



PUBLICATION

2010/11 Annual Energy Retailer Performance Report

The Economic Regulation Authority has called on energy retailers to do more to assist customers avoid disconnections through better application of their hardship policies.

The ERA today approved the publication of the [2010/11 Annual Performance Report - Energy Retailers](#) (Energy Retailer Report). The report, which combines the stand-alone electricity and gas retailer performance reports published by the ERA in previous years, highlights a number of key findings by the ERA.

Competition in the small use electricity and gas retail markets

The majority of residential and small business customers are not able to choose an alternative retailer if they are dissatisfied with the pricing or service provided by their current retailer. This is because competition in both the small use electricity and gas retail markets continues to be constrained by structural issues.

In the SWIS,¹ there are legislative constraints that prevent retailers other than Synergy from supplying the majority of small use residential and business customers.²

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

In the gas retail market, the Gas Market Moratorium prevents Synergy from supplying customers who consume less than 180GJ of gas per annum within the Alinta Sales supply areas.

Affordability

Over the past three years, the number of residential and non-residential customers seeking more time to pay a bill has increased significantly, with the number of Synergy's customers on instalment plans (to pay off arrears) peaking in 2010/11:

¹ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

² Retailers other than Synergy are not allowed to supply customer who consume less than 50MWh of electricity per annum.

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

- It appears that the effects of the rapid increase in electricity tariffs since 2009 continue to be felt by customers.⁴
- In contrast, the number of gas customers seeking assistance with their bills has remained relatively unchanged, probably because the recent increases in gas tariffs have been much lower than those in electricity.

Disconnections and Reconnections

A key indicator of financial stress is the number of customers who are disconnected for non-payment of a bill:

- The state-wide level of electricity disconnections increased by 137% (from 3,348 to 8,295 customers) in 2010/11, largely attributable to the number of disconnections by Synergy.
- Synergy has previously informed the Authority that the historically low electricity customer disconnection rate in 2009/10 was unsustainable due to temporary moratoria on disconnections throughout that year.
- Compared to 2009/10, there was an increase in the proportion of disconnected electricity customers being reconnected within seven days of disconnection.
- The number of electricity customers disconnected multiple times in the past two years was also markedly higher.
- Western Australia had the second highest electricity customer disconnection rate of all states⁵ in 2010/11, up from the previous year where Western Australia had the lowest disconnection rate.

The Authority sees the increase in electricity disconnections as indicating that retailers could do more to assist customers avoid disconnection through the application of their hardship policies.

The level of residential and non-residential gas disconnections both fell in 2010/11, by 38% (17,232 to 10,848 customers) and 47% (158 to 86 customers) respectively, largely due to similar falls in the number of Alinta Sales' customers who were disconnected. The residential gas disconnection rate (1.76 per 100 customers) was still almost double the residential electricity disconnection rate (0.9 per 100 customers).

The Authority will be taking a close look at the effectiveness of the electricity and gas retailer's hardship policies in the upcoming licence performance audits.

Customer Service

The level of customer service provided by retailers is measured by complaints and call centre performance, for those retailers who operate a call centre:

- Residential customer complaints to electricity and gas retailers increased significantly in 2010/11.

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

⁵ South Australia had the highest disconnection rate in 2010/11 at 1.01 disconnections per 100 customers

- The individual retailer performance presents a mixed picture, with Horizon Power seeing their complaints fall to historically low levels, while both Alinta Sales and Synergy recorded historically high levels of complaints.
- The increase in complaints made to Synergy relate to billing, mostly due to tariff increases and billing system issues. In contrast, the majority of complaints made to Alinta Sales relate to problems with the level of service provided to customers.
- The volume of calls to call centres in 2010/11 (1,518,371 calls to electricity retailers and 911,203 calls to gas retailers) was the highest since the Authority commenced reporting retailer performance in 2006.
- The overall performance of both electricity and gas retailers against the three measures of call centre service (calls answered within 30 seconds, average time to answer a call and the percentage of calls abandoned) fell during 2010/11, although some individual retailers may have seen an improvement in one or more of their service measures.

The Authority has a role in informing customers about the levels of service provided by electricity and gas retailers, particularly those retailers who supply residential and small business customers.

The purpose of the Energy Retailer Report is to bring transparency and accountability to the performance of electricity retailers and gas retailers who supply small use customers.

The Energy Retailer Report presents the performance of retailers based on a nationally consistent reporting framework which measures: affordability; access to supply; customer service and compensation payments. This has proved to be an effective method of presenting the performance of retailers in an easy to understand format.

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

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