

2009/10 Annual Performance Report Electricity Retailers

January 2011

Economic Regulation Authority



WESTERN AUSTRALIA

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Purpose of the Report

The purpose of this report is to bring transparency and accountability to the performance of electricity retail¹ businesses who supply small use customers² and to benchmark, where possible, performance against similar businesses in other electricity markets.

Definition of a Customer

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

- Customer - means a small use customer account.
- Contestable customer - means a customer who is able to choose their retailer. This applies even if there is only a single retailer supplying electricity within the supply area.
- Non-contestable customer – means a customer within the South West Interconnected System (**SWIS**)³ who consumes less than 50MWh of electricity per annum. These customers can only be supplied by Synergy.

Overview of the Report

All 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 (EIA)*. The Authority has specified the performance information to be provided by electricity retail licensees in the Electricity Compliance Reporting Manual (**Reporting Manual**), published by the Authority in April 2008.⁴ The Reporting Manual incorporates the record keeping requirements of the *Code of Conduct for the Supply of Electricity to Small Use Customers 2008 (2008 Code of Conduct)*, which in turn references the 2007 SCONRRR Framework.⁵ This report focuses on the performance data provided by electricity retailers in accordance with the performance reporting obligations set out in the Reporting Manual.

The report focuses on performance in the following areas:

- Affordability: information about the number of customers accessing 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.

¹ Retail licensees and integrated regional licensees who retail electricity to small use customers.

² Small use customers consume less than 160MWh of electricity per annum

³ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

⁴ The Reporting Manual has been updated and a new version was published on the Authority's website on 1 July 2010, however, the new version is not applicable for the 2009/10 Performance Report.

⁵ National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007.

- 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 retailers for failing to meet the service standards prescribed in the 2008 Code of Conduct.

Electricity Retail Market Structure

The EIA includes provisions for the licensing of electricity supply. Part 2 of the EIA sets out the provisions pertaining to the licensing scheme for electricity service providers. The EIA 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.

In order to facilitate greater scope for competition in the Western Australian electricity market, the Government restructured the former 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;
- 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.

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 2010.⁶ Synergy has a licence to retail electricity throughout the SWIS. Horizon Power has a licence to retail electricity in the area covered by the North West Interconnected System⁷ and 33 smaller, isolated networks in regional areas of the State. The Rottnest Island Authority (**RIA**) retails electricity on Rottnest Island.

⁶ 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

⁷ The interconnected system located in the Pilbara region of the State supplied by generation plants in Dampier, Port Hedland and Cape Lambert

Figure 1: Electricity Licensing Areas in Western Australia



From 1 January 2005, the Government introduced measures to make all 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.

Currently, as mentioned previously, non-contestable customers can only be supplied by Synergy within the SWIS.⁸

The Western Australian contestable electricity retail market is around 52,581 customers, or 5.4% of the total market as at 30 June 2010.⁹

During 2009/10, there were seven retailers approved to supply small use customers:

- Alinta Sales
- Clear Energy
- Griffin Energy Sales
- Horizon Power
- Perth Energy
- Rottnest Island Authority
- Synergy

Griffin Energy Sales and Clear Energy reported that they did not supply any customers during the year ending 30 June 2010. Consequently, the remainder of this report includes data for the five retailers that did supply customers during 2009/10.

There are a further 10 licensed retailers that are not covered by this report because they do not supply small use customers.

For retailers, the number of small use customers is measured by the number of customer accounts.

Synergy, who retail in the SWIS, is the largest retailer in the State with just over 942,000 residential and non-residential customers, or 96% of the total market. Horizon Power, who retail in areas of the State outside the SWIS, had almost 38,000 customers or 3.86% of the total market, and the remaining 0.14% of customers were divided between Alinta Sales (903), Perth Energy (568) and RIA (175).

As at 30 June 2010, the SWIS was the only area of the State with a functioning competitive market. Alinta Sales, Perth Energy and Synergy all supplied non-residential customers. Synergy had the largest share of the non-residential market with 98.4% of customers, followed by Alinta Sales (0.97%) and Perth Energy (0.61%). However, the residential customer market was not competitive, as Synergy was the only retailer supplying residential customers within the SWIS.

⁸ 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. However, they did not supply electricity to customers during the year ending 30 June 2010.

⁹ This value is larger than the value reported in the 2008/09 Annual Performance Report – Electricity Retailers. This was because the 2008/09 report, and previous reports, erroneously assumed that there were non-contestable small use customers in areas supplied by Horizon Power. Advice provided by the WA Office of Energy is that this not the case and all customers supplied by Horizon Power are contestable.

Horizon Power¹⁰ and RIA were the sole suppliers to both residential and non-residential customers within their respective supply areas.

Alinta Sales and Synergy also retail gas to small use gas customers¹¹ in the SWIS.

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

The other three retailers (Alinta Sales, Perth Energy and RIA) 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 SFC.

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.¹² The report recommended a move towards cost reflective electricity tariffs, commencing in 2009/10. Since February 2009, the State Government has approved four tariff increases that have raised residential tariffs by a total of 49.6% by 1 July 2010.

¹⁰ It is important to note that, while Horizon Power's customers are not able to choose their electricity retailer because of an absence of competition in the market, they are entitled to access tariffs that are regulated by government through the *Energy Operators (Powers) Act 1979*.

¹¹ The contestable small use gas market in the SWIS includes customers who consume less than 1 Terajoule of gas per annum. However, Synergy is precluded from supplying gas to customers who consume less than 180GJ of gas per annum.

¹² 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

Review of the Code of Conduct

The Electricity Code Consultative Committee (**ECCC**) completed the inaugural review of the 2004 Code of Conduct in September 2007. As required by section 88 of the EIA, the ECCC submitted a report to the Authority for its consideration. The Authority approved the final report of the ECCC, including an amended Code, in October 2007 and published the 2008 Code of Conduct in January 2008.

The electricity retail indicators in Part 13 (Record Keeping) of the 2008 Code of Conduct have been aligned with the 2007 SCONRRR Framework.¹³ However, the 2008 Code of Conduct retained some indicators that are not included in the 2007 SCONRRR Framework, such as compensation payments, that are specific to the Western Australian retail market.

The ECCC has, as required by the legislation, undertaken a further review of the Code of Conduct. The ECCC released a draft review report for public comment in February 2009. The final review report was provided to the Authority in August 2009. After considering the review report, the Authority published its response in September 2009. The Authority accepted all except one of the ECCC recommendations, related to service standard payments for street light repairs, and proposed further amendments in relation to wrongful disconnections. The Authority referred these matters back to the ECCC for advice. In October 2009, the ECCC invited public comments on the amendments to the 2008 Code of Conduct proposed by the Authority.

On 29 January 2010, the Authority announced that it will be making a new Code of Conduct (**2010 Code of Conduct**). The 2010 Code of Conduct includes a number of amendments resulting from the Authority's consideration of the final review report provided by the ECCC. The 2010 Code of Conduct commenced operation on 1 July 2010.

Updated Electricity Compliance Reporting Manual

The Authority published a Reporting Manual in April 2008. The Reporting Manual includes details of the reports that electricity licensees must provide to the Authority and the timing of these reports. The performance reporting obligations in the Reporting Manual were updated to align with the record keeping obligations in Part 13 of the 2008 Code of Conduct.

The Reporting Manual requires retailers to provide to the Authority annual performance reports by 20 September each year. The Authority has published MS Excel Retail Datasheets and an Electricity Retail Licence Performance Reporting Handbook¹⁴ to assist retailers with the reporting process.

The Reporting Manual has been updated to incorporate the compliance and performance reporting obligations in the 2010 Code of Conduct. The Authority published the amended Reporting Manual on 1 July 2010 (**2010 Manual**). It should be noted that the performance data used to prepare this report is based on the Reporting Manual published in April 2008. The first annual report based on the 2010 Manual will cover data provided by distributors for the year ending 30 June 2011.

¹³ National Regulatory Reporting for Electricity Distribution and Retailing Businesses, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirement, March 2002

¹⁴ Electricity Retail Licence Performance Reporting Handbook which can be found on the Authority's website: http://www.era.wa.gov.au/2/281/51/regulatory_guid/pm

Highlights

This is the fifth annual report published by the Authority that examines the performance of electricity retailers who supply small use customers in Western Australia. However, due to significant changes to the retailer performance reporting framework that occurred during 2007, in order to preserve data integrity and comparability, this report only covers the past four years.

Since 2009, residential customers have experienced four tariff increases that have lifted regulated tariffs by 49.6% as the Government moves regulated electricity prices toward cost reflective levels.

Customers

By 30 June 2010, there were 981,646 customers in the State, comprising 881,470 residential customers and 100,176 non-residential (i.e. business) customers. Compared to 2008/09, the number of residential customers increased by 0.2% and the number of non-residential customers increased by 9.3%.

Synergy, who retail in the SWIS, is the largest retailer in the State with 942,156 customers, or 96% of the total customer base. Horizon Power, who retail in areas of the State outside the SWIS, has 37,844 customers, or 3.86% of the total. The remaining 0.14% of customers is divided between Alinta Sales (903 customers), Perth Energy (568 customers) and Rottnest Island Authority (**RIA**) (175 customers).

During 2009/10, contestable customers within the SWIS represented 0.48% of residential customers and 10.5% of non-residential customers. Synergy supplied 100% of contestable residential customers and 86% of contestable non-residential customers. The remaining 14% of contestable non-residential customers within the SWIS were shared between Alinta Sales (8.6%) and Perth Energy (5.4%). The total state-wide number of contestable customers in 2009/10 increased from 20,162 to 52,581 due to the re-classification of Horizon Power's total customer base to contestable customers.

Horizon Power and Synergy were the only retailers authorised to supply pre-payment meter customers during 2009/10. By 30 June 2010, Horizon Power reported they had 608 pre-payment meter customers, representing 1.6% of their total customer base, and Synergy reported they had 17 customers.

Affordability

Alinta Sales, Horizon Power and Synergy were the only retailers to report that they had entered into special billing arrangements with their customers.

During 2009/10, 3.7% of Horizon Power residential customers were on an instalment plan, down from 4.4% in 2008/09. The percentage of Synergy residential customers on a plan also decreased from 2.5% in 2008/09 to 1.6% in 2009/10.

Since 2008/09, the percentage of Horizon Power and Synergy residential customers granted additional time to pay their bill increased from 10% to 15% and from 8% to 9.6%, respectively.

Horizon Power reported a 384% increase in the number of non-residential customers on an instalment plan and a 247% increase in the number of non-residential customers who were granted additional time to pay their bills. Synergy reported a 38% fall in the number of non-

residential customers on an instalment plan and a 248% increase in the number of non-residential customers who were granted additional time to pay their bills.

Customer Disconnections for Non-Payment

The state-wide number of residential disconnections fell by 30.3%, compared to 2008/09. Both Horizon Power and Synergy reported reductions in residential disconnections, by 1.8% and 34.5% respectively.¹⁵ Since 2006/07, the state-wide residential disconnection rate has fallen from 0.97% to 0.38%. This reduction can be in part attributed to possible improvements in the hardship policies of the retailers and the introduction of the Hardship Utility Grant Scheme by the State Government in July 2008.

Consistent with previous years, the percentage of residential customers disconnected in regional areas (supplied by Horizon Power) continues to be higher (1.97%) than in the SWIS (supplied by Synergy) (0.32%). In 2009/10, the ratio of the Horizon Power disconnection rate to the Synergy disconnection rate was 6.2, which was an increase on the 2008/09 ratio of 4.

Over the four years to 2009/10, the state-wide level of residential disconnections in Western Australia has fallen by 61%. For the first time, the Western Australian residential disconnection rate in 2009/10 was the lowest of the four jurisdictions included in the comparison.

Compared to 2008/09, the state-wide number of non-residential electricity customer disconnections increased by 59%. Horizon Power and Synergy both reported increases, by 300% and 11% respectively, in the non-residential disconnections.

Customer Reconnections

The state-wide number of residential customers who were disconnected for non-payment and subsequently reconnected in the same name and at the same supply address within seven days of disconnection fell by 59%, compared to 2008/09. This is due to significant decreases in the number of customer reconnections reported by both Horizon Power (down 59%) and Synergy (down 60%). The state-wide residential reconnection rate¹⁶ fell from 44.2% in 2008/09 to 26% in 2009/10.

The state-wide number of non-residential customers who were reconnected increased by 94%, compared to 2008/09. This is due to significant increases in the number of customer reconnections reported by both Horizon Power (up 389%) and Synergy (up 26%). The state-wide non-residential reconnection rate increased from 24.2% in 2008/09 to 29.5% in 2009/10.

Over the four years to 2009/10, the state-wide level of residential reconnections has fallen by 80.4%. In 2009/10, for the first time, the Western Australian residential reconnection rate was the lowest of the four jurisdictions that reported data.

Complaints

The state-wide complaint rate¹⁷ increased from 0.22 in 2008/09 to 0.96 in 2009/10. The increase in the complaint rate can be attributed to a 325% increase in the number of

¹⁵ In their 2009/10 Annual Electricity Retail Licence Performance Report, Synergy state they do not consider this reduced level of disconnections to be sustainable in the long term due to commercial requirements to manage customer arrears.

¹⁶ The reconnection rate is measured by the number of customers reconnected divided by the number of customers disconnected

¹⁷ This is the total complaints per 100 residential and non-residential customers.

residential complaints (comprising 91% of total complaints). Since 2006/07, the complaint rate has risen from 0.16 to 0.96, an increase of 500%.

The total number of complaints made to retailers by residential customers increased by 325% compared to 2008/09. Horizon Power recorded a 40% increase, while Synergy recorded a 343% increase in residential complaints compared to 2008/09.

The total number of non-residential complaints made to retailers increased by 434%, compared to 2008/09. Horizon Power recorded an 84% decrease, while Synergy recorded a 555% increase in non-residential complaints compared to 2008/09.

Consistent with the previous three years, the majority of residential and non-residential complaints relate to billing matters, followed by “other” complaints (matters other than billing, marketing and transfers). The near absence of complaints about marketing and transfer reflects the limited scale of the contestable electricity market in Western Australia.

Although there has been a large increase in the level of complaints received by Western Australian retailers during 2009/10, the complaint rate was lower than the retailers in other jurisdictions that reported data for the fourth consecutive year. Compared to 2008/09, there has been an increased level of complaints made to retailers in all the jurisdictions other than Victoria.

Service Standard Payments

During 2009/10, the number of service standard payments made by retailers fell by 96% compared to 2008/09. The only service standard payment made during 2009/10 was a single payment by Horizon Power for wrongful disconnection.

Call Centre Performance

Four of the five retailers (the exception is Perth Energy) operated call centres for their electricity retail businesses.¹⁸

The retailers’ call centres handled a total of 1.35 million calls (up from 1.02 million in 2008/09) to an operator during 2009/10, with Synergy accounting for 93% of the total.

Overall, there has been deterioration in the performance of all three call centres¹⁹ compared to 2008/09. The only exception was an improvement in the level of unanswered calls for Alinta Sales, down from 1.4% in 2008/09 to 1.06% in 2009/10.

During 2009/10, the responsiveness of the call centres operated by Western Australian retailers compared favourably with their peers in other jurisdictions.

¹⁸ The Alinta Sales call centre handles calls from both Alinta Sales electricity and gas customers. The Rottnest Island Authority call centre data did not differentiate its electricity retail customer calls from its electricity distribution customer calls.

¹⁹ Rottnest Island Authority has not been considered as it did not operate a call centre in previous years.

RETAILER PERFORMANCE

Customers

As mentioned previously, the number of customers is measured by the number of customer accounts. The 2008 Code of Conduct requires retailers to keep records of the number of residential and non-residential accounts for contestable and non-contestable customers,²⁰ which provides an annual snapshot of the size of the contestable customer market and the proportion of contestable customers supplied by each retailer.

Table 1 details the total number of residential and non-residential customers in the State. During 2009/10, the total number of customer accounts increased by 1%, comprising a 0.2% increase in the number of residential customers and a 9.3% increase in the number of non-residential customers.

Table 1: Total number of small use customers in Western Australia

Year	Number of Residential Customers	Number of Non-Residential Customers	Total Number of Customers
2005/06	799,892	113,056	913,948
2006/07	839,864	89,287	929,151
2007/08	860,371	91,107	951,478
2008/09	879,878	91,616	971,494
2009/10	881,470	100,176	981,646

Table 2 disaggregates the number of residential and non-residential customers by retailer in 2009/10 and compares this with the three previous years.

Table 2: Residential and non-residential customers by retailer

Retailer	Number of Residential Customers				Number of Non-Residential Customers				Total Number of Customers			
	2006/07	2007/08	2008/09	2009/10	2006/07	2007/08	2008/09	2009/10	2006/07	2007/08	2008/09	2009/10
Alinta Sales	0	0	0	0	934	850	922	903	934	850	922	903
Horizon Power	30,126	31,000	31,475	30,595	5,242	5,630	5,905	7,249	35,368	36,630	37,380	37,844
Perth Energy	0	0	0	0	105	204	374	568	105	204	374	568
RIA	74	66	91	85	24	33	100	90	98	99	191	175
Synergy	809,664	829,305	848,312	850,790	82,350	83,590	84,315	91,366	893,254	912,895	932,627	942,156
State Total	839,864	860,371	879,878	881,470	88,655	90,307	91,616	100,176	928,519	950,678	971,494	981,646

Synergy (who retail in the SWIS) is the largest electricity retailer in the State, supplying 96.5% of residential and 91.2% of non-residential customers. Horizon Power, who operates in regional areas of the State outside the SWIS, also has a substantial customer base with 3.5% of residential and 7.2% of non-residential customers. The relative proportion of customers supplied by Horizon Power and Synergy has remained relatively unchanged since 2008/09.

Table 3 details the number of contestable residential and non-residential customers for the three years to 2009/10. In 2009/10, contestable customers represented 4% of the total

²⁰ Non-contestable small use customers are customers within the South West Interconnected System who consume less than 50MWh of electricity per annum. At present these customers can only be supplied by Synergy and Clear Energy.

residential customer base and 17.8% of the total non-residential customer base. Since 2008/09, the state-wide total number of contestable customers increased by 160.8%, which was mostly due to the re-classification of all of Horizon Power's customers as contestable customers (see below).

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

Retailer	Number of Residential Contestable Customers			Number of Non-Residential Contestable Customers			Total Number of Contestable Customers		
	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Alinta Sales	0	0	0	850	922	903	850	922	903
Horizon Power	697	685	30,595 ²¹	1,047	1,116	7,249 ²²	1,744	1,801	37,844
Perth Energy	0	0	0	204	374	568	204	374	568
RIA ²³	0	0	0	0	0	0	0	0	0
Synergy	4,821	4,844	4,227	12,382	12,213	9,032	17,203	17,057	13,259
State Total	5,518	5,529	34,882	14,483	14,633	17,759	20,001	20,162	52,581

Table 3 shows that, during 2009/10, Synergy supplied all of the contestable residential customers (4,227) in the SWIS. The contestable non-residential customer market (10,503 customers) within the SWIS was shared between Synergy (86%), Alinta Sales (8.6%) and Perth Energy (5.4%). During 2009/10, Perth Energy reported 52% increase in the number of non-residential contestable customers while Alinta Sales and Synergy reported decreases, by 2% and 26% respectively.

During 2009/10, Horizon Power was the only retailer licensed to retail to small use customers in the areas of the State outside the SWIS, excluding Rottnest Island. The reported figures for Horizon Power's contestable residential customers and contestable non-residential customers have increased substantially, compared to 2008/09, due to all Horizon Power's customers being re-classified as contestable customers. Prior to 2010, the Authority assumed that customers outside the SWIS were prescribed in the same manner as those within the SWIS and therefore, customers consuming less than 50MWh per annum could only be supplied by Horizon Power. However, the WA Office of Energy has advised the Authority that this is not the case, and that all customers outside the SWIS are contestable regardless of their consumption level.

Rottnest Island is unique in that it operates as a reserve that is administered by the RIA who also manages the island's utilities. The RIA's customers are considered to be non-contestable because it is the only entity licensed to retail electricity on the island.

Pre-payment Meter Customers

Under Part 13.7 of the 2008 Code of Conduct, retailers are required to keep records of the total number of pre-payment meter customers. The legislative framework in existence during this reporting period in Western Australia limits the use of pre-payment meters to remote or town reserve communities in which the Aboriginal and Remote Communities

²¹ The Authority received advice that all of Horizon Power's customers are contestable customers and this has been reflected in the 2009/10 customer data.

²² See above.

²³ All RIA's customers are considered to be non-contestable customers because there is no other retailer licensed to retail electricity on the island.

Power Supply Project or Town Reserve Regularisation Project are being implemented. During 2009/10, Horizon Power and Synergy were the only retailers that supplied electricity in those areas.

Table 4 provides details of the number of pre-payment meter customers supplied during the five years to 2009/10.

Table 4: Total number of pre-payment meter customers

Year	Horizon Power Customers	Synergy Customers	Total Number of Customers
2005/06	95	N/A	95
2006/07	179	N/A	179
2007/08	479	N/A	479
2008/09	515	N/A	515
2009/10	608	17	625

This is the first year that Synergy has reported supplying pre-payment meter customers.

Compared to 2009/10, the number of pre-payment meter customers supplied by Horizon Power increased by 18%, to 608 customers. Pre-payment customers represented 1.6% of the total customers supplied by Horizon Power.

Affordability

The credit management policies of electricity retailers can impact on those customers who are experiencing financial hardship or payment difficulties. Part 6.10 of the 2008 Code of Conduct requires retailers to develop a financial hardship policy to assist small use residential and non-residential customers in meeting their financial obligations and responsibilities to the retailer. This section of the report provides information about the measures implemented by retailers to facilitate customer's access to an electricity supply. Key measures of performance include the number of customers who:

- have been granted additional time to pay a bill; or
- have entered into an instalment plan (an arrangement between the retailer and a customer to pay arrears and continued usage on their account, according to an agreed payment schedule and capacity to pay); or
- have been placed on a shortened billing cycle (where a customer receives bills at a frequency that is greater than the standard billing frequency for similar customers).

Perth Energy and RIA have reported zero data for the access and affordability measures defined in Part 6 of the 2008 Code of Conduct for the four years to 2009/10. Consequently, the remainder of this section focuses on the performance of Alinta Sales, Horizon Power and Synergy, noting that Alinta Sales did not supply any small use residential customers.

Residential Customers

Table 5 details the number and percentage of residential customers who are subject to three classes of special billing arrangement: instalment plans, additional time to pay their bill or shortened billing cycles for the four years to 2009/10.

Table 5: Residential customers subject to special billing arrangements

Billing Arrangement	Horizon Power				Synergy			
	2006/07	2007/08	2008/09	2009/10	2006/07	2007/08	2008/09	2009/10
Number of residential customers on an instalment plan	2,279	1,491	1,371	1,134	22,967	20,267	21,314	13,229
Percentage of residential customers on an instalment plan	7.6	4.8	4.4	3.71	2.8	2.4	2.5	1.6
Number of residential customers granted additional time to pay their bill ²⁴	3,365	2,924	3,138	4,589	61,632	54,102	68,158	82,223
Percentage of residential customers granted additional time to pay their bill	11.1	9.4	10.0	15.0	7.6	6.5	8.0	9.6
Number of residential customers placed on a shortened billing cycle	0	0	0	0	0	0	0	0
Percentage of residential customers placed on a shortened billing cycle	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The Authority notes that, during the four years to 2009/10, the proportion of Horizon Power customers accessing special billing arrangements has consistently remained higher than the percentage of Synergy customers.

Compared to 2008/09, Horizon Power reported a 17.3% reduction, and Synergy a 38% reduction, in the number of residential customers on an instalment plan, which resulted in

²⁴ The 2006/07 performance reporting framework required retailers to report total number of customers granted additional time to pay, which has resulted in the reported data including a small proportion of non-residential customers.

corresponding reductions (to 3.71% and 1.6% respectively) in the percentage of its customers on a plan. Over the same period, both Horizon Power and Synergy reported increases (to 15% and 9.6% respectively) in the percentage of residential customers granted additional time to pay their bill.

Horizon Power commented that:

Tariff increases have significantly reduced electricity affordability. The impact of these increases is felt more in regional areas where air-conditioning use is higher due to the greater extremes of temperature.

The flow on effect to Horizon Power is: increased calls to the call centre, more customers needing assistance i.e. both residential and non-residential customers asking for more time to pay a bill, and then ultimately more disconnections for non-payment.

Synergy commented that:

its customers are able to arrange payment extensions automatically online, through its telephone interactive voice response system, contact centre or via Synergy's credit management team.

The number of residential customers requesting a payment instalment decreased by 38%, from 21,314 in 2008/09, to 13,229 in 2009/10. Reasons for the reduction include customers making payment via direct debit, EvenPay and CentrePay. In addition hardship customers were assisted by HUGS.

Flexible payment arrangements have increased from \$1M in April 2009 to \$9M in July 2010 (this includes payment arrangements and payment extensions to all customers) as a result of more flexible guidelines to make arrangements.

Non-residential Customers

The 2008 Code of Conduct introduced, for the first time, the requirement for retailers to collect affordability data for non-residential customers. Table 6 provides details of the number of non-residential customers who were subject to three classes of special billing arrangement: instalment plans, additional time to pay their bill or shortened billing cycles during 2008/09 and 2009/10.

Alinta Sales placed eight customers on an instalment plan, up from zero in 2008/09. Horizon Power reported a 384.7% increase, and Synergy reported a 38% decrease, in the number of non-residential customers on an instalment plan compared to 2008/09. Horizon Power placed proportionately more of its customers on a plan than Alinta Sales or Synergy.

Table 6: Non-residential customers subject to special billing arrangements

Billing Arrangement	Alinta Sales		Horizon Power		Synergy	
	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10
Number of non-residential customers on an instalment plan	0	8	59	286	881	545
Percentage of non-residential customers on an instalment plan	0.0	0.89	1.0	3.95	1.0	0.6
Number of non-residential customers granted additional time to pay their bill	37	45	212	736	2,131	7,411
Percentage of non-residential customers granted additional time to pay their bill	4.0	4.98	3.6	10.15	2.5	8.1
Number of non-residential customers placed on a shortened billing cycle	0	0	0	0	0	0
Percentage of non-residential customers placed on a shortened billing cycle	0.0	0.0	0.0	0.0	0.0	0.0

Alinta Sales, Horizon Power and Synergy all reported granting non-residential customers additional time to pay their bill. Horizon Power reported the highest percentage of non-residential customers being granted more time to pay (10.2%), followed by Synergy (8.1%) and Alinta Sales (5.0%).

Horizon Power commented:

Tariff increases have significantly reduced electricity affordability. The impact of these increases is felt more in regional areas where air-conditioning use is higher due to the greater extremes of temperature.

The flow on effect to Horizon Power is: increased calls to the call centre, more customers needing assistance ie both residential and non-residential customers asking for more time to pay a bill, and then ultimately more disconnections for non-payment.

Disconnections for Non-Payment

Residential Disconnections

Horizon Power and Synergy were the only retailers to report that they had disconnected residential customers for failure to pay a bill during 2009/10.

Table 7 shows that, during 2009/10, the state-wide total number of residential disconnections fell by 30.3%, supported by a 1.8% reduction in disconnections by Horizon Power and a 34.5% reduction in disconnections by Synergy compared to 2008/09.

Horizon Power reported a slight increase (to 1.97%), and Synergy reported a reduction (to 0.32%), in the percentage of residential disconnections, which has led to an overall state-wide residential disconnection rate of 0.38% for 2009/10. Since 2006/07, the state-wide disconnection rate has fallen by nearly 61%.

Horizon Power commented that:

Tariff increases have significantly reduced electricity affordability. The impact of these increases is felt more in regional areas where air-conditioning use is higher due to the greater extremes of temperature.

The flow on effect to Horizon Power is: increased calls to the call centre, more customers needing assistance ie both residential and non-residential customers asking for more time to pay a bill, and then ultimately more disconnections for non-payment.

Synergy commented that:

To assist customers to manage their electricity use and bills especially those experiencing payment difficulties and financial hardship, Synergy undertook the following during the year:

- Provided ease of access to payment extensions and payment arrangements via Synergy's website, telephone interactive voice response system, contact centre and credit management team.
- Introduced more flexible payment arrangements as a result of new guidelines including extending payment terms from 14 days to 28 days for customers assessed as experiencing payment difficulties or financial hardship.
- Continued administration of the hardship utility grant scheme and the hardship efficiency programme on behalf of the state government.
- Continued funding of the "Power on Payment" scheme.
- Continued funding of the "Power Assist" scheme.
- Administration of state government concessions and rebates.
- Facilitated the "Fridge Replacement" scheme.

Table 7: Residential disconnections for failure to pay a bill

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of disconnections	Disconnections (%)	Number of disconnections	Disconnections (%)	Number of disconnections	Disconnections (%)	Number of disconnections	Disconnections (%)
Horizon Power	2,302	7.64	1,793	5.78	615	1.95	604	1.97
Synergy	6,535	0.74	4,833	0.58	4,188	0.49	2,744	0.32
State Total	8,837	0.97	6,626	0.77	4,803	0.55	3,348	0.38

In the 2009/10 electricity retail licence performance report, Synergy stated that:

Synergy does not consider this level of disconnections to be sustainable in the long term due to commercial requirements to manage customer arrears.²⁵

In addition to the reasons cited on the previous page, Synergy also attributes the decrease in disconnections to disconnection moratoria during the Christmas and Easter holidays and both prior to and after the implementation of Synergy's new customer transaction and billing system (which was in September 2009).

The percentage of residential customers disconnected in regional areas (supplied by Horizon Power) continues to be higher than in the SWIS (supplied by Synergy). Since 2006/07, the percentage of Horizon Power customers disconnected has been higher than the percentage of Synergy customers disconnected. In 2009/10, the ratio of the Horizon Power disconnection rate (1.97%) to the Synergy disconnection rate (0.32%) was 6.2, which was an increase on the 2008/09 ratio of 4.

Table 8 provides additional information about residential customer disconnections for 2009/10. Comparing Table 7 with Table 8, it can be seen that, in 2009/10, 25.3% of disconnected customers were previously the subject of an instalment plan, 7.7% of disconnected customers had been disconnected at the same supply address within the past 24 months and 32% of disconnected customers were disconnected while receiving a concession.

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

Retailer	Residential customers disconnected who were previously the subject of an instalment plan		Residential customers disconnected at the same supply address within the past 24 months		Residential customers disconnected while receiving a concession	
	Number	(%)	Number	(%)	Number	(%)
Horizon Power	135	0.44	58	0.19	19	0.06
Synergy	711	0.08	200	0.02	1,066	0.13
State Total	846	0.10	258	0.03	1,085	0.12

The residential disconnection data indicates that there is a core group of customers who are experiencing financial hardship that have difficulty paying their electricity bills. However, it would appear that retailer initiatives combined with the introduction of the Hardship Utilities Grant Scheme²⁶ in July 2008 and the requirement for retailers to develop hardship policies under the 2008 Code of Conduct continues to contribute to a reduction in the overall number of residential customer disconnections.

Horizon Power commented that:

Tariff increases have significantly reduced electricity affordability. The impact of these increases is felt more in regional areas where air-conditioning use is higher due to the greater extremes of temperature.

²⁵ 2009/10 Annual Electricity Retail Licence Performance Report, page 6, which is available on the Synergy website: http://www.synergy.net.au/about_us/annual_report.xhtml

²⁶ The Western Australian Government introduced the Hardship Utilities Grant Scheme (HUGS) in July 2008. HUGS is intended to help people pay their overdue utility bills before disconnection, and provide these people with free financial advice to reduce the future likelihood of disconnection.

The flow on effect to Horizon Power is: increased calls to the call centre, more customers needing assistance ie both residential and non-residential customers asking for more time to pay a bill, and then ultimately more disconnections for non- payment.

Synergy commented that:

In addition to Synergy's hardship policy and government assistance programs, decreased disconnections during the year can be attributed to:

- Disconnection moratoriums during Christmas and Easter.
- Disconnection moratoriums both prior to and after the implementation of Synergy's new customer transaction and billing system to ensure no disconnections were actioned due to system issues.
- New promise to pay guidelines to assist residential customers managing increased electricity prices.
- Introduction of new debt collection processes ensuring more customers were contacted earlier in the cycle of an outstanding debt.
- Introduction of SMS messaging 8 days after the due date of a customer's invoice reminding the customer of an outstanding account in addition to the standard reminder notice.
- Creation of a specialised outbound calling team focusing on early contacts with residential customers who have an outstanding account.
- Training Synergy's field officers to focus on customers experiencing financial hardship to assist them to manage their account and providing customers with information on local financial counsellors who can negotiate payment of outstanding accounts within predefined payment guidelines on behalf of the affected customer.

Non-residential Disconnections

Perth Energy and RIA have reported that they did not disconnect non-residential customers for failure to pay a bill between 2006/07 and 2009/10. Consequently, this section will focus on Alinta Sales, Horizon Power and Synergy, noting that Alinta Sales reported zero disconnections during 2009/10.

Table 9 shows that the state-wide total number of non-residential disconnections increased by 59% between 2008/09 and 2009/10, which is significantly higher than the increase (by 4.8%) that occurred between 2007/08 and 2008/09. During 2009/10, Horizon Power recorded a 300% increase, and Synergy recorded an 11% increase, in the number of disconnections compared to 2008/09.

Horizon Power commented that:

Tariff increases have significantly reduced electricity affordability. The impact of these increases is felt more in regional areas where air-conditioning use is higher due to the greater extremes of temperature.

The flow on effect to Horizon Power is: increased calls to the call centre, more customers needing assistance i.e. both residential and non-residential customers asking for more time to pay a bill, and then ultimately more disconnections for non- payment.

Comparing Table 7 with Table 9 shows that the overall proportion of non-residential disconnections is lower than residential disconnections. As was the case with residential disconnections, it can be seen that the proportion of non-residential disconnections is higher in regional areas (supplied by Horizon Power) compared to the SWIS (supplied by Alinta Sales and Synergy).

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

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of non-residential disconnections	Non-residential disconnections (%)	Number of non-residential disconnections	Non-residential disconnections (%)	Number of non-residential disconnections	Non-residential disconnections (%)	Number of non-residential disconnections	Non-residential disconnections (%)
Alinta Sales	N/A	N/A	1	0.12	0	0.00	0	0.00
Horizon Power	39	0.67	44	0.78	33	0.56	132	1.82
Synergy	239	0.28	144	0.17	165	0.20	183	0.20
State Total	278	0.30	189	0.21	198	0.22	315	0.31

Inter-jurisdictional comparison of disconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential disconnections for the four years to 2009/10.

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

Jurisdiction	Disconnections per 100 residential customers				Disconnections per 100 non-residential customers		
	2006/07	2007/08	2008/09	2009/10	2007/08	2008/09	2009/10
Western Australia	0.97	0.77	0.55	0.38	0.21	0.22	0.31
Victoria ²⁷	0.33	0.29	0.43	0.59	0.3	0.42	0.49
Tasmania ²⁸	0.38	0.39	0.45	0.62	data not available	0.06 ²⁹	0.15
South Australia ³⁰	0.76	0.85	0.87	0.66	0.78	1.14 ³¹	0.79
New South Wales ³²	0.7	0.6	0.6	data not available	0.5	0.5	data not available

Over the four years to 2009/10, the state-wide level of residential disconnections in Western Australia has fallen by 61%. For the first time, the Western Australian residential disconnection rate in 2009/10 was the lowest of the four jurisdictions that reported data.

Over the three years to 2009/10, the state-wide level of non-residential disconnections has increased by 47.6%. In 2009/10, Tasmania reported the lowest level of non-residential disconnections, followed by Western Australia.

²⁷ Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009.

²⁸ Data provided by the Office of the Tasmanian Economic Regulator.

²⁹ The office of the Tasmanian Economic Regulator provided revised data for 2008/09 at the time of preparation of this report.

³⁰ Essential Services Commission of South Australia (ESCOSA), 2009/10 Annual Performance Report: South Australian Energy Supply Industry.

³¹ ESCOSA published revised historical data for 2008/09 in the 2009/10 Annual Performance Report: South Australian Energy Supply Industry.

³² 2008/09 data is based on IPART, NSW Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators in NSW for the period 1 July 2003 to 30 June 2009. At the time of publication the 2009/10 data has not been published by IPART.

Reconnections

Horizon Power and Synergy were the only retailers to report that they had reconnected residential or non-residential customers in the same name and at the same supply address within seven days of the disconnection for failure to pay a bill during 2009/10.

Residential Reconnections

Table 11 shows the number and percentage of residential customers who were reconnected within seven days of disconnection for failure to pay a bill. The Authority notes that retailers often levy a charge on customers to recover the costs that they incur for arranging the reconnection, which is an additional cost to the customer over and above normal supply charges.

Table 11: Residential customers reconnected at same supply address within 7 days of disconnection

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)
Horizon Power	1,236	4.10	826	2.66	350	1.11	145	0.47
Synergy	3,008	0.37	2,273	0.27	1,773	0.21	718	0.08
State Total	4,244	0.51	3,099	0.36	2,123	0.24	863	0.10

Compared to 2008/09, the state-wide number of residential customers who were disconnected and subsequently reconnected within seven days of disconnection fell by 59.3%. The reduction is attributed to significant decreases in the number of customer reconnections reported by both Horizon Power (down 58.6%) and Synergy (down 59.5%).

Comparing the data in Table 11 with Table 7 shows that there was a substantial reduction in the state-wide residential reconnection rate³³, which fell from 44.2% in 2008/09 to 25.8% in 2009/10.³⁴

Table 12 provides additional information about residential customer reconnections in 2009/10. Comparing Table 12 and Table 8 shows that disconnected customers who were previously the subject of an instalment plan were most likely to be reconnected within seven days.³⁵ The customers who were least likely to be reconnected within seven days were those who had been disconnected at the same supply address within the past 24 months.³⁶

³³ The reconnection rate is measured by the number of customers reconnected divided by the number of customers disconnected.

³⁴ Of the 3,348 disconnections in 2009/10, 863 customers (or 25.8%) were reconnected within 7 days, which was a significant decline from the 44.2% recorded in 2008/09.

³⁵ Of the 846 customers who were disconnected by Horizon Power and Synergy, 620 (or 73.3%) were reconnected within 7 days.

³⁶ Of the 258 customers who were disconnected by Horizon Power and Synergy, 117 (or 45.3%) were reconnected within 7 days.

Table 12: Additional residential reconnection indicators for 2009/10

Retailer	Residential customers reconnected who were previously the subject of an instalment plan		Residential customers reconnected who have been disconnected within the past 24 months		Residential customers reconnected who were receiving a concession prior to disconnection	
	Number	(%)	Number	(%)	Number	(%)
Horizon Power	54	0.18	6	0.02	6	0.02
Synergy	566	0.07	111	0.01	681	0.08
State Total	620	0.07	117	0.01	687	0.08

Caution should be exercised when interpreting the reconnection indicators in Table 11. There are a range of circumstances where reconnection has occurred, but the account holder who was disconnected for failing to pay a bill at the supply address has either vacated the premises before, or shortly after, the disconnection has taken place. There are also circumstances where a supply may be established, within 7 days of disconnection, in the name of a new account holder at the disconnected premises, with the previous account holder still in residence.

Non-residential Reconnections

Table 13 shows the number and percentage of non-residential customers who were disconnected for failing to pay a bill and subsequently reconnected within seven days of disconnection. As with residential reconnections, retailers often levy a charge on customers to recover the costs that they incur for arranging the reconnection, which is an additional cost to the customer over and above normal supply charges.

Compared to 2008/09, the state-wide number of non-residential customers who were reconnected following a disconnection increased by 93.8%. This is due to significant increases in the number of customer reconnections reported by both Horizon Power (up 389%) and Synergy (up 25.6%). The state-wide non-residential reconnection rate increased from 24.2% in 2008/09 to 29.5% in 2009/10.

Table 13: Non-residential customers reconnected at the same supply address within 7 days of being disconnected

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)
Horizon Power	16	0.31	16	0.28	9	0.15	44	0.61
Synergy	78	0.09	56	0.07	39	0.05	49	0.05
State Total	94	0.11	72	0.08	48	0.05	93	0.09

Comparing Table 9 and Table 13 shows that the state-wide percentage of non-residential disconnections that resulted in a reconnection increased from 24.2% in 2008/09, to 29.5% in 2009/10.

For similar reasons to those specified in relation to the residential reconnection indicators, caution should be exercised when interpreting the non-residential customer reconnection indicators.

Inter-jurisdictional comparison of reconnections

Table 14 provides an inter-jurisdictional comparison of residential and non-residential reconnections for the four years to 2009/10.

Over the four years to 2009/10, the state-wide level of residential reconnections has fallen by 80.4%. The Western Australian residential reconnection rate in 2009/10 was the lowest of the four jurisdictions that reported data.

Table 14: Inter-jurisdictional comparison of residential and non-residential reconnections³⁷

Jurisdiction	Reconnections per 100 residential customers				Reconnections per 100 non-residential customers			
	2006/07	2007/08	2008/09	2009/10	2006/07	2007/08	2008/09	2009/10
Western Australia	0.51	0.36	0.24	0.10	0.11	0.08	0.05	0.08
Victoria ³⁸	0.13	0.13	0.19	0.26	0.09	0.09	0.10	0.11
South Australia ³⁹	0.30	0.33	0.37	0.20	0.20	0.19	0.21	0.11
Tasmania ⁴⁰	data not available	data not available	0.13	0.24	data not available	data not available	0.04	0.02

³⁷ Reconnection data for NSW and TAS for 2006/07 and 2007/08 is not available.

³⁸ Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009.

³⁹ Essential Services Commission of South Australia (ESCOSA), 2009/10 Annual Performance Report: South Australian Energy Supply Industry. Please note that ESCOSA published revised historical data for 2008/09 in the 2009/10 Annual Performance Report: South Australian Energy Supply Industry and this has been reflected in this report.

⁴⁰ Data for 2008/09 provided by the Office of the Tasmanian Economic Regulator. Data for 2006/07 and 2007/08 not available.

Security Deposits

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

All five retailers reported that they had not required any of their residential customers to provide a security deposit during 2008/09 or 2009/10.

Synergy reported that it has required a security deposit from one of its non-residential customers (down from 51 in 2008/09). None of the four remaining retailers required security deposits from their non-residential customers.

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 in two or more successive payment periods.

Synergy reported a total of 2087 residential customers had a direct debit plan terminated in 2009/10 (up from 202 in 2008/09) for default or non-payment. Synergy also reported a total of 93 non-residential customers had a direct debit plan terminated in 2009/2010 (up from 8 in 2008/09) for default or non-payment. All the other retailers reported that they have not terminated any direct debit plans for default or non-payment in 2009/10.

Synergy commented that:

Direct debit default typically occurs when a customer's credit card expires, a customer has insufficient funds to cover a transaction or the customer closes the bank account without establishing a new direct debit arrangement. In the case of insufficient funds Synergy advises customers to contact them prior to the transaction being processed to arrange alternative payment arrangements including additional time to pay or payment plans.

Complaints

A complaint is defined 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.⁴¹

Residential Customers

Horizon Power and Synergy were the only retailers who reported that they had received complaints from residential customers during 2009/10.

Table 15 details the complaints received from residential customers by Horizon Power and Synergy during the four years to 2009/10. In 2009/10, both Horizon Power and Synergy recorded increases (by 40.3% and 343% respectively) in the number of complaints made by residential customers compared to 2008/09. This has translated into a 325% increase in the state-wide number of residential complaints, which has lifted the percentage of residential complaints⁴² from 0.23% in 2008/09 to 0.98% in 2009/10.

Table 15: Residential customer complaints

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of complaints	Complaints per 100 residential customers	Number of complaints	Complaints per 100 residential customers	Number of complaints	Complaints per 100 residential customers	Number of complaints	Complaints per 100 residential customers
Horizon Power	72	0.24	195	0.63	124	0.40	174	0.57
Synergy	1,329	0.16	1,490	0.18	1,903	0.22	8,432	0.99
State Total	1,401	0.17	1,685	0.20	2,027	0.23	8,606	0.98

Table 16 disaggregates the residential complaints into complaint categories. Consistent with 2008/09, the majority of Synergy's residential complaints in 2009/10 related to billing issues. However, in 2009/10, the majority of Horizon Power's residential complaints related to the "other" category (complaints related to matters other than billing, marketing and transfers), which differs from 2008/09 when the majority of the complaints were related to billing issues.

Synergy commented that:

Synergy acknowledges there was a significant increase in the number of complaints and the time taken to manage complaints in 2009/10. Reasons for complaints included:

- electricity tariff increases;
- billing delays;
- extended definition of a complaint under the electricity regulatory framework;
- billing errors;
- customer self meter reads;
- provision of meter energy data including estimate reads by the network operator; and
- complexity of new products and product requirements such as bi-directional metering.

⁴¹ Standard AS ISO 10002-2006, Customer satisfaction – Guidelines for complaints handling in organisations.

⁴² This is the number of complaints per 100 residential customers expressed as a percentage.

In response to the increased complaints additional staff was recruited during the year and a review completed to identify greater efficiencies in managing and responding to complaints. Synergy's Customer Advocate continued to ensure customers have a strong and independent voice and representation within Synergy. The Customer Advocacy Committee with membership from key customer advocacy groups as well as senior Synergy staff continued to meet during the year to consider a wide range of customer issues and provided vital input to Synergy with respect to various issues impacting residential customers.

Table 16: Residential customer complaints by complaint category

Complaint Category	2006/07		2007/08		2008/09		2009/10	
	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	72	1,329	195	1,490	124	1,903	174	8,432
Billing (% of total)	48.6	77.1	8.2	84.0	51.6	83.8	36.21	89.08
Marketing (% of total)	0.0	5.4	0.0	16.0	0.8	8.5	0	1.47
Transfer (% of total)	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Other (% of total)	51.4	17.5	91.8	0.0	47.6	7.7	63.8	9.45

Non-Residential Customers

Table 17 provides details of the complaints received from non-residential customers by all five retailers over the four years to 2009/10. During 2009/10, the number of complaints made to Horizon Power by non-residential customers fell by 84% compared to 2008/09. Over the same period, the number of complaints made to Synergy increased by 555%. This has translated into a 434% increase in the state-wide number of non-residential complaints, which has lifted the percentage of non-residential complaints⁴³ from 0.17% in 2008/09 to 0.84% in 2009/10.

Synergy stated that the explanation for the increase in non-residential complaints were the same as those cited for residential complaints.

Table 17: Non-residential customer complaints

Retailer	2006/07		2007/08		2008/09		2009/10	
	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers
Alinta Sales	Not provided	Not provided	5	0.59	4	0.43	6	0.66
Horizon Power	15	0.29	63	1.12	25	0.42	4	0.06
Perth Energy	Not provided	Not provided	Not provided	Not provided	1	0.27	1	0.18
RIA	Not provided	Not provided	Not provided	Not provided	1	1.00	0	0.00
Synergy	90	0.11	80	0.10	127	0.15	832	0.91
State Total	105	0.12	143	0.16	158	0.17	843	0.84

⁴³ This is the number of complaints per 100 non-residential customers expressed as a percentage.

Table 18 disaggregates the non-residential complaints received by Horizon Power and Synergy into complaint categories. Consistent with 2008/09, the majority of Synergy's non-residential complaints in 2009/10 related to billing issues.

During 2009/10, Alinta Sales received six complaints from non-residential customers (three related to billing, two related to marketing and one was categorised as "other") and Perth Energy received a single complaint (related to billing) from a non-residential customer.

Table 18: Non-residential customer complaints by category for Horizon Power and Synergy

Complaint Category	2006/07		2007/08		2008/09		2009/10	
	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	15	90	63	80	25	127	4	832
Billing (% of total)	40.0	100.0	20.6	80.0	52.0	93.7	50.0	88.34
Marketing (% of total)	0.0	0.0	0.0	20.0	0.0	0.8	0	1.08
Transfer (% of total)	0.0	0.0	0.0	0.0	0.0	0.0	0	0.0
Other (% of total)	60.0	0.0	79.4	0.0	48.0	5.5	50.0	10.58

Table 19 provides an inter-jurisdictional comparison of the state-wide total (residential and non-residential combined) complaints recorded by retailers for the four years to 2009/10.

Table 19: Inter-jurisdictional comparison of total customer complaints

Year	Total customer complaints (per 100 customers)				
	Western Australia	Victoria ⁴⁴	South Australia ⁴⁵	New South Wales ⁴⁶	Tasmania ⁴⁷
2006/07	0.16	0.81	0.76	0.5	0.43
2007/08	0.20	1.0	0.83	0.4	0.50
2008/09	0.22	2.22	1.26	0.4	0.88
2009/10	0.96	2.10	1.54	data not available	1.27

⁴⁴ Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009.

⁴⁵ Essential Services Commission of South Australia (ESCOSA), 2009/10 Annual Performance Report: South Australian Energy Supply Industry. Please note that all historical data has been amended to reflect revised data published by ESCOSA in the 2009/10 Annual Performance Report: South Australian Energy Supply Industry.

⁴⁶ 2008/09 data is based on IPART, Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators in NSW for the period 1 July 2003 to 30 June 2009. At the time of publication the 2009/10 data has not been published by IPART.

⁴⁷ Data for 2009/10 provided by the Office of the Tasmanian Economic Regulator. Historical data for 2008/09 has been amended to reflect revised data provided by the Office of the Tasmanian Economic Regulator.

For the fourth successive year, the level of complaints received by Western Australian retailers was lower than the retailers in other jurisdictions that reported data. Compared to 2008/09, there has been an increased level of complaints made to retailers in all the jurisdictions other than Victoria.

Service Standard Payments

Under the 2008 Code of Conduct, service standard payments are available for:

- late reconnection, at a rate of \$50 per day up to a maximum of \$250 total (Part 14.1);
- wrongful disconnection, at a rate of \$50 per day up to a maximum of \$250 total (Part 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 (Part 14.3).

In order to obtain a service standard payment, customers must apply to the retailer within 3 months of the non-compliance by the retailer.

Table 20 shows the number of service standard payments made by Horizon Power and Synergy in the three years to 2009/10. During 2009/10, Horizon Power was the only retailer to make service standard payments to customers (a single payment for wrongful disconnection).

Table 20: Number of service standard payments made by Horizon Power and Synergy

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

Call Centre Performance

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

Of the five 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 first year that Rottnest Island has operated a call centre for its electricity retail business.

The Alinta Sales call centre handles calls from both electricity and gas customers, and the Horizon Power and RIA call centres handle calls for both retail and distribution, so the performance data needs to be interpreted accordingly.

Table 21 provides a summary of call centre performance during 2009/10 in relation to the three performance measures.

Table 22 provides details of the total number of calls that were handled by each call centre during the four years to 2009/10.

Table 23, Table 24 and Table 25 detail call centre performance against each of the three key performance measures for the four years to 2009/10.

During 2009/10, Alinta Sales, Horizon Power and Synergy recorded a deterioration in the percentage of calls answered within 30 seconds and the average duration before a call is answered. In particular, the average duration before a call is answered by an operator for Horizon Power was 34 seconds (up from 10 seconds in 2008/09), and for Synergy it was 52 seconds (up from 23 seconds in 2008/09) (see Table 24).

Alinta Sales reported an improvement in the level of unanswered calls (from 1.4% in 2008/09 to 1.06% in 2009/10), but Horizon Power and Synergy reported a deterioration in their performance (to 1.74% and 3.63% respectively) over the same period.

Table 21: Summary of retailer call centre performance during 2009/10

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	2,173	77.82	1.06	19
Horizon Power ⁴⁸	89,200	83.36	1.74	34
Rottnest Island ⁴⁹	1027	94.55	1.36	21
Synergy	1,257,153	72.04	3.63	52
State Total	1,349,553	72.8	3.5	31.5

⁴⁸ Horizon Power's call centre data are combined figures of both retail and distribution calls.

⁴⁹ Rottnest Island's call centre data are combined figures of both retail and distribution calls.

Table 22: Number of calls to an operator

Retailer	2006/07	2007/08	2008/09	2009/10
Alinta Sales	1,659	2,829	2,681	2,173
Horizon Power	111,919	85,356	94,018	89,200
Rottnest Island	Not applicable	Not applicable	Not applicable	1,027
Synergy	1,007,865	927,241	919,948	1,257,153
State Total	1,121,443	1,015,426	1,016,647	1,349,553

Table 23: Operator calls responded to within 30 seconds (%)

Retailer	2006/07	2007/08	2008/09	2009/10
Alinta Sales	64.1	70.9	84.3	77.82
Horizon Power	70.0	83.4	90.9	83.4
Rottnest Island	Not applicable	Not applicable	Not applicable	94.55
Synergy	62.8	80.2	78.7	72.04
State Total	63.5	80.4	79.8	72.8

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

Retailer	2006/07	2007/08	2008/09	2009/10
Alinta Sales	33.0	17.0	12.0	19.0
Horizon Power	26.5	11.5	10.0	34.0
Rottnest Island	Not applicable	Not applicable	Not applicable	21
Synergy	56.8	17.4	23.0	52
State Total	38.8	15.3	15	31.5

Table 25: Level of unanswered calls (%)

Retailer	2006/07	2007/08	2008/09	2009/10
Alinta Sales	1.9	2.3	1.4	1.06
Horizon Power	9.4	4.5	0.3	1.74
Rottnest Island	Not applicable	Not applicable	Not applicable	1.36
Synergy	5.1	2.1	2.4	3.63
State Total	5.5	2.3	2.2	3.5

Horizon Power commented that they:

experienced a deterioration in call centre performance due to a changeover of call centre location and incorrect information being provided when workforce planning was done for our call centre. Staffing was slightly underestimated, based on inaccurate call volume reporting provided by the previous call centre provider. When this was realised the situation was quickly rectified.

Synergy commented that:

Although Synergy's call centre performance decreased in 2009/10, it should be noted that the volume of calls increased by 37% over the corresponding period.

Table 26 provides an inter-jurisdictional comparison of call centre responsiveness, measured by the percentage of calls responded to within 30 seconds. During 2009/10, the responsiveness of the call centres operated by Western Australian retailers compared favourably with their peers in other jurisdictions.

Table 26: Inter-jurisdictional comparison of operator calls responded to within 30 seconds

Year	Western Australia	Victoria ⁵⁰	South Australia ⁵¹	New South Wales ⁵²	Tasmania ⁵³
2006/07 (%)	63.5	70.0	81.9	65.5	data not available
2007/08 (%)	80.4	67.0	84.6	75.3	data not available
2008/09 (%)	79.8	64.0	84.5	67.3%	70.3
2009/10 (%)	72.8	64.0	83.8	data not available	77.2

⁵⁰ Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009. Note that these values are for calls to Victorian energy retailers, and include data for calls related to both electricity and gas supply.

⁵¹ Essential Services Commission of South Australia (ESCOSA), 2009/10 Annual Performance Report: South Australian Energy Supply Industry. 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.

⁵² 2008/09 data is based on IPART, Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators in NSW for the period 1 July 2003 to 30 June 2009. At the time of publication the 2009/10 data has not been published by IPART.

⁵³ Data for 2009/10 provided by the Office of the Tasmanian Economic Regulator. Data for 2006/07 and 2007/08 not available.

