

2008/09 Annual Performance Report Electricity Retailers

February 2010

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.

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. 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 SCNR Framework.³ 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 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 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, which came into force on 1 January 2005, 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.

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

- 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:

- Western Power: operates the transmission and distribution network in the SWIS;⁴
- 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 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 2009⁵. 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 System⁶ and 37 smaller, isolated networks in regional areas of the State. The Rottneest Island Authority retails electricity on Rottneest Island.

From 1 January 2005, the Government introduced measures to make all customers who consume 50MWh or more 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 can only be supplied by Synergy within the SWIS and by Horizon Power in the rest of the State⁷. This limits the size of the Western Australian contestable electricity retail market to around 17,100 customers, or 1.76% of the total small use customer market as at 30 June 2009.

During 2008/09, the number of retailers who supplying small use customers remained unchanged at five:⁸

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

⁴ South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

⁵ 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

⁶ The interconnected system located in the Pilbara region of the State supplied by generation plants in Dampier, Port Hedland and Cape Lambert

⁷ It is important to note that, while these customers are not able to choose their electricity retailer, they are entitled to access tariffs that are regulated by government through the *Energy Operators (Powers) Act 1979*.

⁸ Griffin Energy Sales is licensed to supply electricity to small use customers, but reported that it had no customers as of 30 June 2009.

Figure 1: Electricity Licensing Areas in Western Australia



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 almost 933,000 small use 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 37,400 customers or 3.85% of the total market, and the remaining 0.15% of customers are divided between Alinta Sales (922), Perth Energy (374) and Rottneest Island Authority (191).

As of 30 June 2009, the SWIS was the only area with a competitive market for small use customers. Alinta Sales, Perth Energy and Synergy retail to the small use non-residential market, comprising just over 13,500 customers. Synergy has the largest share with 90.4% of customers, followed by Alinta Sales (6.8%) and Perth Energy (2.8%). Synergy was the only retailer supplying small use residential customers in the SWIS.

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

Alinta Sales and Synergy also retail gas to small use gas customers⁹ 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 Contracts) 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. This includes a 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. Small use customers, who request supply from Synergy and Horizon Power, must be offered a SFC which includes the regulated tariffs. 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 three retailers are not subject to regulated tariffs, but they are required to make pricing information available to their customers under the 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.

⁹ The contestable small use gas market in the SWIS includes customers who consume less than 1.0 Terajoule of gas per annum. However, Synergy is precluded from supplying gas to customers who consume less than 180GJ of gas per annum.

In January 2009, the Office of Energy released its Final Recommendation Report on electricity tariffs¹⁰. The report recommended a move towards cost reflective electricity tariffs, commencing in 2009/10. In April 2009, the State Government published By-Laws setting out the increased tariffs for Horizon Power and Synergy customers, effective from 1 April and 1 July 2009.

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 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 SCONRRR Framework. However, the 2008 Code of Conduct has retained some indicators, e.g. compensation payments, that are not included in the SCONRRR 2007 framework and which 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. 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 disconnection. The Authority has 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.

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.

The Reporting Manual requires retailers to provide the Authority with an annual performance report by 20 September each year. The Authority has published MS Excel Retail Data Sheets and an Electricity Retail Licence Performance Reporting Handbook¹¹ to assist retailers with the reporting process.

It is anticipated that the Reporting Manual will be revised during 2010 to incorporate the amendments arising from the current review of the Code of Conduct.

¹⁰ 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

¹¹ 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

Highlights

This is the fourth 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 three years.

Small use customers faced a number of challenges during 2008/09 including, for the first time in many years, double digit tariff increases as the government commenced transitioning electricity prices to cost reflective levels.

Customers

By June 2009, there were 971,494 small use customers in the State, comprising 879,878 residential customers and 91,616 non-residential (i.e. business) customers. Compared to 2007/08, the number of residential customers increased by 2.3% and the number of non-residential customers increased by 0.6%.

Synergy, who retail in the SWIS, is the largest retailer in the State with 932,627 customers, or 96% of the total customer base. Horizon Power, who retail in areas of the State outside the SWIS, has 37,380 customers, or 3.85% of the total. The remaining 0.15% of customers is divided between Alinta Sales (922 customers), Perth Energy (374 customers) and Rottnest Island Authority (191 customers).

During 2008/09, contestable customers within the SWIS represented 0.6% of residential customers and 16.0% of non-residential customers during 2008/09. Synergy supplied 100% of contestable residential customers and 90.4% of contestable non-residential customers. The remaining 9.6% of contestable non-residential customers within the SWIS were shared between Alinta Sales (6.8%) and Perth Energy (2.8%).

Horizon Power was the only retailer authorised to supply pre-payment meter customers during 2008/09. At the end of 2008/09, Horizon Power reported they had 515 pre-payment meter customers, or 1.4% of their total customer base.

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 2008/09, 4.4% of Horizon Power residential customers were on an instalment plan, down from 4.8% in 2007/08. The percentage of Synergy residential customers on a plan remained relatively unchanged at 2.5%.

During 2008/09, the percentage of Horizon Power and Synergy residential customers granted additional time to pay their bill increased from 9.4% to 10.0% and from 6.5% to 8.0%, respectively.

The overall percentage of non-residential customers accessing special billing arrangements for all three retailers was broadly similar to that in 2007/08, with the exception of Alinta Sales, which reported a rise in the percentage of non-residential customers granted additional time to pay their bills, from 2.9% to 4.0%.

Customer Disconnections

The state-wide number of residential disconnections fell by 27.5%, compared to 2007/08. Both Horizon Power and Synergy reported reductions in residential disconnections, by 65.7% and 13.3% respectively. Since 2006/07, the state-wide residential disconnection rate has fallen from 0.97% to 0.55%. This reduction can be in part attributed to 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 continues to be higher (1.95%) than in the SWIS (0.49%). However, the ratio of the Horizon Power and Synergy disconnection rates has fallen from 10.3 in 2006/07 to 4.0 in 2008/09.

The state-wide residential disconnection rate (0.55%) compares favourably with retailers in South Australia (0.87%), Victoria (0.43%) and Tasmania (0.45%).

Compared to 2007/08, the state-wide number of non-residential disconnections increased by 4.8%. Horizon Power reported a 25.0% reduction, while Synergy reported a 14.6% increase in the number of non-residential disconnections.

The state-wide non-residential disconnection rate (0.22%) was the lowest of the comparable jurisdictions: South Australia (1.13%), Victoria (0.42%) and Tasmania (0.66%).

Customer Reconnections

The state-wide number of residential customers who were disconnected and subsequently reconnected within 7 days of disconnection fell by 31.5%, compared to 2007/08. This result mirrors the reduction in the number of residential disconnections over the same period.

Horizon Power reported an increase in their residential reconnection rate,¹² from 46.1% in 2007/08 to 56.9% in 2008/09. Synergy reported a decrease in their residential reconnection rate, from 47.0% to 42.3%, over the same period. The state-wide residential reconnection rate remained relatively unchanged at 44.2%.

The state-wide number of non-residential customers who were reconnected following a disconnection fell by 33.3%, compared to 2007/08. This is due to significant reductions in the number of customer reconnections reported by both Horizon Power (43.8%) and Synergy (30.4%). The state-wide non-residential reconnection rate fell from 38.1%, in 2007/08, to 24.2% in 2008/09.

The percentage of residential disconnections that resulted in a reconnection in Western Australia (43.6%) was higher than that in Tasmania (28.9%), but broadly similar to that in South Australia (44.2%) and Victoria (41.4%). However, the equivalent comparison for non-residential reconnections has Western Australia (22.7%) on a par with Victoria (23.8%) and higher than that in South Australia (17.7%) and Tasmania (6.0%).

Complaints

The state-wide complaint rate¹³ increased from 0.20 in 2007/08, to 0.22 in 2008/09. The increase in the complaint rate is underpinned by a 20.3% increase in the number of

¹² The reconnection rate is measured by the number of customers reconnected divided by the number of customers disconnected

¹³ This is the total complaints per 100 residential and non-residential customers.

residential complaints (which make up 92.8% of total complaints). Since 2006/07, the complaint rate has risen from 0.16 to 0.22, an increase of 37.5%.

The total number of residential complaints made to retailers increased by 20.3%, compared to 2007/08. Horizon Power recorded a 36.4% reduction, while Synergy recorded a 27.7% increase in residential complaints, compared to 2007/08.

The total number of non-residential complaints made to retailers increased by 10.5%, compared to 2007/08. Horizon Power recorded a 60.3% decrease, while Synergy recorded a 58.8% increase in non-residential complaints, compared to 2007/08.

Consistent with both 2006/07 and 2007/08, 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.

For the third successive year, the level of complaints made to Western Australian retailers was significantly lower than their peers in other jurisdictions. There has been a significant increase in the level of complaints made to retailers in South Australia (up 46%) and Victoria (up 122%), compared to 2007/08

Service Standard Payments

During 2008/09, the number of service standard payments made by retailers fell by 42.9%, compared to 2007/08. The majority of the service standard payments made during 2008/09 were for late reconnection of customer supply. Out of the 24 service standard payments made, 16 payments were for late reconnection and 5 payments were for wrongful disconnection.

Call Centre Performance

Only three of the five retailers operate call centres for their electricity retail businesses: Alinta Sales,¹⁴ Horizon Power and Synergy.

The retailers’ call centres handled a total of 1.02 million calls (up from 920,000 in 2007/08) to an operator during 2008/09, with Synergy accounting for 90.5% of total calls.

Overall, there has been an improvement in the performance of all three call centres, compared to 2007/08. The only significant exception was a 32.2% increase, from 17.4 to 23 seconds, in the average time to answer a call for the Synergy call centre.

During 2008/09, the responsiveness of the call centres operated by Western Australian retailers compared favourably with their peers in other jurisdictions.

¹⁴ The Alinta Sales call centre handles calls from both Alinta Sales electricity and gas customers.

RETAILER PERFORMANCE

Customers

For retailers, the number of small use customers is measured by the number of customer accounts. Throughout this report, the term customer means a small use customer.

The 2008 Code of Conduct requires retailers to keep records of the number of residential and non-residential accounts for contestable and non-contestable small use customers,¹⁵ 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 small use residential and non-residential customers in the State. During 2008/09, the total number of customer accounts increased by 2.1%. There was a 2.3% increase in the number of residential customers and a 0.6% increase in the number of non-residential customers.

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

	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

Table 2 provides a disaggregation of the number of residential and non-residential customers by retailer in 2008/09, and compares this with the two previous years.

Synergy (who retail in the SWIS) is the largest electricity retailer in the State, supplying 96.4% of residential and 92% of non-residential customers. Horizon Power, who operate in regional areas of the State outside the SWIS, also has a substantial customer base with 3.6% of residential and 6.4% of non-residential customers. The percentage of customers supplied by Horizon Power and Synergy has remained relatively unchanged since 2007/08.

¹⁵ 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 Synergy or Horizon Power respectively.

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	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
Alinta Sales ¹⁶	0	0	0	934	850	922	934	850	922
Horizon Power	30,126	31,000	31,475	5,242	5,630	5,905	35,368	36,630	37,380
Perth Energy	0	0	0	105	204	374	105	204	374
Rottnest Island Authority	74	66	91	24	33	100	98	99	191
Synergy	809,664	829,305	848,312	82,350	83,590	84,315	893,254	912,895	932,627
State Total	839,864	860,371	879,878	88,655	90,307	91,616	928,519	950,678	971,494

Table 3 details the number of contestable residential and non-residential customers. In 2008/09, contestable customers represented 0.6% of the total residential customer base and 16.0% of the total non-residential customer base. The state-wide total number of contestable customers rose by 0.8%, which was due to the increase in the total number of contestable non-residential customers.

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	2007/08	2008/09	2007/08	2008/09
Alinta Sales ¹⁷	0	0	850	922	850	922
Horizon Power	697	685	1,047	1,116	1,744	1,801
Perth Energy	0	0	204	374	204	374
Synergy	4,821	4,844	12,382	12,213	17,203	17,057
State Total	5,518	5,529	14,483	14,625	20,001	20,154

Table 3 shows that, during 2008/09, Synergy supplied all of the contestable residential customers (4,821) in the SWIS. The contestable non-residential customer market (13,509 customers) within the SWIS was shared between Synergy (90.4%), Alinta Sales (6.8%) and Perth Energy (2.8%). During 2008/09, both Perth Energy and Alinta Sales reported an increase, by 83.3% and 8.5% respectively, in the number of their non-residential customers while Synergy reported a 1.4% decrease.

During 2008/09, 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. Horizon Power reported a 1.7% decrease in the number of contestable residential customers and a 6.6% increase in the number of contestable non-residential customers, compared to 2007/08.

Rottnest Island is unique in that it operates as a reserve that is administered by the Rottnest Island Authority who also manages the island's utilities. The Rottnest Island Authority's

¹⁶ Alinta Sales has provided revised customer numbers for 2006/07 and 2007/08. The previously provided customer numbers (1,566 in 2006/07 and 1,650 in 2007/08) included customers who exceeded the small use consumption threshold.

¹⁷ Alinta Sales has provided revised customer numbers for 2007/08. The previously provided customer numbers (1,650) included customers who exceeded the small use consumption threshold.

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 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. During 2008/09, Horizon Power was the only retailer that supplied electricity in those areas.

Table 4 provides details of the number of pre-payment meter customers supplied by Horizon Power during the four years to 2008/09.

Table 4: Pre-payment meter customers supplied by Horizon Power

Number of Pre-payment Meter Customers	
2005/06	95
2006/07	179
2007/08	479
2008/09	515

Compared to 2007/08, the number of pre-payment meter customers increased by 7.5%, to 515 customers. Pre-payment customers represented 1.4% of the total customers served by Horizon Power.

Affordability

The credit management policies of electricity retailers 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 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 an 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 Rottneest Island Authority have reported zero data for the access and affordability measures defined in Part 6 of the 2008 Code of Conduct for the three years to 2008/09. 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 or shortened billing cycles.

Table 5: Residential customers subject to special billing arrangements

Billing Arrangement	Horizon Power			Synergy		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
Number of residential customers on an instalment plan	2,279	1,491	1,371	22,967	20,267	21,314
Percentage of residential customers on an instalment plan	7.6	4.8	4.4	2.8	2.4	2.5
Number of residential customers granted additional time to pay their bill ¹⁸	3,365	2,924	3,138	61,632	54,102	68,158
Percentage of residential customers granted additional time to pay their bill	11.1	9.4	10.0	7.6	6.5	8.0
Number of residential customers placed on a shortened billing cycle	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

The Authority notes that, between 2006/07 and 2008/09, the proportion of Horizon Power customers accessing special billing arrangements has consistently remained higher than the percentage of Synergy customers.

¹⁸ 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.

Horizon Power reported an 8.8% reduction in the number of residential customers on an instalment plan, which resulted in a reduction (to 4.4%) in the percentage of total customers on a plan. Synergy reported a 5.2% increase in the number of residential customers on an instalment plan, which resulted in an increase (to 2.5%) in the percentage of total customers on a plan.

Horizon Power and Synergy both reported increases in the number of residential customers granted additional time to pay their bill, compared to 2007/08. During 2008/09, the percentage of Horizon Power and Synergy residential customers granted additional time to pay their bill increased to 10.0% and 8.0%, respectively.

Synergy commented that:

as a result of improving access to customers to time-to-pay arrangements, the number of Synergy's residential customers who have been granted additional time to pay a bill increased by 26% from 54,102 in 2007/08 to 68,158 in 2008/09. The number of residential customers the subject of an instalment plan increased by 5.2% from 20,267 in 2007/08 to 21,314 in 2008/09.

The improvements in a customer's ability to access extra time to pay arrangements have been achieved by enabling customers to easily access payment extensions via Synergy's interactive voice response system, increasing the timeframes customer service representatives (CSR) are permitted to grant a customer, training improvements to increase CSR awareness and ability to assess when customers are experiencing payment difficulties / financial hardship and a focus on contacting customers earlier in their debt cycle.

Non-residential Customers

The 2008 Code of Conduct introduced 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 or shortened billing cycles during 2007/08 and 2008/08.

Both Horizon Power and Synergy reported placing non-residential customers on an instalment plan during 2008/09. Horizon Power reported a 23.4% reduction, while Synergy reported a 3.8% increase, in the number of non-residential customers on an instalment plan, compared to 2007/08. Both Horizon Power and Synergy placed approximately 1.0% of their non-residential customers on a plan.

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

Billing Arrangement	Alinta Sales		Horizon Power		Synergy	
	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09
Number of non-residential customers on an instalment plan	0	0	77	59	849	881
Percentage of non-residential customers on an instalment plan	0.0	0.0	1.4	1.0	1.0	1.0
Number of non-residential customers granted additional time to pay their bill	25	37	195	212	2,086	2,131
Percentage of non-residential customers granted additional time to pay their bill	2.9 ¹⁹	4.0	3.5	3.6	2.5	2.5
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

¹⁹ This value has been amended due to the revised number of non-residential customers – see the footnote for Table 2.

Alinta Sales, Horizon Power and Synergy all reported granting non-residential customers additional time to pay their bill. Alinta Sales reported the highest percentage of customers being granted more time to pay (4.0%), followed by Horizon Power (3.6%) and Synergy (2.5%).

Alinta Sales commented that:

the increase in the number and percentage of non residential customers granted more time to pay their bills likely reflects the adoption of enhanced credit management practises, including a more pro active approach to identifying customers that may be at risk of experiencing payment difficulties and, where appropriate, assisting such customers by offering alternative payment arrangements.

Disconnections

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 2008/09.

Table 7 shows that, during 2008/09, there was a decline in the state-wide total number of residential disconnections, with a 65.7% reduction in disconnections by Horizon Power and a 13.3% reduction in disconnections by Synergy, compared to 2007/08.

Both Horizon Power and Synergy reported reductions in the percentage of residential disconnections, to 1.95% and 0.49% respectively. Since 2006/07, the state-wide number of residential disconnections has fallen by 45.6%, which has led to an overall residential disconnection rate of 0.55 in 2008/09.

Synergy commented that:

the decreased residential disconnections can be attributed to a number of initiatives including the effectiveness of Synergy's financial hardship policy, "Keeping Connected", increased number of case managers who work with customers experiencing severe financial hardship on a one on one basis, increased staff training to improve awareness of the factors impacting Synergy's customers in hardship and improvements to the collections process to enable staff to contact more customers at an earlier time in the collections cycle.

Table 7: Residential disconnections for failure to pay a bill

Retailer	2006/07		2007/08		2008/09	
	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
Synergy	6,535	0.74	4,833	0.58	4,188	0.49
State Total	8,837	0.97	6,626	0.77	4,803	0.55

The percentage of residential customers disconnected in regional areas (supplied by Horizon Power) continues to be higher than in the SWIS (supplied by Synergy). However, the Authority notes that the ratio of the Horizon Power and Synergy residential disconnection rates has declined from 10.3, in 2006/07, to 4.0, in 2008/09.

Table 8 provides additional information about residential customer disconnections. Comparing Table 7 with Table 8, it can be seen that in 2008/09, 21.8% of customers disconnected were previously the subject of an instalment plan, 16.3% of residential customers had been disconnected at the same supply address within the past 24 months and 19.1% of customers were disconnected while receiving a concession.

Table 8: Additional residential customer disconnection indicators for 2008/09

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	165	0.5	231	0.7	114	0.4
Synergy	882	0.1	550	0.07	805	0.1

The residential disconnection data indicates that there is a group of lower income customers who are experiencing ongoing difficulties with the payment of their electricity bills. However, it would appear that retailer initiatives combined with the introduction of the Hardship Utilities Grant Scheme²⁰ in July 2008 and the requirement for retailers to develop hardship policies under the 2008 Code of Conduct has contributed to a reduction in the number of disconnections.

Synergy commented that:

it was a strong advocate of the introduction of the Hardship Utility Grant Scheme (**HUGS**), introduced in September 2008. More than 2,500 Synergy customers received over \$900,000 in financial assistance, as well as further financial assistance advice from financial counsellors during 2008/09. The implementation of the Hardship Efficiency Program (**HEP**) in December 2008 was aimed at reducing the energy consumption (and associated financial costs) of customers deemed to be in financial hardship. In 2008/09, 357 HEP audits were undertaken. Synergy introduced an outbound customer calling team focused on contacting customers in arrears and assessing the customer's suitability for the Keeping Connected program, HUGS, HEPS and other avenues of support.

Non-residential Disconnections

Perth Energy and Rottneest Island Authority have reported that there were no non-residential customer disconnections for failure to pay a bill between 2006/07 and 2008/09. Consequently this section will focus on Alinta Sales, Horizon Power and Synergy.

Table 9 shows that the state-wide total number of non-residential disconnections between 2007/08 and 2008/09 increased by 4.8%, which contrasts with the 32.0% reduction that occurred between 2006/07 and 2007/08. During 2008/09, Synergy recorded a 14.6% increase in the number of disconnections, compared to 2007/08, while Horizon Power recorded a 25.0% reduction in disconnections over the same period.

Horizon Power has commented that the reduction in disconnections is a direct result of efforts made during 2008/09 to improve the customer experience, including staff training and refining of policies.

Synergy commented that:

Its small use business customers faced a number of significant challenges in 2008/2009 including double digit tariff increases as the government commenced transitioning electricity prices to cost reflective levels combined with the global financial crisis resulting in economic downturn in Western Australia. These matters have contributed to business disconnections

²⁰ 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.

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

Retailer	2006/07		2007/08		2008/09	
	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	0.1 ²¹	0	0
Horizon Power	39	0.67	44	0.78	33	0.56
Synergy	239	0.28	144	0.17	165	0.20
State Total	278	0.30	189	0.21	198	0.22

Comparing Table 7 with Table 9 shows that the proportion of non-residential disconnections is significantly lower than residential disconnections. Again, 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.

Inter-jurisdictional comparison of disconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential disconnections for the three years to 2008/09.

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	2007/08	2008/09
Western Australia	0.97	0.77	0.55	0.21	0.22
Victoria ²²	0.33	0.29	0.43	0.3	0.42
Tasmania ²³	0.38	0.39	0.45	data not available	0.66
South Australia ²⁴	0.76	0.85	0.87	0.78	1.13
New South Wales ²⁵	0.7	0.6	data not available	0.5	data not available

The Authority notes that the gap in the level of residential disconnections in Western Australia and Victoria, the most mature competitive market in Australia, during 2008/09 has closed further. For the second consecutive year, the level of residential disconnections in South Australia has been higher than that in Western Australia.

Western Australia continues to have the lowest rate of non-residential customer disconnections among the four jurisdictions that have reported data for 2008/09.

²¹ This value has been amended due to the revised number of non-residential customers – see the footnote for Table 2

²² Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009

²³ Data provided by the Office of the Tasmanian Economic Regulator.

²⁴ Essential Services Commission of South Australia (ESCOSA), 2008/09 Annual Performance Report: South Australian Energy Supply Industry.

²⁵ 2007/08 data is based on IPART, NSW Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators for the period 1 July 2003 to 30 June 2008. At the time of publication the 2008/09 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 within 7 days of disconnecting them for failure to pay a bill during 2008/09.

Residential Reconnections

Table 11 shows the number and percentage of residential customers who were reconnected within 7 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	
	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
Synergy	3,008	0.37	2,273	0.27	1,773	0.21
State Total	4,244	0.51	3,099	0.36	2,123	0.24

In 2008/09, the state-wide number of residential reconnections fell by 31.5%, compared to 2007/08. Comparing the data in Table 11 with Table 7 shows that the level of residential customer reconnections as a proportion of customer disconnections showed a slight decline.²⁶

Table 12 provides additional information about residential customer reconnections. Comparing Table 12 and Table 8 shows that customers who were disconnected while receiving a concession were more likely to be reconnected within 7 days.²⁷ The customers who were least likely to be reconnected within 7 days were those who had previously been disconnected within the past 24 months.²⁸

Caution should be exercised when interpreting the reconnection indicators. There are a range of circumstances for reconnection, including where an account holder who has been 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.

²⁶ Of the 4,803 disconnections in 2008/09, 2,123 customers (or 44.2%) were reconnected within 7 days, which was a slight decline from the 46.8% recorded in 2007/08.

²⁷ Of the 919 customers who were disconnected by Horizon Power and Synergy, 626 (or 68.1%) were reconnected within 7 days.

²⁸ Of the 781 customers who were disconnected by Horizon Power and Synergy, 175 (or 22.4%) were reconnected within 7 days.

Table 12: Additional residential reconnection indicators for 2008/09

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	98	0.31	42	0.13	96	0.31
Synergy	445	0.05	133	0.02	530	0.06

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 7 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 2007/08, the state-wide number of non-residential reconnections fell by 33.3% (to 48 customers), which is attributable to reductions, by 43.8% and 30.4% respectively, in the number of reconnections reported by Horizon Power and Synergy.

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

Retailer	2006/07		2007/08		2008/09	
	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
Synergy	78	0.09	56	0.07	39	0.05
State Total	94	0.11	72	0.08	48	0.05

Comparing Table 9 and Table 13 shows that the state-wide percentage of non-residential disconnections that resulted in a reconnection fell from 38.1%, in 2007/08, to 24.2% in 2008/09, due to a substantial decrease in the number of reconnections (from 72 to 48 reconnections).

For the same reasons 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 three years to 2008/09.

Comparing Table 14 and Table 10 shows that, in 2008/09, the state-wide percentage of residential disconnections that resulted in a reconnection in Western Australia was higher than that in Tasmania, but similar to that in South Australia and Victoria.²⁹ However, the

²⁹ The reconnection rates were: South Australia 44.2%, Victoria 41.4%, Tasmania 28.9% and Western Australia 43.6%.

equivalent comparison for non-residential reconnections has Western Australia on a par with Victoria, at a slightly higher rate than South Australia and a much higher rate than Tasmania.³⁰

Table 14: Inter-jurisdictional comparison of residential and non-residential reconnections³¹

	Reconnections per 100 residential customers			Reconnections per 100 non-residential customers		
	2006/07	2007/08	2008/09	2006/07	2007/08	2008/09
Western Australia	0.51	0.36	0.24	0.11	0.08	0.05
Victoria ³²	0.13	0.13	0.19	0.09	0.09	0.10
South Australia ³³	0.30	0.33	0.36	0.20	0.19	0.20
Tasmania ³⁴	data not available	data not available	0.13	data not available	data not available	0.04

³⁰ The reconnection rates were: South Australia 17.7%, Victoria 23.8%, Tasmania 6.0% and Western Australia 22.7%.

³¹ Reconnection data for NSW and TAS for 2007/08 is not available.

³² Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009

³³ Essential Services Commission of South Australia (ESCOSA), 2008/09 Annual Performance Report: South Australian Energy Supply Industry.

³⁴ 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 2007/08 or 2008/09.

Synergy reported that it has required a security deposit from 51 of its non-residential customers (up from 33 in 2007/08). 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 202 residential customers had a direct debit plan terminated in 2008/09 (up from 84 in 2007/08) for default or non-payment. All the other retailers reported that they have not terminated any direct debit plans in 2008/09.

Synergy commented that:

over 25,300 customers elected to pay their bills by direct debit in 2008/09, compared to 21,800 the previous year. Although the number of direct debit defaults has increased in 2008/09, this constitutes only 0.8% of the total number of customers utilising the facility.

Complaints

Residential Customers

Horizon Power and Synergy were the only retailers who reported non-zero data for residential customer complaints during 2008/09.

Table 15 provides details of the complaints received from residential customers by Horizon Power and Synergy during the three years to 2008/09. In 2008/09, Synergy recorded an increase, and Horizon Power recorded a reduction in the number of residential complaints, compared to 2007/08. This has translated into a 20.3% increase in the state-wide number of residential complaints recorded by retailers. However, due to the small number of complaints in relation to the total number of residential customers, the percentage of residential complaints has remained relatively unchanged from that in 2007/08.

Table 15: Residential customer complaints

Retailer	2006/07		2007/08		2008/09	
	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
Synergy	1,329	0.16	1,490	0.18	1,903	0.22
State Total	1,401	0.17	1,685	0.20	2,027	0.23

Table 16 provides a disaggregation of residential complaints by complaint category. Consistent with 2007/08, the majority of Synergy's residential complaints relate to billing issues. In 2008/09, the majority of Horizon Power's residential complaints relate to billing issues, which differs from 2007/08, when the majority of the complaints were related to the "other" category (complaints related to matters other than billing, marketing and transfers).

Horizon Power commented that:

the shift in complaints from "other" to billing issues during 2008/09 was due firstly to additional effort put into training staff which have led to complaints being better categorised and, secondly, the tougher economic climate making customers more sensitive to the size of their utilities bills.

Synergy commented that:

the number of customer complaints it received during 2008/09 is historically low compared to electricity retailers in other jurisdictions. For every 100,000 transactions processed, 3.4 complaints were received. The average time taken to conclude a complaint during 2008/09 was 2.9 days, a 22% improvement on the average time of 3.7 days in 2007/08.

During 2008/09, the total number of complaints increased from 1,570 to 2,030. Factors contributing to the rise in complaints include a broadening of the definition of complaint for performance reporting purposes, significant tariff increases, operational transfer of specific reconnection services from retailer to distributor and introduction of a financial institution merchant service fee. During the year Synergy also increased the channels through which a complaint may be lodged including in writing, telephone, web and email.

Table 16: Residential customer complaints by complaint category

Compliant Category	2006/07		2007/08		2008/09	
	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	72	1,329	195	1,490	124	1,903
Billing (% of total)	48.6	77.1	8.2	84.0	51.6	83.8
Marketing (% of total)	0.0	5.4	0.0	16.0	0.8	8.5
Transfer (% of total)	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

Non-Residential Customers

Table 17 provides details of the complaints received from non-residential customers by all five retailers over the three years to 2008/09. In 2008/09, the number of non-residential complaints recorded by Horizon Power decreased by 60.3%, compared to 2007/08, and the number of complaints recorded by Synergy increased by 58.8% over the same period. This has translated into a 10.5% increase in the total number of non-residential complaints recorded by retailers state-wide.

Synergy commented that:

the increase in customer complaints in 2008/09 needs to be placed in context as the increase over the last 12 months has occurred from a low volume of complaints (70) in 2007/08. By Australian energy retailer standards, Synergy's complaint numbers are relatively low. As with residential complaints, factors relating to the increase in complaints include a broadening of the definition of complaint for performance reporting purposes and significant tariff increases.

Table 17: Non-residential customer complaints

Retailer	2006/07		2007/08		2008/09	
	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 ³⁵	4	0.43
Horizon Power	15	0.29	63	1.12	25	0.42
Perth Energy	Not provided	Not provided	Not provided	Not provided	1	0.27
Rottnest Island Authority	Not provided	Not provided	Not provided	Not provided	1	1.00
Synergy	90	0.11	80	0.10	127	0.15
State Total	105	0.12	143	0.16	158	0.17

Table 18 provides a disaggregation of the non-residential complaints by complaint category for Horizon Power and Synergy. As was the case in 2007/08, Synergy reported that the majority of non-residential complaints related to billing. Over the same period, Horizon

³⁵ This value has been amended due to the revised number of non-residential customers – see the footnote for Table 2

Power reported an increase in the percentage of billing complaints and a reduction in the number of “other” complaints (complaints related to matters other than billing, marketing and transfers).

Alinta Sales, Perth Energy and Rottnest Island Authority reported that they had received a total of six non-residential complaints, of which five related to billing and one complaint, recorded by Rottnest Island Authority, was categorised as “other”.

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

Compliant Category	2006/07		2007/08		2008/09	
	Horizon Power	Synergy	Horizon Power	Synergy	Horizon Power	Synergy
Total Number of Complaints	15	90	63	80	25	127
Billing (% of total)	40.0	100.0	20.6	80.0	52.0	93.7
Marketing (% of total)	0.0	0.0	0.0	20.0	0.0	0.8
Transfer (% of total)	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

Table 19 provides an inter-jurisdictional comparison of the state-wide total (residential and non-residential combined) complaints recorded by retailers for the three years to 2008/09. For the third successive year, the level of complaints (per 100 customers) received by Western Australian retailers was significantly lower than their peers in other jurisdictions. The Authority notes that, in 2008/09, there has been a significant increase in the level of complaints made to retailers in South Australia and Victoria, compared to 2007/08.

Table 19: Inter-jurisdictional comparison of total customer complaints; 2005/06 to 2008/09

	Total customer complaints (per 100 customers)				
	Western Australia	Victoria ³⁶	South Australia ³⁷	New South Wales ³⁸	Tasmania ³⁹
2006/07	0.16	0.81	0.75	0.5	0.43
2007/08	0.20	1.0	0.84	0.4	0.50
2008/09	0.22	2.22	1.23	data not available	0.45

³⁶ Essential Services Commission of Victoria, Energy Retailers Comparative Performance Report – Customer Service 2008-09, December 2009

³⁷ Essential Services Commission of South Australia (ESCOSA), 2008/09 Annual Performance Report: South Australian Energy Supply Industry.

³⁸ 2007/08 data is based on IPART, NSW Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators for the period 1 July 2003 to 30 June 2008. At the time of publication the 2008/09 data has not been published by IPART.

³⁹ Data for 2008/09 provided by the Office of the Tasmanian Economic Regulator.

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).

Horizon Power and Synergy were the only retailers to report non-zero data for service standard payments made to customers during 2008/09. Table 20 shows the number of service standard payments made by both retailers since the introduction of the 2008 Code of Conduct.

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	2007/08	2008/09	2007/08	2008/09
Horizon Power	1	4	0	1	0	0
Synergy	14	12	17	4	10	3

During 2008/09, Synergy made a total of 19 service standard payments (down from 41 in 2007/08), of which 12 payments were for late reconnection. Over the same period, Horizon Power made five service standard payments (up from one in 2007/08), of which four payments were for late reconnection.

Synergy commented that:

in addition to mandated service standard payments, it also provided service standard payments to small use customers in instances where it considered services were not delivered to the business' usual standard. A total of 99 service standard payments were issued in 2008/09, averaging \$130 each.

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.

Only three retailers, Alinta Sales, Horizon Power⁴⁰ and Synergy, have call centres. The Alinta Sales call centre handles calls from both 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 21 provides a summary of call centre performance during 2008/09. Table 22 provides details of the total number of calls that were handled by each call centre during the three years to 2008/09. Table 23, Table 24 and Table 25 detail call centre performance against the key performance measures for the three years to 2008/09.

In 2008/09, Alinta Sales and Horizon Power reported a marked improvement in all three performance measures. In particular, the percentage of operator calls responded to within 30 seconds for Alinta Sales was 84.3% (up from 70.9% in 2007/08) and for Horizon Power the level of unanswered calls was 0.3%, down from 4.5% in 2007/08 (see Table 25).

Synergy reported an increase in the average duration before a call is answered, from 17.4 seconds, in 2007/08 to 23 seconds in 2008/09, on similar call volumes.

Synergy commented that:

Synergy's call centre service delivery remained steady despite significant challenges faced throughout the year, including the migration of fault call responsibilities to Western Power, which resulted in a significant number of experienced personnel exiting the business. In addition, the pending implementation of a new customer billing and CRM system impacted the contact centre and associated business processes, resulting in significant staff movement as contact centre staff have been required to be utilised in other areas to ensure business continuance. Over the past 12 months Synergy has continued to focus on improving the quality of the customer service interaction and first-call resolution.

Alinta Sales commented that:

through ongoing monitoring of contact centre performance measures, Alinta identified opportunities for improvement, including enhanced monitoring of operator calls, increasing availability of staff to manage calls along with improved staff training. Alinta believes these programmes are responsible for the observed improvements in the responsiveness of its customer contact centre.

⁴⁰ During 2008/09, Horizon Power had a service level agreement with Synergy for contact centre services. The agreement came to an end when they outsourced the call centre to an alternative provider on 22 June 2009. This transfer followed on from the implementation of a new in-house customer information system on 16 June 2009. The impact of these changes is not reflected in this report because they occurred at end of the reporting period.

Table 21: Summary of retailer call centre performance during 2008/09

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	2,681	84.3	1.4	12.0
Horizon Power	94,018	90.9	0.3	10.0
Synergy	919,948	78.7	2.4	23.0
State Total	1,016,426	79.8	2.2	15.0

Table 22: Number of calls to an operator

Retailer	2006/07	2007/08	2008/09
Alinta Sales	1,659	2,829	2,681
Horizon Power	111,919	85,356	94,018
Synergy	1,007,865	927,241	919,948
State Total	1,121,443	1,015,426	1,016,647

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

Retailer	2006/07	2007/08	2008/09
Alinta Sales	64.1	70.9	84.3
Horizon Power	70.0	83.4	90.9
Synergy	62.8	80.2	78.7
State Total	63.5	80.4	79.8

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

Retailer	2006/07	2007/08	2008/09
Alinta Sales	33.0	17.0	12.0
Horizon Power	26.5	11.5	10.0
Synergy	56.8	17.4	23.0

Table 25: Level of unanswered calls (%)

Retailer	2006/07	2007/08	2008/09
Alinta Sales	1.9	2.3	1.4
Horizon Power	9.4	4.5	0.3
Synergy	5.1	2.1	2.4
State Total	5.5	2.3	2.2

Table 26 compares the responsiveness of call centres operated by Western Australian retailers with their counterparts in South Australia, Victoria and Tasmania, measured by the proportion of calls responded to within 30 seconds. The responsiveness of the call centres operated by Western Australian retailers during 2008/09 compared favourably with their peers in other jurisdictions.

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

	Western Australia	Victoria ⁴¹	South Australia ⁴²	New South Wales ⁴³	Tasmania ⁴⁴
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	data not available	70.3

⁴¹ 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.

⁴² Essential Services Commission of South Australia (ESCOSA), 2008/09 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.

⁴³ 2007/08 data is based on IPART, NSW Electricity Information Paper: Electricity Businesses' Performance against Customer Service Indicators for the period 1 July 2003 to 30 June 2008. At the time of publication the 2008/09 data has not been published by IPART.

⁴⁴ Data for 2008/09 provided by the Office of the Tasmanian Economic Regulator. Data for 2006/07 and 2007/08 not available.

