ In previous years the Authority published separate reports on the performance of electricity and gas retailers; the 2010/11 report is the first to combine electricity and gas retail performance reports into a single energy retail performance report.

Energy Retail Market

In 2010/11, the number of small use customers supplied by electricity and gas retailers increased by 4.2% and 2.0% respectively. This continues the year on year growth that has been a feature of both the electricity and gas retail markets since the Authority commenced reporting the performance of energy retailers in 2006.

The level of competition in the electricity retail market continues to be constrained by a range of structural factors. Since the restructure of Western Power in 2006, the government owned retailer, Synergy, has supplied 100% of residential customers and more than 97% of small business customers within the south-west of the State. This is due to legislative constraints that prevent retailers other than Synergy from supplying customers who consume less than 50MWh of electricity per annum within the area covered by the SWIS.²

Outside the SWIS there is full retail contestability. However, customers in these areas of the State are only supplied by a single retailer, Horizon Power (a government owned, vertically integrated electricity business). The absence of other retailers in regional areas of the State is due to the distribution of the customers (a relatively small customer base that is spread over a large geographic area) and Horizon Power's tariffs being capped at the same level as those that apply in the SWIS,³ which makes supplying these customers a commercially unattractive proposition for other retailers.

Competition in the gas market is also constrained by structural factors, most notably the Gas Market Moratorium that prevents Synergy from supplying customers who consume less than 180GJ of gas per annum in the Alinta Sales supply areas. The effect of the Moratorium is to restrict Synergy's accessible market to just 0.5% of Alinta Sales' customer base.

Affordability

The effects of the rapid increase in electricity tariffs since 2009 continue to be felt by customers.⁴ Over the past three years the number of residential and non-residential customers seeking more time to pay an electricity bill has increased significantly, and the number of Synergy's customers on instalment plans (to pay off arrears) peaked in

¹ Customers who consume less than 160MWh of electricity or 1TJ of gas per annum.

² South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

³ The regulated tariffs charged by Horizon Power are currently set at a level below the cost of supply. The difference between the revenues from capped tariffs and cost of supply is funded by the Tariff Equalisation Fund.

⁴ Since April 2009 residential electricity tariffs have increased by 57%.

2010/11. In contrast, the number of customers seeking assistance with their gas bills has remained relatively unchanged, which may in part be attributed to relatively lower increases in gas tariffs compared to electricity tariffs over the past three years.

Disconnections and Reconnections

An indicator of financial stress is the number of customers who are disconnected for non-payment of an energy bill. The total number of electricity disconnections increased by 137% (from 0.38 to 0.9 per 100 customers) in 2010/11; driven by a 169% increase in disconnections by Synergy. Synergy has previously advised the Authority that the level of disconnections carried out in 2009/10 was unsustainably low due to temporary moratoria on disconnections⁵ both prior to and immediately after implementing tariff increases, and the deployment of their new billing system in September 2009.

The proportion of disconnected customers who were reconnected within seven days of disconnection also increased, again driven by Synergy's performance. The underlying data shows that Synergy disconnected more customers on instalment plans (to pay off arrears) and concession card holders in 2010/11 than in the previous year. The number of customers disconnected who had previously been disconnected within the past 24 months was also markedly higher. Synergy advised that despite a range of programs to help customers pay their bills, the increase in disconnections was driven by a commercial obligation to recover debt and to avoid a further build up of debt by customers who are unable to pay for their consumption.

The reconnection data shows that the proportion of customers on instalment plans or in receipt of a concession who were reconnected within seven days of disconnection has also gone up in 2010/11. The Authority sees the increases in the rates of disconnection, and the subsequent reconnection of customers within seven days of disconnection, by electricity retailers as an indication that more can be done to assist customers to avoid disconnection through their hardship policies. The Authority undertook an assessment of the electricity and gas retailer's hardship policies during 2011. All of the hardship policies were assessed as complying with the relevant customer code. However, the effectiveness of the retailer's hardship policies will be an area of focus for the Authority in the upcoming retailer compliance audits.

In contrast to the electricity market, residential and non-residential gas disconnections both fell in 2010/11, by 38% (from 2.85 to 1.76 per 100 customers) and 47% (from 1.89 to 1.01 per 100 customers) respectively. The proportion of residential reconnections within seven days of disconnection also fell by 63% (from 64% to 24% of disconnections), while non-residential reconnections increased by 14% (from 42% to 48% of disconnections). Alinta Sales reported a 62% fall in the number of disconnections of customers who had previously been disconnected within the past 24 months.

Although gas disconnections fell during 2010/11, the residential gas disconnection rate in 2010/11 (1.76 per 100 customers) was almost double the residential electricity disconnection rate (0.9 per 100 customers). This result is repeated for the non-residential disconnection rates where gas disconnections (1.01 per 100 customers) was approximately twice that in electricity (0.51 per 100 customers). Little is known about the reasons for the disparity in the gas and electricity disconnection rates, but one reason that

⁵ For a period of time immediately before and after the introduction of the new billing system in 2009, Synergy suspended actions that could result in a customer being disconnected for non-payment. Synergy also suspended disconnection actions immediately before and after implementing two tariff increases during the 2010/11 financial year.

is commonly given is that electricity is an essential service whereas gas is not. The Authority does not agree with this proposition. There are a number of households (and businesses) that rely on gas as the primary source of energy for cooking, heating and water heating. Disconnection causes significant inconvenience and loss of amenity for the customer, which provides an incentive for the customer to stay connected. Alinta Sales, who account for nearly all of the gas disconnections, advised the Authority that they view gas as an essential service and that they work very closely with customers who are having difficulty paying a bill to avoid disconnection, which is seen as a last resort measure. The Authority is encouraged by the recent reductions in Alinta Sales' residential and non-residential gas disconnections, but considers there is scope to further reduce gas disconnections to at least the equivalent rates in electricity in the medium term.

Comparison of the 2010/11 residential electricity disconnection rates across jurisdictions shows that Western Australia had the second highest disconnection rate.⁶ This is a very different result from the previous year where, for the reasons described above, Western Australia had the lowest disconnection rate.⁷

Customer Service

In this report, the level of customer service provided by retailers is measured by complaints and call centre performance, for those retailers who operate a call centre.

Residential customer complaints to electricity and gas retailers increased significantly in 2010/11. The individual retailer performance presents a mixed picture, with Horizon Power seeing their complaints fall to historically low levels, while both Alinta Sales and Synergy recorded historically high levels of complaints. The increase in residential complaints made to Synergy relate to billing, a not surprising result given the recent problems with their new billing system and tariff increases. In contrast, "other" complaints (privacy, poor service etc.) accounted for nearly 60% of Alinta Sales' residential gas complaints.

The volume of calls to call centres in 2010/11 was the highest since reporting began in 2007. A 14.5% increase in calls made to Synergy during 2010/11 saw the total annual call volume to electricity retailers exceed 1.5million for the first time. The two gas retailers who operate call centres (Alinta Sales and Wesfarmers) saw their combined call volume rise by 1.3% (from 899,604 to 911,203 calls) in 2010/11. Overall, the three measures of call centre service⁸ showed an overall decline for both electricity and gas retailers during 2010/11, although individual retailers may have seen an improvement in one or more of the service measures.

⁶ South Australia had the highest disconnection rate in 2010/11 at 1.01 disconnections per 100 customers

⁷ Refer to figure 8 on page 17 for more details.

⁸ The three measures are: percentage of calls answered in 30 seconds, average wait before a call is answered and the percentage of calls abandoned.

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Purpose of this Report

The Economic Regulation Authority (ERA) is the independent economic regulator for Western Australia.

In its regulatory role, the ERA assesses the terms and conditions, including prices, offered by owners of monopoly infrastructure to third parties in the gas, electricity and rail industries. It also licenses providers of gas, electricity and water services and monitors compliance with licensing conditions and other related regulatory obligations. The ERA also has a range of responsibilities in gas retailing and surveillance of the State's wholesale electricity market.

The ERA's functions are designed to maintain a competitive, efficient and fair commercial environment for the benefit of the Western Australian community.

This is the fourth⁹ annual report published by the Authority that examines the performance of energy retailers who supply small use customers in Western Australia.

The purpose of this report is to bring transparency and accountability to the performance of energy retail¹⁰ businesses (electricity and gas) who supply small use customers and to benchmark, where possible, performance against similar businesses in other energy markets.

This report focuses on the performance data provided by energy retailers in relation to:

- **Affordability:** information about the number of customers accessing special billing arrangements such as instalment plans, shortened billing cycles, being granted more time to pay a bill and the level of direct debit plan terminations.
- **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 plans, receiving a government funded concession and those who have been previously disconnected within the past 24 months.
- **Customer Service:** information about customer satisfaction with the service provided by their retailer, as measured by complaints and customer contact centre responsiveness.
- **Compensation Payments:** information about the number of compensation payments made by electricity retailers for failing to meet the service standards prescribed in the *Code of Conduct for the Supply of Electricity to Small Use Customers* (**Electricity Customer Code**).

⁹ The Authority published a report on the performance of electricity retailers covering the year ending 30 June 2007. Because of indicator definition issues, the performance data for 2006/07 is not included in the main body of the report, but it is available in the relevant tables in Appendix 1.

¹⁰ Electricity retail licensees, electricity integrated regional licensees who retail to small use customers and gas trading licensees.

Background information about energy retailing

Definition of a customer

Throughout this report, the following definitions of a customer are used:

- Customer - means a **small use** customer account that:
 - consumes less than 1TJ (or approximately \$30,000) of gas per annum, or
 - consumes less than 160MWh (or approximately \$35,000) of electricity per annum.
- Contestable customer - means a customer who is able to choose their retailer. This applies even if there is only a single retailer supplying energy within the supply area:
 - Gas: full retail contestability exists, allowing all customers to choose their retailer. Note however, in the areas supplied by Alinta Sales and Synergy, the **Moratorium** (see later) prevents Synergy from supplying customers who consume less than 0.18TJ (or approximately \$5,500) of gas per annum.
 - Electricity: full retail contestability exists outside the South West Interconnected System (**SWIS**)¹¹. Within the SWIS, customers who consume less than 50MWh (or approximately \$11,000) of electricity per annum are non-contestable. These customers can only be supplied by Synergy.

Retail Licence Performance Reporting Obligations

All energy retail licences include obligations for the licensee to provide information to the Authority in respect of the activities covered by the licence. As described below, the Authority has limited the obligation to provide non-financial performance information to those retailers who supply small use customers.

Electricity Licences

Electricity retail 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 *Electricity Industry Act 2004 (Electricity Act)*. The Authority has specified the non-financial performance information that is to be provided by the electricity retail licensees who supply small use customers in the *Electricity Compliance Reporting Manual (Electricity Manual)*, published by the Authority in July 2010. The Electricity Manual incorporates the record keeping requirements of the Electricity Customer Code, which in turn references the 2007 SCONRRR Framework.¹²

¹¹ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

¹² National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007.

Gas Licences

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 (Gas Act)*, and the reporting requirements contained in the Compendium of Gas Licence Obligations (**Gas Customer Code**¹³). The Authority has specified the non-financial performance information that is to be provided by the gas trading licensees who supply small use customers in the Gas Compliance Reporting Manual (**Gas Manual**), published by the Authority in July 2010.¹⁴ The Gas Manual incorporates the record keeping requirements in Gas Customer Code, which in turn references the 2007 SCORRR Framework.

Standard Form Contracts

Electricity

Retailers who supply electricity to small use customers are required to have a standard form contract approved by the Authority. The *Electricity Industry (Customer Contracts) Regulations 2005* prescribes the format and content of the standard form contract. This includes a requirement that the standard form contract include pricing information. Section 54A of the Act imposes an obligation on Horizon Power and Synergy to offer a standard form contract to supply small use customers who request supply.

The *Energy Operators (Powers) Act 1979* includes powers for the Governor to approve By-Laws to regulate the tariffs that Horizon Power and Synergy can charge customers. Small use customers, who request supply from Synergy and Horizon Power, must be offered a standard form contract which includes the regulated tariffs. Customers supplied by Horizon Power and Synergy also have the option to contract at regulated tariffs or to negotiate a separate non-standard supply contract.

The other three electricity retailers (Alinta Sales, Perth Energy and Rottnest Island Authority) who supply small use customers are not subject to an obligation to offer to supply, nor to offer regulated tariffs. However, under the *Electricity Industry (Customer Contracts) Regulations 2005* these retailers are required to make pricing information available to customers in their standard form contract.

Gas

Retailers who supply gas to small use customers are required to develop a standard form contract. The standard form contract must be approved by the Authority. The Authority will only approve a standard form contract if it considers that the contract meets all relevant legal and regulatory requirements.

A retailer and customer may also negotiate terms and conditions different from the retailer's standard form contract. This is referred to as a non-standard contract. Although a non-standard contract does not require Authority's approval, it must still comply with the relevant legislation.

¹³ The Compendium of Gas Customer Licence Obligations (Gas Customer Code) is made by the Authority pursuant to section 11M and Schedule 1A of the Act.

¹⁴ 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

Supplier of Last Resort

Under section 68(1) of the Electricity Industry Act 2004, the Authority can designate supply areas for which there is to be an electricity supplier of last resort plan. In the event that a licensed electricity retailer exits the market and is unable to supply existing customers, the nominated SoLR is required to supply electricity to affected customers. The SWIS has been designated a SoLR area, with Synergy nominated as the SoLR.

Under Part 2A, Division 6A of the Gas Act, the Authority must ensure that for each gas supply area in which there is small use customers, there is at all times a last resort supply plan that has been approved or determined by the Authority. The Authority may designate any holder of a gas trading licence in the supply area as a supplier of last resort. At present, no retailer has been nominated by the Authority as a SoLR.

Review of the Electricity Customer Code

Under section 88 of the Electricity Act, the Electricity Code Consultative Committee (**ECCC**) must carry out a review of the Electricity Customer Code as soon as practicable after the first anniversary of its commencement and then every two years. The ECCC has completed reviews of the Electricity Customer Code in 2007 and 2009. The current Electricity Customer Code commenced operation on 1 July 2010 (**2010 Electricity Customer Code**).

The ECCC commenced its third review of the Electricity Customer Code in July 2011. It is anticipated that a new Code, to replace the 2010 Electricity Customer Code, will be published later in 2012.

The development of the Western Australian energy market

Historically, the Western Australian energy sector for small use customers has been dominated by government owned monopoly utilities. The State Energy Commission of Western Australia (**SECWA**) was established on 1 January 1975 as an amalgamation of the State Electricity Commission of Western Australia (established in 1945) plus the Fuel and Power Commission.

On 1 January 1995 SECWA was split into separate gas and electricity utilities: AlintaGas and Western Power Corporation. Both of these entities have subsequently been disaggregated further into businesses that focus on particular segments of the market. The following sections provide further details of the disaggregation in the electricity and gas markets.

Electricity market development

In 2006, the Government restructured Western Power Corporation into four new statutory Corporations:

- Electricity Networks Corporation (t/a Western Power): operates the transmission and distribution network in the South West Interconnected System (**SWIS**);
- Electricity Retail Corporation (t/a Synergy): retails electricity within the SWIS;
- Regional Power Corporation (t/a Horizon Power): vertically integrated electricity business that operates in areas of the State outside the SWIS; and
- Electricity Generation Corporation (t/a Verve Energy): operates the former Western Power generation facilities.

The restructuring of the former Western Power Corporation followed the deregulation of electricity supply in the State, with the passing into law of the Electricity Act. The Electricity Act includes provisions for the licensing of electricity supply and in particular, Part 2 of the Electricity Act sets out the provisions pertaining to the licensing scheme for electricity service providers. The Electricity Act prescribes five classes of electricity licence:

- a) Distribution – construct and operate electricity distribution networks.
- b) Generation – construct and operate electricity generation plant.
- c) Retail – sell electricity to customers.
- d) Transmission – construct and operate electricity transmission networks.
- e) Integrated Regional – undertake one or more of the activities listed in (a) to (d) above.

Appendix 1 (figure 1) details the 40 areas of the State that are subject to an electricity retail licence, or an integrated regional licence, issued by the Authority as at 30 June 2011.¹⁵

From 1 January 2005, the Government introduced measures to make all electricity customers within the SWIS who consume 50MWh or more of electricity per annum at a connection point on the distribution network eligible to choose their electricity retailer. This created two classes of small use customer in the SWIS:

- Contestable customers: consume 50-160MWh of electricity per annum.
- Non-contestable customers: consume <50MWh of electricity per annum.

Non-contestable customers in the SWIS are currently only supplied by Synergy.¹⁶

Across the State, customers who consume more than 160MWh of electricity per annum are also contestable customers, but these customers are not covered by the Electricity Customer Code.

Electricity Retail Contestability

Section 55 of the *Electricity Corporations Act 2005* requires that the Government review the introduction of full retail contestability (**FRC**) by April 2009. The WA Office of Energy undertook a review to assess:

- electricity tariff arrangements to make tariffs more cost reflective, promote competition and to examine the merits of time of use tariffs and critical peak pricing;
- the costs and benefits associated with the implementation of FRC in Western Australia; and
- the costs and benefits associated with the rollout of smart meters.

The Office of Energy has stated that the rollout of smart meters and the introduction of FRC will be the subject of a separate consultation process to that used to assess electricity tariff arrangements.

In January 2009, the Office of Energy released its Final Recommendation Report on electricity tariffs.¹⁷ The report recommended a move towards cost reflective electricity tariffs, commencing in 2009/10. Since the report was published regulated electricity tariffs have been increased by a total of 57%. However, despite these increases in tariffs, most regulated electricity tariffs will remain below the cost of supply and will continue to be

¹⁵ Details of electricity licenses can be found on the Authority's web site: http://www.era.wa.gov.au/2/245/51/licence_holders.pm

¹⁶ In May 2010, Clear Energy was granted a licence to retail electricity to customers, including customers consuming less than 50MWh per annum, within the SWIS area. However, they have not supplied electricity to customers since the licence was granted.

¹⁷ Office of Energy, Final Recommendations Report – Review of Electricity Tariff Arrangements, which is available on the Office of Energy web site: http://www.energy.wa.gov.au/2/3240/64/electricity_ret.pm

subsidised by Government. In the 2011-12 financial year this subsidy will amount to \$367 million.¹⁸

Gas Retail Contestability

The Western Australian government introduced full retail contestability to the gas retail market on 31 May 2004. Unlike in electricity, all gas network infrastructure and gas retailing in Western Australia is being undertaken by privately owned businesses, with the exception of Synergy, which is owned by the State Government.

Gas licensing is regulated by the *Energy Coordination Act 1994 (Gas Act)*. Part 2A of the Gas Act deals with the licensing of gas supply. The functions of the Authority¹⁹ 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:

- 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.²⁰
- 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 retailer²¹ to supply gas in one or more supply areas, or one or more parts of one or more supply areas. Appendix 1 (figure 2) shows the eight²² gas supply areas in the State and the locations of gas trading operations that were licensed by the Authority as at 30 June 2011.

Gas Market Moratorium

Synergy entered the small use gas retail market in July 2007. This followed the changes to the Gas Market Moratorium (**Moratorium**)²³ that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum. The purpose

¹⁸ Source: Office of Energy website: http://www.energy.wa.gov.au/3/3750/64/electricity_price_increases.pm

¹⁹ Section 11AA of the Act.

²⁰ This report uses the term distribution network to describe a distribution system, which is consistent with the approach used to describe electricity distribution systems.

²¹ Note that for the purposes of this report, the terms 'gas trader' and 'gas retailer' are interchangeable.

²² Figure 2 shows the Albany area separately, however, this forms part of the Great Southern gas supply area.

²³ 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

of the Moratorium is to provide equity, in the absence of full retail contestability,²⁴ between the small use electricity market in areas supplied by Synergy²⁵ and the gas market in areas supplied by Alinta Sales.

All customers who consume less than 1TJ of gas are contestable customers. In the areas supplied by both Alinta Sales and Synergy, the Moratorium prevents Synergy from supplying customers who consume less than 0.18TJ (or 180GJ) of gas. The Moratorium does not extend to other retailers supplying customers in the areas that are supplied by Alinta Sales.

²⁴ As discussed earlier in this report, 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.

²⁵ Synergy is the only retailer permitted to supply small use customers who consume less than 50MWh of electricity per annum within its supply area.

Energy Retail Market

This section of the report looks at the energy retail market as measured by the number of retailers who are supplying to the market and the number of customers that are supplied by each retailer. The remainder of this section provides information about:

- licensed electricity and gas retailers;
- retailers who are retailing electricity or gas to small use customers; and
- small use electricity and gas customer numbers.

Energy Retailers

The number of licensed electricity and gas retailers has changed very little since 2006/07. The same can also be said for the number of electricity and gas retailers who supply small use customers. Table 1 details the number of licensed electricity and gas retailers during the five years ending 30 June 2011.

When the Electricity Act commenced in 2005, existing retailers were required to obtain a licence from the Authority by 30 June 2006. The majority of the licensed electricity retailers who are currently active in the market obtained their licence in 2006. Between 1 July 2006 and 30 June 2011, four new licenses have been issued (Clear Energy, ERM Power Retail, Griffin Energy Sales and Newmont AP Power) and one licence has been surrendered (CSBP).

Table 1: Number of licensed retailers (1 July 2006 to 30 June 2011)

	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity					
Licensed Retailers	15	16	17	18	18
Retailing to small use customers	5	5	5	6	6
Gas					
Licensed Retailers	3	5	6	6	5
Retailing to small use customers ²⁶	3	5	6	6	5

The Authority took over responsibility for licensing gas retailers in 2005. At this time there were three licensed gas retailers: Alinta Sales, Wesfarmers Kleenheat Gas (**Wesfarmers**) and WorleyParsons Asset Management (**WorleyParsons**). Between 1 July 2006 and 30 June 2011, three new licences have been issued (Origin Energy, Perth Energy and Synergy) and one licence has been surrendered (Origin Energy).

During 2010/11 there were three retailers that were supplying both electricity and gas to small use customers: Alinta Sales, Perth Energy and Synergy. Alinta Sales and Synergy

²⁶ The licensing scheme in the Gas Act only applies to retailers who intend to supply small use customers.

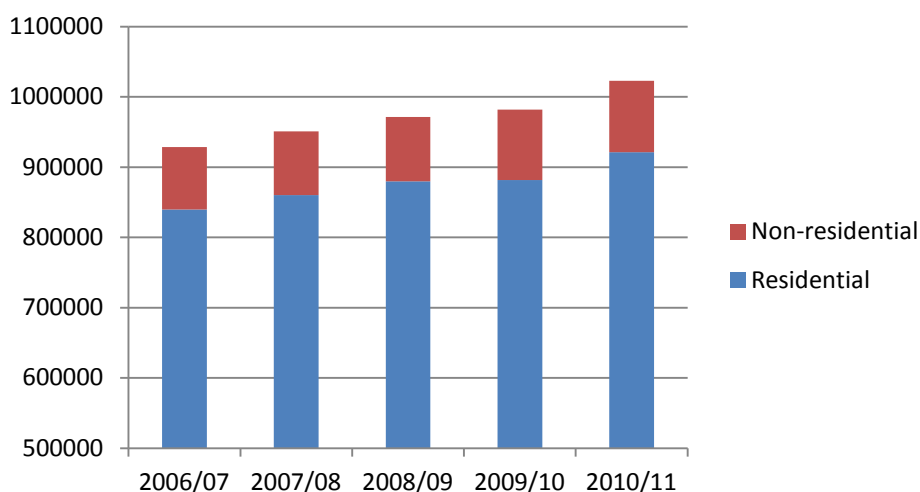
have been supplying both electricity and gas since 2006 and 2007 respectively; Perth Energy obtained a gas licence in November 2010 but has not yet commenced supply to customers.

Customers

Electricity

For the first time since reporting began in 2007 the total number of small use customers has exceeded one million (Figure 1).

Figure 1: Small use electricity customers



During 2010/11, the total number of electricity customers increased by 4.2% (Table 2), comprising a 4.5% growth in residential customers and a 3.2% growth in non-residential (small business) customers. Since 2006, the total number of electricity customers has grown by an average of 1.9% per annum.

Table 2: Total number of small use electricity customers

	Residential	Non-Residential	Total	Change from previous year
2006/07	839,864	89,287	929,151	-
2007/08	860,371	91,107	951,478	2.4%
2008/09	879,878	91,616	971,494	2.1%
2009/10	881,470	100,176	981,646	1.0%
2010/11	921,374	103,380	1,022,754	4.2%

The area covered by the SWIS accounts for 96.32% of the total small use customers in the State and the area supplied by Horizon Power accounting for a further 3.67% of customers.

Horizon Power supplies electricity to over 30 towns and communities across regional areas of the State. Although there is no regulatory impediment to other retailers supplying

customers in regional areas, Horizon Power has been the sole supplier to small use customers in regional areas since it was created in 2006.

The Rottneest Island Authority is the sole provider of utility services on Rottneest Island; a reserve that is subject to legal protections. These protections serve to prevent other retailers from supplying the 175 customers on the island.

Although the number of residential customers within the SWIS area is large (890,918 in 2010/11), the government policy that prevents retailers other than Synergy from supplying customers who consume less than 50MWh per annum (see page xiv) has restricted the size of the competitive residential market to just 1,095 customers in 2010/11.²⁷ Since deregulation in 2005, Synergy has been the only retailer supplying competitive residential customers in the SWIS area.

Table 3: Electricity residential and non-residential customers by retailer

Retailer ²⁸	Residential			Non-residential			Total		
	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10
Alinta Sales	0	0	-	903	1,447	60.2%	903	1447	60.2%
Horizon Power	30,595	30,371	-0.7%	7,249	7,159	-1.2%	37,844	37,530	-0.8%
Perth Energy	0	0	-	568	921	62.1%	568	921	62.1%
RIA	85	85	0.0%	90	90	0.0%	175	175	0.0%
Synergy	850,790	890,918	4.7%	91,366	91,763	0.4%	942,156	982,681	4.3%
All Retailers	881,470	921,374	4.5%	100,176	101,380	1.2%	981,646	1,022,754	4.2%

There is limited competition in the non-residential small use market in the SWIS with Alinta Sales, Perth Energy and Synergy supplying non-residential customers. Synergy is the dominant retailer, supplying 97.5% of small use customers in 2010/11. Synergy's share of small use non-residential customers has remained above 97% since the market was deregulated in 2005.

Examination of the number of contestable residential and non-residential customers²⁹ in the SWIS (Table 4) provides an explanation for the limited competition in the SWIS. In 2010/11, only 0.1% of residential customers and 8.8% of non-residential customers were contestable due to the government policy preventing retailers, other than Synergy, access to customers consuming less than 50MWh of electricity per annum. Until full retail contestability is introduced into the SWIS it is probable that the level of competition in the State's largest electricity market will continue to be significantly impaired.

The number of electricity customers supplied by each retailer (Table 3) shows that all retailers other than Horizon Power reported increases in the number of customers supplied during 2010/11. In contrast, Horizon Power reported reductions in both residential and non-residential customers.

²⁷ Clear Energy has a licence to supply customers who consume less than 50MWh per annum within the SWIS, but this electricity is generated by solar panels installed on the customer premises rather than the supplied through the SWIS.

²⁸ Clear Energy is excluded from this table because they have not supplied any customers since obtaining their licence.

²⁹ Customers who consume between 50 – 160MWh of electricity per annum

Table 4: Electricity contestable customers

Retailer	Residential			Non-residential			Total		
	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10
Alinta Sales	0	0	-	903	1,447	60.2%	903	1,447	60.2%
Horizon Power	30,595	30,371	-0.7%	7,249	7,159	-1.2%	37,844	37,530	-0.8%
Perth Energy	0	0	-	568	921	62.1%	568	921	62.1%
RIA ³⁰	0	0	-	0	0	-	0	0	-
Synergy	4,227	1,095	-75.1%	9,032	8,781	0.4%	13,259	9,896	-25.4%
All Retailers	34,882	31,466	-9.8%	17,759	18,308	3.1%	52,581	49,794	-5.3%

Gas

During 2010/11, the total number of gas customers increased by 2.0% (Table 5), comprising a 2.0%, growth in residential customers and a 2.1% growth in non-residential (small business) customers. Since 2007, the total number of gas customers has grown by an average of 2.2% per annum.

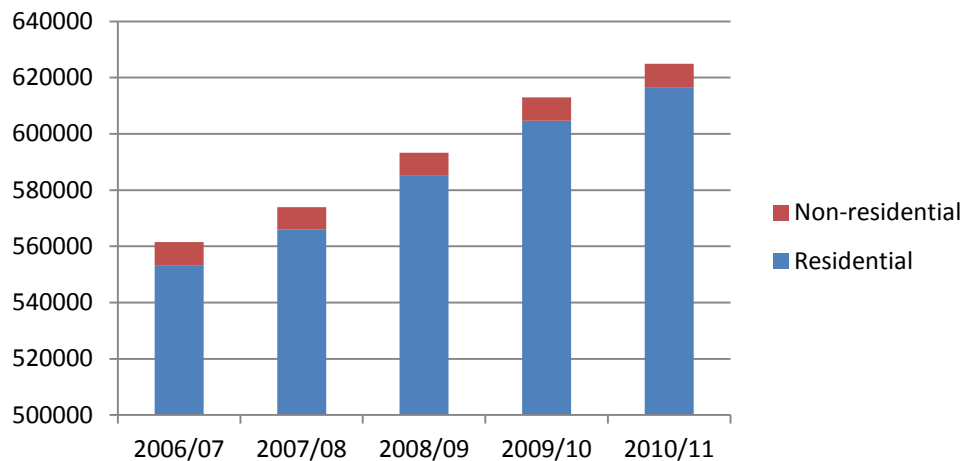
Table 5: Total number of small use gas customers

	Residential	Non-Residential	Total	Change from previous year
2007/08	566,084	7,851	573,935	-
2008/09	585,058	8,172	593,230	3.4%
2009/10	604,609	8,338	612,947	3.3%
2010/11	616,431	8,513	624,944	2.0%

Table 6 and Figure 2 provide an overview of the number of residential and non-residential gas customers supplied by each retailer. While the residential and non-residential gas retail market is fully contestable, in practice there are other factors, both regulatory and structural, that have resulted in a large proportion of customers not having a choice of retailer.

Alinta Sales retails gas to residential customers in the areas that are served by the distribution networks operated by ATCO Gas Networks within the Coastal, Goldfields-Esperance and Great Southern supply areas (that includes Perth, Mandurah, Bunbury, Kalgoorlie and Albany). Both Perth Energy and Synergy are also licensed to retail gas within these areas but neither has supplied residential customers since obtaining their respective licenses. Under the Gas Market Moratorium (see page xv), Synergy is precluded from supplying customers who consume less than 180GJ of gas per annum.

³⁰ The Rottnest Island Authority Act 1987 grants exclusive rights to the Rottnest Island Authority to administer the island, including the provision of utility services. Accordingly, the customers supplied by Rottnest Island Authority are considered to be non-contestable.

Figure 2: Small use gas customers**Table 6: Gas residential and non-residential customers by retailer**

Retailer	Residential			Non-residential			Total		
	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10	2009/10	2010/11	Change from 2009/10
Alinta Sales	603,943	615,717	1.9%	8,191	8,359	2.2%	612,134	624,076	2.0%
Perth Energy	0	0	-	0	0	-	0	0	-
Synergy	0	0	-	112	119	6.3%	112	119	6.3%
Wesfarmers	433	455	5.1%	2	1	-50.0%	435	456	4.8%
WorleyParsons	233	259	11.2%	33	34	3.0%	266	293	10.2%
All Retailers	604,609	616,431	2.0%	8,338	8,513	2.1%	612,947	624,944	2.0%

Table 7 details the number of Alinta Sales' customers who are covered by the Gas Moratorium. Comparing Table 7 with Table 6 it can be seen that over 99.5% of Alinta Sales' customers are covered by the Gas Market Moratorium. Until retailers other than Synergy enter the market covered by the Gas Market Moratorium the customers who consume less than the 180GJ threshold will continue to have no choice of retailer.

Table 7: Residential and non-residential customers covered by the Gas Market Moratorium

	Residential			Non-residential			Total		
	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11	2008/09	2009/10	2010/11
Alinta Sales	583,655	603,687	615,454	7,684	6,340	6,513	591,339	610,027	621,967

There is modest competition for non-residential customers within the areas that are served by the ATCO Gas Networks distribution networks (Table 6). In 2010/11, Synergy supplied gas to 119 customers (consuming between 180GJ and 1TJ per annum) connected to these networks, representing a 1.4% share of the non-residential market.

Wesfarmers retails gas to residential and non-residential customers in Margaret River and Oyster Bay (Albany). Both of these areas are served by distribution networks that are also operated by Wesfarmers. Because no other retailer has an access agreement for these distribution networks, the customers are not able to choose an alternative retailer.

WorleyParsons retails gas to residential and non-residential customers in Esperance via a distribution network that is owned by a related business, Esperance Power Station. Because no other retailers have an access agreement for this distribution network, the customers are not able to choose an alternative retailer.

Electricity Pre-Payment Meter Customers

The regulatory framework governing pre-payment services within Western Australia restricts these services to areas of the State that have been declared by the Minister for Energy by notice published in the *Government Gazette*. Restrictions on the areas where pre-payment meters can be installed have limited the growth in pre-payment meter customers. Until 2010, the deployment of pre-payment meters was restricted to Aboriginal and Remote Communities Power Supply Project or Town Reserves Regularisation Program communities in the north of the State that are supplied by Horizon Power. In 2010, an area supplied by Synergy was gazetted which led to Synergy installing 20 meters by June 2011.

Table 8: Pre-payment meter customers by retailer

Retailer	2006/07	2007/08	2008/09	2009/10	2010/2011
<i>Electricity</i>					
Horizon Power	179	479	515	608	705
Synergy	-	-	-	17	20
State Total	179	479	515	625	725

Since 2006, the total number of pre-payment meter customers has increased by an average of 31.5% per annum, although the growth during 2010/11 (16%) was below the five year average.

Affordability

Affordability of energy is influenced by price, consumption levels, income, and competing demands for expenditure. The credit management policies of 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 customer's access to an energy supply.

The Authority's energy customer protection framework is articulated in the Electricity Customer Code and the Gas Customer Code. In both Codes the framework is based on the principle that disconnecting a customer from supply solely because they are unable to pay is a last resort. Energy retailers are required to provide assistance to customers to stay connected to electricity and gas supply, by offering special billing arrangements, access to concessions and government grants and energy efficiency audits.

The Electricity Customer Code and the Gas Customer Code require electricity and gas retailers to develop a financial hardship policy to assist small use residential customers in meeting their financial obligations and responsibilities to the retailer. The Codes specify the minimum contents of such policies and require the retailer to develop their hardship policy in consultation with relevant consumer representative organisations. Retailers are required to review their hardship policy annually and submit the policy to the Authority for assessment. The first assessments of the electricity and gas retailer's financial hardship policies were completed by the Authority in 2011. All of the policies were assessed as complying with the relevant Code. However, the effectiveness of the retailer's hardship policies will be an area of focus for the Authority in the upcoming retailer compliance audits.

The Electricity Customer Code and the Gas Customer Code specify a number of payment assistance options to assist customers in temporary or longer-term financial difficulties:

- granting the customer more time to pay a bill;
- offering the customer an instalment plan to pay arrears and continued usage on their account, according to an agreed payment schedule and capacity to pay;
- placing the customer on a shortened billing cycle.

It should be noted that customers may be offered one or more of the above options at the same time.

Retailers are required to report to the Authority annually on the number of customers (and percentage of their customer base) that have accessed each of the three payment assistance options detailed above.

Both Perth Energy and Rottneest Island Authority have reported that none of their customers accessed any of the above payment options since they obtained their respective licences. Accordingly, these retailers have been excluded from the remainder of this section.

Granting customers more time to pay a bill

Granting the customer more time to pay all or part of a bill may be a useful approach to addressing temporary financial difficulties, particularly where the customer has a short-term cash flow problem or faces competing demands for their limited financial resources.

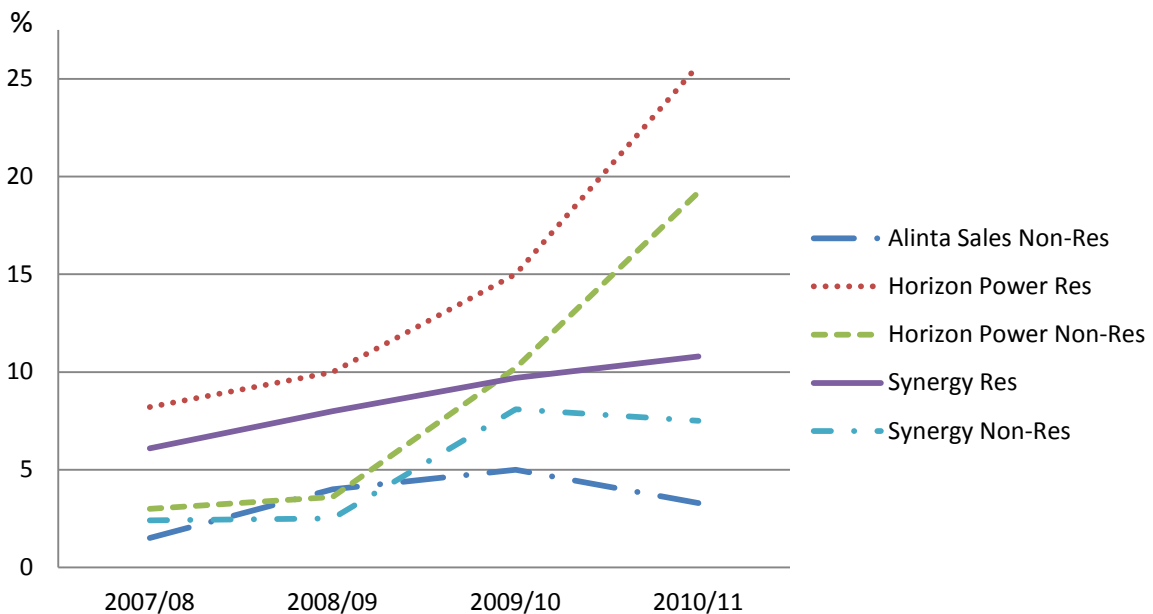
Gas retailers are not currently required to report against this performance indicator. This will be reviewed for the 2011/12 reporting year.

Figure 3 details the percentage of residential and non-residential customers who have been granted more time to pay a bill under Part 6 of the Electricity Customer Code. It should be noted that Alinta Sales only supplied electricity to non-residential customers during the four years to 2010/11.

Both Horizon Power and Synergy have reported increases in the percentage of residential customers granted more time to pay a bill under Part 6 of the Electricity Customer Code. The percentage for both retailers has increased in each of the four years since 2007/08. What is particularly noticeable is the sharp increase, from 10% to 25.7%, in the percentage of Horizon Power's residential customers granted more time to pay a bill since 2008/09. The increase coincides with the recent increases in electricity tariffs and suggests that more residential customers are struggling to pay their electricity bills.

It is also noticeable that the percentage of Horizon Power's non-residential customers granted more time to pay a bill (up from 3.6% to 19.2%) is relatively larger than that for residential customers over the same period. The increase implies that non-residential customers are also struggling to pay the larger bills that are the result of the recent tariff increases.

Figure 3: Percentage of electricity customers granted more time to pay a bill



The percentage of Synergy's residential customers granted more time to pay a bill has increased steadily over the past four years (from 6.1% to 10.8%). The Government has increased both Synergy and Horizon Power's residential tariffs by the same amount over

the past four years. It is therefore surprising that the Synergy tariff increases have not driven above trend increases in the percentage of residential customers granted more time to pay a bill. Synergy advised the Authority that its strategy is to offer other forms of payment extension to customers as a means of assisting customers before they need assistance under Part 6 of the Electricity Customer Code. It is also interesting to note that the percentage of Synergy's non-residential customers granted more time to pay a bill has actually fallen over the past year, after a steep increase in the previous year.

Alinta Sales also reported a fall in the figure for non-residential customers (from 5.0% to 3.3%) over the past year following from a rise in the previous year. It should be noted that Alinta Sales' tariffs are not set by the Government.

The figures for Horizon Power and Synergy residential customers show that a higher proportion of regional customers (supplied by Horizon Power) are seeking more time to pay their bills than the customers in the more densely populated south-west of the State, including Perth.

Instalment Plans

Energy retailers are required to offer an interest-free and fee-free instalment plan to any residential customer who is assessed as experiencing payment difficulties or financial hardship. The instalment plan provides a means of paying off accrued arrears, connection or disconnection charges and ongoing consumption through regular payments. The retailer is required to take into account the customer's ongoing consumption needs and their capacity to pay when setting up an instalment plan.

Electricity

Figure 4 details the percentage of residential and non-residential electricity customers on an instalment plan. Over the past four years the percentage of residential customers on an instalment plan has varied between 1.6% and 4.4%, while for non-residential customers the percentage lies between 0.6% and 4.0%.

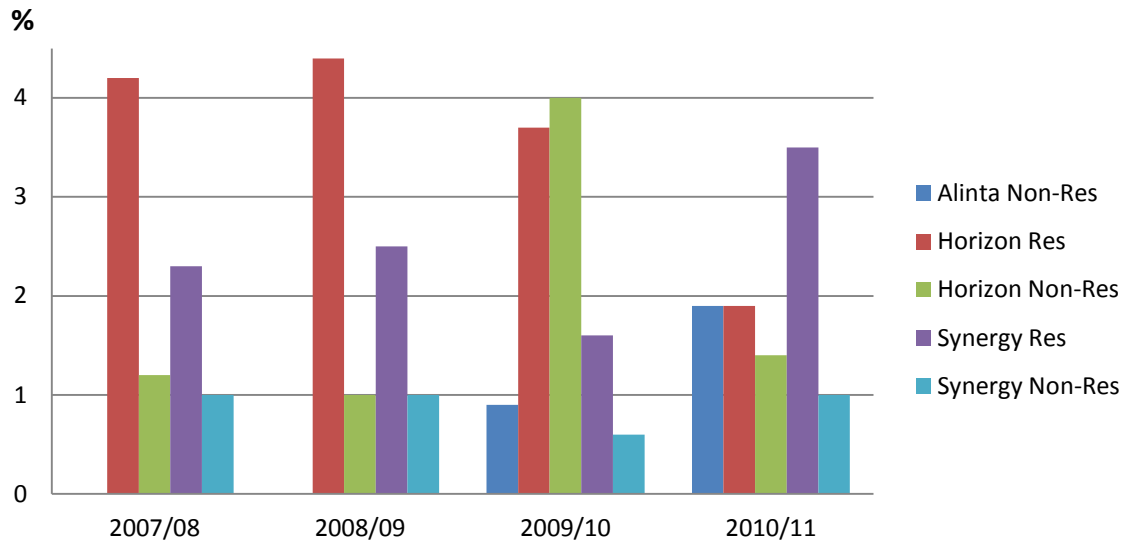
The percentage of Horizon Power's residential customers on an instalment plan has trended downwards over the past three years, whereas the percentage of non-residential customers on an instalment plan is broadly similar to that for 2007/08 and 2008/09, following a spike in 2009/10. This is a surprising result given the substantial tariff increases over the past two years. It is reasonable to expect there would be an increase in the number of instalment plans as customers struggle to pay the increases in their electricity bills.

Excluding 2009/10,³¹ the percentage of Synergy's residential customers on an instalment plan has trended upwards over the past four years, while the percentage of non-residential customers on an instalment plan has remained relatively unchanged.

Prior to 2009/10, Alinta Sales did not place any of its non-residential customers on an instalment plan. Over the past two years, the percentage of non-residential customers on a plan has increased from 0.9% to 1.9%, though these figures should be treated with caution as they relate to a relatively small customer base.

³¹ In the 2009/10 Electricity Retailer Performance Report, Synergy cited customers using other payment options as being the main contributor to the reduction in the number of instalment plans during 2009/10.

Figure 4: Percentage of residential and non-residential electricity customers on an instalment plan



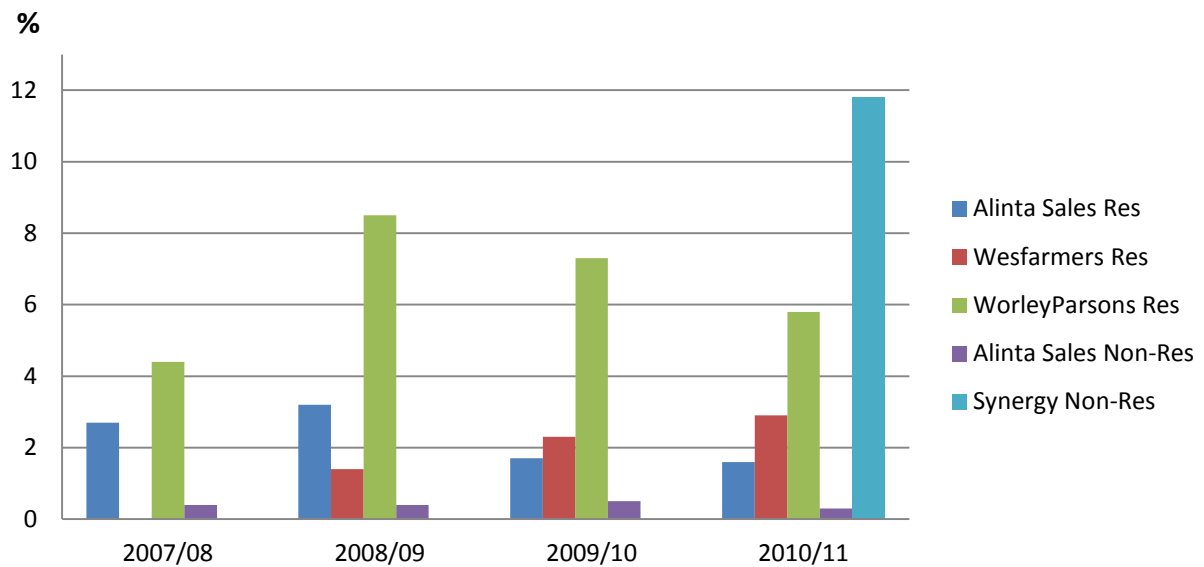
Gas

Figure 5 details the percentage of residential and non-residential gas customers on an instalment plan. Over the past four years the percentage of residential customers on a plan has varied between 1.4% and 11.8%, while for non-residential customers the percentage lies between 0.3% and 11.9%.³²

Alinta Sales has reported a decline in the percentage of residential customers on a plan over the past three years. Conversely, Wesfarmers has reported a steady increase in the percentage of residential customers on a plan over the same period.

Alinta Sales and Synergy were the only retailers to place non-residential customers on a plan. Over the past four years, the percentage of Alinta Sales’ non-residential customers on a plan has remained relatively unchanged. Synergy placed 11.8% of its non-residential customers on a plan, the first time that it has placed customers on a plan over the past four years.

³² WorleyParsons have provided amended data for 2007/08 and 2008/09. The previous data overstated the number of customers on an instalment plan because it included Centrepay customers who were not in arrears.

Figure 5: Percentage of residential and non-residential gas customers on an instalment plan

Shortened Billing Cycle

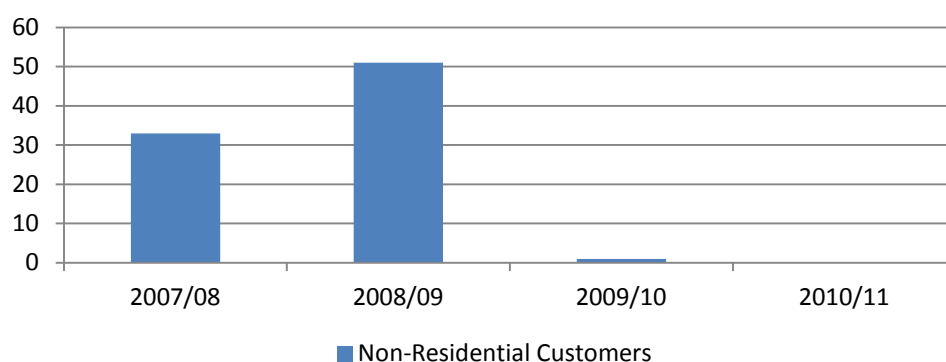
Placing customers on a shortened billing cycle (i.e. issuing bills at a frequency greater than the standard billing interval) is not an option that has been implemented by any electricity or gas retailer since reporting commenced in 2007.

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. Requiring a security deposit before supplying energy to a customer can go some way towards insuring the retailer against default, particularly for those customers with a bad credit history.

None of the gas retailers have required their customers to provide a security deposit to secure a gas supply since reporting began.

Synergy is the only electricity retailer that has required customers to provide a security deposit to secure an electricity supply over the past five years, in respect of non-residential customers. In the past two years Synergy has only required one customer to provide a security deposit, compared to a total of 84 customers in the previous two years (Figure 6).

Figure 6: Synergy non-residential customers providing security deposits

Termination of Direct Debit Plans

Retailers are required to keep records of the number of direct debit plans they have terminated as a result of default or non-payment by a customer covering two or more successive payment periods. Customers often use direct debit arrangements to smooth the cost of their energy consumption over the year. The number of defaults by direct debit customers is an indicator of financial stress among this group of customers.

In electricity, the only retailer to report terminating direct debit plans for default is Synergy. Table 9 shows that there has been a sharp rise in the number residential direct debit plans terminated over the past two years. The pattern of non-residential direct debit plan terminations also shows a similar trend. The increase in the number of plans terminated coincides with the increases in electricity tariffs that commenced in 2009. This suggests that some of the customers on direct debit plans may be experiencing difficulty meeting the increased cost of their electricity consumption.

Table 9: Synergy electricity residential and non-residential direct debit terminations

	2007/08	2008/09	2009/10	2010/11
Residential	84	202	2,087	3,925
Non-residential	0	8	93	100

In gas, the only retailer to report terminating direct debit plans for default is Alinta Sales, with the exception of 2009/10 when Synergy terminated a single non-residential plan. Table 10 shows that the number of residential plans terminated by Alinta Sales has remained relatively constant over the past four years. In contrast, the number of non-residential plans terminated has fallen significantly since 2009/10.

Table 10: Alinta Sales gas residential and non-residential direct debit terminations

	2007/08	2008/09	2009/10	2010/11
Residential	540	697	624	642
Non-residential	36	41	2	1

Disconnections and Reconnections

Disconnection of customers who continually fail to pay outstanding accounts should be a last resort for retailers. The Electricity Customer Code requires retailers to help customers avoid disconnection by implementing the affordability measures described in the previous section of this report.

An indicator of the success of the assistance offered to customers is the extent to which customers are disconnected and reconnected in the same name at the same address within seven days of being disconnected. These reconnections often involve customers who may be struggling to pay their energy bills.

Not all customers who are disconnected are in financial hardship, and more detailed data about the customers who are disconnected and reconnected provides insights into those who may be experiencing financial hardship. Some of this data can be found in the additional disconnection and reconnection indicators that are reported:

- customers previously on an instalment plan;
- concession card holders; and
- customers who have been disconnected multiple times in the past 24 months.

Disconnections

Residential Customers

Horizon Power and Synergy were the only electricity retailers to report that they had disconnected residential customers for failure to pay a bill during the five years to 2010/11. Alinta Sales and WorleyParsons were the only gas retailers to report that they had disconnected residential customer during the four years to 2010/11.

Figure 7 details disconnections of residential electricity and gas customers over the past four years. Both the number of residential gas customers who have been disconnected and the disconnection rate (per 100 customers) has been significantly higher than the equivalent residential electricity figures for the past four years. In 2010/11, the electricity disconnection rate (0.9%) was approximately half the gas disconnection rate (1.76%). One reason that has often been put forward to explain the disparity in electricity and gas disconnection rates is that electricity is an essential service, whereas gas is a discretionary source of energy for households. Accordingly, the argument runs that customers, particularly those customers who are experiencing financial hardship, are more willing to have their gas supply disconnected than their electricity supply. The Authority does not agree that this is the case. There are a significant proportion of households that rely on gas as the primary source of energy for cooking, heating and water heating. Disconnecting the gas supply from these households causes both inconvenience and loss of amenity for the householder; this leads to the Authority to conclude that these householders will take reasonable measures to keep their gas supply connected. Alinta Sales commented that they view gas as an essential service and that they work very closely with customers who are having difficulty paying a bill to avoid disconnection, which is seen as a last resort measure.

The Authority is of the view that the majority of customers who are disconnected are experiencing some level of financial stress in the period leading up to the disconnection, and that their disconnection has a direct causal link to their inability to pay their account.

Figure 7: Residential electricity and gas disconnections

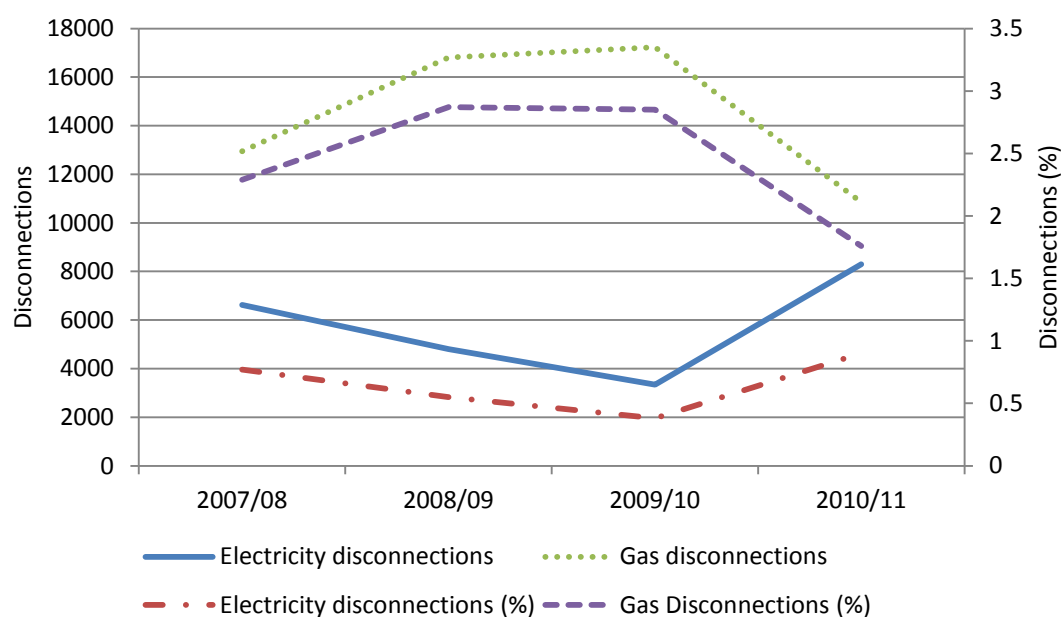


Table 11 details the residential electricity and gas disconnection rates for each retailer over the past four years. It can be seen that the significant rise in the state-wide electricity disconnection rate is driven by a similar increase in the Synergy disconnection rate. This increase was not unexpected as Synergy did comment that their 2009/10 disconnection rate was unsustainably low due to temporary moratoria on disconnections³³ both prior to and immediately after implementing tariff increases and the deployment of their new billing system in September 2009. The Authority is of the opinion that the disconnection rate for 2010/11 is probably higher than it would have been without the disconnection moratoria around the time that the new billing system went live. The Authority's reasoning is that the problems resulting from the introduction of the new billing system, such as late bills and bills that required further investigation, continued beyond the beginning of the 2010/11 reporting period. This led to some customers receiving much larger bills than usual. The additional assistance provided by Synergy to some of the customers who received the larger bills may not have been enough to prevent some of these customers from being disconnected.

Synergy does not agree with the Authority's view and instead considers the main contributors to the increase in disconnections include affordability factors (following the recent tariff increases), increased electricity consumption, customers delaying seeking assistance with their bills and customers failing to honour payment arrangements to pay off arrears. The Authority notes that both the Chairman's Report and the Chief Executive Officer's Report in Synergy's 2010/11 Annual Report refer to the impact on customers due to the introduction of the new billing system. The Authority does not accept that the billing

³³ For a period of time immediately before and after the introduction of the new billing system in 2009, Synergy suspended actions that could result in a customer being disconnected for non-payment. Synergy also suspended disconnection actions immediately before and after implementing two tariff increases during the 2010/11 financial year.

issues resulting from the introduction of Synergy's new billing system did not contribute to a higher level of disconnections that would have otherwise been the case.

The disconnection rates for both gas retailers have varied over the past four years. Caution should be applied when considering the WorleyParsons disconnection rate because of their small customer base. Alinta Sales has reported a large reduction in their disconnection rate during 2010/11, which they have attributed to changes in their disconnection procedures that provide customers with further opportunities to contact them regarding their outstanding account before moving to disconnection.

Table 11: Residential electricity and gas disconnection rates by retailer

Retailer	2007/08	2008/09	2009/10	2010/11
Electricity				
Horizon Power	5.78%	1.95%	1.97%	2.19%
Synergy	0.58%	0.49%	0.32%	0.86%
State Total	0.77%	0.55%	0.38%	0.90%
Gas				
Alinta Sales	2.29%	2.88%	2.85%	1.76%
WorleyParsons	2.21%	0.95%	3.86%	2.70%
State Total	2.29%	2.87%	2.85%	1.76%

Table 12 provides further information about residential electricity and gas disconnections for 2010/11 and compares it to the previous year. The table reveals that:

- Both Horizon Power and Synergy reported an increase in the percentage of disconnections involving customers who have been disconnected multiple times in the past 24 months.
- The percentage of electricity disconnections involving concession card holders presents a mixed picture; in regional areas (supplied by Horizon Power) the percentage tripled, whereas the metropolitan areas (supplied by Synergy) the percentage fell.
- In contrast to electricity customers supplied by Horizon Power and Synergy, only a small percentage of Alinta Sales' customers who are disconnected are on instalment plans or are concession card holders.
- Alinta Sales reported a substantial reduction in the percentage of disconnections involving customers who have been disconnected multiple times in the past 24 months.

It should be noted that because government subsidies and concessions are paid through electricity bills, the gas retailers do not have information about those customers who are receiving a concession.

Table 12: Residential disconnections - additional disconnection information

Retailer	Total disconnections		Customers previously on an instalment plan		Customers disconnected at the same supply address within the past 24 months		Concession card holders	
	2009/10	2010/11	% of disconnections		% of disconnections		% of disconnections	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Electricity								
Horizon Power	604	664	22.4	32.2	9.6	23.0	3.1	10.2
Synergy	2,744	7,631	25.9	26.1	7.3	11.2	38.8	28.7
Electricity Total	3,348	8,295	25.3	26.6	7.7	12.2	32.4	27.2
Gas								
Alinta Sales	17,223	10,841	1.6	1.4	45.2	27.2	-	-
WorleyParsons ³⁴	9	7	-	-	-	42.9	-	-
Gas Total	17,232	10,848	1.6	1.4	45.2	27.2	-	-

Non-residential customers

Table 13 details the non-residential electricity and gas disconnection rates for each retailer over the past four years. It can be seen that there has been a significant increase in the state-wide electricity disconnection rate in 2010/11, which has been driven by a similar increase in Synergy's disconnection rate. The Authority is of the view that the increase in Synergy's disconnection rate is due to the same issues following the implementation of the new billing system that caused the increase in the residential disconnection rate. The Authority is also of the opinion that the increase in the disconnection rate for 2010/11 is probably higher than it would have been without the disconnection moratoria around the time that the new billing system went live for the same reasons that led to the higher residential disconnection rate.

Synergy does not agree with the Authority's view and instead considers the primary contributors to the increase in disconnections to be the general downturn in economic activity and the increased costs faced by businesses. For the same reasons given in relation to the increase in the residential disconnection rate discussed above, the Authority does not accept Synergy's position that the increase in non-residential disconnections is entirely due to external factors. While these factors undoubtedly contributed to the increase in disconnections, the Authority does not accept that the billing issues resulting from the introduction of Synergy's new billing system did not contribute to a higher level of disconnections that would have otherwise been the case.

³⁴ Retailers with fewer than 30 disconnections do not have percentage data reported.

Table 13: Non-residential electricity and gas disconnection rates by retailer

Retailer	2007/08	2008/09	2009/10	2010/11
Electricity				
Alinta Sales	0.12%	0.00%	0.00%	0.00%
Horizon Power	0.78%	0.56%	1.82%	0.27%
Synergy	0.17%	0.20%	0.20%	0.54%
State Total	0.77%	0.55%	0.38%	0.51%
Gas				
Alinta Sales	1.52%	1.65%	1.92%	1.03%
State Total	1.49%	1.61%	1.89%	1.01%

The Alinta Sales non-residential gas disconnection rate in 2010/11 was almost half of the rate in the previous year and the lowest since reporting began in 2007/08. The reduction in the 2010/11 non-residential disconnection rate mirrors a similar significant reduction in the residential disconnection rate over the same period.

Inter-jurisdictional comparison of residential electricity disconnections

Figure 8: Jurisdictional comparison of residential electricity disconnection rates (per 100 customers)³⁵

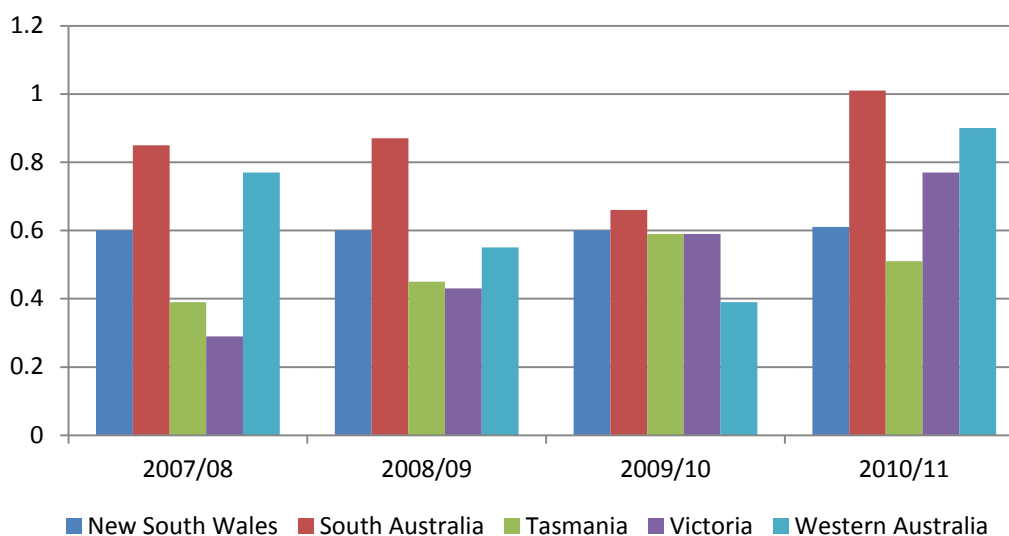


Figure 8 compares the residential disconnection rate for Western Australian electricity retailers with that of four other jurisdictions that have reported data for 2010/11 and the preceding three years. The comparison shows that between 2009/10 and 2010/11, the residential disconnection rate for South Australia, Victoria and Western Australian increased. Western Australia has moved from having the lowest disconnection rate in 2009/10 to the second highest in 2010/11. Tasmania was the only jurisdiction to report a decrease in the disconnection rate in 2010/11.

³⁵ Source: Table 4.2 of the 2010-11 Energy Retailers Comparative Performance Report Customer Service, Essential Services Commission of Victoria.

Reconnections

Residential customers

The reconnection data presented in this part of the report covers the retailers that have disconnected residential electricity and gas customers over the past four years – Alinta Sales, Horizon Power, Synergy and WorleyParsons.

Figure 9 details the total number of electricity and gas residential disconnections that result in a reconnection within seven days of the disconnection and the overall reconnection rate (expressed as a percentage of the disconnections). Over the past four years the residential electricity reconnection rate and the residential gas reconnection rate have been moving in opposition to each other. Between 2007/08 and 2008/09, the gas reconnection rate was much higher than the electricity reconnection rate, but this pattern has been reversed for the period between 2009/10 and 2010/11 with the electricity reconnection rate overtaking the gas reconnection rate. Comparing Figure 9 with Figure 7 shows that both the electricity and gas reconnection rates correlate with the corresponding disconnection rates. It is difficult to interpret the reconnection rate as there are a number of possible scenarios that result in a customer being able to pay to have their supply reconnected within seven days of the disconnection, e.g. resolution of short-term cashflow difficulties, access to government hardship assistance and access to emergency payments from other non-governmental agencies. However, the Authority considers it possible that a rising reconnection rate coupled with a rising disconnection rate may indicate there are a group of customers who might need further assistance from their retailer prior to being disconnected.

Figure 9: Electricity and gas reconnections

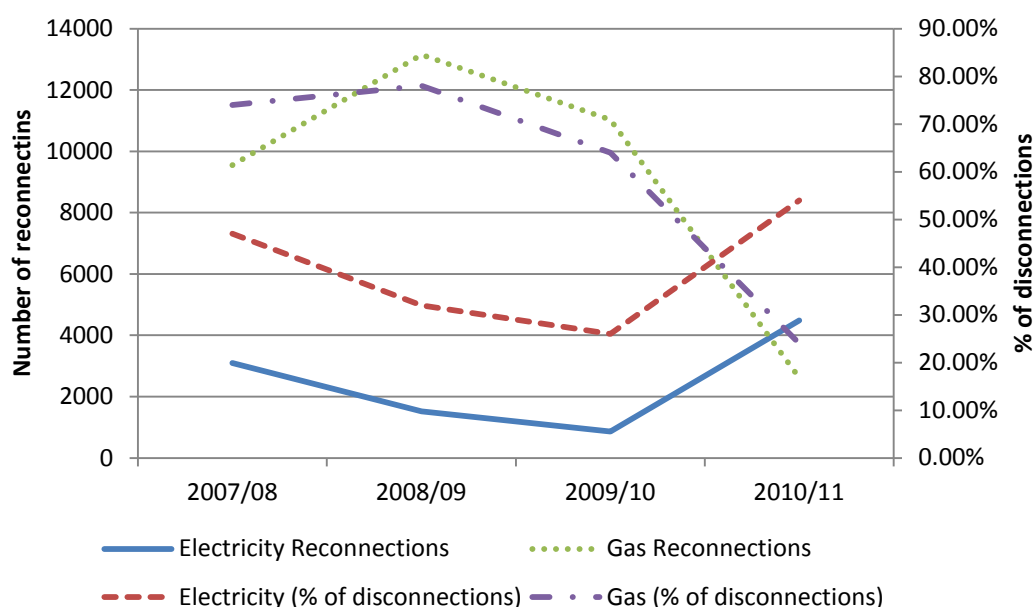


Figure 10 details the residential reconnection rate (the percentage of disconnected customers who are reconnected within seven days) for each retailer and the State total reconnection rate (the combined performance of Horizon Power and Synergy) for electricity retailers. Because of the relative size of each retailer's customer base, the State total closely matches Synergy's performance.

The 2010/11 reconnection rates for Horizon Power and Synergy were the lowest and highest reported over the past four years, respectively. Synergy's 2010/11 reconnection rate was over twice the rate reported in 2009/10.

The large increase in Synergy's disconnection and reconnection rates during 2010/11 suggests that there is a group of customers that are experiencing difficulty paying their electricity bills following the recent tariff increases and the billing problems that have occurred since the introduction of the new billing system in September 2009. As discussed previously, some of these customers might benefit from additional hardship assistance being provided by Synergy to avoid disconnection.

Figure 10: Residential electricity and gas reconnection percentages by retailer

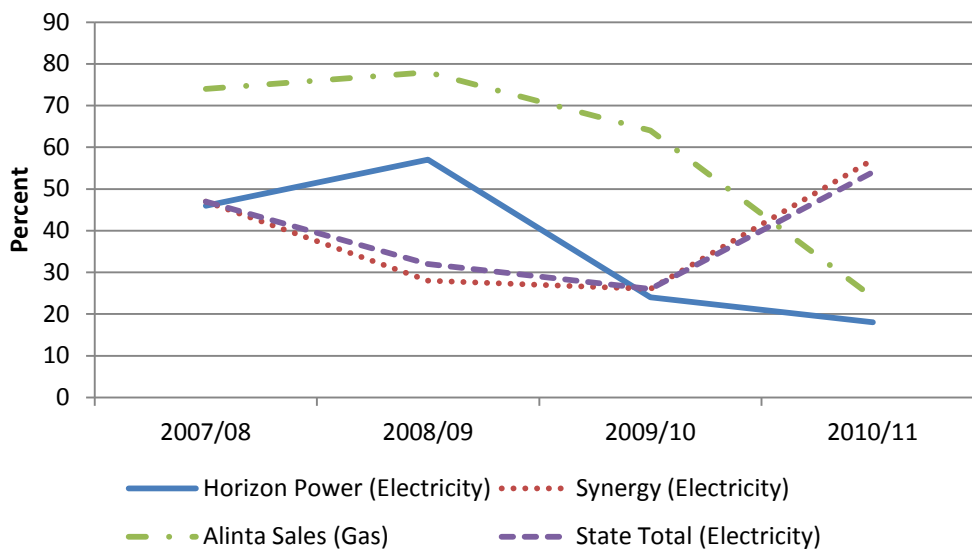


Table 14 provides further information about residential electricity and gas reconnections for 2010/11 and compares it to the previous year. The table shows the reconnections in each category expressed as a percentage of the total disconnections for each retailer. It should be noted that because government subsidies and concessions are paid through electricity bills, the gas retailers do not have information about those customers who are receiving a concession.

Table 14 reveals that:

- Over the past two years, a very high percentage of Synergy's customers previously on an instalment plan are reconnected within seven days of disconnection. This is also true for Alinta Sales in 2010/11, where nearly all of the disconnected customers were reconnected.³⁶ The Authority is of the opinion that there is scope for both retailers to do more to assist this group of customers prior to disconnecting them.
- Two out of every three concession card holders who are disconnected by Synergy are reconnected within seven days. Concession card holders have been particularly impacted by recent increases in the cost of energy. Although the number of concession card holders disconnected by Synergy has fallen in

³⁶ It should be noted that the instalment plan customers disconnected by Alinta Sales is a small percentage of the total number of customers disconnected. However, it is still a concern for the Authority that nearly all of these customers are subsequently reconnected within seven days of disconnection.

2010/11, the fact that the reconnection rate has remained unchanged suggests that there is scope for Synergy to see whether there is more that can be done to assist these customers prior to disconnection.

- Horizon Power reported the lowest percentage of reconnections for all three categories over the past two years. Over the same period, the number of disconnections has risen slightly. The low reconnection rate may be as much about the characteristics of the customer base (who live in remote regional areas) as it is a reflection of Horizon Power's hardship policies.

Table 14: Residential reconnections - additional reconnection information

Retailer	Total reconnections		Customers previously on an instalment plan		Customers disconnected at the same supply address within the past 24 months		Concession card holders	
	2009/10	2010/11	% of disconnections		% of disconnections		% of disconnections	
	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Electricity								
Horizon Power	145	120	40.0%	21.5%	10.3%	15.7%	31.6%	30.1%
Synergy	718	4,366	79.6%	90.6%	55.5%	63.4%	63.9%	69.1%
Electricity Total	863	4,486	73.3%	83.9%	45.3%	56.2%	63.5%	67.9%
Gas								
Alinta Sales	11,028	2,615	n/a ³⁷	97.4%	32.8%	19.5%	-	-
WorleyParsons ³⁸	1	0	-	-	-	-	-	-
Gas Total	11,029	2,615	n/a	97.4%	32.8%	19.5%	-	-

Non-residential customers

Figure 11 details of the total number of electricity and gas non-residential disconnections that result in a reconnection within seven days of the disconnection and the overall reconnection rate (expressed as a percentage of the disconnections). As is the case with residential reconnections, over the past four years the non-residential electricity reconnection rate and the non-residential gas reconnection rate have been moving in opposition to each other (Table 13 and Figure 11). In 2007/08, the electricity reconnection rate was much higher than the gas reconnection rate, but this pattern has been reversed for the period between 2009/10 and 2010/11 with the gas reconnection rate overtaking the electricity reconnection rate. Comparing Figure 7 with Table 13 it can be seen that the gas reconnection rate has continued to increase despite a fall in the disconnection rate in 2010/11. In contrast, changes in the electricity reconnection rate have mirrored the changes in the disconnection rate.

Figure 12 details the non-residential reconnection rate (the percentage of disconnected customers who are reconnected within seven days) for each retailer and the State total (the combined performance of Horizon Power and Synergy) for electricity retailers.

³⁷ The figure previously reported for 2009/10 was incorrect and it has been omitted from this report.

³⁸ Retailers with fewer than 30 disconnections do not have percentage data reported.

The reconnection rate for Horizon Power is the lowest that it has been over the past four years and, at just over 5%, the lowest of all the retailers in 2010/11.

The non-residential reconnection rate for Alinta Sales has risen steadily over the past four years to its current level of just over 47%.

In 2010/11, the reconnection percentage for Synergy has reached its highest level on record at just under 44%. The increase in Synergy's reconnection rate in 2010/11 corresponds with the increase in the disconnection rate (Table 13).

Figure 11: Non-residential electricity and gas reconnections

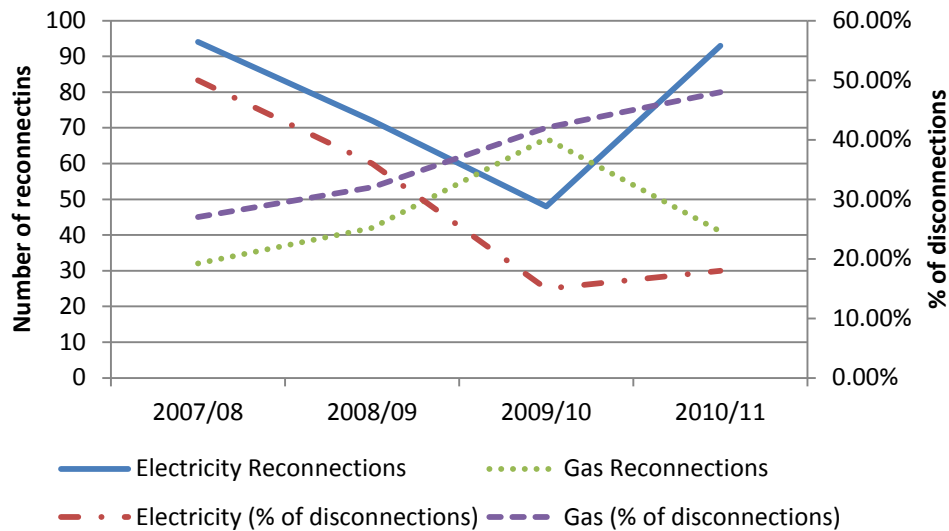
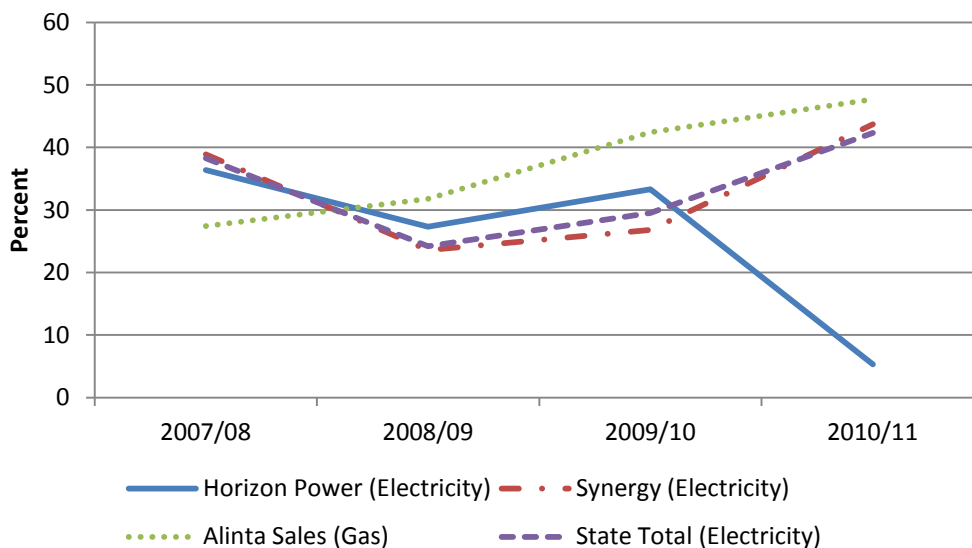


Figure 12: Non-residential electricity and gas reconnection percentages by retailer



Complaints

Both the Electricity Customer Code and the Gas Customer Code (together the Codes) require retailers to develop, maintain and implement an internal process for handling complaints and resolving disputes that complies with AS ISO 10002 – 2006.³⁹

AS ISO 10002 – 2006 defines a complaint as:

An expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected.⁴⁰

The Codes also require retailers to comply with any guideline developed by the Authority that distinguishes customer queries from customer complaints. The Authority published the Customer Complaints Guidelines in 2008 to further clarify the distinctions between queries, complaints and other customer communications.

Complaints are further separated into four categories to provide further information about the underlying cause(s) of each complaint:

- **Billing complaints** - includes billing errors, incorrect billing of fees and charges, failure to receive relevant Government rebates, high billing, credit collection, disconnection and reconnection, and restriction due to billing discrepancy.
- **Marketing complaints** - includes advertising campaigns, contract terms, sales techniques and misleading conduct.
- **Transfer complaints** - includes failure to transfer a customer within a certain time period, disruption of supply due to transfer and billing problems directly associated with the transfer (e.g., delay in billing, double billing).
- **Other complaints** - 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.

The retailers who supply pre-payment meter customers are required to separately record complaints from these customers in relation to the pre-payment meter service.

A key measure of the effectiveness of the complaints handling process implemented by a retailer is how quickly a complaint is concluded. A complaint is concluded when all of the relevant parts of the retailer's complaints handling process have been exercised in an attempt to resolve the complaint. The Codes require energy retailers to report on the percentage of complaints from residential and non-residential customers that are concluded within 15 business days.

³⁹ Standard AS ISO 10002-2006, Customer satisfaction – Guidelines for complaints handling in organisations.

⁴⁰ The Codes have slightly modified this definition by adding the words "or services" immediately after "products" because energy retailers provide a service rather than a product to their customers.

Residential Complaints

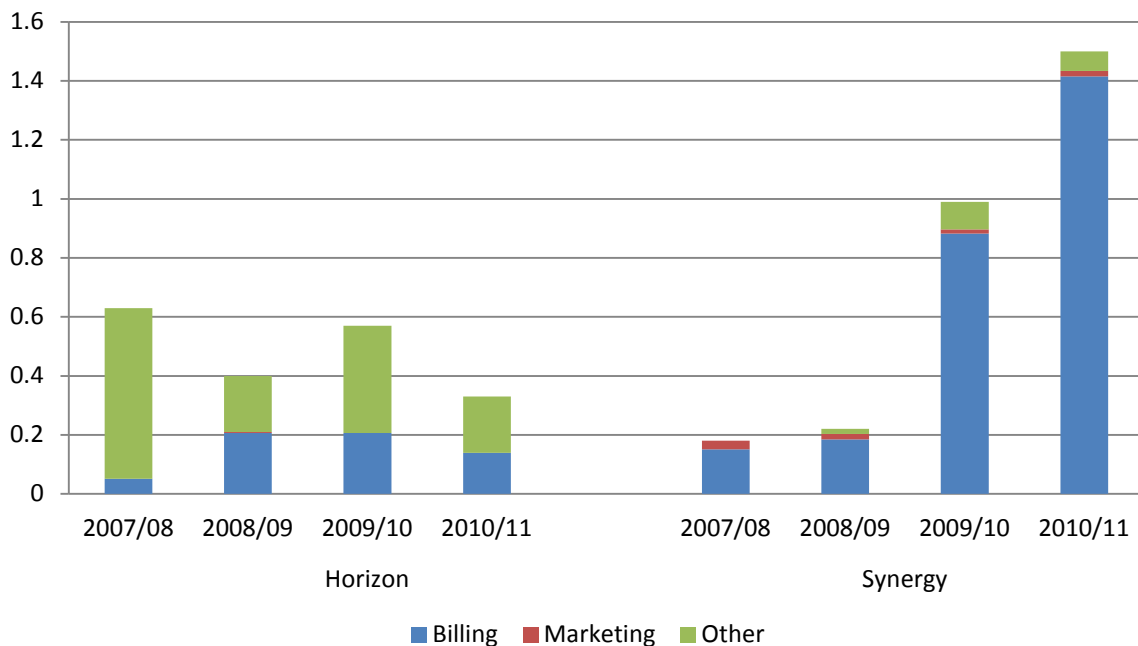
Electricity

Horizon Power, Rottneast Island Authority and Synergy are the only retailers who supply residential customers. Rottneast Island Authority has not received any complaints from residential customers over the past three years. Accordingly, this section of the report focuses on the complaints received by Horizon Power and Synergy.

Figure 13 details the complaints (per 100 customers) received by Horizon Power and Synergy. The retailers have not received any customer transfer complaints⁴¹ during the past four years, so this category has been excluded from Figure 13.

The number of complaints received by Horizon Power in 2010/11 (0.33 per 100 customers) is the lowest recorded over the past four years. Horizon Power has not received any complaints related to marketing since reporting began in 2007/08. Over the past two years, the majority of complaints received by Horizon Power have related to “other” matters, with billing complaints making up the remainder.

Figure 13: Residential electricity complaints (per 100 customers)



Over the past four years, the number of complaints received by Synergy has increased from 0.22 to 1.5 complaints per 100 customers. The increase in the total number of complaints is almost entirely driven by a corresponding increase in the number of billing complaints, which are the result of the problems with billing errors and billing delays since Synergy introduced their new billing system in September 2009 and the recent increases in tariffs. The past two years has also seen an increase in the number of “other” complaints, the majority of which relate to problems handling the increased volume of complaints that Synergy has received following the introduction of the new billing system (see below).

⁴¹ This category of complaint covers the process of a customer transferring between retailers.

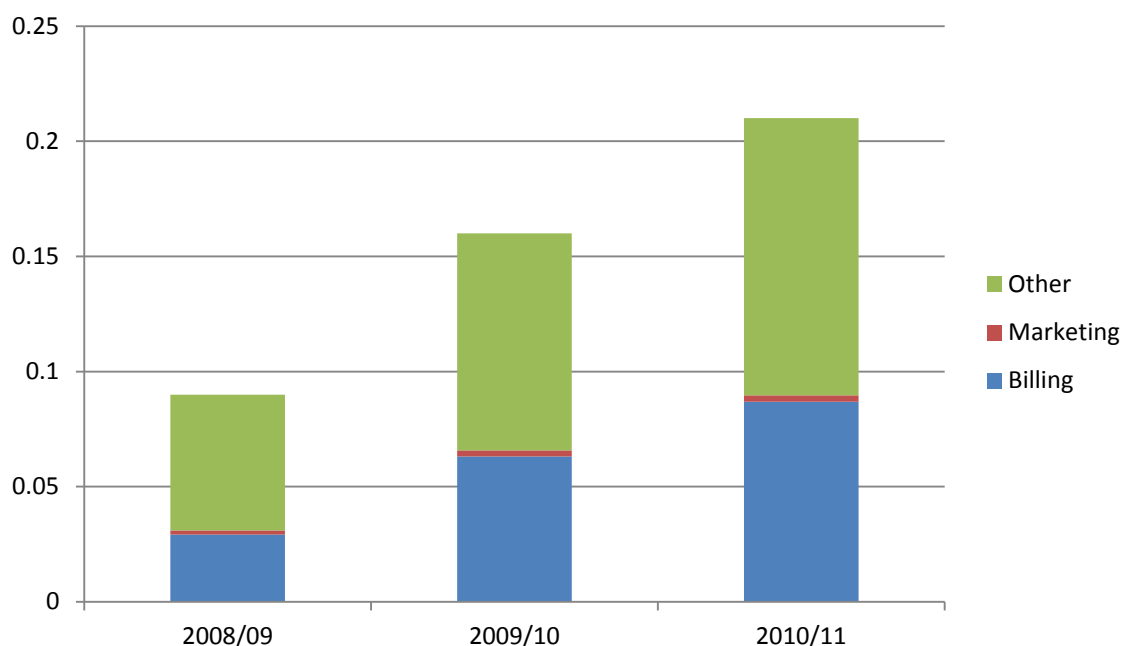
Horizon Power reported that it concluded 100% of the complaints that it has received from residential customers over each of the past three years within 15 business days. In contrast, Synergy has reported a sharp decline in the percentage of complaints that it has concluded in the past year, compared to the preceding two years: 86.2% in 2008/09, 80.6% in 2009/10 and 42.3% in 2010/11. The drop in complaint conclusion performance during 2010/11 shows that Synergy has struggled to deal with the large increase in complaints made by its residential customers.

Gas

Alinta Sales, Wesfarmers and WorleyParsons are the only retailers who supply residential customers. Wesfarmers has not received any complaints from residential customers over the past three years and WorleyParsons received a single complaint (categorised as “other”) in 2009/10. Accordingly, this section of the report focuses on the complaints received by Alinta Sales.

Figure 14 details the complaints (per 100 customers) received by Alinta Sales over the past three years. The majority of the complaints in each year are categorised as “other”, followed by billing complaints. Marketing complaints comprise less than 2% of the total. The number of billing complaints and “other” complaints has increased in each of the past two years.

Figure 14: Alinta Sales residential gas complaints (per 100 customers)



In each of the past three years, Alinta Sales has concluded 100% of the complaints received within 15 business days.

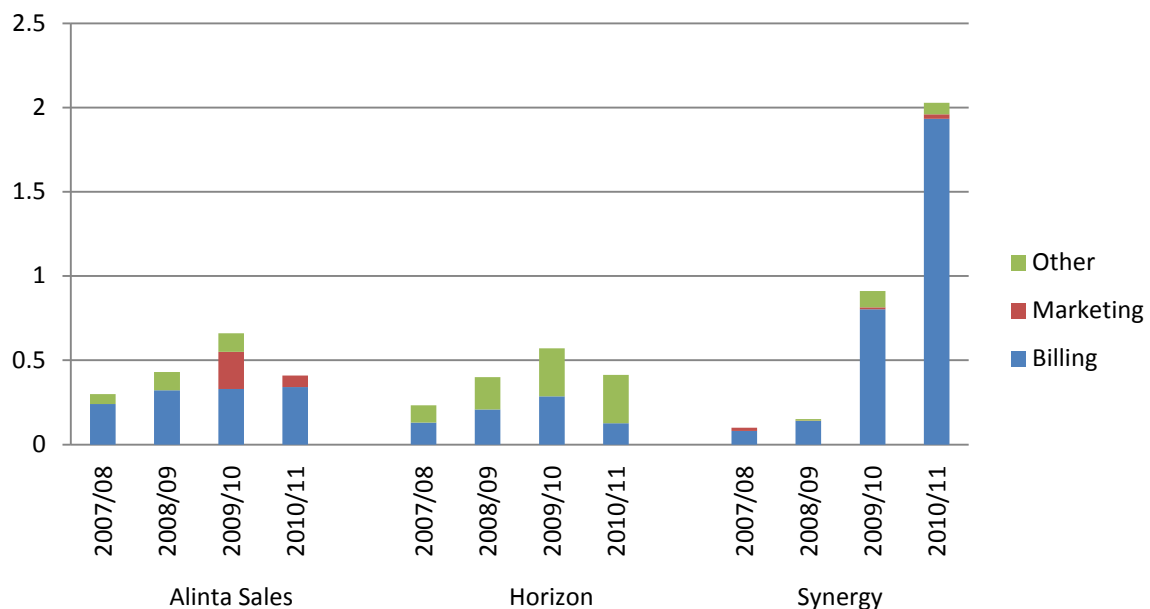
Non-residential Complaints

Electricity

There are five retailers who supply non-residential customers: Alinta Sales, Horizon Power, Perth Energy, Rottneest Island Authority and Synergy. Two of these retailers – Perth Energy and Rottneest Island Authority – did not receive any complaints during 2010/11 and single complaints in each of the two previous years. Accordingly, this section of the report focuses on the performance of Alinta Sales, Horizon Power and Synergy.

Figure 15 details the non-residential electricity complaints (per 100 customers) received by Alinta Sales, Horizon Power and Synergy. Transfer complaints have been excluded from Figure 15 because Synergy was the only retailer to receive a complaint during the past four years.⁴²

Figure 15: Non-residential electricity complaints (per 100 customers)



Both Alinta Sales and Horizon Power received fewer non-residential complaints in 2010/11 than they did in the previous year. The breakdown of the complaints received by the two retailers in 2010/11 shows billing is the largest category at Alinta Sales and “other” being the largest category at Horizon Power.

Over the past three years, the number of non-residential complaints received by Synergy has increased from 0.15 per 100 customers in 2008/09 to 2.03 per 100 customers in 2010/11. The increased number of non-residential billing complaints received by Synergy was the result of the problems caused by the new billing system that were discussed earlier in this report in relation to increase in the number of residential complaints.

Horizon Power reported that it concluded 100% of the complaints that it has received from non-residential customers within 15 business days in each of the past three years. Alinta Sales concluded 100% of complaints within 15 business days with the exception of

⁴² Synergy received a single transfer complaint in 2010/11.

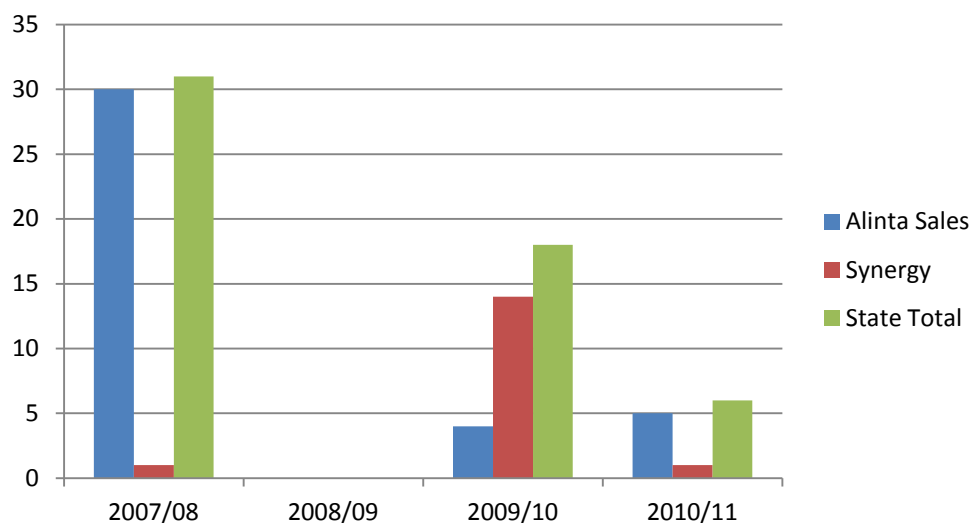
2009/10, when only one of the six complaints (16.7%) was concluded within 15 business days.

In 2010/11, Synergy reported a sharp decline in the percentage of complaints that it has concluded within 15 business days, compared to the preceding two years: 74.8% in 2008/09, 70.6% in 2009/10 and 32.3% in 2010/11. The drop in complaint conclusion performance during 2010/11 shows that Synergy has struggled to deal with the large increase in complaints made its non-residential customers.

Gas

Figure 16 details the number of non-residential gas complaints received by Alinta Sales and Synergy. It can be seen that the number of complaints to each retailer varies quite widely each year. With the exception of 2007/08, the majority of complaints from non-residential customers each year have been in relation to billing.

Figure 16: Non-residential gas complaints



Inter-jurisdictional Comparison of Complaints

Table 15 and Table 16 provide an inter-jurisdictional comparison of the total number⁴³ of electricity and gas complaints per 100 customers respectively. The relative performance of Western Australian electricity and gas retailers needs to be viewed with caution because the other jurisdictions have full retail contestability; customer transfers can generate a higher number of complaints than a market operating limited contestability, which is the case in Western Australia.

Table 15 shows that the number of electricity complaints (per 100 customers) received by retailers in South Australia, Victoria and Western Australia rose significantly during 2010/11, compared to the previous year. Western Australia recorded an increase of 57% in total electricity complaints, which was the smallest increase for the jurisdictions that have reported data for 2010/11. Retailers in both South Australia and Victoria reported increases in the number of billing complaints and “other” complaints as the main contributors to the increase in the total number of electricity complaints.

⁴³ This is the sum of the residential and non-residential complaints.

Table 15: Inter-jurisdictional comparison of electricity complaints (per 100 customers)

	NSW	SA	TAS	VIC	WA
2007/08	0.4	0.83	0.50	1.0	0.20
2008/09	0.4	1.26	0.88	2.22	0.22
2009/10	0.7	1.54	1.27	2.10	0.96
2010/11	n/a	2.5 ⁴⁴	0.96 ⁴⁵	4.2 ⁴⁶	1.51

Table 16 shows that Western Australia continues to have the lowest number of gas customer complaints (per 100) customers when compared to South Australia and Victoria. Retailers in all three jurisdictions have recorded increased complaints during 2010/11.

Table 16: Inter-jurisdictional comparison of gas complaints (per 100 customers)

	SA	VIC	WA
2007/08	0.48	0.43	0.15
2008/09	0.50	0.80	0.09
2009/10	0.53	0.74 ⁴⁷	0.16
2010/11	1.4 ⁴⁸	1.1 ⁴⁹	0.21

⁴⁴ Source: 10/11 Annual Performance Report South Australian Energy Supply Industry, Essential Services commission of South Australia

⁴⁵ Source: Tasmanian Energy Supply Industry Performance Report 2010-11, Office of the Tasmanian Economic Regulator

⁴⁶ 2010/11 Energy Retailers Comparative Performance Report Customer Service, Essential Services Commission of Victoria

⁴⁷ This figure has been corrected from 0.50 in the 2009/10 report.

⁴⁸ Source: 10/11 Annual Performance Report South Australian Energy Supply Industry, Essential Services commission of South Australia

⁴⁹ 2010/11 Energy Retailers Comparative Performance Report Customer Service, Essential Services Commission of Victoria

Call Centre Performance

It is important that retailers are able to provide ready access for customers to contact them about service related issues during business hours. The larger retailers operate call centres which employ multiple customer service agents to handle customer enquiries and complaints.

Smaller retailers offer a simpler telephone service, which is often based on the customer calling their switchboard, which then connects them to the appropriate contact person.

The retailers that have a call centre to handle customer contacts are able to record a range of information about the incoming calls, including performance statistics. Some of the call centres operated by retailers handle other calls in addition to calls about the electricity or gas retail service. Unless the retailer can separately record the statistics for the retail calls from the other calls, the call centre performance reported for retail customers is based on the overall performance of the call centre.

The remainder of this section presents electricity and gas retailer call centre performance in relation to three responsiveness measures:

- Percentage of calls responded to within 30 seconds.
- Average duration before a call is answered, measured in seconds.
- Percentage of unanswered calls.

If the retailer call centre uses Interactive Voice Response equipment to handle calls then the responsiveness measures only apply to those calls where the customer has indicated that they wish to speak to a customer service agent.

Electricity

Of the five⁵⁰ electricity retailers covered by this report, only Perth Energy does not have a call centre. Perth Energy provides telephone support to its customers using simpler telephone systems that do not record performance statistics. This is the second year that Rottneest Island Authority has operated a call centre for its electricity retail business.

The Horizon Power and Rottneest Island Authority call centres handle calls for both retail and distribution customers without distinguishing retail calls from distribution calls.

Table 17 details the volume of calls to electricity retailer call centres over the past four years. Both Rottneest Island Authority and Synergy have received significantly more calls in 2010/11 than the previous year, whereas Horizon Power saw a fall in call volume over the same period.

Synergy has seen the year on year volume of calls to its call centre increase by 56% since 2008/09. The increase in call volumes coincides with the introduction of Synergy's new billing system in September 2009 and the problems that followed its introduction. Synergy

⁵⁰ The sixth electricity retailer, Clear Energy, has not supplied any customers since they were first granted a retail licence.

advised the Authority that there were a range of reasons for the increased call volumes, including:

- increases in the customer base;
- changes to the state government's feed-in tariff arrangements;
- bill queries as a result of tariff increases;
- timeliness of bills;
- the Perth Solar City trial;
- increased contact with customers to recover outstanding debt;
- estimated accounts; and
- increased requests for payment extensions and instalment plans reflecting a downturn in economic activity.

Table 17: Volume of calls to electricity retailer call centres

Retailer	2007/08	2008/09	2009/10	2010/11
Alinta Sales	2,829	2,861	2,173	2,452
Horizon Power	85,356	94,018	89,200	71,215
Rottnest Island Authority	n/a	n/a	1,027	5,272
Synergy	927,241	919,948	1,257,153	1,439,432
State Total	1,015,426	1,012,009	1,349,553	1,518,371

Figure 17: Percentage of electricity retail calls answered within 30 seconds

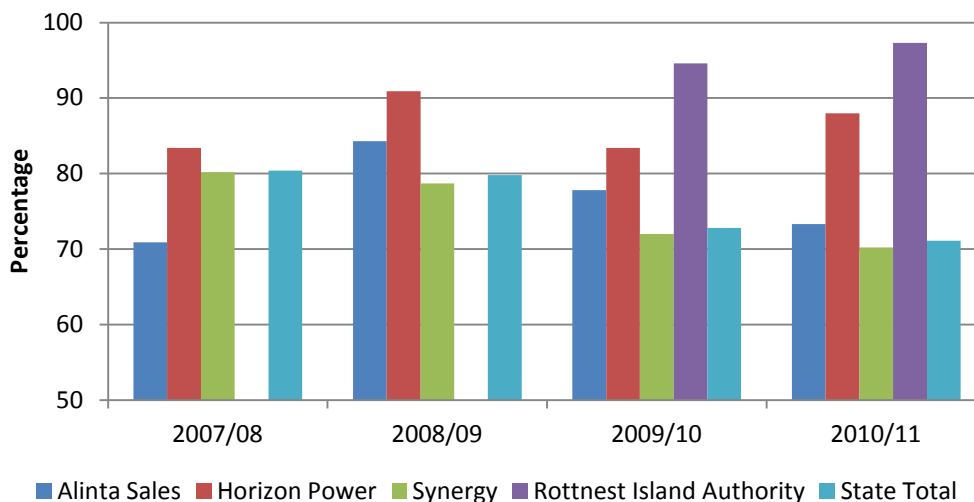


Figure 17 details the percentage of calls responded to (answered by a customer service agent) within 30 seconds by electricity retailer call centres. Since commencing the call centre service in 2009/10, Rottnest Island Authority has recorded the highest call

response rate of the four retailers, even though there was a five-fold increase in calls during 2010/11.

Figure 18: Average duration before a call is answered by electricity retailers

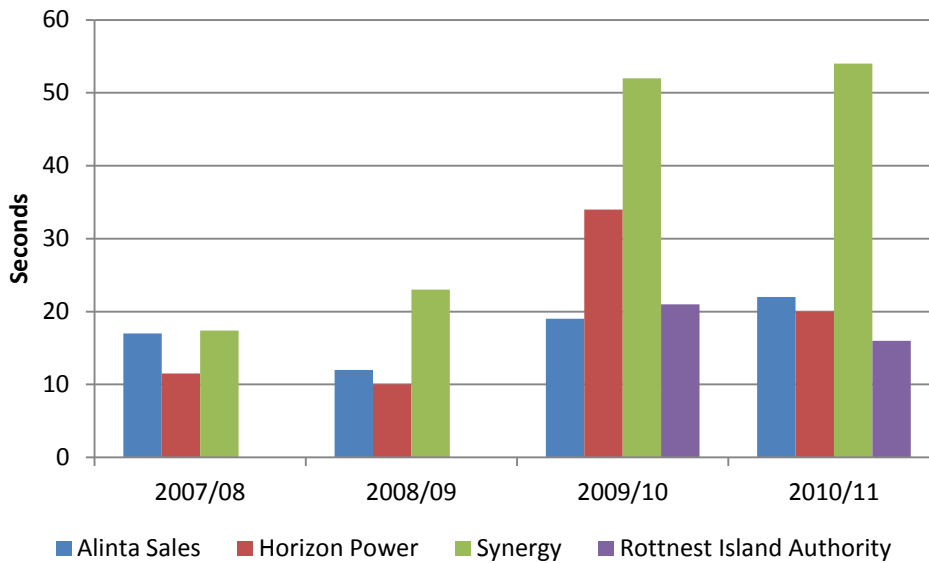


Figure 19: Percentage of calls that are unanswered by electricity retailers

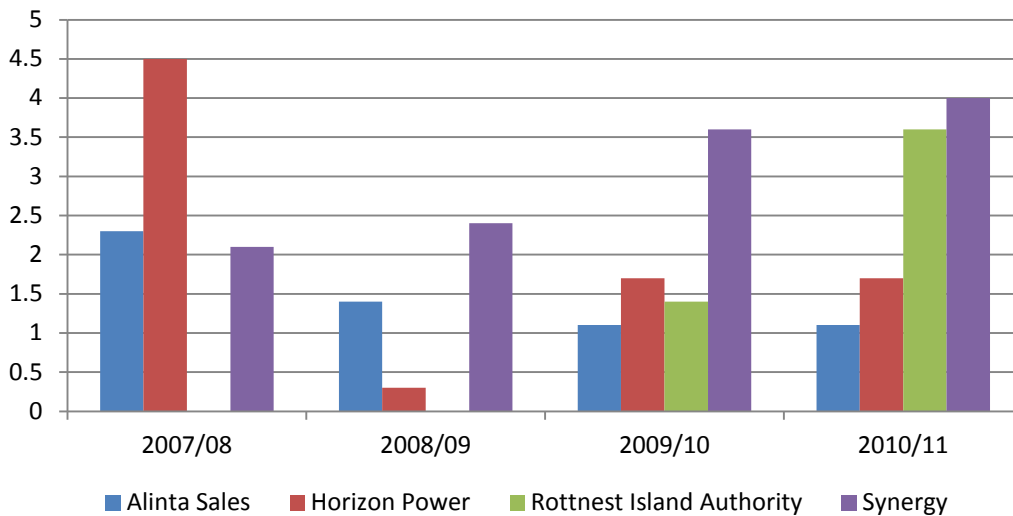


Figure 18 details the average duration before a call is answered by electricity retailers. Comparing Figure 17 with Figure 18 it can be seen that, in general, there is an inverse relationship between the percentage of calls answered within 30 seconds and the average call answer time; longer call answer times correspond to a lower percentage of calls answered within 30 seconds.

Over the past two years, Synergy customers have seen their average call answer wait time increase from 22 seconds to 54 seconds as the total volume of calls to the Synergy call centre have increased. The recent deterioration in Synergy’s call centre performance may go some way towards explaining the increase in “other” complaints (which includes poor service provided by the service provider) over the same period of time (Figure 13 and Figure 15).

Figure 19 details the percentage of calls that are unanswered (the caller hangs up before the call is answered) by electricity retailers.

2010/11 is the fourth consecutive year that Synergy has reported an increase in the level of unanswered calls. The level of unanswered calls in 2010/11 (4%) is almost double the level in 2008/09 (2.1%).

In 2010/11, Rottneest Island Authority reported a sharp increase (from 1.4% to 3.6%) in the level of unanswered calls, compared to the previous year. The increase corresponds to a large increase in the number of calls to their call centre during 2010/11 (Table 17). Both Alinta Sales and Horizon Power reported that the level of unanswered calls was little changed, compared to 2009/10.

Gas

Only two of the five gas retailers, Alinta Sales and Wesfarmers,⁵¹ operate call centres. Synergy and WorleyParsons provide telephone support to their customers using simpler telephone systems that do not record performance statistics and Perth Energy has not supplied any customers since the licence was granted.

Table 18 details the volume of calls to gas retailer call centres over the past four years. In each of the past four years there has been an increase in the state-wide volume of calls to gas retailer call centres, with Wesfarmers recording the highest ever volume of calls in 2010/11.

Table 18: Volume of calls to gas retailer call centres

Retailer	2007/08	2008/09	2009/10	2010/11
Alinta Sales	604,093	606,063	727,524	720,439
Wesfarmers	147,202	179,119	172,080	190,764
State Total	751,295	785,182	899,604	911,203

Figure 20 details the percentage of calls responded to (answered by a customer service agent) within 30 seconds by gas retailer call centres. Over the past four years the performance of both gas retailers has remained relatively unchanged, with the exception of Wesfarmers in 2009/10. In 2010/11, approximately seven out of every 10 calls to the both retailer's call centres were answered within 30 seconds.

⁵¹ The calls to the Wesfarmers call centre include calls related to gas retailing, gas distribution and all other Wesfarmers services, which needs to be considered when interpreting the data provided.

Figure 20: Percentage of gas retail calls answered within 30 seconds



Figure 21 details the average duration before a call is answered by gas retailers. The Wesfarmers figure for 2010/11 was the highest since reporting began in 2007/08. Conversely, the figure reported by Alinta Sales was lower than the preceding year and much closer to the four year average (31.5 seconds).

Figure 21: Average duration before a call is answered by gas retailers

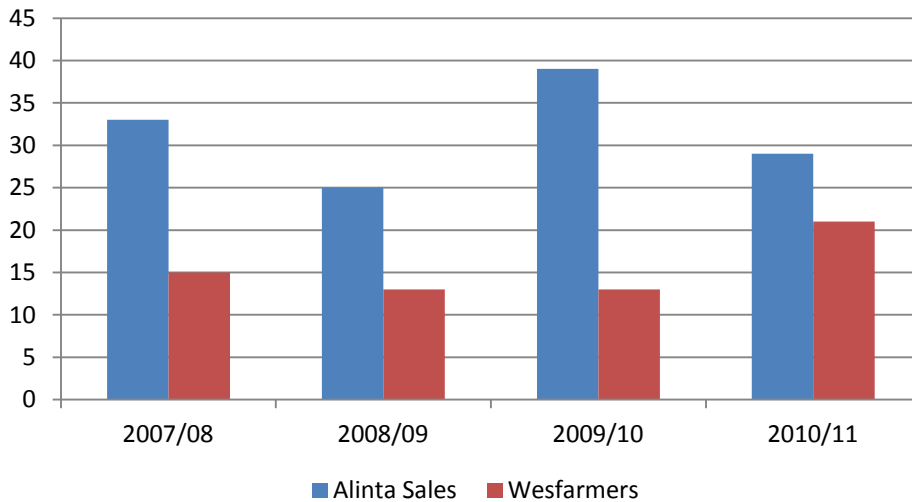
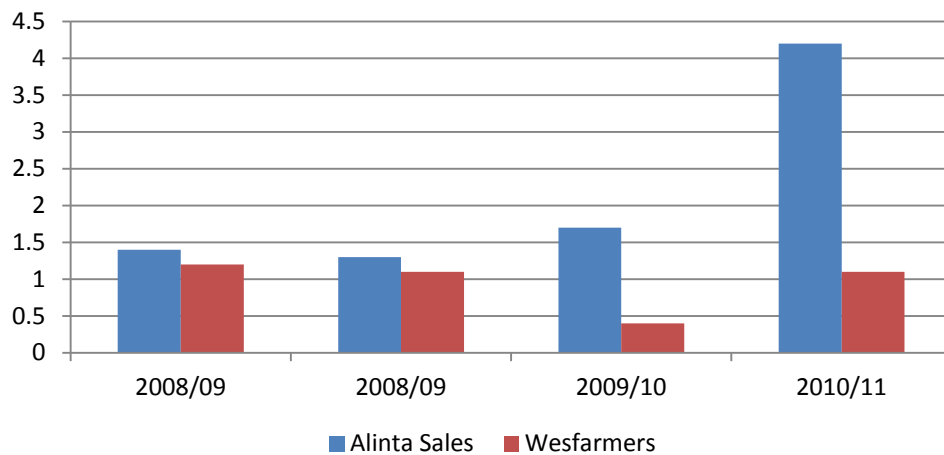


Figure 22 details the percentage of calls that are unanswered (the caller hangs up before the call is answered) by gas retailers. Alinta Sales has reported a large increase (up from 1.7% to 4.2%) in the level of unanswered calls during 2010/11. In contrast, Wesfarmers reported an increase in the level of unanswered calls during 2010/11, which corresponds to an increase in the total number of calls to the call centre.

Figure 22: Percentage of calls that are unanswered by gas retailers

Inter-jurisdictional comparison

In previous years, the Authority's performance reports on the performance of electricity retailers and gas retailers included an inter-jurisdictional comparison of the percentage of calls answered within 30 seconds. However, two of the jurisdictions that were included in the comparison, South Australia and Victoria, have not included this data in their 2010/11 energy retailer performance reports. Accordingly, the Authority has decided to discontinue the inter-jurisdictional comparison of call centre performance.

Service Standard Payments

Under the Electricity Code, service standard payments are available for:

- late reconnection, at a rate of \$60 per day up to a maximum of \$300 total (clause 14.1);
- wrongful disconnection, at a rate of \$100 per day (clause 14.2); and
- failure to acknowledge or respond to a customer query or complaint within the prescribed timeframes at a rate of \$20 for each written query or complaint (clause 14.3).

Horizon Power and Synergy were the only retailers that have made service standard payments over the past four years. Table 19 details the number of service standard payments made by Horizon Power and Synergy

In 2010/11, both Horizon Power and Synergy made more service standard payments for late reconnection and wrongful disconnection, compared to the previous year. The most marked increase was in the number of payments for late reconnection by Synergy, up from zero in 2009/10 to 44 in 2010/11.

Synergy reported making 24 payments for failure to provide a timely response to customer complaints in 2010/11, up from zero in 2009/10. The increase in service standard payments coincides with a large increase in the number of complaints made to Synergy over the past year (Figure 13 and Figure 15).

Table 19: Number of service standard payments made by electricity retailers

Retailer	Horizon Power				Synergy			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Late reconnection	1	4	0	6	14	12	0	44
Wrongful disconnection	0	1	1	3	17	4	0	4
Timely response to customer complaints	0	0	0	0	10	3	0	24

Appendix 1: Additional Retailer Performance Information

Table 20: Number of electricity customers by retailer

	Residential customers					Non-residential customers					
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11	
Alinta Sales	0	0	0	0	0	Alinta Sales	934	850	922	903	1447
Horizon Power	30,126	31,000	31,475	30,595	30,371	Horizon Power	5,242	5,630	5,905	7,249	7,159
Perth Energy	0	0	0	0	0	Perth Energy	105	204	374	568	921
RIA	74	66	91	85	85	RIA	24	33	100	90	90
Synergy	809,664	829,305	848,312	850,790	890,918	Synergy	82,350	83,590	84,315	91,366	91,763
State Total	839,864	860,371	879,878	881,470	921,374	State Total	88,655	90,307	91,616	100,176	101,380

Table 21: Number of gas customers by retailer

	Residential customers					Non-residential customers					
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11	
Alinta Sales	553,129	565,131	584,035	603,943	615,717	Alinta Sales	8,399	7,707	8,024	8,191	8,359
Synergy	0	0	0	0	0	Synergy	N/A	97	98	112	119
Wesfarmers	N/A	772	812	433	455	Wesfarmers	N/A	19	19	2	1
WorleyParsons	N/A	181	211	233	259	WorleyParsons	N/A	28	31	33	34
State Total	553,129	566,084	585,058	604,609	616,431	State Total	8,339	7,851	8,172	8,338	8,513

Table 22: Contestable and non-contestable residential electricity customers by retailer

	Contestable					Non-contestable			
	2007/08	2008/09	2009/10	2010/11		2007/08	2008/09	2009/10	2010/11
Alinta Sales	0	0	0	0	Alinta Sales	0	0	0	0
Horizon Power ¹	697	685	30,595	30,371	Horizon Power ¹	30,303	30,790	0	0
Perth Energy	0	0	0	0	Perth Energy	0	0	0	0
Synergy	4,821	4,844	4,227	1,095	Synergy	824,484	843,468	846,563	889,823
RIA ²	0	0	0	0	RIA ²	66	91	85	85
State Total	5,518	5,529	34,822	31,466	State Total	854,853	874,349	846,648	889,908

Table 23: Contestable and non-contestable residential gas customers by retailer

	Contestable					Non-contestable			
	2007/08	2008/09	2009/10	2010/11		2007/08	2008/09	2009/10	2010/11
Alinta Sales	565,131	584,035	603,687	615,717	Alinta Sales	0	0	0	0
Synergy	0	0	0	0	Synergy	0	0	0	0
Wesfarmers	0	316	433	455	Wesfarmers ³	734	496	0	0
WorleyParsons	181	211	233	259	WorleyParsons	0	0	0	0
State Total	565,312	584,562	604,353	616,431	State Total	734	496	0	0

Notes:

1. All Horizon Power customers have been considered contestable customers since 2009/10 following clarification that the 50MWh consumption threshold that applies to customers within the SWIS does not apply to Horizon Power customers.
2. All RIA customers are considered to be non-contestable because there is no other licensed electricity retailer able to retail electricity on the island.
3. Up until 2008, Wesfarmers customers supplied in Leinster were non-contestable because there were legal impediments to other retailers operating in the town. It was also, erroneously, assumed that the customers supplied in Margaret River were also non-contestable. Since 2009/10, Wesfarmers ceased retail operations in Leinster and the Authority also confirmed that all of the other Wesfarmers customers are legally contestable.

Table 24: Contestable and non-contestable non-residential electricity customers by retailer

	Contestable					Non-contestable			
	2007/08	2008/09	2009/10	2010/11		2007/08	2008/09	2009/10	2010/11
Alinta Sales	1,650	922	903	1,447	Alinta Sales	0	0	0	0
Horizon Power ¹	1,047	1,116	1,375	1,354	Horizon Power ¹	4,583	4,789	5,874	5,805
Perth Energy	0	0	0	0	Perth Energy	0	0	0	0
Synergy	12,382	12,213	9,032	8,781	Synergy	71,208	72,102	82,334	82,982
RIA	0	8	7	7	RIA ²	33	92	83	83
State Total	15,079	14,259	11,317	11,589	State Total	75,824	76,983	88,291	88,870

Table 25: Contestable and non-contestable non-residential gas customers by retailer

	Contestable					Non-contestable			
	2007/08	2008/09	2009/10	2010/11		2007/08	2008/09	2009/10	2010/11
Alinta Sales	3,205	2,583	6,340	8,359	Alinta Sales	7,026	7,684	0	0
Synergy	97	98	112	119	Synergy	0	0	0	0
Wesfarmers	13	2	2	1	Wesfarmers ³	0	18	0	0
WorleyParsons	28	31	33	34	WorleyParsons	0	0	0	0
State Total	3,343	2,714	6,487	8,513	State Total	7,026	7,684	0	0

Notes:

1. See note 1 to Table 22.
2. See note 2 to Table 22.
3. See note 3 to Table 23.

Table 26: Residential energy customers on instalment plans

Retailer	Number				Per 100 customers			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
<i>Electricity</i>								
Horizon Power	1,491	1,371	1,134	566	4.8%	4.4%	3.7%	1.9%
Synergy	20,267	21,314	13,229	30,893	2.4%	2.5%	1.6%	3.5%
Electricity Total	21,758	22,658	14,363	31,459	2.5%	2.6%	1.6%	3.4%
<i>Gas</i>								
Alinta Sales	15,541	18,832	10,031	9,890	2.8%	3.3%	1.7%	1.6%
Wesfarmers	0	11	10	13	0.0%	1.4%	1.2%	3.0%
WorleyParsons ¹	8	18	17	15	4.4%	8.5%	8.1%	6.4%
Gas Total	15,549	18,861	10,058	9,918	2.8%	3.3%	1.7%	1.6%

Notes:

1. WorleyParsons has amended the data for 2007/08 and 2008/09, because the previously reported data included Centrepay customers who were not in arrears.

Table 27: Non-residential energy customers on instalment plans

Retailer	Number				Per 100 customers			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
<i>Electricity</i>								
Alinta Sales	0	0	8	27	0.0	0.0	0.9	1.9
Horizon Power	77	59	286	98	1.4	1.0	3.9	1.4
Synergy	849	881	545	920	1.0	1.0	0.6	0.9
Electricity Total	926	940	839	1045	1.0	1.0	0.8	1.0
<i>Gas</i>								
Alinta Sales	43	44	44	23	0.5	0.6	0.5	0.3
Synergy	0	0	0	14	0.0	0.0	0.0	12.5
Wesfarmers	0	1	0	0	0.0	5.3	0.0	0.0
WorleyParsons	0	0	0	0	0.0	0.0	0.0	0.0
Gas Total	43	45	44	37	0.5	0.6	0.5	0.4

Table 28: Residential and non-residential electricity customers who have been granted additional time to pay a bill

Retailer	Number				Per 100 customers			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Residential								
Horizon Power	2,924	3,138	4,589	7,790	9.4	10.0	15.0%	25.6%
Synergy	54,102	68,158	82,223	96,148	6.5	8.0	9.7	10.8
Residential Total	57,026	71,296	86,812	103,938	6.6	8.1	9.8	11.3
Non-residential								
Alinta Sales	25	37	45	48	2.9	4.0	5.0	3.3
Horizon Power	195	212	736	1,372	3.5	3.6	10.2	19.2
Synergy	2,086	2,131	7,411	6,867	2.5	2.5	8.1	7.5
Non-residential Total	2,306	2,380	8,192	8,287	2.6	2.6	8.2	8.2

Table 29: Residential and non-residential energy customers with direct debit plans terminated as result of default

Retailer	2007/08		2008/09		2009/10		2010/11	
	<i>Residential</i>	<i>Non-residential</i>	<i>Residential</i>	<i>Non-residential</i>	<i>Residential</i>	<i>Non-residential</i>	<i>Residential</i>	<i>Non-residential</i>
Electricity								
Synergy	84	0	202	8	2,087	93	3,925	100
Gas								
Alinta Sales	540	36	697	41	624	2	642	1
Synergy	0	0	0	0	0	1	0	0

Table 30: Residential energy customers disconnected for a failure to pay a bill

	Number					Per 100 customers				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity										
Horizon Power	2,302	1,793	615	604	664	7.64	5.78	1.95	1.97	2.19
Synergy	6,535	4,833	4,188	2,744	7,631	0.81	0.58	0.49	0.32	0.86
Electricity Total	8,837	6,626	4,803	3,348	8,295	1.05	0.77	0.55	0.38	0.90
Gas										
Alinta Sales	-	12,942	16,803	17,223	10,841	-	2.29	2.88	2.85	1.76
WorleyParsons	-	4	2	9	7	-	2.21	0.95	3.86	2.70
Gas Total	-	12,946	16,805	17,232	10,848	-	2.29	2.87	2.85	1.76

Table 31: Non-residential energy customers disconnected for a failure to pay a bill

	Number					Per 100 customers				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity										
Alinta Sales	-	1	0	0	0	-	0.1	0.0	0.0	0.0
Horizon Power	39	44	33	132	19	0.74	0.78	0.56	1.82	0.27
Synergy	239	144	165	183	499	0.29	0.17	0.20	0.20	0.54
Electricity Total	278	188	198	315	518	0.31	0.21	0.22	0.31	0.51
Gas										
Alinta Sales	-	117	132	158	86	-	1.52	1.65	1.93	1.03
Gas Total	-	117	132	158	86	-	1.49	1.62	1.89	1.01

Table 32: Additional residential electricity disconnection indicators

	Number					Percentage				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Previously the subject of an instalment plan</i>										
Horizon Power	573	408	165	138	214	1.63	1.32	0.52	0.44	0.70
Synergy	1,604	816	882	711	1,993	0.18	0.10	0.10	0.08	0.22
Total	2,177	1,224	1,047	849	2,207	0.22	0.14	0.12	0.10	0.24
<i>Disconnected at the same supply address within the past 24 months</i>										
Horizon Power	780	583	231	55	153	2.22	1.88	0.73	0.19	0.50
Synergy	889	540	550	200	858	0.01	0.07	0.06	0.02	0.10
Total	1,669	1,123	781	255	1,011	0.18	0.13	0.09	0.03	0.11
<i>Concession card holders</i>										
Horizon Power	217	198	114	19	68	0.62	0.64	0.36	0.06	0.22
Synergy	1,250	797	805	1,066	2,189	0.14	0.10	0.09	0.13	0.25
Total	1,467	995	919	1,085	2,157	0.16	0.01	0.10	0.12	0.23

Table 33: Additional residential gas disconnection indicators

	Number					Per 100 customers				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Previously the subject of an instalment plan</i>										
Alinta Sales	-	524	449	274	151	-	0.09	0.10	0.04	0.02
WorleyParsons	-	1	0	1	0	-	0.60	0.00	0.40	0.00
Total	-	525	449	275	151	-	0.90	0.10	0.04	0.02
<i>Disconnected at the same supply address within the past 24 months</i>										
Alinta Sales	-	4,662	6,636	7,784	2,946	-	0.82	1.10	1.30	0.48
WorleyParsons	-	2	6	0	3	-	1.10	2.80	0.00	1.16
Total	-	4,668	6,642	7,784	2,949	-	0.82	1.10	1.29	0.48

Table 34: Inter-jurisdictional comparison of residential electricity disconnections (per 100 customers)

	New South Wales	South Australia	Tasmania	Victoria	Western Australia
2006/07	0.70	0.76	0.38	0.33	0.97
2007/08	0.60	0.85	0.39	0.29	0.77
2008/09	0.60	0.87	0.45	0.43	0.55
2009/10	0.60	0.66	0.62	0.59	0.38
2010/11	0.61	1.01	0.51	0.77	0.90

Table 35: Residential energy customers reconnected at same supply address within 7 days of disconnection

	Number					Percentage of disconnections				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity										
Horizon Power	1,236	826	350	145	120	54	46	57	24	18
Synergy	3,008	2,273	1,173	718	4,366	46	47	28	26	57
Electricity Total	4,244	3,099	1,523	863	4,486	48	47	32	26	54
Gas										
Alinta Sales	-	9,553	13,153	11,028	2,615	-	74	78	64	24
WorleyParsons	-	0	0	1	0	-	0	0	11	0
Gas Total	-	9,553	13,153	11,029	2,615	-	74	78	64	24

Table 36: Additional residential electricity reconnection indicators

	Number					Percentage of disconnections				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Previously the subject of an instalment plan</i>										
Horizon Power	-	277	98	54	46	-	67	59	39	21
Synergy	-	424	445	566	1,805	-	52	50	80	91
Total	-	701	543	620	1,851	-	57	52	73	84
<i>Disconnected at the same supply address within the past 24 months</i>										
Horizon Power	-	183	42	6	24	-	31	18	11	16
Synergy	-	189	133	111	544	-	35	24	56	63
Total	-	372	175	117	568	-	33	22	46	56
<i>Concession card holders</i>										
Horizon Power	-	168	96	6	21	-	85	84	32	31
Synergy	-	545	530	681	544	-	68	66	64	25
Total	-	713	626	687	565	-	72	68	63	26

Table 37: Additional residential gas reconnection indicators

	Number					Percentage of disconnections				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Previously the subject of an instalment plan</i>										
Alinta Sales	-	502	230	284	147	-	96	51	104 ¹	97
WorleyParsons	-	0	0	1	0	-	0	0	100	0
Total	-	502	230	285	147	-	96	51	104	97
<i>Disconnected at the same supply address within the past 24 months</i>										
Alinta Sales	-	3,874	5,640	2,546	573	-	83	85	33	19
WorleyParsons	-	0	1	0	0	-	0	17	0	0
Total	-	3,874	5,641	2,546	573	-	83	85	33	19

Notes:

1. the data in the 2009/10 gas retailers report showed a greater number of reconnections than there had been disconnections. This was clearly an error.

Table 38: Non-residential energy customers reconnected at same supply address within 7 days of disconnection

	Number					Percentage				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity										
Horizon Power	16	16	9	44	1	41	36	27	33	5
Synergy	78	56	39	49	218	33	39	24	27	44
Electricity Total	94	72	48	93	219	34	38	24	30	42
Gas										
Alinta Sales	-	32	42	67	41	-	27	32	42	48
Gas Total	-	32	42	67	41	-	74	78	64	48

Table 39: Residential energy complaints

Retailer	Number				Per 100 customers			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Electricity								
Horizon Power	195	124	174	100	0.63	0.40	0.57	0.33
Synergy	1,490	1,903	8,432	13,403	0.18	0.22	0.99	1.50
Electricity Total	1,685	2,027	8,606	13,503	0.20	0.23	0.98	1.47
Gas								
Alinta Sales	855	529	964	1,298	0.15	0.09	0.16	0.21
WorleyParsons	0	0	1	0	0.00	0.00	0.43	0.00
Gas Total	855	529	965	1,298	0.15	0.09	0.16	0.21

Table 40: Non-residential energy complaints

Retailer	Number				Per 100 customers			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Electricity								
Alinta Sales	5	4	6	6	0.59	0.43	0.66	0.41
Horizon Power	63	25	4	37	1.12	0.42	0.06	0.41
Perth Energy	-	1	1	0	-	0.27	0.18	0.00
Rottnest Island Authority	-	1	0	0	-	1.00	0.00	0.00
Synergy	80	127	832	1,865	0.18	0.22	0.99	2.03
Electricity Total	148	158	843	1,908	0.16	0.17	0.84	1.88
Gas								
Alinta Sales	30	0	4	5	0.39	0.00	0.05	0.06
Synergy	1	0	14	1	1.03	0.00	12.50	0.84
Gas Total	31	0	18	6	0.39	0.00	0.22	0.07

Table 41: Residential electricity complaints by complaint category

Retailer	Billing (%)				Marketing (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Horizon Power	8.2	51.6	36.2	42.0	0.0	0.8	0.0	0.0
Synergy	84.0	83.8	89.1	94.3	16.0	8.5	1.5	1.3
Retailer	Transfer (%)				Other (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Horizon Power	0.0	0.0	0.0	0.0	91.8	47.6	63.8	58.0
Synergy	0.0	0.0	0.0	0.0	0.0	7.7	9.4	4.4

Table 42: Residential gas complaints by complaint category

Retailer	Billing (%)				Marketing (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Alinta Sales	29.0	32.5	39.5	41.4	5.0	1.9	1.6	1.3
Retailer	Transfer (%)				Other			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Alinta Sales	0.0	0.0	0.0	0.0	66.0	65.6	58.9	57.3

Table 43: Non-residential electricity complaints by complaint category

Retailer	Billing (%)				Marketing (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Horizon Power	20.6	52.0	50.0	43.3	0.0	0.0	0.0	0.0
Synergy	80.0	93.7	88.3	95.2	20.0	1.1	1.2	1.3
Retailer	Transfer (%)				Other (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Horizon Power	0.0	0.0	0.0	0.0	79.4	48.0	50.0	56.7
Synergy	0.0	0.0	0.0	0.1	0.0	5.5	10.6	3.4

Table 44: Non-residential gas complaints by complaint category

Retailer	Billing (%)				Marketing (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Alinta Sales	33.3	0.0	0.0	60.0	0.0	0.0	0.0	20.0
Synergy	100.0	0.0	57.1	100.0	0.0	0.0	0.0	0.0
Retailer	Transfer (%)				Other (%)			
	2007/08	2008/09	2009/10	2010/11	2007/08	2008/09	2009/10	2010/11
Alinta Sales	0.0	0.0	0.0	0.0	66.7	0.0	100.0	20.0
Synergy	0.0	0.0	0.0	0.0	0.0	0.0	42.9	0.0

Table 45: Number of calls received by energy retailers' contact centres.

Retailer	2006/07	2007/08	2008/09	2009/10	2010/11
<i>Electricity</i>					
Alinta Sales	1,659	2,829	2,681	2,173	2,452
Horizon Power	111,919	85,356	94,018	89,200	71,215
Rottnest Island	-	-	-	1,027	5,272
Synergy	1,007,865	927,241	919,948	1,257,153	1,439,432
Electricity Total	1,121,443	1,015,426	1,012,009	1,349,553	1,518,371
<i>Gas</i>					
Alinta Sales (Gas)	-	604,093	606,063	727,524	720,439
Wesfarmers	-	147,202	179,119	172,080	190,764
Gas Total	-	751,295	785,182	899,604	911,203

Table 46: Average duration before a call is answered and the percentage of calls that are answered within 30 seconds

	Average duration before a call is answered (seconds)					Percentage answered within 30 seconds				
	2006/07	2007/08	2008/09	2009/10	2010/11	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity										
Alinta Sales	33.0	17.0	12.0	19.0	22.0	64.1%	70.9%	84.3%	77.8%	73.3%
Horizon Power	26.5	11.5	10.0	34.0	20.0	70.0%	83.4%	90.9%	83.4%	88.0%
Rottnest Island	-	-	-	21.0	16.0	-	-	-	94.6%	97.3%
Synergy	56.8	17.4	23.0	52.0	54.0	62.8%	80.2%	78.7%	72.0%	70.2%
Electricity Total	38.8	15.3	15.0	31.5	52.2	63.5%	80.4%	79.8%	72.8%	71.1%
Gas										
Alinta Sales	-	33.0	25.0	29.0	29.0	-	79.9%	80.9%	77.8%	78.5%
Wesfarmers	-	15.0	13.0	13.0	21.0	-	80.1%	80.0%	93.1%	79.1%
Gas Total	-	29.5	22.3	25.9	27.3	-	79.9%	80.7%	80.7%	78.6%

Table 47: Percentage of unanswered calls

Percentage of unanswered calls					
	2006/07	2007/08	2008/09	2009/10	2010/11
Electricity					
Alinta Sales	1.9	2.3	1.4	1.1	1.1
Horizon Power	9.4	4.5	0.3	1.7	1.7
Rottnest Island	-	-	-	1.4	3.6
Synergy	5.1	2.1	2.4	3.6	4.0
Electricity Total	5.5	2.3	2.2	3.5	3.9
Gas					
Alinta Sales	-	1.4	1.3	1.7	4.2
Wesfarmers	-	1.2	1.1	0.4	1.1
Gas Total		1.4	1.3	1.5	3.6

Appendix 2: Licence Area Maps of the State



Figure 23: Electricity Licensing Areas in Western Australia

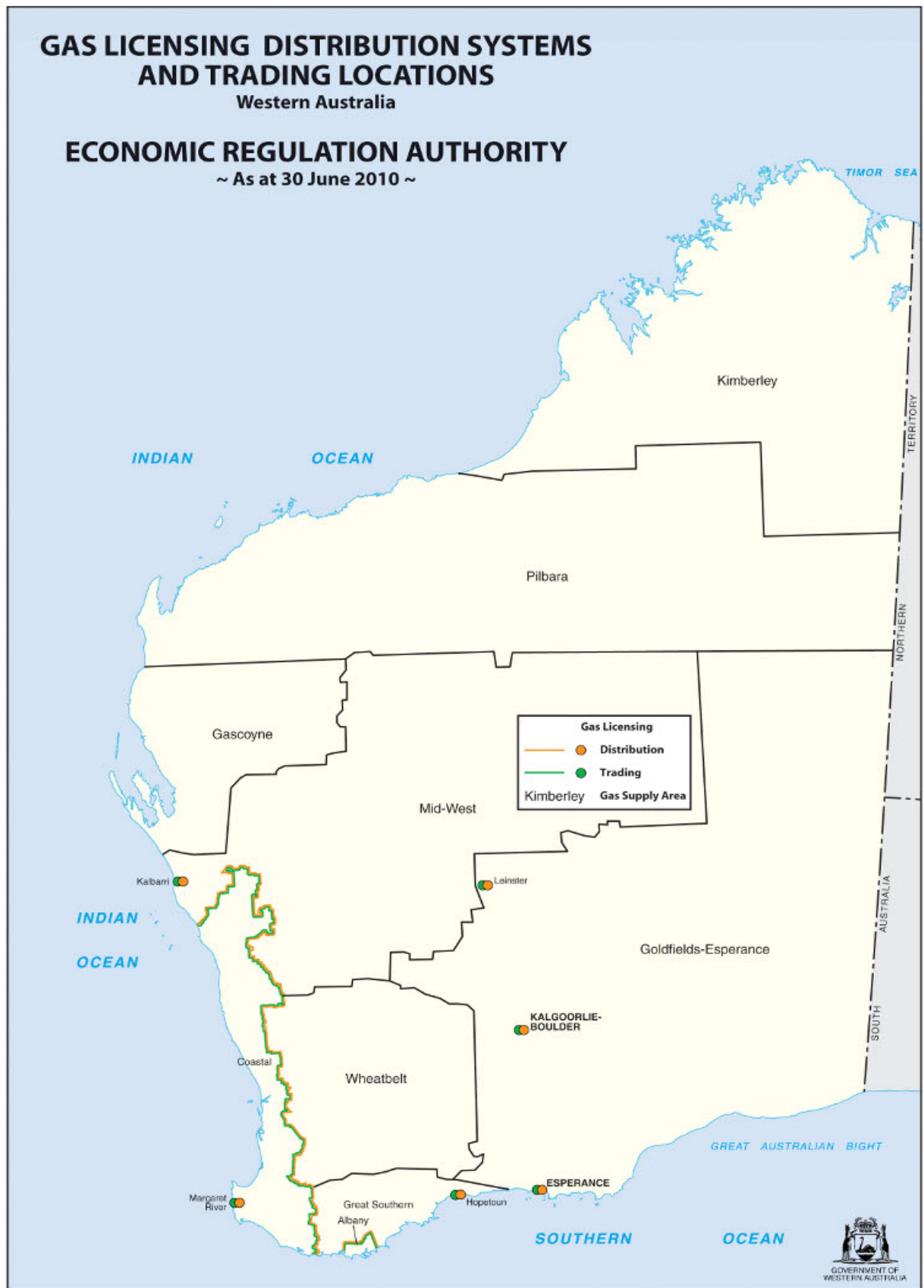


Figure 24: Gas Distribution and Trading Areas in Western Australia