



# PUBLICATION

## 2011/12 Annual Performance Report – Energy Retailers

The Economic Regulation Authority today approved the publication of the 2011/12 Annual Performance Report - Energy Retailers (**Retailer Report**). The 2011/12 report continues the Authority's oversight of the performance of electricity and gas retailers supplying small use customers.<sup>1</sup>

The purpose of the report is to bring transparency and accountability to the performance of electricity retailers and gas trading licensees who supply small use customers. The Retailer Report focuses on the performance data provided by energy retailers in relation to: affordability; access to supply; customer service and compensation payments.

The key findings in the report are detailed below.

### Affordability

Compared to 2011, Horizon Power reported significant increases in the percentage of customers who were granted more time to pay a bill, and who were placed on instalment plans; Synergy reported a mixed picture, with modest increases in the percentage of residential and non-residential electricity customers placed on an instalment plan and a slight fall in the number of residential customers granted more time to pay a bill.

During 2012, the percentage of Alinta Energy's<sup>2</sup> residential gas customers placed on an instalment plan was unchanged from the previous year. However, the percentage of residential customers placed on a plan by WorleyParsons was the highest on record.

### Disconnections and Reconnections

#### Electricity

This report shows that total residential disconnections have fallen in 2012 (from 0.90 to 0.87 per 100 customers), and total small business disconnections have also decreased (from 0.51 to 0.47 per 100 customers). The 2010/11 report highlighted the large increase in the total residential electricity disconnection rate (up from 0.38 to 0.90 per 100 customers); it can be seen that the total residential disconnection rate in 2012 remains much higher than it was in 2010.

Compared to 2011, Horizon Power's residential disconnection rate has fallen from 2.19 to 0.96 per 100 customers, while the non-residential disconnection rate has fallen from 0.27 to 0.14 per 100 customers.

Synergy's residential disconnection rate in 2012 (0.86 per 100 customers) was unchanged from 2011, while the non-residential disconnection rate fell slightly (from 0.54 to 0.50 per 100 customers).

The Authority generally views a lower level of reconnections within seven days of disconnection (**reconnection rate**) over time as a positive indicator for the effectiveness of a

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

<sup>2</sup> Alinta Energy is the trading name of Alinta Sales Pty Ltd, which holds the gas trading licence.

retailer's financial hardship policies. The customers who are reconnected within seven days of disconnection are a mixture of customers who choose not to pay their bills until they are disconnected and those who are unable to pay because they are in financial distress. Disconnecting customers who choose not to pay their bills is generally a necessary action for retailers to take to protect their business interests. However, among the customers who are in financial distress when they are disconnected are those customers who might have been able to avoid disconnection had they been granted a little more time to make a payment, or been provided with financial hardship assistance by the retailer. Retailers with effective hardship policies are able to identify and assist these customers before they are disconnected, which then reduces the reconnection rate.

In 2012, Horizon Power reconnected 17% (down from 18%) of disconnected residential customers and 8% (up from 5%) of non-residential customers within seven days of disconnection.

In 2012, Synergy reconnected 59% (up from 57% in 2011) of residential and 35% (down from 44% in 2011) of non-residential customers within seven days of disconnection. The Authority is concerned that nearly six out of every 10 disconnected residential customers are reconnected within seven days. The Authority sees this as an indication that there is scope for Synergy to further improve their identification of customers who need to be offered assistance (such as an instalment plan, or to be placed on a financial hardship program), before they are disconnected.

## **Gas**

During 2012, the number of residential gas disconnections by Alinta Energy declined to 1.52 per 100 customers (down from 1.76 in 2011), and small business disconnections were slightly higher than in 2011 (up from 1.03 to 1.10 per 100 customers). While the recent falls in Alinta Energy's residential disconnections is welcomed by the Authority, the gap between the residential electricity and gas disconnection rates suggest that Alinta Energy needs to do more to keep customers connected.

## **Customer Service**

The number of complaints received by electricity retailers fell significantly during 2012. This is due to a 50% fall in the number of billing complaints received by Synergy as a result of rectifying some of the major issues arising from the introduction of their new billing system in late 2009. The number of complaints received by gas retailers continues to be considerably less than those received by electricity retailers.

The overall level of telephone service provided by electricity and gas retailers during 2012 remains similar to the previous year, except for Wesfarmers which had service levels deteriorated in the face of an increase in their call volume.

A copy of the [Retailer Report](#) is available on the Authority's website.

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