

2007/08 Annual Performance Report Electricity Retailers

March 2009

Economic Regulation Authority

 WESTERN AUSTRALIA

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Summary

This is the third annual report published by the Authority that examines the performance of electricity retailers who supply small use¹ customers in Western Australia. The previous report² presented performance information based on the record keeping requirements set out in Part 13 of the *Code of Conduct (For the Supply of Electricity to Small Use Customers) 2004 (2004 Code of Conduct)* and the Electricity Compliance Reporting Manual³ (**Reporting Manual**) published by the Authority in May 2007.

In January 2008, the 2004 Code of Conduct was repealed and replaced by the *Code of Conduct For the Supply of Electricity to Small Use Customers 2008*⁴ (**2008 Code of Conduct**). The electricity retailer performance indicators in the 2008 Code of Conduct have been aligned with the performance reporting framework adopted by the Utility Regulators Forum⁵ (**2007 SCONRRR Framework**), which has reduced the number of performance indicators applicable to electricity retailers. In April 2008, the Authority published a revised Reporting Manual that includes the retail performance indicators in the 2008 Code of Conduct. This report is based on the performance indicators contained in the Reporting Manual published in April 2008.

The 2006/07 report included performance data for Synergy and Horizon Power (the successor entities to Western Power Corporation) covering the 3 months to 30 June 2006⁶ and performance data covering the 12 months to 30 June 2007. The 2005/06 data was retained to provide a point of reference for the 2006/07 data and to provide a breakdown of the whole of State data for some performance indicators. Now that complete annual performance datasets for 2006/07 and 2007/08 are available, the 2005/06 performance dataset will be excluded from this, and future, reports.

Customers

For retailers, the number of customers is measured by the number of customer accounts. Throughout this report, the use of the term customer should be interpreted as referring to a customer account. By June 2008, there were just over 951,000 small use customers in the State, comprising 860,000 residential customers and 91,000 non-residential (i.e. business) customers.

The Authority notes that the percentages presented in the sections of this report dealing with affordability, disconnections and reconnections for Synergy differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy on its web site. This is because the percentages calculated in this report are based on the

¹ Small use customers consume less than 160MWh of electricity per annum.

² 2006/07 Annual Performance Report – Electricity Retailers, which can be found on the Authority's web site: http://www.era.wa.gov.au/2/246/51/reports_decisi.pm

³ Electricity Compliance Reporting Manual, which can be found on the Authority's web site: http://www.era.wa.gov.au/2/281/51/regulatory_guid.pm

⁴ Code of Conduct for the Supply of Electricity to Small Use Customer 2008, which can be found on the Authority's web site: http://www.era.wa.gov.au/3/452/51/code_of_conduct.pm

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

⁶ It was not possible to separate the Western Power performance data for the 9 months to 31/3/06 (pre-disaggregation) into metropolitan and regional customer datasets. Consequently, the 2005/06 Synergy and Horizon Power performance data only cover the 3 months to 30/6/06.

number of customer accounts and the percentages in the report published by Synergy are based on the number of customers⁷.

Synergy, who retail in the SWIS⁸, is the largest retailer in the State with almost 913,000 small use residential and non-residential customers, or 95.9% of the total. Horizon Power, who retail in areas of the State outside the SWIS, had almost 37,000 customers or 3.9% of the total and the remaining 0.2% of the total is divided between Alinta Sales (1,650 customers), Perth Energy (204 customers) and Rottneest Island Authority (99 customers).

In the SWIS, contestable residential customers represented 0.6% (4,821) of residential customers and 16.8% (15,283) of non-residential customers during 2007/08. Synergy supplied 100% of the contestable residential customers and 87% of contestable non-residential customers. The remaining 13% of contestable non-residential customers in the SWIS were shared between Alinta Sales (11.6%) and Perth Energy (1.4%).

Affordability

Alinta Sales, Horizon Power and Synergy were the only retailers to report non-zero affordability data.

None of the retailers reported using shortened billing cycles as a means of managing customer payment issues during 2007/08.

Horizon Power and Synergy both reported a reduction in the percentage of small use residential customers on an instalment plan in 2007/08 from 7.6% of total residential customers to 4.8%, and from 2.8% of total residential customers to 2.4%, respectively.

Synergy has cited factors including improved access to payment extensions and the launch of a new direct debit product as contributing to its reduction in instalment plan use.

Horizon Power and Synergy both reported a reduction in the percentage of small use residential customers granted additional time to pay their bill in 2007/08, from 11.1% of total residential customers to 9.4% and from 7.6% of total residential customers to 6.5%, respectively. The Authority notes that the proportion of small use residential customers supplied by Horizon Power accessing special billing arrangements in 2007/08 remains higher than the proportion of Synergy customers, although this comparative 'gap' has reduced from 2006/07 levels.

This is the first year that retailers have been required to report on non-residential customers subject to special billing arrangements. The overall proportion of non-residential customers subject to these arrangements is significantly lower than the proportion of residential customers.

Disconnections and Reconnections

Synergy and Horizon Power were the only retailers to report non-zero data for the disconnection and reconnection performance indicators except for Alinta Sales, who reported one non-residential disconnection.

⁷ The definition of a customer in the 2008 Code of Conduct is not consistent with that in the SCONRRR reporting framework, which defines a customer as being equivalent to a customer account. The Authority will propose, to the Electricity Code of Conduct Committee that is currently reviewing the Code, an amendment to adopt the SCONRRR definition of a customer in the Code.

⁸ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

Disconnections

The total number of disconnections in the State during 2007/08 fell by 25% for residential customers and 32% for non-residential customers, compared to 2006/07. Horizon Power and Synergy both reported significant reductions in the number of customers disconnected, by 22% and 26% respectively.

The Authority notes that the proportion of residential customers disconnected in regional areas continues to be significantly higher (5.78%) than in the SWIS (0.58%). Horizon Power has commented that there is anecdotal evidence to suggest that the difference between their customer demographic and Synergy's may have implications for disconnection rates.

Overall, 18% of residential customers who were disconnected were previously the subject of an instalment plan (down from 25% in 2006/07), 17% of residential customers had been disconnected at the same supply address within the past 24 months (down from 19% in 2006/07) and 15% of residential customers were disconnected while receiving a concession (down from 17% in 2006/07).

Table 1 provides an inter-jurisdictional comparison of residential disconnection rates in 2007/08.

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

	Western Australia	Victoria	Tasmania	South Australia	New South Wales
Disconnections per 100 residential customers	0.77	0.29 ⁹	0.39 ¹⁰	0.85 ¹¹	N/A ¹²

The Authority is pleased to note that the number of residential customer disconnections in Western Australia fell by an impressive 25% during 2007/08, which has translated into a 21% reduction in the statewide disconnection rate. In 2007/08, the rate of residential disconnections in Western Australia was slightly below that in South Australia. However, there was still a significant gap between the level of residential disconnections in Western Australia compared to Victoria and Tasmania. The Authority acknowledges that the rate of residential disconnections in other jurisdictions is likely to be influenced by local factors, such as the presence of full retail contestability in the market, deployment of pre-payment meters and differing levels of government concessions and hardship grant schemes.

The Authority notes the introduction in 2008/09, of the Western Australian Government's Hardship Utility Grant Scheme (HUGS). HUGS is intended to offer assistance to those people in genuine financial hardship in Western Australia to pay their overdue utility bills before disconnection, and provide free financial advice to reduce the future likelihood of disconnection. It will be interesting to observe the impact that the introduction of HUGS may have on the future level of disconnections for non-payment.

⁹ Essential Services Commission of Victoria (ESC), Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

¹⁰ Ibid.

¹¹ Essential Services Commission of South Australia (ESCOSA), 2007/08 Annual Performance Report: Energy Retail Market.

¹² The data source for this item is the annual electricity retail datasheet published by the Independent Pricing and Regulatory Tribunal of NSW (IPART). At the time of publication the 2007/08 datasheet has not been published.

Reconnections

The total number of residential customers who were disconnected and subsequently reconnected within 7 days of disconnection fell by 27%, compared to 2006/07. This is a particularly encouraging result, which mirrors the reduction in the level of customer disconnections.

Horizon Power reported a decrease in the proportion of disconnected residential customers who were subsequently reconnected from 54% in 2006/07, to 46% in 2007/08. Synergy reported a slight increase proportion of disconnected residential customers who were subsequently reconnected from 46% in 2006/07, to 47% in 2007/08.

The number of non-residential customers who were disconnected and subsequently reconnected within 7 days of disconnection fell by 23%, compared to 2006/07, which is attributable to a 28% reduction in the number of reconnections reported by Synergy.

Complaints

Horizon Power and Synergy were the only retailers to report that they had recorded complaints from residential and non-residential customers. Alinta Sales reported that it had received complaints from non-residential customers only.

The proportion of customer complaints recorded by retailers on a statewide basis increased by 25%, compared to 2006/07. The increase in the number of residential customer complaints (171%) and non-residential customer complaints (320%) recorded by Horizon Power, was particularly significant.

As was the case in 2006/07, the majority of Synergy's customer complaints relate to 'Billing' issues and the majority of Horizon Power's customer complaints relate to 'Other' issues (which include connection, disconnection and reconnection). Synergy cites the 2007/08 price and fee increases as the largest contributing factor to the increase in complaints.

Table 2 shows that, despite a 25% increase in the proportion of customer complaints recorded by Western Australia retailers in 2007/08, the comparative level of complaints in Western Australia was substantially lower than the levels recorded by retailers in South Australia and Victoria. One possible explanation for this difference is the existence of full retail contestability in South Australia and Victoria, which contributes to an increase in marketing activity and the number of transfers, service orders and other transactions processed by retailers. This increased level of activity might, in turn, result in higher levels of complaints from customers.

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

	Western Australia	Victoria	South Australia
Total complaints per 100 residential customers	0.20	1.0 ¹³	0.84 ¹⁴

¹³ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

¹⁴ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

Service Standard Payments

Synergy and Horizon Power were the only retailers to report making service standard payments during 2007/08.

Horizon Power only reported one compensation payment, for late reconnection. Synergy reported 41 compensation payments in total: 14 for late reconnection; 17 for wrongful disconnection; and 10 for failing to respond to a written query or complaint on time.

Contact Centre Performance

Three retailers operate contact centres for their electricity retail businesses: Alinta Sales¹⁵, Horizon Power and Synergy.

The retailers' call centres handled a total of 1.02 million calls to an operator in 2007/08, with 91.3% of these calls being handled by Synergy.

With the exception of the percentage of unanswered calls achieved by Alinta Sales, which has remained relatively constant, there has been a marked improvement in all performance measures by all three retailers compared to 2006/07. For example, the percentage of operator calls responded to within 30 seconds was: Alinta Sales 71% (up from 64.1% in 2006/07); Horizon Power 83% (up from 70% in 2006/07) and Synergy 80% (up from 62.8% in 2006/07).

Table 3 shows that, on average, the proportion of calls answered by Western Australian retailers within 30 seconds in 2007/08 is comparable to the performance of retailers in South Australia and Victoria. This is a material improvement on the 2006/07 performance, where the response times of Western Australian retailers lagged against their interstate counterparts.

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 ¹⁶	84.6 ¹⁷

¹⁵ The Alinta Sales call centre handles calls from both Alinta Sales electricity and gas customers.

¹⁶ 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.

¹⁷ 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 electricity retail¹⁸ businesses who supply small use customers¹⁹ and to benchmark, where possible, performance against similar businesses in other electricity markets.

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 Reporting Manual published by the Authority in April 2008. The Reporting Manual incorporates the record keeping requirements of the 2008 Code of Conduct, which in turn references the 2007 SCORRR Framework. 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, providing customers with more time to pay their bill and the level of direct debit plan terminations.
- **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 plans, receiving a government funded concession and those who have been previously disconnected within the past 24 months.
- **Customer Service:** information about customer satisfaction with 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, which came into force on 1 January 2005, sets out the provisions pertaining to the licensing scheme for electricity service providers. The EIA prescribes 5 classes of electricity licence:

- a) Distribution – construct and operate electricity distribution networks.
- b) Generation – construct and operate electricity generation plant.
- c) Retail – retail electricity to customers.
- d) Transmission – construct and operate electricity transmission networks.

¹⁸ Retail licensees and integrated regional licensees who retail electricity to small use customers.

¹⁹ Small use customers consume less than 160MWh of electricity per annum

- 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 into four new statutory Corporations:

- Western Power: operates the transmission and distribution network in the SWIS²⁰;
- Synergy: retails electricity within the SWIS;
- Horizon Power: vertically integrated electricity business that operates in all areas of the State outside the SWIS; and
- Verve: 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 Authority²¹ as at 30 June 2008. Synergy has a licence to retail electricity throughout the SWIS. Horizon Power has a retail licence to retail electricity in the area covered by the North West Interconnected System²² and 37 smaller, isolated networks in regional areas of the State. The Rottnest Island Authority retails electricity on Rottnest Island.

From 1 January 2005, the Government introduced measures to make all customers who consume more than 50MWh of electricity per annum eligible to choose their electricity retailer. This created two classes of small use customer:

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

Currently non-contestable small use customers within the SWIS can only be supplied by Synergy and by Horizon Power in the rest of the State²³. This limits the size of the Western Australian contestable electricity retail market to around 15,000²⁴ customers, or 1.5% of the total small use customer market as at 30 June 2008.

²⁰ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

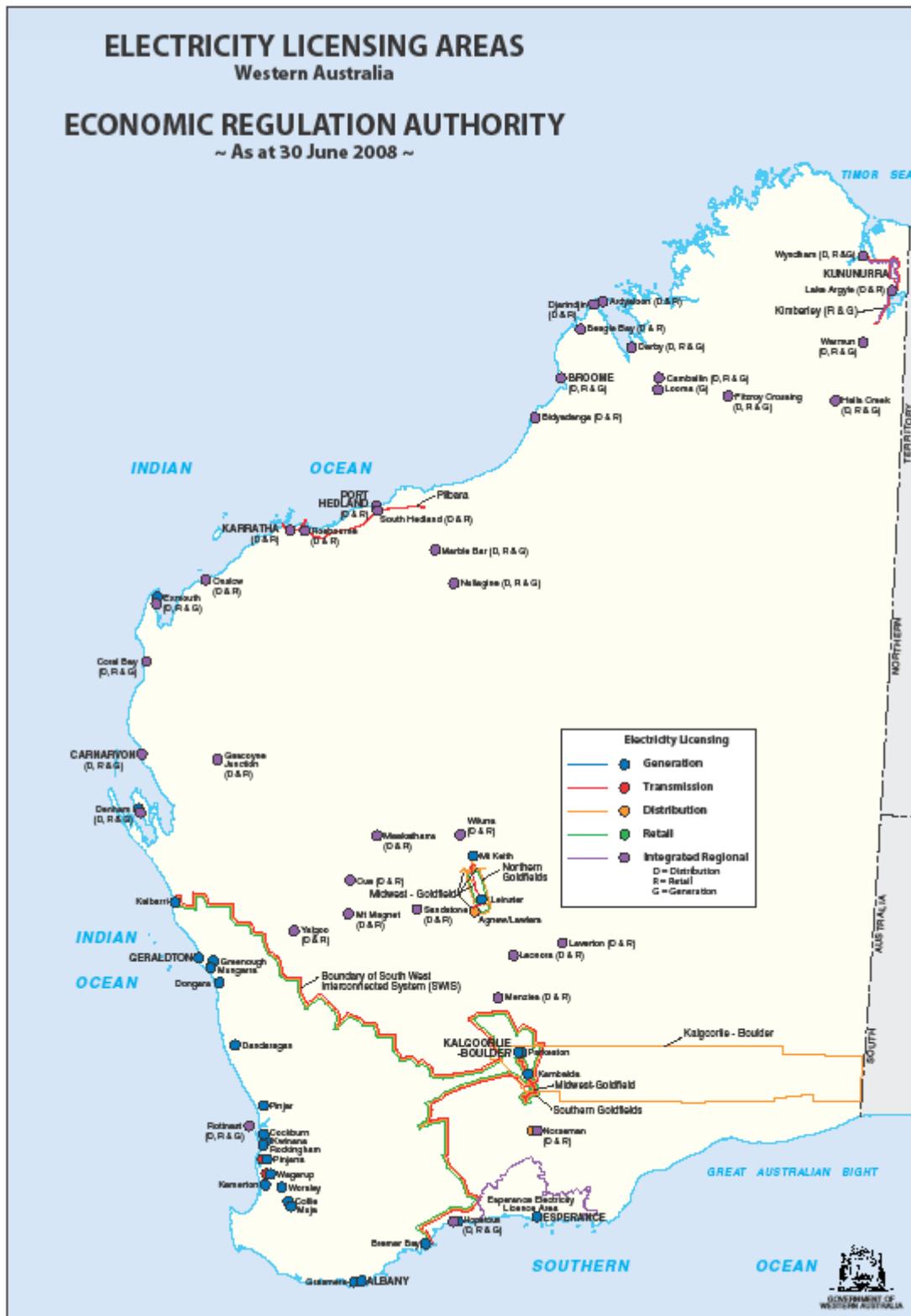
²¹ Details of electricity licenses can be found on the Authority's web site:
http://www.era.wa.gov.au/2/245/51/licence_holders.pm

²² The interconnected system located in the Pilbara region of the State supplied by generation plants in Dampier, Port Hedland and Cape Lambert

²³ It is important to note that, while these customers are not able to choose their electricity retailer, the tariffs they are charged by Synergy and Horizon Power are regulated by government through the *Energy Operators (Powers) Act 1979*.

²⁴ Western Power web site:
<http://www.wpcorp.com.au/mainContent/workingWithPower/NetworkAccessServices/Contestability.html>

Figure 1: Electricity Licensing Areas in Western Australia



During 2007/08, the number of retailers who supply small use customers has remained unchanged at five:

- Alinta Sales
- Horizon Power
- Perth Energy
- Rottneest Island Authority
- Synergy

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

Synergy, who retail in the SWIS²⁵, is the largest retailer in the State with almost 913,000 small use residential and non-residential customers, or 95.9% of the total market. Horizon Power, who retail in areas of the State outside the SWIS, had almost 37,000 customers or 3.9% of the total market, and the remaining 0.2% of customers are divided between Alinta Sales (1,650), Perth Energy (204) and Rottneest Island Authority (99).

As of 30 June 2008, the SWIS was the only area with a competitive market for small use customers. Alinta Sales, Perth Energy and Synergy retail to small use non-residential market, comprising just over 14,200 customers. Synergy has the largest share with 87% of customers, followed by Alinta Sales (11.6%) and Perth Energy (1.4%). Synergy was the only retailer supplying small use residential customers in the SWIS.

Horizon Power and Rottneest Island Authority retail electricity to small use residential and non-residential customers within their respective licence areas on a monopoly basis.

Alinta Sales and Synergy also retail gas to small use gas customers²⁶ in the SWIS.

Retailers who supply electricity to small use customers are required to supply under a Standard Form Contract (SFC) approved by the Authority. The *Electricity Industry (Customer Contract) Regulations 2005* prescribe the format and content of the SFC and impose an obligation on Horizon Power and Synergy to offer to supply small use customers, who request supply, under a SFC, including the requirement that the SFC include pricing information. The *Energy Operators (Powers) Act 1979* includes powers for the Government to approve By-Laws to regulate the tariffs that Horizon Power and Synergy can charge customers. All small use customers, who request supply from Synergy and Horizon Power, must be offered a SFC which includes the regulated tariffs, but contestable small use customers supplied by Horizon Power and Synergy have the option to contract at regulated tariffs or to negotiate a separate supply contract. The other retailers are not subject to regulated tariffs, but they are required to make available pricing information to their customers under the SFC.

²⁵ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

²⁶ The contestable small use gas market in the SWIS includes customers who consume between 0.18 and 1.0 Terajoule of gas per annum.

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 is currently undertaking 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;
- assess the costs and benefits associated with the implementation of FRC in WA; and
- assess 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 Report²⁷ on electricity tariffs. The report recommends a move towards cost reflective electricity tariffs, commencing in 2010/11.

Review of the Code of Conduct

The Electricity Code Consultative Committee (**ECCC**) completed its review of the 2004 Code of Conduct in September 2007. As required by section 88 of the *Electricity Industry Act 2004 (Act)*, 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 on in early 2008.

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

The ECCC is, as required by the legislation, undertaking a further review of the Code of Conduct. A draft review report was released for public comment in February 2009.

Electricity Compliance Reporting Manual

The Authority published a revised 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 revised Reporting Manual have been updated to align with the record keeping obligations in Part 13 of the 2008 Code of Conduct. This has removed the duplication of retail performance indicators that existed between the 2004 Code of Conduct and the 2007 SCNRRR Framework.

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 Data

²⁷ 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

Sheets and an Electricity Retail Licence Performance Reporting Handbook²⁸ to assist retailers with the reporting process.

²⁸ Electricity Retail Licence Performance Reporting Handbook which can be found on the Authority's web site:
http://www.era.wa.gov.au/2/281/51/regulatory_guid.pm

RETAILER PERFORMANCE

Customers

For retailers, the number of customers is measured by the number of customer accounts. Throughout this report, the use of the terms customer and customer account are used interchangeably.

In 2007/08 there were a total of 5 retailers active in the small use electricity market: Alinta Sales, Horizon Power, Perth Energy, Rottnest Island Authority and Synergy. This remains unchanged from 2006/07.

The 2004 Code of Conduct required retailers to keep records of the number of small use residential and non-residential accounts. The 2008 Code of Conduct requires retailers to keep records of the number of residential and non-residential accounts held by contestable and non-contestable small use customers²⁹, which provides an annual snapshot of the size of the contestable customer market and the proportion of contestable customers supplied by each retailer.

Table 4 shows the total number of small use residential and non-residential customers in the State. The total number of accounts has increased by 2.4% in 2007/08, comprising an increase of 2.4% in the number of residential customers and an increase of 2.0% in the number of non-residential customers.

Table 4: Total number of small use electricity customers

	Number of Residential Customers	Number of Business 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

Table 5 provides a breakdown of the number of small use residential and non-residential customers by retailer and compares this with 2006/07.

Synergy, which operates in the SWIS is the largest electricity retailer in the State, supplying 96.4% (unchanged from 2006/07) of small use residential and 91.7% (92.2% in 2006/07) of small use non-residential customers. Horizon Power, which operates in regional areas of the State outside the SWIS, also has a substantial customer base with 3.6% (unchanged from 2006/07) of residential and 5% (5.9% in 2006/07) of non-residential customers.

²⁹ Non-contestable small use customers are customers in the South West Interconnect System and areas serviced by Horizon Power who consume less than 50MWh of electricity per annum. Under the current regulatory framework these customers can only be supplied by Horizon Power or Synergy.

Table 5: Breakdown of small use residential and business customers by retailer in 2007/08

Retailer	Number of Residential Customers		Number of Business Customers		Total Number of Customers	
	2006/07	2007/08	2006/07	2007/08	2006/07	2007/08
Alinta Sales	0	0	1,566	1,650	1,566	1,650
Horizon Power	30,126	31,000	5,242	5,630	35,368	36,630
Perth Energy	0	0	105	204	105	204
Rottnest Island Authority	74	66	24	33	98	99
Synergy	809,664	829,305	82,350	83,590	893,254	912,895
State Total	839,864	860,371	89,287	91,107	929,151	951,478

Table 6 further breaks down of the number of small use residential and non-residential customers for 2007/08 into contestable and non-contestable customers. Contestable customers represented 0.6% of the total residential customer base and 16.8% of the total non-residential customer base.

Table 6: Small use contestable and non-contestable customers in 2007/08

Retailer	Number of Residential Customers		Number of Business Customers		Total Number of Customers	
	Contestable	Non-contestable	Contestable	Non-contestable	Contestable	Non-contestable
Alinta Sales	0	0	1,650	0	1,650	0
Horizon Power	697	30,303	1,047	4,583	1,744	34,886
Perth Energy	0	0	204	0	204	0
Rottnest Island Authority	0	66	0	33	0	99
Synergy	4,821	824,484	12,382	71,208	17,203	895,692
State Total	5,518	854,853	15,283	75,824	20,801	930,677

During 2007/08, 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. Rottnest Island is unique in that it operates as a reserve that is administered by Rottnest Island Authority who also manage the island's utilities. The Rottnest Island Authority's customers are considered to be non-contestable because it is the only entity licensed to retail electricity on the island.

Table 6 shows that during 2007/08, Synergy supplied 100% of the contestable residential customers in the SWIS. However, the contestable non-residential customer market within the SWIS, comprising a total of 14,236 customers, was contestable, with the customers shared between Synergy (12,382 customers or 87%), Alinta Sales (1,650 customers or 11.6%) and Perth Energy (204 customers or 1.4%).

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 current legislative framework in Western Australia limits the use to pre-payment meters to remote or town reserve communities in which the Aboriginal and Remote Communities Power Supply Project or Town Reserve Regularisation Project are being implemented. Horizon Power is the only retailer that supplies electricity in these areas.

Table 7 provides details of the number of pre-payment meter customers supplied by Horizon Power during the 3 years to 2007/08.

Table 7: Pre-payment meter customers supplied by Horizon Power

	Number of Pre-payment Meter Customers
2005/06	95
2006/07	179
2007/08	479

The number of pre-payment meter customers has increased by nearly 168% during the 2007/08 reporting year. Horizon Power commented that “this is a consequence of the continuing expansion of the Aboriginal and Remote Communities Power Supply Project and the Town Reserves Regularisation. During 2007/08 the communities of Bidyadanga, Lobadina, Djardijin, Ardyaloon, Beagle Bay and the town reserves of Guda Guda and Warrayu were completed”.

Affordability

The credit management policies of retailers impact on accessing an electricity supply, particularly for those customers experiencing financial hardship or payment difficulties. Part 6.10 of the 2008 Code of Conduct requires retailers to develop a 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 assesses the effectiveness of policies implemented by retailers to facilitate access to electricity supply by customers. 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 Rottnest Island Authority have reported zero data for the access and affordability measures defined in Part 6 of the 2008 Code of Conduct for either 2006/07 or 2007/08. 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 in 2007/08.

Residential Customers

Table 8 details of the number of small use residential customers who are subject to three classes of special billing arrangement: instalment plans, additional time to pay or shortened billing cycles.

Table 8: Residential customers subject to special billing arrangements

Billing Arrangement	Horizon Power		Synergy	
	2006/07	2007/08	2006/07	2007/08 ³⁰
Number of residential customers on an instalment plan	2,279	1,491	22,967	20,267
Percentage of residential customers on an instalment plan	7.6	4.8	2.8	2.4
Number of residential customers granted additional time to pay their bill ³¹	3,365	2,924	61,632	54,102
Percentage of residential customers granted additional time to pay their bill	11.1	9.4	7.6	6.5
Number of residential customers placed on a shortened billing cycle	0	0	0	0
Percentage of residential customers placed on a shortened billing cycle	0.0	0.0	0.0	0.0

Horizon Power and Synergy both reported a reduction in the percentage of small use residential customers on an instalment plan in 2007/08 compared to 2006/07.

Synergy has cited the following factors as contributing to its reduction in instalment plan use:

- Customers being able to easily access payments extensions (i.e. additional time to pay) via Synergy's interactive voice response (IVR)³² system; and
- The launch of a direct debit product in May 2007. More than 21,000 Synergy customers have since chosen this as a payment option at the time that the performance information was provided to the Authority.

Horizon Power attributes the reduction in customers on an instalment plan to the availability of a self service option on Horizon Power's IVR to receive additional time to pay.

Horizon Power and Synergy reported a reduction in the percentage of small use residential customers granted additional time to pay their bill in 2007/08 compared to 2006/07.

In the case of Synergy, this reduction has occurred despite the implication above that the decrease in instalment plans is partially attributable to an increase in the number of customers accessing additional time to pay. Synergy commented that "customers appear to be switching from requesting a payment plan to requesting a payment extension via IVR. However,

³⁰ The affordability and access percentages presented in this table differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers.

³¹ 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.

³² Collects data from the customer over the phone using voice prompts and keyed data from the telephone keypad.

overall the need for payment plans and extensions decreased in 2007/08, which appears to reflect the strength of the WA economy at that time”.

Neither Horizon Power nor Synergy used shortened billing cycles as a means of managing customer payment issues during the 2007/08 reporting year.

The Authority notes that the proportion of Horizon Power customers accessing special billing arrangements in 2007/08, remains higher than the proportion of Synergy customers. However, the difference in the comparative difference, in the level of Horizon Power customers and Synergy customers accessing special billing arrangements has reduced from 2006/07 levels. Horizon Power stated that it “hasn’t undertaken any research into how our customer base may or may not differ from Synergy and is therefore unable to provide a comment as to the difference between Horizon Power and Synergy”.

Non-residential Customers

The 2008 Code of Conduct includes additional performance indicators in respect of special billing arrangements for non-residential customers.

Table 9 provides details of the number of non-residential customers who are subject to three classes of special billing arrangement: instalment plans, additional time to pay or shortened billing cycles. This is the first year that this data has been provided.

Table 9: Non-residential customers subject to special billing arrangements in 2007/08

Billing Arrangement	Alinta Sales	Horizon Power	Synergy ³³
Number of non-residential customers on an instalment plan	0	77	849
Percentage of non-residential customers on an instalment plan	0.0	1.4	1.0
Number of non-residential customers granted additional time to pay their bill	25	195	2,086
Percentage of non-residential customers granted additional time to pay their bill	1.5	3.5	2.5
Number of non-residential customers placed on a shortened billing cycle	0	0	0
Percentage of non-residential customers placed on a shortened billing cycle	0.0	0.0	0.0

The percentage of total small use non-residential customers subject to special billing arrangements was similar for all retailers, noting that Alinta Sales did not place any customers on an instalment plan in this period and that no retailer used shortened billing cycles as a means of managing customer payment issues.

³³ The affordability and access percentages presented in this table differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers.

Disconnections

Residential Disconnections

Alinta Sales, Perth Energy and Rottnest Island Authority have reported that there were no residential customer disconnections for failure to pay a bill in 2006/07 and 2007/08. Consequently this section will focus on Horizon Power and Synergy.

Table 10 shows the total number of small use residential disconnections in the State during 2007/08 has fallen by 25% compared to 2006/07, further building on the significant reduction that occurred between 2005/06 and 2006/07. Horizon Power and Synergy both reported significant reductions in the number of customer disconnections, by 22% and 26% respectively, compared to 2006/07.

Table 10: Residential disconnections for failure to pay a bill

Retailer	2006/07		2007/08	
	Number of disconnections	Disconnections (%)	Number of disconnections	Disconnections (%)
Horizon Power	2,302	7.64 ³⁴	1,793	5.78
Synergy	6,535	0.74	4,833	0.58
State Total	8,837	0.97	6,626	0.77

Synergy reported that its decrease in disconnections during 2007/08 can be partly attributed to a range of initiatives including:

- the launch of its “Keeping Connected” financial hardship policy in February 2008;
- the recruitment of two dedicated case support officers to proactively manage customers who have been independently assessed as experiencing severe hardship;
- the use of avenues such as telephone calls and home visits, in addition to standard payment reminders and disconnection notices; and
- the use of field credit officers to provide advice, provide rebate and concession application forms, and to manage customer payment undertakings.

Horizon Power commented that ‘the introduction of a financial hardship policy may have had some bearing on a reduction in the number of disconnections’.

The Authority notes that the proportion of residential customers disconnected in regional areas continues to be significantly higher than in the SWIS. Horizon Power commented that “it hasn’t undertaken any research into how our customer base may or may not differ from Synergy and is therefore unable to provide definitive statements as to the difference between Horizon Power and Synergy. There is anecdotal evidence to suggest Horizon Power has a different customer demographic to Synergy and this may have implications for disconnection rates. Electricity use in Horizon Power’s service areas is also believed to differ from Synergy in greater use of air conditioning that may result in larger bills and have an impact on disconnections”.

Table 11 provides additional information about small use residential customer disconnections for customers on concessional arrangements or who may have previously experienced payment difficulties.

³⁴ The value reported in the 2006/07 Annual Performance Report – Electricity Retailers was incorrect because it was based on the total number of customers rather than the number of residential customers. This has resulted in the level of disconnections increasing from 6.5% to 7.6%.

Table 11 shows that 18% of residential customers disconnected were previously the subject of an instalment plan (down from 25% in 2006/07), 17% of residential customers had been disconnected at the same supply address within the past 24 months (down from 19% in 2006/07) and 15% of residential customers were disconnected while receiving a concession (down from 17% in 2006/07). Although the level of residential customers in these categories who have been disconnected has reduced, the data continues to indicate that there is a group of lower income and vulnerable customers who are experiencing ongoing difficulties with the payment of their electricity bills. In response to concerns about the need for vulnerable customers to be able to access essential services, the Western Australian Government introduced the Hardship Utilities Grants 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.

Table 11: Additional residential customer disconnection indicators for 2007/08³⁵

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	408	1.32	583	1.88	198	0.64
Synergy ³⁶	816	0.10	540	0.07	797	0.10

Non-residential Disconnections

Perth Energy and Rottnest Island Authority have reported that there were no non-residential customer disconnections for failure to pay a bill in 2006/07 and 2007/08. Consequently this section will focus on Alinta Sales, Horizon Power and Synergy.

Table 12 shows the total number of small use non-residential disconnections in the State during 2007/08 has fallen by 32% compared to 2006/07, further building on the reduction that occurred between 2005/06 and 2006/07. Synergy reported a reduction in the total number of disconnections compared to 2006/07 while Horizon Power reported an increase in disconnections.

Horizon Power commented that “these figures highlight the different environment in which Horizon Power operates. The small change in Horizon Power disconnections (5) results in a 0.1% change (noting the actual difference between the two years % disconnections is 0.04). We cannot draw any conclusions from such a small change”.

³⁵ The percentages in this table are expressed as the percentage of the total number of residential customers. This differs from the 2006/07 report, where the percentage was based on the number of customers who had been disconnected.

³⁶ The additional disconnection percentages presented in this table differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers and percentages in this table defined to 2 decimal places.

Table 12: Non-residential customers disconnected for failure to pay a bill

Retailer	2006/07		2007/08	
	Number of business disconnections	Business disconnections (%)	Number of Business disconnections	Business disconnections (%)
Alinta Sales	N/A	N/A	1	0.06
Horizon Power	39	0.67	44	0.78
Synergy	239	0.28	144	0.17
State Total	278	0.30	189	0.21

Comparing Table 10 with Table 12 shows that the proportion of non-residential disconnections is much lower than residential disconnections. Again, it can be seen that the proportion of non-residential disconnections is higher in regional areas, where Horizon Power retails, compared to the SWIS where Alinta Sales and Synergy retail.

Inter-jurisdictional comparison of disconnections

Table 13 provides an inter-jurisdictional comparison of small use residential and business disconnections for 2006/07 and 2007/08.

Table 13: Inter-jurisdictional comparison of residential and business disconnections

	Disconnections per 100 residential customers		Disconnections per 100 non-residential customers	
	2006/07	2007/08	2006/07	2007/08
Western Australia	0.97	0.77	0.30	0.21
Victoria ³⁷	0.33	0.29	0.34	0.3
Tasmania ³⁸	0.38	0.39	0.08 ³⁹	N/A
South Australia ⁴⁰	0.76	0.85	0.73	0.78
New South Wales ⁴¹	0.7	N/A	0.5	N/A

The Authority is pleased to note that the number of residential disconnections in Western Australia fell by an impressive 25% (Table 10) during 2007/08, which has translated into a 21% reduction in the statewide disconnection rate. In 2007/08, the rate of residential disconnections in Western Australia was slightly below that in South Australia. However, there was still a significant gap between the level of residential disconnections in Western Australia compared to Victoria and Tasmania. The Authority acknowledges that the rate of residential disconnections in other jurisdictions is likely to be influenced by local factors, such as the presence of full retail contestability in the market, deployment of pre-payment

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

³⁸ 2006/07 data is based on the Office of the Tasmanian Economic Regulator (OTTER), Tasmanian Energy Supply Industry Performance Report 2006-07. 2007/08 data is based on the ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

³⁹ Based on the total number of business installations (excluding major industrial) for 2007.

⁴⁰ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

⁴¹ 2006/07 data is based on IPART, NSW Electricity Information Paper No.1/2008: Electricity Businesses' Performance against Customer Service Indicators. At the time of publication the 2007/08 data has not been published by IPART.

meters and differing levels of government concessions and hardship grant schemes.

Table 13 shows that, of the 3 jurisdictions that reported data for 2007/08, Western Australia had the lowest non-residential customer disconnection rate at 0.21%.

Reconnections

Alinta Sales, Perth Energy and Rottnest Island Authority have reported that there were no residential or non-residential customer reconnections following disconnection for failure to pay a bill in 2006/07 and 2007/08. Consequently this section will focus on Horizon Power and Synergy.

Residential Reconnections

Table 14 identifies the number and percentage of residential customers who were disconnected for failing to pay a bill and subsequently reconnected within 7 days of disconnection. It is important to recognise that retailers pass on the costs they incur for reconnection to the customer, which represents an additional cost to the customer over and above normal supply charges.

In 2007/08, the statewide number of residential reconnections within 7 days of disconnection has fallen by a significant 27% (to 3,099) compared to 2006/07.

Comparing Table 10 with Table 14 shows that:

- Horizon Power reported a decrease in the proportion of residential disconnections that result in a reconnection within 7 days, from 54% in 2006/07 to 46% in 2007/08.
- Synergy reported a slight increase in the proportion of residential disconnections that result in a reconnection within 7 days, from 46% in 2006/07 to 47% in 2007/08.

Table 14: Residential customers reconnected at same supply address within 7 days of disconnection

Retailer	2006/07 ⁴²		2007/08	
	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)
Horizon Power	1,236	4.10	826	2.66
Synergy ⁴³	3,008	0.37	2,273	0.27
State Total	4,244	0.51	3,099	0.36

A decrease in the number of reconnections within 7 days of disconnection may indicate an increase in the number of customers experiencing financial hardship or payment difficulties – that is, customers who ‘can’t’ pay following disconnection rather than those

⁴² The 2006/07 report showed the percentage of customers reconnected as a percentage of the total number of customers who had been disconnected. This has been rebased to the total number of residential customers to be consistent with SCONRRR.

⁴³ The reconnection percentages presented in this table differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers and percentages in this table defined to 2 decimal places.

who ‘won’t’ pay until disconnection occurs. The Authority recognises however that other factors⁴⁴ may reduce the level of reconnections.

Table 15 provides additional information about residential customer reconnections for those customers on concessional arrangements or customers who may have previously experienced payment difficulties.

Table 15: Additional residential reconnection indicators for 2007/08

Retailer	Residential customers reconnected who were previously the subject of an instalment plan		Residential customers who have been reconnected within the past 24 months		Residential customers reconnected who were receiving a concession prior to disconnection	
	Number	(%)	Number	(%)	Number	(%)
Horizon Power	277	0.89	183	0.59	168	0.54
Synergy ⁴⁵	424	0.05	189	0.02	545	0.07

Although the proportion of residential customer disconnections in these categories who have been disconnected has reduced in line with the overall reduction in disconnections, the data continues to indicate that there is a group of lower income and vulnerable customers who are experiencing ongoing difficulties with the payment of their electricity bills.

Comparing Table 11 and Table 15 shows that:

- for Horizon Power the reconnection rates were: 68% of disconnections (down from 84% in 2006/07) of customers who were previously subject to an instalment plan; 31% of disconnections (down from 44% in 2006/07) of customers who were previously disconnected within the past 24 months and 85% of disconnections (down from 91% in 2006/07) of customers who were previously subject to a concession; and
- for Synergy the reconnection rates were: 52% of disconnections (unchanged from 2006/07) of customers who were previously subject to an instalment plan; 35% of disconnections (unchanged from 2006/07) of customers who were previously disconnected within the past 24 months and 68% of disconnections (up from 62% in 2006/07) of customers who were previously subject to a concession.

This data suggests that there may be further scope for retailers to refine their policies and processes with respect to hardship to optimise the level of reconnections following disconnection, particularly for those customers who were previously on an instalment plan or receiving a concession.

Horizon Power commented that “retailer policies pertaining to financial hardship are important in providing the opportunity for customers to maintain supply when they are experiencing payment difficulties – however, this doesn’t address the wider social issue of affordability which the retailer cannot control and properly lies with government”.

⁴⁴ For example, reconnection in the same name at the same supply address might not occur because the account holder vacates the premises or another person residing at the premises establishes a new account with the retailer.

⁴⁵ The additional disconnection percentages presented in this table differ slightly from those in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers and percentages in this table defined to 2 decimal places.

Non-residential Reconnections

Table 16 identifies the number and percentage of non-residential customers who were disconnected for failing to pay a bill and subsequently reconnected within 7 days of disconnection. As with residential reconnections, retailers pass on the costs they incur for reconnection to the customer, which represents an additional cost to the customer over and above normal supply charges.

Table 16 shows that the total number of non-residential reconnections following disconnection as a percentage of total non-residential customers has fallen by 23% in 2007/08, compared to 2006/07, which is attributable to a 28% reduction in the number of reconnections reported by Synergy.

Table 16: Non-residential customers reconnected at the same supply address (within 7 days of being disconnected)

Retailer	2006/07 ⁴⁶		2007/08	
	Number of non-residential reconnections	Non-residential reconnections (%)	Number of non-residential reconnections	Non-residential reconnections (%)
Horizon Power	16	0.31	16	0.28
Synergy	78	0.09	56	0.07 ⁴⁷
State Total	94	0.11	72	0.08

Inter-jurisdictional comparison of reconnections

Table 17 provides an inter-jurisdictional comparison of residential and non-residential reconnections⁴⁸ for the two years to 2007/08.

Despite an overall reduction in the number of residential reconnections in 2007/08, the reconnection rate in Western Australia remains higher than that in South Australia and Victoria. Conversely, the level of non-residential reconnection rate is the lower than that in both South Australia and Victoria.

The Authority notes that the trend in residential reconnections mirrors that for residential disconnections, with Western Australia being on par with South Australia and significantly higher than Victoria. However, comparing the reconnection rates in 2007/08 with 2006/07, it can be seen that Western Australia has recorded a significant 29% reduction in residential reconnection rates (mirroring the reduction in the disconnection rate) whereas South Australia and Victoria remained relatively unchanged. This pattern is repeated for non-residential reconnection rates over the same period of time, where Western Australia recorded a 27% reduction in the reconnection rate.

⁴⁶ The 2006/07 report showed the percentage of customers reconnected as a percentage of the total number of customers who had been disconnected. This has been rebased to the total number of business customers to be consistent with SCONRRR.

⁴⁷ The additional reconnection percentage presented in this table differs slightly from that in the Electricity Retail Licence Performance Report 2007/2008 published by Synergy. This is because the percentages calculated in this report are based on the number of customer accounts and those in the Synergy report are based on the number of customers and percentages in this table defined to 2 decimal places.

⁴⁸ The jurisdictions in Table 17 report on the level of reconnections within 7 days of disconnection in the same name and at the same address.

Table 17: Inter-jurisdictional comparison of residential and non-residential reconnections⁴⁹

	Reconnections per 100 residential customers		Reconnections per 100 non-residential customers	
	2006/07	2007/08	2006/07	2007/08
Western Australia	0.51	0.36	0.11	0.08
Victoria ⁵⁰	0.13	0.13	0.09	0.09
South Australia ⁵¹	0.3	0.33	0.2	0.19

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 2007/08.

Synergy reported that it has required a security deposit from 33 of its non-residential customers. None of the remaining retailers have required security deposits of 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 84 residential customers had a direct debit plan terminated in 2007/08. Synergy also reported an increase in the uptake of its direct debit product (launched in May 2007) over the reporting period with more than 21,000 Synergy customers having since chosen this as a payment option.

All other retailers reported that they have not terminated any direct debit plans in 2007/08.

Complaints

Perth Energy and Rottneest Island Authority have reported that there were no customer complaints received in 2007/08 and Alinta Sales received no residential customer complaints. Consequently this section will focus on the performance of Horizon Power and Synergy (for both residential and non-residential complaints) and Alinta Sales (for non-residential complaints only).

The 2006/07 report contained two sets of complaints data:

- Complaints categorised in accordance with the 2004 Code of Conduct; and

⁴⁹ Reconnection data for NSW and TAS for 2007/08 is not available.

⁵⁰ ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

⁵¹ Essential Services Commission of South Australia (ESCOSA), 2007/08 Annual Performance Report: Energy Retail Market.

- Complaints categorised in accordance with the 2007 SCONRRR Framework.

The 2008 Code of Conduct has adopted the customer complaint reporting framework in the 2007 SCONRRR Framework. Consequently, this section of the report will focus on the SCONRRR complaints indicators and the categorisation of complaints data in accordance with the 2004 Code of Conduct will be discontinued in this, and future, reports.

Table 18 provides details of the complaints received from residential customers by Horizon Power and Synergy in the two years to 2007/08. It can be seen that although there has been an increase in the number of residential complaints received by both Horizon Power and Synergy, the increase for Horizon Power was particularly significant (171%). This has translated into a 20% increase in the number of residential complaints received by retailers statewide.

Table 18: Residential customer complaints

Retailer	2006/07		2007/08	
	Number of complaints	Complaints per 100 residential customers	Number complaints	Complaints per 100 residential customers
Horizon Power	72	0.2	195	0.6
Synergy	1,329	0.2	1490	0.2
State Total	1,401	0.2	1685	0.2

Horizon Power commented that “the increase {in the level of recorded complaints} is due to improved reporting as a result of staff education on how a complaint is defined”.

Table 19 provides a breakdown of the residential customer complaints by complaint category. It can be seen that, in both 2006/07 and 2007/08, the majority of Synergy’s residential customer complaints relate to ‘Billing’ issues and the majority of Horizon Power’s residential customer complaints relate to ‘Other’ (which cover complaints related to matters other than billing, marketing and transfers).

Synergy has reported:

- A 75% decrease in its connection-related complaints, due to improvements in its new connections process and better coordination with Western Power, who provide connections services to Synergy; and
- An increase in the number of complaints related to marketing. Synergy cites “the 2007/08 price and fee increases as the largest contributing factor to this increase with increases to time of use tariffs, direct debit fees and merchant service fees attracting the most customer complaints”.

Horizon Power commented that “given Horizon Power is vertically integrated not all contact is related to retail activities, hence a larger percentage of complaints falling into the ‘other’ category”.

Table 19: Residential customer complaints by category

Compliant Category	2006/07		2007/08	
	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	72	1,329	195	1,490
Billing (% of total)	48.6	77.1	8.2	84.0
Marketing (% of total)	0.0	5.4	0.0	16.0
Transfer (% of total)	0.0	0.0	0.0	0.0
Other (% of total)	51.4	17.5	91.8	0.0

Table 20 provides details of the complaints received from non-residential customers by Alinta Sales, Horizon Power and Synergy. Alinta Sales did not report any non-residential customer complaints for 2006/07.

The number of non-residential customer complaints recorded by Horizon Power increased by 320% compared to 2006/07, whereas the level of complaints recorded by Synergy fell by 11% over the same period. This has translated into a 36% increase in the number of complaints received by retailers statewide.

Horizon Power commented that “the increase {in the level of recorded complaints} is due to improved reporting as a result of staff education on how a complaint is defined”.

Table 20: Non-residential customer complaints

Retailer	2006/07		2007/08	
	Number of complaints	Complaints per 100 non-residential customers	Number of complaints	Complaints per 100 non-residential customers
Alinta Sales	N/A	N/A	5	0.3
Horizon Power	15	0.3	63	1.1
Synergy	90	0.1	80	0.1
State Total	105	0.1	143	0.1

Table 21 provides a breakdown of the non-residential customer complaints by complaint category.

Horizon Power experienced an overall increase in the number of non-residential complaints received, with fewer ‘Billing’ complaints and an increase in ‘Other’ complaints (which include connection, disconnection and reconnection). Horizon Power commented that, as was the case with residential customer complaints, “the increase {in the level of recorded complaints} is due to improved reporting as a result of staff education on how a complaint is defined”.

For Synergy, there has been an increase in the number of ‘Marketing’ complaints and a reduction in the number of ‘Billing’ complaints. As was the case with residential customer complaints, Synergy cites the 2007/08 price and fee increases as the largest contributing factor to ‘Marketing’ complaints by non-residential customers.

Table 21: Non-residential customer complaints by category

Compliant Category	2006/07		2007/08	
	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	15	90	63	80
Billing (% of total)	40.0	100.0	20.6	80.0
Marketing (% of total)	0.0	0.0	0.0	20.0
Transfer (% of total)	0.0	0.0	0.0	0.0
Other (% of total)	60.0	0.0	79.4	0.0

Table 22 provides an inter-jurisdictional comparison of total small use customer complaints for the two years to 2007/08. The proportion of complaints recorded by Western Australian retailers has increased by 25%, compared to 2006/07.

In both 2006/07 and 2007/08, and despite the significant increases in the number of complaints reported by Western Australian retailers in 2007/08, the overall proportion of customer complaints in Western Australia was substantially lower than the levels reported in South Australia and Victoria. A possible explanation for this difference is the presence of full retail contestability in the other States, which contributes to an increase in marketing activity and the number of transfers, service orders and other transactions processed by retailers. The increased level of activity might, in turn, result in higher levels of complaints from customers.

Table 22: Inter-jurisdictional comparison of customer complaints

	Total complaints per 100 small use customers				
	Western Australia	Victoria ⁵²	Tasmania ⁵³	South Australia ⁵⁴	New South Wales ⁵⁵
2006/07	0.16	0.81	0.97	0.75	0.5
2007/08	0.20	1.0	N/A	0.84	N/A

Service Standard Payments

The 2004 Code of Conduct restricted eligibility to service standard payments to non-contestable small use customers⁵⁶. Part 14 of the 2008 Code of Conduct makes provision for all small use customers to be eligible for service standard payments. Because of the change to the eligibility criteria, the historical data for 2005/06 and 2006/07 has been omitted from this report.

⁵² ESC, Energy Retailers: Comparative Performance Report – Customer Service 2007/08.

⁵³ 2006/07 data is based on OTTER, Tasmanian Energy Supply Industry Performance Report 2006-07. Number represents complaints as a percentage of total customers, not small use. At the time of publication of this Report, the data for 2007/08 has not been published.

⁵⁴ ESCOSA, 2007/08 Annual Performance Report: Energy Retail Market.

⁵⁵ 2006/07 data is based on IPART, NSW Electricity Information Paper No.1/2008: Electricity Businesses' Performance Against Customer Service Indicators. At the time of publication of this Report, the data for 2007/08 has not been published.

⁵⁶ Non-contestable small use customer consume less than 50MWh of electricity per annum.

Service standard payments are available for:

- late reconnection, at \$50 per day up to a maximum of \$250 total (Part 14.1);
- wrongful disconnection, at \$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 \$20 for each written query or complaint (Part 14.3).

Horizon Power and Synergy were the only retailers to report non-zero data for the service standard payment indicator set.

Table 23 shows the number of compensation payments for each retailer in 2007/08.

Table 23: Number of service standard payments during 2007/08

Retailer	Late reconnection	Wrongful disconnection	Timely response to customer complaints
Horizon Power	1	0	0
Synergy	14	17	10

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 calls that it is handling, including performance statistics.

Only three retailers, Alinta Sales, Horizon Power⁵⁷ and Synergy, have call centres. The Alinta Sales call centre handles calls from both Alinta Sales electricity and gas customers, so the performance data needs to be interpreted accordingly. Perth Energy and Rottneest Island Authority provide telephone support to their customers using simpler telephone systems that do not record performance statistics.

Table 24 provides a summary of the call centre performance during 2007/08. Table 25, Table 26, Table 27 and Table 28 provide an overview of each of the 4 call centre performance measures for the two years ending 2007/08.

With the exception of the percentage of unanswered calls for Alinta Sales, which has remained relatively constant, there has been a marked improvement in all performance measures by all three retailers from that reported in 2006/07. For example, the percentage of operator calls responded to within 30 seconds for Alinta Sales is 70.9% (up from 64.1% in 2006/07), for Horizon Power is 83.4% (up from 70.0% in 2006/07) and for Synergy is 80.2% (up from 62.8% in 2006/07).

Synergy has emphasised that “whilst the period of operator response may have decreased, this has not changed its approach to measuring customer service from a perspective that includes customer satisfaction and quality of the interaction, rather than how quickly the call is answered”⁵⁸.

Paradoxically, as with 2006/07, it can be seen that the Horizon Power call centre answered the highest proportion of calls within 30 seconds and had the lowest average duration before a call is answered by an operator, but also continues to have the highest

⁵⁷ Horizon Power has a service level agreement with Synergy for contact centre services.

⁵⁸ Synergy Electricity Retail Licence Performance Report 2007/2008, page 13.

percentage of unanswered calls. In 2006/07, Horizon Power considered that “the high call abandon rate may indicate that people residing in regional and remote locations are less likely to persist on call waiting than people in the metropolitan area”.

It is noted, however, that Horizon Power’s percentage of unanswered calls has decreased significantly in 2007/08 to 4.5% from 9.4% in 2006/07.

Table 24: Summary of retailer contact centre performance during 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	2,829	70.9	2.3	17
Horizon Power	85,356	83.4	4.5	11.5
Synergy	927,241	80.2	2.1	17.4
State Total	1,015,426	80.4	2.3	16.9

Table 25: Number of calls to an operator

Retailer	2006/07	2007/08
Alinta Sales	1,659	2,829
Horizon Power	111,919	85,356
Synergy	1,007,865	927,241
State Total	1,121,443	1,015,426

Table 26: Operator calls responded to within 30 seconds (%)

Retailer	2006/07	2007/08
Alinta Sales	64.1	70.9
Horizon Power	70.0	83.4
Synergy	62.8	80.2
State Total	63.5	80.4

Table 27: Average duration before a call is answered by an operator (seconds)

Retailer	2006/07	2007/08
Alinta Sales	33.0	17
Horizon Power	26.5	11.5
Synergy	56.8	17.4

Table 28: Level of unanswered calls (%)

Retailer	2006/07	2007/08
Alinta Sales	1.9	2.3
Horizon Power	9.4	4.5
Synergy	5.1	2.1
State Total	5.5	2.3

Table 29 compares the performance of call centres operated by Western Australian retailers with their counterparts in South Australia, Victoria and New South Wales for the key performance measure of the proportion of calls responded to within 30 seconds.

It can be seen that, on average, the proportion of calls answered by Western Australian retailers within 30 seconds in 2007/08 is comparable to that experienced in South Australia and Victoria. This is a significant improvement on 2006/07 performance, where the response times of Western Australian retailers lagged against their interstate counterparts.

Table 29: Inter-jurisdictional comparison of operator calls responded to within 30 seconds

	Western Australia	Victoria⁵⁹	South Australia⁶⁰	New South Wales⁶¹
2006/07 (%)	63.5	71.0	81.9	65.5
2007/08 (%)	80.4	78.0	84.6	N/A

⁵⁹ 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.

⁶⁰ 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.

⁶¹ 2006/07 data is based on IPART, NSW Electricity Information Paper No.1/2008: Electricity Businesses' Performance Against Customer Service Indicators. At the time of publication of this Report, the 2007/08 data has not been published.

