

2007/08 Annual Performance Report Gas Trading Licences

March 2009

Economic Regulation Authority



WESTERN AUSTRALIA

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Summary

This is the second annual report published by the Authority that examines the performance of gas trading licensees (gas retailers) who supply small use¹ customers in Western Australia.

The 2006/07 report² was based on the information reporting requirements set out in gas licences that were current until June 2007³. The Authority has now completed its review of gas distribution and trading licences and existing licences were substituted with new standard form licences that contain a condition requiring the licensee to provide information to the Authority in connection with the Authority's functions under the Act. The Authority has defined the compliance and performance information that it requires gas licensees to provide through its Gas Compliance Reporting Manual⁴ (**Reporting Manual**). The performance reporting indicators for gas trading licences contained in the Reporting Manual include the performance reporting indicators contained in the National Energy Retail Performance Indicators document published by the SCONRRR in 2007⁵ (**2007 SCONRRR Framework**).

It is not possible in this report to compare the 2006/07 performance data with the 2007/08 performance data due to the changes to the performance indicators and the way in which they are defined. While the report only presents data for 2007/08, this dataset will provide a point of comparison for the annual performance reports produced in future years.

Customers

By 30 June 2008, the Western Australian gas retail market comprised just under 580,000 residential and non-residential customer accounts. This retail market is dominated by Alinta Sales which currently retails to 99.8% of residential and 98.9% of non-residential customers. Changes to the Gas Market Moratorium in July 2007 lowered the customer consumption threshold applying to Synergy from 1TJ to 0.18TJ. Since, then Synergy has acquired a 2.9% share of the contestable non-residential market previously supplied exclusively by Alinta Sales. However, in its licensed supply areas, Alinta Sales continues to be the sole supplier of gas to the small use residential market, which comprises just over 565,000 customers.

The remaining 1,000 small use customers are divided between Wesfarmers and WorleyParsons, who both retail gas to customers via small distribution networks that they also own and operate.

Affordability

Underlying trends and movements in access and affordability cannot be obtained from a single year's data.

¹ Small use customers consume less than 1TJ of gas per annum.

² 2006/07 Annual Performance Report – Gas Distribution and Trading Licences which can be found on the Authority's web site: http://www.era.wa.gov.au/2/468/51/reports_decisi.pm

³ The 2006/07 report presented performance data for both gas distribution and gas trading licensees. For 2007/08 and future years, separate performance reports will be prepared with respect to gas distribution and gas trading.

⁴ Gas Compliance Reporting Manual which can be found on the Authority's web site: http://www.era.wa.gov.au/2/319/51/regulatory_guid.pm

⁵ Utility Regulator's Forum: Steering Committee on National Regulatory Reporting Requirements (Retail Working Group) - National Energy Retail Performance Indicators, May 2007

The large number of customers entering into instalment payment plan arrangements or who have had a direct debit arrangement terminated for payment failure, do however suggest that there might be a significant number of customers experiencing difficulties in meeting their utility costs.

With respect to direct debit terminations, Alinta Sales, who was the only trader to report, commented that “this measure in part reflects issues other than affordability. For example, direct debits are terminated when incorrect account details are supplied, the account has been closed and when credit card details have expired”. Alinta Sales has established the Alinta Care programme, with funding of \$100,000 per annum to assist customers facing genuine financial hardship pay their Alinta account.

The Authority plans to introduce the Gas Customer Code 2008 from 1 July 2009⁶. Among other things, the Code requires gas trading licensees to develop a hardship policy, which should assist customers facing financial hardship to identify the assistance that is available to them.

Disconnections and Reconnections

Disconnections for Non-Payment

Table 1 shows that, in 2007/08, the percentage of residential disconnections in Western Australia is significantly higher compared than that experienced in both Victoria and South Australia – almost 6 times higher than in Victoria and 1.4 times higher than in South Australia.

Table 1: Inter-jurisdictional comparison of residential disconnections in 2007/08

	Disconnections per 100 residential customers		Disconnections per 100 non-residential customers	
	2006/07	2007/08	2006/07	2007/08
Western Australia	N/A	2.29⁷	N/A	0.9
Victoria ⁸	0.5	0.39	0.56	0.45
South Australia ⁹	0.86	1.06	0.83	1.74

The view that a significant number of customers are experiencing difficulties in maintaining continuity of supply is further supported by the overall percentages of residential customers disconnected who were previously the subject of an instalment plan or had previously been disconnected at the same supply address within the previous 24 months.

This comparative data suggests that there is scope for gas retailers in Western Australia to refine their internal policies and procedures to reduce the level of residential and non-residential disconnections, including through a more active management of issues related to customer access and affordability. The planned introduction, from 1 July 2009, of the Gas Customer Code 2008¹⁰ will prescribe the process to be followed by licensees before

⁶ More information on the Code is available on the Authority's web site:
http://www.era.wa.gov.au/3/462/51/gas_customer_co.pm

⁷ This number has been rounded to one decimal place in table 7.

⁸ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

⁹ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

¹⁰ More information on the Code is available on the Authority's web site:
http://www.era.wa.gov.au/3/462/51/gas_customer_co.pm

a customer can be disconnected for non-payment, which might lead to a further reduction in the level of disconnections.

Reconnections

Approximately 75% of residential customers and 27% of non-residential customers who were disconnected for non-payment were reconnected within 7 days of being disconnected. While this may indicate that there was a large number of disconnections of customers who can pay, but choose not to pay, or of customer experiencing payment difficulties subsequently obtaining assistance, it may also be suggestive that there is scope for retailers to refine their policies to reduce the level of disconnections.

Complaints

The majority of both residential and non-residential customer complaints relate to 'Other' issues (which includes connection, disconnection and reconnection), followed by 'Billing'. For residential customers, there were a small number of 'Marketing' complaints recorded by Alinta Sales.

Table 2 shows that the overall level of customer complaints recorded by Western Australian retailers is substantially lower than the level in South Australia and Victoria. One possible explanation for this difference is the existence of full retail contestability in other markets, leading to an increase in marketing and the number of transfers, service orders and other transactions processed by retailers. This in turn contributes to higher levels of complaints.

Table 2: Inter-jurisdictional comparison of complaints per 100 customers

	Western Australia	Victoria	South Australia
Total complaints per 100 residential customers	0.15	0.43 ¹¹	0.48 ¹²

Alinta Sales reported that 98.8% of its residential complaints and 100% of its non-residential complaints were concluded within 15 business days. Synergy reported that its one non-residential complaint was concluded within 15 business days. .

Contact Centre Performance

Only two gas retailers, Alinta Sales and Wesfarmers, operate contact centres. The percentage of operator calls responded to within 30 seconds is similar for Alinta Sales and Wesfarmers, although the percentage of unanswered calls for Alinta Sales (1.4%) was significantly higher than that recorded by Wesfarmers (0.2%).

Table 3 shows that the percentage of operator calls responded to within 30 seconds by the Western Australian gas retailers is broadly comparable with the performance of retailers in South Australia and Victoria.

¹¹ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

¹² ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

Table 3: Inter-jurisdictional comparison of the percentage of operator calls responded to within 30 seconds

	Western Australia	Victoria	South Australia
Percentage of operator calls responded to within 30 seconds	80.0	78.0 ¹³	84.6 ¹⁴

¹³ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which is a valid comparison because the same call centre is handling all of the customer calls.

¹⁴ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which is a valid comparison because the same call centre is handling all of the customer calls.

Purpose of the Report

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

This report focuses on the performance data provided by gas retailers in accordance with the performance reporting obligations set out in the Reporting Manual¹⁵.

The report focuses on performance in the following areas:

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

Gas Retail Market Structure

Gas licensing is regulated by the *Energy Coordination Act 1994 (Act)*. Part 2A of the Act deals with the licensing of gas supply. The functions of the Authority¹⁶ 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.
- b) **Trading** - which authorises the licensee to sell to small use¹⁷ customers, gas that is transported through a distribution system.

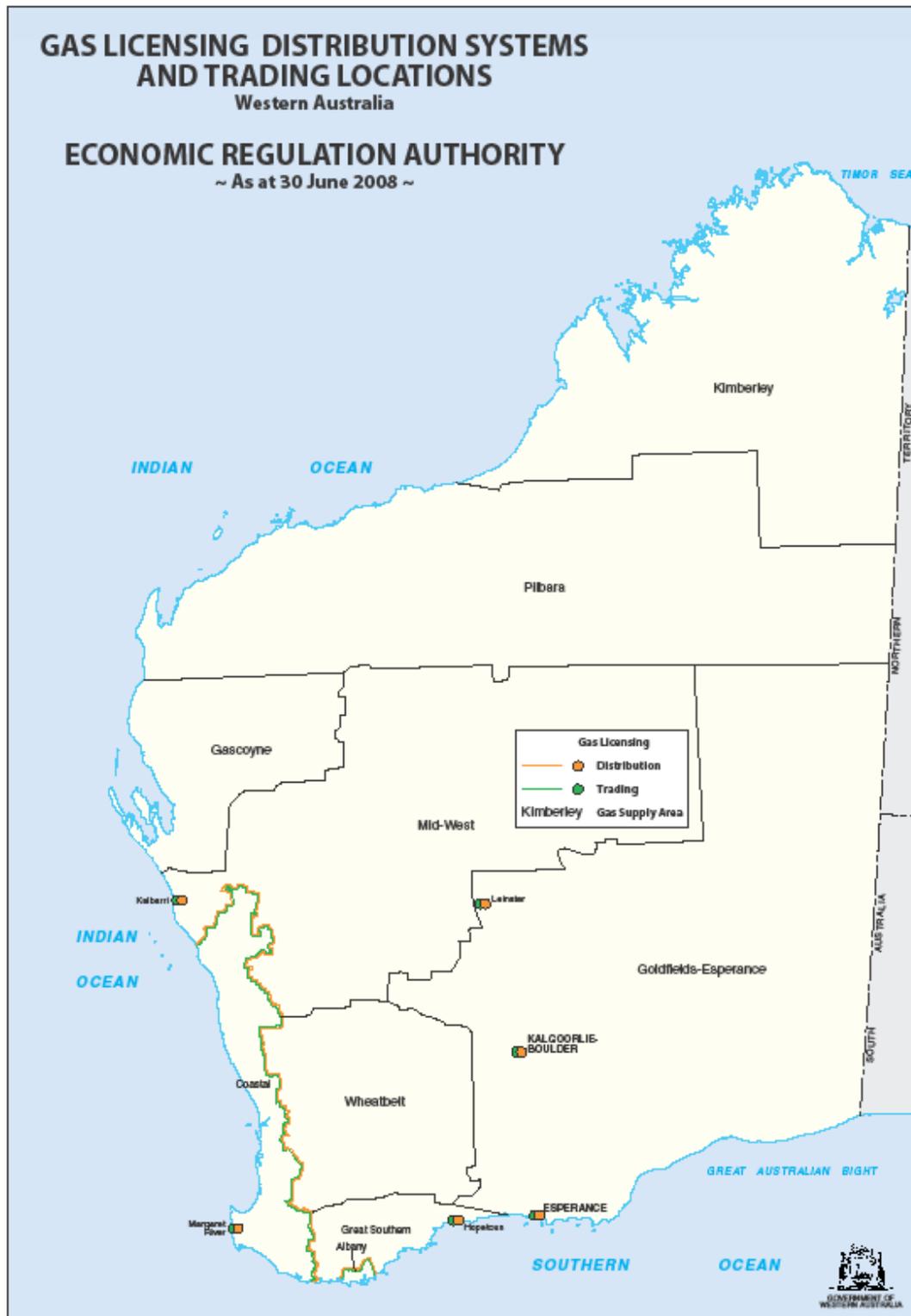
Gas trading licences permit the retailer to supply gas in one or more supply areas, or one or more parts of one or more supply areas. Figure 1 shows the eight gas supply areas in the State and the locations of gas trading operations that are currently licensed by the Authority.

¹⁵ Gas Compliance Reporting Manual which can be found on the Authority's web site: http://www.era.wa.gov.au/2/319/51/regulatory_guid.pm

¹⁶ Section 11AA of the Act.

¹⁷ A small use customer is defined as a customer who consumes less than 1TJ of gas per annum.

Figure 1: Gas Supply Areas in Western Australia



During 2007/08, there were five gas retailers participating in the market. Note that for the purposes of this report, the terms 'gas trader' and 'gas retailer' are interchangeable:

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

This number of gas retailers has increased from three in 2006/07 with the entry of Synergy (1 July 2007) and Origin Energy Retail (9 June 2008) into the market. Performance data is not presented for Origin Energy Retail in this report as its licence was not issued until the final month of the 2007/08 reporting year.

In 2007/08, the Western Australian gas retail market comprised just over 576,000 residential and non-residential customer accounts.

This retail market is dominated by Alinta Sales which holds a licence to retail gas in the Coastal, Goldfields-Esperance and Great Southern supply areas. Alinta Sales currently retails to 99.8% of all small use customer accounts.

Origin Energy Retail supplies reticulated LPG¹⁸ in Kalbarri, Wesfarmers Kleenheat supplies reticulated LPG in Leinster¹⁹ and Margaret River and WorleyParsons supplies natural gas in Esperance.

In July 2007, the monopoly structure of the three largest gas supply areas in the State changed as a result of Synergy (the largest electricity retailer in the State) acquiring a licence to retail gas in an area that includes the Coastal, Goldfields-Esperance and Great Southern supply areas²⁰. The entry of Synergy into the gas retail market follows the changes to the Gas Market Moratorium²¹ in July 2007 that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum.

For the purposes of this report, the following definitions apply to customers who are supplied by Alinta Sales:

- Contestable small use customers are customers who consume between 0.18TJ and 1TJ of gas per annum; and
- Non-contestable small use customers are customers who consume less than 0.18TJ of gas per annum.

¹⁸ Liquefied Petroleum Gas.

¹⁹ Wesfarmers Kleenheat supplies gas in Leinster under contract to a resources company.

²⁰ The Synergy licence operating area is the area covered by the South West Interconnected System (SWIS), which is the same as the operating area covered by their electricity retail licence.

²¹ More information on the Gas Market Moratorium and related issues can be found on the Office of Energy's web site: http://www.energy.wa.gov.au/2/3177/64/gas_market_mora.pm

Gas Compliance Reporting Manual

The Authority has now completed its review of gas distribution and trading licences. Existing licences were substituted with new standard form licences between August 2007 and March 2008.

The new standard form licences contain a condition requiring the licensee to provide information to the Authority in connection with the Authority's functions under the Act. The Authority has defined the compliance and performance information that it requires licensees to provide in the Reporting Manual. The Authority published the Reporting Manual in September 2007, and subsequently published a revised Reporting Manual in March 2008²².

The Reporting Manual includes details of the reports that gas licensees must provide to the Authority and the timing of those reports. The performance reporting indicators for gas trading licences contained in the Reporting Manual incorporate the performance reporting indicators contained in the National Energy Retail Performance Indicators document published in the 2007 SCONRRR Report. Adopting the 2007 SCONRRR Framework provides a platform for comparing the performance of Western Australian gas trading licensees with gas retailers in other jurisdictions. The Reporting Manual requires Western Australian gas retailers to report against the 2007 SCONRRR performance framework, which opens up the potential to compare gas and electricity retailer performance within the Western Australian market.

The transitional provisions in the Reporting Manual require gas trading licensees to submit performance reports for the 2007/08 reporting year on a best endeavours basis, with fully compliant reporting commencing from 2008/09. This approach gives licensees time to implement data collection systems that are consistent with the performance reporting framework set out in the Reporting Manual.

The Authority has published MS Excel Retail Data Sheets and a Gas Trading Licence Performance Reporting Handbook²³ to assist retailers with the reporting process.

²² The Reporting Manual was revised to incorporate amendments to the performance reporting frameworks for electricity retailers and electricity distributors resulting from the review of the Code of Conduct for the Supply of Electricity to Small Use Customers 2008, details of which are available on the Authority's web site:
http://www.era.wa.gov.au/3/596/51/200607_review_o.pm.

²³ Gas Trading Licence Performance Reporting Handbook which can be found on the Authority's web site:
http://www.era.wa.gov.au/2/319/51/regulatory_guid.pm

GAS TRADER PERFORMANCE

Customers

In 2007/08 there were four gas retailers active in the small use²⁴ residential and non-residential gas market: Alinta Sales; Synergy; Wesfarmers Kleenheat and WorleyParsons. Synergy is a new entrant during this period, entering the market on 1 July 2007. Although Origin Energy Retail was issued with a licence on 9 June 2008, it was not actively retailing gas during the reporting period ending 30 June 2008.

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

Table 4 provides a breakdown of the number of residential and non-residential accounts²⁵ held by contestable and non-contestable customers. It can be seen that the contestable market currently only represents 0.6% of the total number of customers.

Table 4: Number of contestable and non-contestable customers in 2007/08

Retailer	Number of Residential Customers		Number of Non-Residential Customers		Total Number of Customers	
	Contestable	Non-contestable	Contestable	Non-contestable	Contestable	Non-contestable
Alinta Sales	0	565,131	3,205	10,231	3,205	575,362
Synergy	0	0	97	0	97	0
Wesfarmers	316	456	2	18	318	474
WorleyParsons	181	0	28	0	209	0
State Total	497	565,587	3,332	10,249	3,302	575,836

Alinta Sales, who supply the South West coastal areas of the State, including Perth, and the Goldfields is the largest gas retailer with 99.8% of residential and 98.9% of non-residential customers.

As noted earlier in this report, the entry of Synergy into the small use gas retail market in Alinta Sales' traditional monopoly retail area occurred following changes to the Gas Market Moratorium²⁶ in July 2007 that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum. Since then, Synergy has acquired a 2.9% share of the contestable non-residential market previously supplied exclusively by Alinta Sales.

Wesfarmers retail in Margaret River and Leinster supplying customers from gas distribution systems that they also operate. The Margaret River customers are contestable whereas, because Leinster is a mining town accessible by invitation only, the Leinster customers are all non-contestable.

WorleyParsons retail gas in Esperance to customers who are supplied by a distribution system operated by a related company. However, all of the customers supplied by the distribution system are considered to be contestable because another retailer could obtain a licence and apply for access to the Esperance distribution network.

²⁴ Small use customers consume less than 1 TeraJoule (TJ) of gas per annum.

²⁵ For the purposes of this report a customer is equivalent to a customer account. Throughout the remainder of the report the term customer will be used.

²⁶ More information on the Gas Market Moratorium and related issues can be found on the Office of Energy's web site: http://www.energy.wa.gov.au/2/3177/64/gas_market_mora.pm

Affordability

The credit management policies of retailers impact access to gas services, particularly for those customers experiencing financial hardship or payment difficulties. This section of the report assesses the effectiveness of policies implemented by retailers to facilitate access to gas supply by residential customers.

Key measures of performance include the number of customers who:

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

Wesfarmers and Synergy have reported zero data for the affordability measures defined in Part 14 of the Reporting Manual. WorleyParsons has reported zero data for the affordability measure of direct debit plans terminated as a result of default. Consequently, the remainder of this section focuses on the performance of Alinta Sales and WorleyParsons (where relevant).

Customers on Instalment Payment Plans

Table 5 provides details of the number of customers who were on instalment payment plans during 2007/08.

Table 5: Customers on instalment payment plans during 2007/08

Retailer	Residential Customers		Non-residential Customers	
	Number	(%)	Number	(%)
Alinta Sales	15,541	2.5	43	0.3
WorleyParsons	8	4.4	0	0
Total Customers	15,563	2.7	43	0.3

WorleyParsons reported a high proportion of its residential customers accessing instalment plan arrangements in 2007/08 – 22 out of a total of 181 residential customers.

WorleyParsons commented that the “gas supply area in Esperance that has a high state housing presence and therefore consumers in the lower socio-economic spectrum. This {customers on instalment payment plans} figure, in part, affirms our licence obligations and customer service charter commitment to provide energy supply to the wider Esperance community”.

The proportion of Alinta Sales’ residential customers entering into instalment payment plan arrangements suggest that there might be a significant number of customers experiencing difficulties in meeting their utility costs. Alinta Sales commented that it “actively promotes instalment payment plans as a convenient method for customers to manage their gas accounts. Customers that face payment difficulties are encouraged to enter into an instalment plan to pay their outstanding account and to assist in budgeting for future accounts over the next 12 month period. Customers that elect to enter into an instalment payment plan are actively managed and communicated with on an ongoing basis, and do not face the threat of disconnection”.

Direct Debit Plans terminated as a result of default

Table 6 provides details of the number of direct debit plans terminated as a result of payment default during 2007/08.

Table 6: Direct debit plans terminated for default during 2007/08

Retailer	Residential Customers		Non-residential Customers	
	Number	(%)	Number	(%)
Alinta Sales	12,408	13.0	36	7.2

Table 6 indicates both that a large proportion of Alinta Sales' residential customers have direct debit plans, and that a significant percentage of these had their direct debit plans terminated for payment default.

As with the number of customers on instalment payment plans, the percentage of customers who have had their direct debit plans terminated suggests that there might be a significant number of customers experiencing difficulties in meeting their utility costs.

Alinta Sales advised that it "actively promotes direct debits as a convenient "set-and-forget" payment option. Around 18% of Alinta Sales' customers now pay their gas accounts on the due date through a direct debit payment" and went on to comment that "the number of direct debits arrangements that were terminated in part also reflects issues other than affordability. For example, direct debits are terminated when incorrect account details are supplied, the account has been closed and when credit card details have expired. In all cases, when direct debits are terminated, customers are contacted in an attempt to resolve the issue that led to the direct debit being terminated".

Alinta Sales advised that "to assist customers facing genuine financial hardship, it had established the Alinta Care programme. This programme makes available funding of \$100,000 per annum to assist customers facing genuine financial hardship pay their Alinta account. The Alinta Care programme is managed and delivered on behalf of Alinta Sales by a financial counselling organisation".

The Authority has announced plans to introduce the Gas Customer Code 2008 from 1 July 2009²⁷. Among other things, the Code requires gas trading licensees to develop a hardship policy, which should assist customers facing financial hardship to identify the assistance that is available to them.

Disconnections and Reconnections

The customer disconnection and reconnection reporting obligations applying to gas retailers in the Reporting Manual have been aligned with the retail performance framework adopted by the Utility Regulators Forum (2007 SCONRRR Framework)²⁸. This makes it possible to compare the access performance of gas retailers (disconnections and reconnections) with gas retailers in other jurisdictions that have also adopted the 2007 SCONRRR Framework.

²⁷ More information on the Code is available on the Authority's web site:
http://www.era.wa.gov.au/3/462/51/gas_customer_co.pm

²⁸ National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007.

Residential Disconnections

Wesfarmers and Synergy have reported zero data for residential disconnections for payment failure in 2007/08. Consequently this section addresses only the performance data for Alinta Sales and WorleyParsons. Table 7 details the overall level of residential customer disconnections for payment failure for 2007/08²⁹.

Table 7: Residential customers disconnected for failure to pay a bill during 2007/08

Retailer	2007/08	
	Number of residential disconnections	Residential disconnections (%)
Alinta Sales	12,942	2.3
WorleyParsons	4	2.2
State Total	12,946	2.3

Table 7 shows that the proportion of customer disconnections for payment failure were similar for both Alinta Sales and WorleyParsons.

Table 8 provides additional information about residential customer disconnections for customers on Government rebate arrangements or who may have previously experienced payment difficulties.

Table 8: Additional residential customer disconnection indicators for 2007/08

Retailer	Residential customers disconnected who were previously the subject of an instalment payment plan		Residential customers disconnected at the same supply address within the past 24 months		Residential customers disconnected while receiving a Government funded rebate	
	Number	(%) ³⁰	Number	(%) ²⁶	Number	(%) ²⁶
Alinta Sales	524	3.4	4,662	0.8	N/A	N/A
WorleyParsons	1	0.6	2	1.1	0	0

The proportion of residential customers disconnected who were previously the subject of an instalment plan are materially higher for Alinta Sales than for WorleyParsons, whereas the proportion of customers disconnected who had previously been disconnected at the same supply address within the previous 24 months is broadly similar.

Table 8 can be interpreted as indicating there is a population of residential customers who are experiencing ongoing difficulties with the payment of their gas bills.

Neither retailer reported the disconnection of any residential customers receiving a Government funded rebate. However, eligible Western Australian residential customers receive an energy rebate, which is applied to the supply charges levied for their electricity supply by their electricity retailer. Therefore neither Alinta Sales nor WorleyParsons is aware of those customers who are receiving a rebate.

²⁹ If a customer is subject to more than one disconnection during the reporting period, then each disconnection is reported separately. The indicator measures the number of disconnection events rather than the number of customers experiencing disconnection.

³⁰ This is expressed as the percentage of the total customers who were disconnected.

Non-residential Disconnections

Alinta Sales was the only retailer to have reported non-zero data for non-residential disconnections for payment failure in 2007/08. These are detailed in Table 9.

Table 9: Non-residential customers disconnected for failure to pay a bill during 2007/08

Retailer	2007/08	
	Number of non-residential disconnections	Non-residential disconnections (%)
Alinta Sales	117	0.9

Comparing Table 9 with Table 7 shows that the percentage of non-residential disconnections is much lower than the level of residential disconnections.

Inter-jurisdictional comparison of disconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential disconnections by gas retailers. 2007/08 is the first year that disconnection data has been reported by Western Australian gas retailers. Residential and non-residential disconnection data for South Australian and Victorian gas retailers has been published since 2005/06.

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

	Disconnections per 100 residential customers		Disconnections per 100 non-residential customers	
	2006/07	2007/08	2006/07	2007/08
Western Australia	N/A	2.29 ³¹	N/A	0.9
Victoria ³²	0.5	0.39	0.56	0.45
South Australia ³³	0.86	1.06	0.83	1.74

Table 10 shows that the percentage of residential disconnections in Western Australia is significantly higher than that experienced in both Victoria and South Australia in 2007/08 – almost 6 times higher than in Victoria and 1.4 times higher than in South Australia.

The level of non-residential disconnections in Western Australia in 2007/08 lies between the level experienced in South Australia and Victoria. It can be seen that the level of disconnections in South Australia in 2007/08 was much higher than in 2006/07.

This comparative disconnection data suggests that there is scope for gas retailers in Western Australia to refine their internal policies and procedures to reduce the level of residential and non-residential disconnections, including through more active management of issues related to customer access and affordability.

The planned introduction, from 1 July 2009, of the Gas Customer Code 2008³⁴ will prescribe the process to be followed by licensees before a customer can be disconnected for non-payment, which might lead to a further reduction in the level of disconnections.

³¹ This number has been rounded to one decimal place in table 7.

³² ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

³³ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

Residential Reconnections

It is important to recognise that retailers impose additional charges for reconnection of supply following disconnection, which represents an additional cost to customers over and above normal supply charges.

Alinta Sales was the only retailer to have reported non-zero data for residential reconnections in 2007/08. This is detailed in Table 9.

Table 11: Residential customers reconnected at same supply address (within 7 days of being disconnected) during 2007/08

Retailer	2007/08	
	Number of residential reconnections	Residential reconnections (%) ³⁵
Alinta Sales	9,553	1.7
State Total	9,553	1.7

Comparing Table 11 with Table 7 shows that almost 3 in every 4 residential customers of Alinta Sales who are disconnected for failure to pay a bill are reconnected within 7 days. Alinta Sales has suggested that the number of residential reconnections occurring within 7 days is actually higher than reported due to the fact that system processes may prevent Alinta Sales becoming aware of a customer self-restoration of gas supply within the 7 day period. However, the Authority recognises that other factors, such as a change of account holder following disconnection, may also reduce the number of reconnections recorded.

It should be noted that WorleyParsons reported residential customer reconnections in 2007/08, but these reconnections do not appear to have occurred within the 7 day timeframe applicable to this performance indicator.

Table 12 provides additional information about residential customer reconnections for customers on Government rebate arrangements or who may have previously experienced payment difficulties.

Table 12: Additional residential reconnection indicators for 2007/08

Retailer	Residential customers reconnected who were previously the subject of an instalment plan		Residential customers reconnected who have been disconnected within the past 24 months		Residential customers reconnected who were receiving a concession prior to disconnection	
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	502	0.1	3,874	0.7	N/A	N/A

Table 12 shows that a high proportion of residential customers who had previously been the subject of an instalment plan or who were disconnected within the past 24 months were reconnected.

³⁴ More information on the Code is available on the Authority's web site: http://www.era.wa.gov.au/3/462/51/gas_customer_co.pm

³⁵ This measures the percentage of the disconnected residential customers who were reconnected.

Consistent with the zero data reported on disconnections, neither retailer reported the reconnection of any residential customers receiving a Government funded rebate (refer to the explanation associated with Table 8 for more details).

Non-residential Reconnections

As with residential reconnections, retailers pass on the costs they incur to customers, which represents an additional cost to customers over and above normal supply charges.

Alinta Sales was the only retailer to have reported non-zero data for non-residential reconnections in 2007/08. These are detailed in Table 13.

Table 13: Non-residential customers reconnected at the same supply address (within 7 days following disconnection)

Retailer	2007/08	
	Number of non-residential reconnections	Non-residential reconnections (%) ³⁶
Alinta Sales	32	0.2

Table 13 shows that the overall level of non-residential customer reconnections is lower than residential reconnections with just under 1 in every 4 customers who are disconnected for failure to pay a bill being reconnected within 7 days (rather than 3 in every 4 for residential). Alinta Sales has suggested that the number of non-residential reconnections occurring within 7 days is actually higher than reported as system processes may prevent Alinta Sales becoming aware of a customer self-restoration of gas supply within the 7 day period. The Authority recognises however that other factors, such as a change of account holder following disconnection, may reduce the number of reconnections recorded.

Inter-jurisdictional comparison of reconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential reconnections by gas retailers. 2007/08 is the first year that reconnection data has been reported by Western Australian gas retailers. Residential and non-residential reconnection data for South Australian and Victorian gas retailers has been published since 2005/06.

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

	Reconnections per 100 residential customers		Reconnections per 100 non-residential customers	
	2006/07	2007/08	2006/07	2007/08
Western Australia	N/A	1.69	N/A	0.24
Victoria ³⁷	0.18	0.17	0.2	0.18
South Australia ³⁸	0.45	0.6	0.48	0.74

³⁶ This measures the percentage of the disconnected non-residential customers who were reconnected.

³⁷ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

³⁸ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

Table 14 shows that the percentage of residential reconnections in Western Australia is significantly higher than that seen in both Victoria and South Australia in 2007/08. The high proportion of residential reconnections appears to be consistent with Western Australia's high incidence of disconnections. As is the case with residential disconnections, Table 14 suggests that there is scope for gas retailers in Western Australia to refine their internal policies and procedures to reduce the level of residential and non-residential disconnections, including through more active management of issues related to customer access and affordability.

Security Deposits

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

All four retailers reported that they had not required any of their residential or non-residential customers to provide a security deposit in order to obtain a gas supply during 2007/08.

Complaints

Wesfarmers and WorleyParsons reported zero data for residential and non-residential complaints for 2007/08. As a consequence, this section focuses on Alinta Sales and Synergy.

The 2006/07 report contained limited information about the level of complaints received by gas retailers. The Reporting Manual has subsequently adopted the 2007 SCONRRR Framework so this section reflects the complaint indicators in that framework. The categorisation of complaints data applied in the 2006/07 report will be discontinued in this, and future, reports.

Table 15 provides a summary of the number of complaints received from residential and non-residential customers, by retailer, in 2007/08.

Table 15: Residential and non-residential customer complaints during 2007/08

Retailer	Residential customer complaints		Non-residential customer complaints	
	Number of complaints	Complaints per 100 customers	Number of complaints	Complaints per 100 customers
Alinta Sales	855	0.15	30	0.22
Synergy	0	0.00	1	1.03
State Total	855	0.15	31	0.23

Table 15 shows that the proportion of non-residential customer complaints received by Alinta Sales in 2007/08 is consistent with the proportion of its residential customer complaints. Synergy only received one customer complaint ('Billing') in the reporting period.

Table 16 provides a breakdown of the residential and non-residential customer complaints in 2007/08.

Table 16: 2007/08 residential and non-residential customer complaints by category

Compliant Category	Residential Complaints	Non-residential Complaints
Total Number of Complaints	855	31
Billing (% of total)	29.0	35.0
Marketing (% of total)	5.0	0.0
Transfer (% of total)	0.0	0.0
Other (% of total)	66.0	66.0

It can be seen that the majority of both residential and non-residential customer complaints relate to 'Other' issues (which includes poor service, privacy considerations and failure to respond to complaints in a timely manner), followed by 'Billing'. For residential customers, there were a small number of 'Marketing' complaints.

Alinta Sales reported that 98.8% of its residential complaints and 100% of its non-residential complaints were concluded within 15 business days. Synergy reported that its one non-residential complaint was concluded within 15 business days.

Table 17 provides an inter-jurisdictional comparison of small use customer complaints for the two years to 2007/08. 2007/08 is the first year that customer complaint data has been reported by Western Australian gas retailers under the 2007 SCORRR Framework.

Table 17: Inter-jurisdictional comparison of total customer complaints

	Complaints per 100 residential customers	
	2006/07	2007/08
Western Australia	N/A	0.15³⁹
Victoria ⁴⁰	0.32	0.43
South Australia ⁴¹	0.31	0.48

Table 17 shows that the overall level of customer complaints recorded by Western Australian retailers is substantially lower than the levels in South Australia and Victoria. One possible explanation for this difference is the existence of full retail contestability in other markets, leading to an increase in marketing and the number of transfers, service orders and other transactions processed by retailers. This may in turn contribute to higher levels of complaints.

Contact Centre Performance

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

³⁹ This number has been rounded to one decimal place for the purposes in table 15.

⁴⁰ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

⁴¹ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

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

Table 18 provides a summary of the call centre performance during 2007/08.

Table 18: Summary of retailer contact centre performance in 2007/08

Retailer	Total number of calls to an operator	Operator calls responded to within 30 seconds (%)	Unanswered calls (%)	Average duration before call is answered by an operator (seconds)
Alinta Sales	604,093	79.9	1.4	33
Wesfarmers	147,202	80.1	0.2	15
State Total	751,295	79.9	-	-

While the percentage of operator calls responded to within 30 seconds is similar for Alinta Sales and Wesfarmers, the percentage of unanswered calls for Alinta Sales is significantly higher.

It can be seen that the Wesfarmers call centre also had the lowest average duration before a call is answered by an operator at 15 seconds. The Authority also notes that for Wesfarmers, total calls received includes gas retailing, gas distribution and all other Kleenheat gas services, which needs to be considered when interpreting the data provided.

Table 19 compares the performance of call centres operated by Western Australian retailers with their counterparts in South Australia and Victoria. A key measure of performance is the proportion of calls responded to within 30 seconds. 2007/08 is the first year that call centre response data has been reported by Western Australian gas retailers under the 2007 SCONRRR Framework.

Table 19: Inter-jurisdictional comparison of the percentage of operator calls responded to within 30 seconds

	Western Australia	Victoria ⁴²	South Australia ⁴³
2006/07	N/A	71.0	81.9
2007/08	79.9	78.0	84.6

It can be seen that the percentage of operator calls responded to within 30 seconds by the Western Australian gas retailers is broadly comparable with call centre responsiveness in South Australia and Victoria.

⁴² ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.

⁴³ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.

