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Purpose of the Report

The purpose of this report is to bring transparency and accountability to the performance of gas retail businesses who supply small use customers¹ and to benchmark, where possible, performance against similar businesses in other gas markets.

All gas trading 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 *Energy Coordination Act 1994* (**Act**). The Authority has specified the performance information to be provided by gas trading licensees in the Gas Compliance Reporting Manual (Reporting Manual),² published by the Authority in March 2009. The Reporting Manual incorporates the relevant non-financial performance indicators in the 2007 SCONRRR Framework.³

This report focuses on the performance data provided by gas 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 instalment payment plans and the level of direct debit plan terminations as a result of default.
- Access: information about the rates of disconnection and reconnection of customers for non-payment of bills, with particular attention being paid to customers on instalment payment plans, those in receipt of 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.

Gas Retail Market Structure

Gas licensing is regulated by the *Energy Coordination Act 1994* (**Act**). Part 2A of the Act deals with the licensing of gas supply. The functions of the Authority⁴ in respect of licensing are to:

- administer the licensing scheme;
- monitor and report to the Minister for Energy on the operation of the licensing scheme and the compliance of licensees with their licences; and
- inform the Minister of any failure by a licensee to meet the requirements of its licence.

The Act prescribes two classes of gas supply licence:

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

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

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

⁴ Section 11AA of the Act

- a) Distribution which authorises the licensee to construct a distribution system and transport gas through it, or to transport gas through an existing distribution system.⁵
- b) Trading which authorises the licensee to sell gas to small use customers that is transported through a distribution system.

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

During 2008/09, there were five gas retailers participating in the small use market. Note that for the purposes of this report, the terms 'gas trader' and 'gas retailer' are interchangeable:

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

Origin Energy Retail received its gas trading licence on 9 June 2008. Performance data is not presented for Origin Energy Retail in this report as the licensee has not commenced operations and no gas was supplied to customers in the 2008/09 reporting year.

By 30 June 2009, the Western Australian gas retail market comprised approximately 595,000 residential and non-residential small use customers.

This retail market is dominated by Alinta Sales, which holds a licence to retail gas in the Coastal, Goldfields-Esperance and Great Southern supply areas. As at 30 June 2009, Alinta Sales supplied 99.8% of total small use customer accounts.

Origin Energy Retail has a licence to supply reticulated LPG⁶ in Kalbarri. Wesfarmers Kleenheat supplies reticulated LPG in Leinster⁷, Hopetoun, Margaret River and Albany, and WorleyParsons supplies natural gas in Esperance.

In July 2007, the sole supplier structure of the three largest gas supply areas in the State changed as a result of Synergy (the largest electricity retailer in the State), acquiring a licence to retail gas in the area that includes the Coastal, Goldfields-Esperance and Great Southern supply areas. The entry of Synergy into the small use gas retail market follows the changes, in July 2007, to the Gas Market Moratorium that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum. In November 2009, Perth Energy was granted a gas trading licence to operate in any area of Western Australia.

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⁵ This report uses the term distribution network to describe a distribution system, which is consistent with the approach used to describe electricity distribution systems.

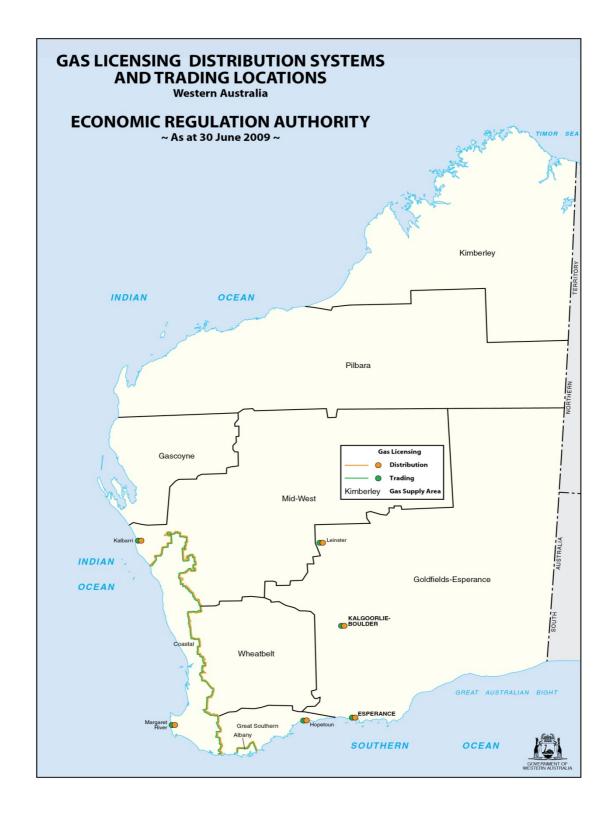
⁶ Liquefied Petroleum Gas

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

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

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

Figure 1: Gas Supply Areas in Western Australia



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

- Contestable small use customers are customers who consume between 0.18TJ and 1TJ of gas per annum; and
- Non-contestable¹⁰ small use customers are customers who consume less than 0.18TJ of gas per annum.

Gas Compliance Reporting Manual

Version used to prepare this report

The standard form gas distribution and trading licences contain a condition requiring the licensee to provide information to the Authority in connection with the Authority's functions under the Act. The Authority has defined in the Reporting Manual the compliance and performance information that it requires gas licensees to provide. The version of the Reporting Manual that was in force during the 2008/09 reporting year was published by the Authority in March 2009. ¹¹

The Reporting Manual details the reports that gas licensees must provide to the Authority, and the timing of those reports. The performance reporting indicators for gas trading licences in the Reporting Manual incorporate the performance reporting indicators in the 2007 SCONRRR Framework. Adopting the 2007 SCONRRR Framework facilitates the comparison of the performance of Western Australian gas trading licensees with gas retailers in other jurisdictions. Following the review of gas licences in 2007, the Authority included transitional provisions in the Reporting Manual. The transitional provisions required licensees to report on a "best endeavours" basis for the 2007/08 reporting year and to provide fully compliant reports for the 2008/09 reporting year.

In June 2009, the Authority published MS Excel Gas Retail Data Sheets and a Gas Trading Licence Performance Reporting Handbook ¹² to assist retailers with the reporting process.

Version published in September 2009

In December 2008, the Authority approved a range of new customer protection licence conditions under the *Energy Coordination Act 1994*. These new conditions are listed in Parts 3 to 13 of the *Compendium of Gas Customer Licensing Obligations (the Compendium)*, also known as the Gas Customer Code 2008. ¹³

In May 2009, the Authority approved the amendment of gas trading and distribution licences to include the new customer protection provisions in the Gas Customer Code 2008. On 1 July 2009, gas licences were amended to include the requirements with most of the new conditions coming into effect from that date. A revised version of the Reporting

¹⁰ It should be noted that technically Wesfarmers Kleenheat and Alinta Sales can contest for customers consuming under 0.18 TJ

This version of the Reporting Manual incorporated the Gas Marketing Code of Conduct 2008. This has subsequently also included the Gas Customer Code 2008. For further details refer to the Authority's web site: http://www.era.wa.gov.au/2/460/51/codes.pm

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

¹³ Further information is available on the Authority's web site: http://www.era.wa.gov.au/2/317/51/notices.pm

Manual, incorporating the requirements of the Gas Customer Code 2008, was published by the Authority in September 2009. ¹⁴

Highlights

This is the third annual report published by the Authority that examines the performance of gas trading licensees (gas 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 two years.

Customers

As at 30 June 2009, there were 595,473 small use gas customers in the State, comprising 585,058 residential customers and 10,415 non-residential customers. Compared to 2007/08, the number of residential customers increased by 3.4% and the number of non-residential customers increased by 0.4%. In 2008/09, contestable customers represented 0.2% of the total residential customer base and 26.1% of the total non-residential customer base.

Alinta Sales is the largest retailer in the State, supplying 99.8% of residential customers and 98.6% of non-residential customers. In the areas that it supplies, Alinta Sales is the sole supplier to residential customers. However, Synergy now supplies 3.6% of contestable non-residential small use customers in the area supplied by Alinta Sales.

Wesfarmers Kleenheat retails gas to 831 customers in four towns via gas distribution networks that they also operate. WorleyParsons retails gas to 242 customers in Esperance via the gas distribution network operated by a related company (Esperance Power Station).

Affordability

During 2008/09, the total number of residential customers on an instalment payment plan increased by 45.9% (to 7,216), compared to the previous year. By 30 June 2009, 1.2% of residential customers, and 0.4% of non-residential customers were on an instalment payment plan.

Alinta Sales was the only retailer to report terminating residential customer direct debit plans for default. During 2008/09, Alinta Sales terminated 697 plans, an increase of 29.1%, compared to 2007/08.

Customer Disconnections

In 2008/09, the state-wide number of residential disconnections increased by 29.8% (to 16,805), compared to the previous year. Over the same period of time, the state-wide disconnection rate has increased from 2.3% to 2.9% of residential customers, which was just over five times higher than that reported by Western Australian electricity retailers (0.55%). ¹⁵

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¹⁴ The revised Manual is available on the Authority's web site: http://www.era.wa.gov.au/2/317/51/notices.pm

¹⁵ Economic Regulation Authority - 2009, 2008/09 Annual Performance Report – Electricity Retailers, February 2009, p.8, which is available at: http://www.era.wa.gov.au/2/468/51/reports__decisi.pm

In 2008/09, 39.5% of residential gas customer disconnections involved customers who had been disconnected in the past 24 months, compared to 16.3% of disconnections by electricity retailers over the same period. However, only 2.7% of residential gas disconnections involved customers who were previously on an instalment payment plan, compared to 21.8% of electricity customers. The Authority notes that the Hardship Utility Grants Scheme¹⁶ was not available to gas customers, ¹⁷ but was available to electricity customers, during 2008/09.

Alinta Sales was the only retailer to disconnect non-residential customers during 2008/09. In 2008/09, the state-wide number of non-residential disconnections increased by 12.8% (to 132), compared to the previous year. Over the same period of time, the state-wide disconnection rate has increased from 1.1% to 1.3% of non-residential customers.

In 2008/09, the state-wide residential disconnection rate (2.87%) was significantly higher than in South Australia (1.28%) and Victoria (0.57%), and the state-wide non-residential disconnection rate (1.27%) lay between the disconnection rates in South Australia (2.20%) and Victoria (0.57%).

Reconnections

Alinta Sales was the only retailer to report reconnecting residential or non-residential customers in 2008/09. Compared to 2007/08, the number of residential and nonresidential reconnections within seven days increased by 37.7% and 31.2%, respectively.

During 2008/09, 78.3% of residential customer disconnections resulted in a reconnection within seven days. The residential customers who were most likely to be reconnected were those who had previously been disconnected within the past 24 months.

In 2008/09, the state-wide residential reconnection rate (2.25%) was significantly higher than in South Australia (0.65%) and Victoria (0.24%), and the state-wide non-residential reconnection rate (0.40%) fell between the reconnection rates in Victoria (0.24%) and South Australia (1.07%).

Complaints

In 2008/09, none of the retailers reported receiving complaints from non-residential customers and Alinta Sales was the only retailer who reported receiving residential customer complaints.

In 2008/09, the number of residential customer complaints received by Alinta Sales fell by 38.1%, compared to the previous year. The majority of the complaints (65.6%) related to other issues (which includes poor service, privacy considerations and failure to respond to complaints in a timely manner).

In 2008/09, the state-wide complaint rate per 100 customers (0.09) for small use customers 18 was significantly lower than that reported by Victorian retailers (0.80) and South Australian retailers (0.50). The difference in the level of complaints might be explained by the presence of full retail contestability in the other jurisdictions.

¹⁸ This is the combined total residential and non-residential small use customer complaints.

¹⁶ 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.

¹⁷ Alinta Sales joined HUGS in August 2009.

Call Centre Performance

Only two gas retailers, Alinta Sales and Wesfarmers Kleenheat, 19 operate call centres.

In 2008/09, the call centres handled a total of 785,182 calls (up from 751,295 in 2007/08) to an operator, with the Alinta Sales call centre accounting for 77.2% (606,063) of the total calls.

In 2008/09, the level of unanswered calls reported by Wesfarmers Kleenheat and Alinta Sales decreased by 8.3% and 7.1% respectively, compared to the previous year. Both retailers also reported reductions (by 2 seconds and 8 seconds respectively) in the average duration before a call is answered.

During 2008/09, the responsiveness of the call centres operated by Western Australian retailers, measured by the percentage of calls responded to within 30 seconds, lay between that reported by their peers in South Australia and Victoria.

The majority of the calls handled by the Wesfarmers Kleenheat call centre relate to other businesses operated by Wesfarmers Kleenheat.

GAS TRADER PERFORMANCE

Customers

In 2008/09, there were four gas retailers active in the small use residential and non-residential gas market: Alinta Sales; Synergy; Wesfarmers Kleenheat and WorleyParsons. Although Origin Energy Retail was granted a licence on 9 June 2008, they did not retail gas during the 2008/09 reporting year.

The Reporting Manual requires gas retailers to keep records of the number of residential and non-residential accounts held by contestable and non-contestable small use customers.²⁰ This provides an annual snapshot of the size of the gas retail market and the distribution of contestable and non-contestable customers between retailers.

Table 1 disaggregates the number of residential and non-residential customers supplied by each retailer in 2008/09 and the previous year. Compared to 2007/08, the total number of customers increased by 3.3%, comprising a 3.4% increase in the number of residential customers and a 0.4% increase in the number of non-residential customers.

Alinta Sales was the largest retailer in the State, supplying 99.8% of residential customers and 98.6% of non-residential customers, which has remained relatively unchanged since 2007/08.

Table 1. Residential and non-residential customers by retailer							
Licensee	No of residential customers		No of non-residential customers		Total number of customers		
Licensee	2007/08	2008/09	2007/08	2008/09	2007/08	2008/09	
Alinta Sales	565,131	584,035	10,231 ²¹	10,267	575,362	594,302	
Synergy	0	0	97	98	97	98	
Wesfarmers Kleenheat	772	812	19 ²²	19	791	831	
WorleyParsons	181	211	28	31	209	242	
State Total	566,084	585,058	10,375	10,415	576,459	595,473	

Table 1: Residential and non-residential customers by retailer

Table 2 details the number of contestable and non-contestable residential and non-residential accounts by retailer. In 2008/09, contestable customers represented 0.2% of the residential customer base and 26.1% of the non-residential customer base.

As noted earlier in this report, Synergy entered the small use gas retail market following changes, in July 2007, to the Gas Market Moratorium that reduced the contestable customer consumption threshold applying to Synergy customers from 1TJ to 0.18TJ per annum. By 30 June 2009, Synergy had a 3.6% share of the contestable non-residential small use market in the Coastal and Goldfields-Esperance supply areas that were previously supplied exclusively by Alinta Sales.

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

²¹ Alinta Sales has re-stated their non-residential customer numbers for the year 2007/08.

Wesfarmers Kleenheat has re-stated the 2007/08 non-residential customers to be 19 (from 20) to exclude a customer that consumed greater than 1 TJ.

Table 2: Number of contestable and non-contestable customers in 2008/09

	Number of Residential Customers		Number of Non-Residential Customers		Total Number of Customers	
Retailer	Contestable	Non- contestable	Contestable	Non- contestable	Contestable	Non- contestable
Alinta Sales	380	583,655	2,583	7,684	2,963	591,339
Synergy	0	0	98	0	98	0
Wesfarmers Kleenheat	356	456	2	17	358	473
WorleyParsons	211	0	31	0	242	0
State Total	947	584,111	2,714	7,701	3,661	591,812

Wesfarmers Kleenheat retail LPG in Margaret River, Leinster, Hopetoun and Albany, supplying customers from gas distribution systems that they also operate. The Margaret River and Albany customers are considered to be contestable because another retailer could obtain a trading licence and apply for access to the distribution network. However, because Leinster is a mining town that is only accessible by invitation of BHP, the Leinster customers are all considered to be non-contestable. Similarly, the Hopetoun customers are supplied under an exclusive contract and are also considered non-contestable.

WorleyParsons retails gas in Esperance to customers who are supplied by a distribution system operated by a related company (Esperance Power Station). All of the customers supplied by WorleyParsons are considered to be contestable because another retailer could obtain a trading licence and apply for access to the Esperance distribution network.

Affordability

The credit management policies of gas retailers impact on those customers who are experiencing financial hardship or payment difficulties. This section of the report assesses the effectiveness of policies implemented by retailers to facilitate access to a gas supply by residential customers.

Key measures of performance include the number of customers who have:

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

Synergy and WorleyParsons reported that they did not place any customers on an instalment payment plan, or terminate any direct debit plans during 2008/09. Consequently, the remainder of this section focuses on the performance of Alinta Sales and Wesfarmers Kleenheat, where relevant, in relation to the affordability performance indicators.

Customers on Instalment Payment Plans

Table 3 details the number of customers who were on an instalment payment plan during 2008/09. The percentage of residential customers on an instalment payment plan was significantly higher than the percentage of non-residential customers.

Table 3:	Customers	on an	instalment	navment	nlan in	2008/09

Retailer		ners on instalment during 2008/09	Non-residential Customers on instalment payment plans during 2008/09		
	Number	(0/)		(%)	
Alinta Sales	7,205	1.2	44	0.4	
Wesfarmers Kleenheat	11	1.4	1	5.3	
Total Customers	7,216	1.2	45	0.4	

Table 4 compares the number of customers on an instalment payment plan in 2008/09, and the previous year. During 2008/09, the total number of residential customers on an instalment payment plan increased by 45.9%. Alinta Sales reported an additional 2,260 residential customers were placed on an instalment payment plan. By 30 June 2009, the total number of residential customers on an instalment payment plan represented 1.2% of the total residential customer base.

Alinta Sales stated that:

Alinta Sales encourages customers that face payment difficulties to enter into a 'combination' instalment payment plan, which allows the customer to pay arrears and budget for future gas bills over a 12 month period. Customers that elect to enter into a 'combination' instalment payment plan are actively managed and communicated with on an ongoing basis, and do not face the risk of disconnection when they adhere to the payment plan or discuss the need for changes with Alinta.

During 2008/09, the total number of non-residential customers on an instalment payment plan increased by 4.7%, compared to the previous year. By 30 June 2009, the number of non-residential customers on an instalment plan represented 0.4% of the total non-residential customer base.

Table 4: Customers on an instalment payment plan

Licensee	Residential c instalment pa	ustomers on ayment plans	Non residential customers on instalment payment plans		
Licensee	2007/08	2008/09	2007/08	2008/09	
Alinta Sales	4,945 ²³	7,205	43	44	
Wesfarmers Kleenheat	0	11	0	1	
State Total	4,945	7,216	43	45	

Direct Debit Plans terminated as a result of default

Wesfarmers Kleenheat, Synergy and WorleyParsons reported that they did not terminate any direct debit plans as a result of default during 2008/09. Consequently this section focuses on the performance of Alinta Sales.

Table 5 details the number and percentage of residential customer direct debit plans terminated by Alinta Sales for payment default during 2008/09.

Table 5: Residential customer direct debit plans terminated for default

Detailer	200	7/08	2008/09		
Retailer	Number	(%) ²⁴	Number	(%)	
Alinta Sales	540 ²⁵	0.1	697	0.1	
State Total	540	0.1	697	0.1	

During 2008/09, the number of residential customer direct debit plans terminated for default increased by 29.1%, compared to the previous year. This increase, when combined with the increase in the number of customers being placed on an instalment payment plan (Table 4) suggests that the number of residential customers experiencing difficulties in meeting their utility costs has increased in during 2008/09.

Alinta Sales commented that:

Alinta Sales actively promotes direct debit as a convenient set and forget payment option, and around 20 per cent of customers now use this payment option to automatically pay their account in full on the due date. Customers using Alinta Sales' bill smoothing payment option may combine this option with the direct debit payment method, as can customers on 'combination' instalment payment plans. A 'combination' instalment payment plan allows

²³ Alinta Sales has provided an amended historical value for this indicator. The reported value in the 2007/08 performance report was 15,541.

The percentage used in this table has been re-stated from the 2007/08 report. The denominator used in the 2007/08 report was the total number of residential customers on direct debit plans. For the 2008/09 report this is now the total number of residential customers.

²⁵ Alinta Sales has provided an amended historical value for this indicator. The reported value in the 2007/08 performance report was 12,408.

customers that face payment difficulties to pay arrears and budget for future gas bills over a 12 month period.

Alinta Sales also advises that the majority of direct debit terminations result from incorrect account details, closed accounts and expired credit card expiry dates. ²⁶ Nevertheless, when direct debit plans are due to terminate or are terminated, Alinta Sales contacts customers in an attempt to resolve the reason that a direct debit payment option has, or may be, terminated.

For these reasons, Alinta Sales advised that it does not consider that data on the number of direct debits being terminated can be interpreted to reflect the effectiveness of Alinta Sales' policies to facilitate access to a gas supply by residential customers.

Table 6 details the number of direct debit plans terminated by Alinta Sales for payment default for non-residential customers during 2008/09. During 2008/09, the number of non-residential customer direct debit plans terminated for payment default increased by 13.9%, compared to the previous year. However, the percentage change is based on a low number of direct debit plans.

Table 6: Non-Residential Customer Direct debit plans terminated for default

Retailer	200	7/08	2008/09		
Retailer	Number	(%) ²⁷	Number	(%)	
Alinta Sales	36	0.3	41	0.4	
State Total	36	0.3	41	0.4	

Security Deposits

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

All four retailers reported that they had not required any of their residential or non-residential customers to provide a security deposit in order to obtain a gas supply during 2008/09.

The 2007 SCONRRR Report (National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007) explicitly covers the situation when the termination of a direct debit occurs due to the oversight or mismanagement of the customer. Nevertheless, the report also states that the termination of a direct debit, as a result for non-payment is considered an unambiguous indication of financial stress.

The percentage used in this table has been re-stated from the 2007/08 report. The denominator used in the 2007/08 report was the total number of non residential customers on direct debit plans. For the 2008/09 report this is now the total number of non residential customers.

Disconnections and Reconnections

The customer disconnection and reconnection indicators applying to gas retailers in the Reporting Manual have been aligned with the 2007 SCONRRR Framework. This makes it possible to compare the performance of Western Australian gas retailers with gas retailers in the other jurisdictions that have also adopted the 2007 SCONRRR Framework.

Residential Disconnections

Wesfarmers Kleenheat and Synergy reported that they did not disconnect any residential customers for failure to pay a bill during 2008/09. Consequently, this section will focus on the performance of Alinta Sales and WorleyParsons.

Table 7 details the number, and percentage of, residential customer disconnections in 2008/09 and the previous year. In 2008/09, the state-wide total number of residential disconnections increased by 29.8%, compared to 2007/08.

Alinta Sales commented that:

Customers that face payment difficulties can avoid the risk of disconnection by entering into a 'combination' instalment payment plan, which allows the customer to pay arrears and budget for future gas bills over a 12 month period. Customers on 'combination' instalment payment plans are actively managed and communicated with on an ongoing basis, and will not be disconnected when they adhere to the payment plan or discuss the need for changes with Alinta.

Table 7: Residential customers disconnected for failure to pay a bill

	2007	7/08	2008/09		
Retailer	Number of residential disconnections	Residential disconnections (%)	Number of residential disconnections	Residential disconnections (%)	
Alinta Sales	12,942	2.3	16,803	2.9	
WorleyParsons	4	2.2	2	0.9	
State Total	12,946	2.3	16,805	2.9	

During 2008/09, the state-wide percentage of residential gas disconnections (2.9%) was just over five times higher than that reported by Western Australian electricity retailers (0.55%).²⁸

Table 8 provides additional information about residential disconnections. Comparing Table 7 with Table 8 it can be seen that, in 2008/09, 2.7% of residential disconnections involved customers who had previously been the subject of an instalment payment plan and 39.5% of residential disconnections involved customers who had been disconnected at the same supply address within the past 24 months

²⁸ Economic Regulation Authority - 2009, 2008/09 Annual Performance Report – Electricity Retailers, February 2009, p.8, which is available at: http://www.era.wa.gov.au/2/468/51/reports __decisi.pm

Table 0.	Additional regidentia	Laustamar diagannastia	a indicators for 2000/00
I able 8:	Additional residentia	I customer disconnection	n indicators for 2008/09

Residential customers disconnected who were Retailer previously the subject of an instalment payment plan		same supply ad	ed who were reviously at the	Residential customers disconnected while receiving a Government funded rebate		
	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	449	0.1	6,636	1.1	N/A	N/A
WorleyParsons	0	0.0	6	2.8	0	0.0
State Total	449	0.1	6,642	1.1	0	0.0

During 2008/09, the state-wide percentage (39.5%) of residential gas customer disconnections at the same supply address within the past 24 months is more than twice that reported by Western Australian electricity retailers (16.3%). Conversely, the percentage (2.7%) of residential gas customers disconnected, who were previously the subject of an instalment payment plan, is substantially lower than that reported by electricity retailers (21.8%). ²⁹

Table 8 suggests that there is a population of residential gas customers who are experiencing ongoing difficulties with the payment of their gas bills, as evidenced by the relatively high percentage of customers who have been disconnected more than once in the past 24 months. However, it should be noted that the Hardship Utilities Grants Scheme (HUGS)³⁰ was available to electricity retailers, but not available to gas retailers, during the 2008/09 reporting year.³¹ This may, in part, explain the difference in the overall residential customer disconnection rates reported by gas retailers and electricity retailers.

Alinta Sales commented that:

Alinta Sales considers that the effectiveness of its policies to facilitate access to a gas supply by residential customers is demonstrated by the fact that although the HUGS was previously not available to gas customers, in 2008/09 only 449 customers out of the 16,803 that were disconnected were, or had been, on a 'combination' instalment payment plan during 2007/08 or 2008/09.

Non-residential Disconnections

Alinta Sales was the only retailer to report disconnecting non-residential customers for failure to pay a bill during 2008/09.

Table 9 shows that the number of non-residential disconnections reported by Alinta Sales increased by 12.8% during 2008/09, compared to the previous year.

Comparing Table 9 with Table 7 shows that, in both 2007/08 and 2008/09, the number, and percentage, of non-residential disconnections was lower than the level of residential disconnections.

²⁹ Economic Regulation Authority - 2009, 2008/09 Annual Performance Report – Electricity Retailers, February 2009, p.9, which is available at: http://www.era.wa.gov.au/2/468/51/reports__decisi.pm

³⁰ 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.

³¹ Alinta Sales joined the HUGS in August 2009.

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

	2007/08		2007/08 2008/09		8/09
Retailer	Number of non- residential disconnections	Non-residential disconnections (%)	Number of non- residential disconnections	Non-residential disconnections (%)	
Alinta Sales	117	1.1	132	1.3	
State Total	117	1.1	132	1.3	

During 2008/09, the state-wide percentage (1.3%) of non-residential gas disconnections was almost six times that reported by Western Australian electricity retailers (0.22%).³²

Alinta Sales commented that:

Alinta Sales advised that disconnection was always a last resort, and that it offers a range of assistance to non residential customers that face payment difficulties to assist them avoid disconnection, including for example instalment payment plans, additional time to pay and flexible part payment arrangements. Where non residential customers that face payment difficulties contact Alinta Sales, it actively works with those customers, who will not be disconnected where they adhere to the agreed payment arrangements or discuss the need for further changes with Alinta Sales.

Inter-jurisdictional comparison of disconnections

Table 10 provides an inter-jurisdictional comparison of residential and non-residential disconnections by gas retailers. This is the second year that disconnection data has been reported by Western Australian gas retailers.

During 2008/09, the percentage of residential disconnections in Western Australia was five times that reported by gas retailers in Victoria and more than twice that reported by gas retailers in South Australia.

However, the percentage of non-residential disconnections in Western Australia is higher than reported by gas retailers in Victoria, but lower than that reported by gas retailers in South Australia.

The Authority notes that the percentage of residential and non-residential disconnections in all three jurisdictions has increased, compared to 2008/09. This lends some support to the argument that slowing economic activity has resulted in some residential and non-residential customers not being able to afford to pay their gas bills.

The introduction, from 1 July 2009, of the Gas Customer Code 2008 has further defined the process that is to be followed by gas retailers before a customer can be disconnected for non-payment of a bill. The Authority anticipates that, based on the response to similar measures applying to electricity retailers since 2008,³³ this might lead to reductions in the level of disconnections reported by retailers for 2009/10.

³² Economic Regulation Authority - 2009, 2008/09 Annual Performance Report – Electricity Retailers, February 2009, p.10, which is available at: http://www.era.wa.gov.au/2/468/51/reports__decisi.pm

³³ The Code of Conduct for the Supply of Electricity to Small Use Customers 2008 introduced the requirement for electricity retailers to develop hardship policies, see: http://www.era.wa.gov.au/3/452/51/code_of_conduct.pm

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

		ons per 100 customers	Disconnections per 100 non- residential customers	
State	2007/08 2008/09		2007/08	2008/09
Western Australia	2.29	2.87 ³⁴	1.1 ³⁵	1.27 ³⁶
Victoria ³⁷	0.39	0.57	0.45	0.57
South Australia ³⁸	1.06	1.28	1.74	2.20

Residential Reconnections

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.

Alinta Sales was the only retailer to report reconnecting residential customers during 2008/09. Table 11 shows the number and percentage of residential customers who were reconnected within seven days of disconnection for failure to pay a bill.

Comparing Table 11 with Table 7 shows that, during 2008/09, 78.3% of Alinta Sales residential customer disconnections for failure to pay a bill resulted in a reconnection within seven days. Alinta Sales has informed the Authority that the number of residential reconnections occurring within seven days may actually be higher than that reported due to the fact that system processes may prevent Alinta Sales becoming aware of a customer self-restoring their gas supply within the seven day period.

Table 11: Residential customers reconnected at same supply address (within seven days of being disconnected) during 2008/09

	2007/08		2008/09	
Retailer	Number of residential reconnections	Residential reconnections (%)	Number of residential reconnections	Residential reconnections (%)
Alinta Sales	9,553	1.7	13,153	2.3
State Total	9,553	1.7	13,153	2.2

Caution should be exercised when interpreting reconnection data. 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 seven days of disconnection, in the name of a new account holder at the disconnected premises, with the previous account holder still in residence.

Table 12 provides additional information about residential customer reconnections. Comparing Table 12 and Table 8 shows that the customers who were most likely to be

 $^{^{\}rm 34}\,$ This figure has been rounded to one decimal place in Table 7.

³⁵ This figure has been re-calculated due to Alinta Sales amending its 2007/08 non-residential customer numbers.

³⁶ This figure has been rounded to one decimal place in Table 9.

³⁷ ESC, Energy Retailers Comparative Performance Report - 2008-09.

³⁸ ESCOSA, 2008/09 Annual Performance Report: Energy Retail Market.

reconnected within 7 days were those customers who had previously been disconnected within the past 24 months. $^{\rm 39}$

Table 12: Additional residential reconnection indicators for 2008/09

	reconnecte previously the	customers d who were subject of an ent plan	reconnected v disconnected w	customers who have been ithin the past 24 nths	reconnected wh a concess	customers o were receiving ion prior to nection
Retailer	Number	(%)	Number	(%)	Number	(%)
Alinta Sales	230	0.04	5,640	0.97	N/A	N/A
WorleyParsons	0	0.0	1	0.47	0	0.0
State Total	230	0.04	5,641	0.97	0	0.0

Non-residential Reconnections

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.

Alinta Sales was the only retailer that reported reconnecting non-residential customers during 2008/09. Table 13 shows the number, and percentage, of non-residential customers who were reconnected within seven days of disconnection for failure to pay a bill.

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

	2007/08		2008/09	
Retailer	Number of non- residential reconnections	Non-residential reconnections (%)	Number of non- residential reconnections	Non-residential reconnections (%)
Alinta Sales	32	0.3	42	0.4
State Total	32	0.3	42	0.4

During 2008/09, the number of non-residential customer reconnections increased by 31%, compared with the previous year.

Comparing Table 13 and Table 9 shows that almost one in every three non-residential customer disconnections results in a reconnection within seven days of the disconnection. Alinta Sales has informed the Authority that the number of non-residential reconnections occurring within seven days may actually be higher than that reported due to the fact that system processes may prevent Alinta Sales becoming aware of a customer self-restoring their gas supply within the seven day period.

The cautionary comments made in relation to interpreting the residential reconnection data also apply to interpreting non-residential customer reconnection data.

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Of the 451 disconnected customers who were previously on an instalment plan, 230 (or 51.2%) were reconnected within 7 days, and of the 6,642 disconnected customers who had previously been disconnected within the past 24 months, 5,641 (or 84.9%) were reconnected within 7 days.

Inter-jurisdictional comparison of reconnections

Table 14 provides an inter-jurisdictional comparison of residential and non-residential reconnections by gas retailers in 2008/09 and the previous year.

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

State	Reconnections per 100 residential customers		Reconnections per 100 non- residential customers	
State	2007/08	2008/09	2007/08	2008/09
Western Australia	1.69	2.25	0.31 ⁴⁰	0.40
Victoria ⁴¹	0.17	0.24	0.18	0.24
South Australia ⁴²	0.60	0.65	0.74	1.07

In 2008/09, the percentage of residential reconnections reported by Western Australian retailers was significantly higher than that reported by retailers in both Victoria and South Australia. The relative difference in the percentage of residential and non-residential reconnections reported by each jurisdiction in both 2007/08 and 2008/09 is similar to the relative difference in the percentage of disconnections (see Table 10).

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⁴⁰ This figure has been re-stated after Alinta Sales re-stated its non-residential customer numbers for 2007/08.

⁴¹ ESC, Energy Retailers Comparative Performance Report - 2008-09.

⁴² ESCOSA, 2008/09 Annual Performance Report: Energy Retail Market.

Complaints

Synergy, Wesfarmers Kleenheat and WorleyParsons reported that they did not receive any residential and non-residential complaints during 2008/09. As a consequence, this section focuses on the complaints handling performance of Alinta Sales.

Table 15 details the number, and percentage, of complaints Alinta Sales received from residential and non-residential customers during 2008/09.

Table 15: Residential and non-residential customer complaints during 2008/09

	Residential cust	omer complaints	Non-residential cu	stomer complaints
Retailer	Number of complaints	Complaints per 100 customers	Number of complaints	Complaints per 100 customers
Alinta Sales	529	0.09	0	0
State Total	529	0.09	0	0

Table 15 shows that no non-residential customer complaints were received by Alinta Sales during 2008/09. Alinta Sales stated:

Alinta Sales can only speculate on the reasons why there were no complaints from non-residential customers during 2008/09. It is possible that the aftermath of the Varanus Island outage, and the smaller increase in gas tariffs for many non-residential gas customers relative to residential customers, led to non-residential customers not being inclined to complain about gas supply and/or gas accounts.

Table 16 compares the number of residential and non-residential customer complaints received by retailers in 2008/09 with the previous year.

Table 16: No. of Customer Complaints compared to previous year

	Residential custo	omer complaints	Non-residential cu	stomer complaints
Retailer	2007/08	2008/09	2007/08	2008/09
Alinta Sales	855	529	30	0
Synergy	0	0	1	0
State Total	855	529	31	0

During 2008/09, the number of residential complaints received by Alinta Sales fell by 38.1%, compared to the previous year. Table 17 disaggregates residential and non-residential customer complaints received during 2008/09 into four complaint categories.

Table 17: 2008/09 residential and non-residential customer complaints by category

Compliant Category	Residential Complaints	Non-residential Complaints
Total Number of Complaints	529	0.0
Billing (% of total)	32.5	0.0
Marketing (% of total)	1.9	0.0
Transfer (% of total)	0.0	0.0
Other (% of total)	65.6	0.0

The majority of residential customer complaints (65.6%) relate to other issues (which includes poor service, privacy considerations and failure to respond to complaints in a timely manner), followed by billing issues (32.5%). Alinta Sales reported that all of the residential complaints that it received during 2008/09 were concluded within 15 business days.

Table 18 provides an inter-jurisdictional comparison of small use⁴³ customer complaints in 2007/08 and 2008/09.

Table 18: Inter-jurisdictional comparison of total customer complaints

State	Complaints per 100 small use customers		
State	2007/08	2008/09	
Western Australia	0.15	0.09	
Victoria ⁴⁴	0.43	0.80	
South Australia ⁴⁵	0.48	0.50	

In 2008/09, the complaint rate (per 100 small use customers) reported by Western Australian retailers was 40% lower than the previous year. Over the same period, the complaint rate for South Australian and Victorian retailers increased, by 4.2% and 86.0% respectively.

The level of customer complaints recorded by Western Australian retailers is substantially lower than that reported by retailers in South Australia and Victoria. A possible explanation for this difference is the existence of full retail contestability in the other jurisdictions, leading to an increase in marketing, customer transfers, service orders and other transactions processed by retailers that might give rise to complaints.

⁴³ This is the sum of residential and non-residential complaints.

⁴⁴ ESC, Energy Retailers Comparative Performance Report - 2008-09.

⁴⁵ ESCOSA, 2008/09 Annual Performance Report: Energy Retail Market.

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 two gas retailers, Alinta Sales and Wesfarmers Kleenheat,⁴⁶ operate call centres. Synergy and WorleyParsons provide telephone support to their customers using non-call centre systems that do not record performance data for incoming calls.

Table 19 provides a summary of call centre performance for 2008/09. Table 20 details the total number of calls that were handled by each call centre during 2008/09, and compares this with the previous year. Table 21, Table 22 and Table 23 detail call centre performance for 2008/09 against three key performance measures, and compare this with the previous year.

Table 19 shows that, during 2008/09, the performance of the call centres operated by Alinta Sales and Wesfarmers Kleenheat were similar, with the exception of the average duration before a call is answered.

During 2008/09, the total number of calls handled by the retailer's call centres increased by 4.5%, compared to 2007/08. The number of calls handled by the Alinta Sales and Wesfarmers Kleenheat call centres increased, by 0.3% and 21.7% respectively.

In 2008/09, both Alinta Sales and Wesfarmers Kleenheat reported improvements in the average duration before a call is answered. The number of unanswered calls reported by Wesfarmers Kleenheat and Alinta Sales decreased by 8.3% and 7.1% respectively, compared to 2007/08.

Table 19: Summary of retailer call centre performance in 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	606,063	80.9	1.3	25
Wesfarmers Kleenheat	179,119	80.0	1.1	13
State Total	785,182	80.7	1.2	-

Table 20: Number of calls to an operator

Retailer	2007/08	2008/09
Alinta Sales	604,093	606,063
Wesfarmers Kleenheat	147,202	179,119
State Total	751,295	785,182

The Authority also notes that for Wesfarmers Kleenheat, total calls received include calls related to gas retailing, gas distribution and all other Wesfarmers Kleenheat gas services, which needs to be considered when interpreting the data provided.

Table 21: Operator calls responded to within 30 seconds (%)

Retailer	2007/08	2008/09	
Alinta Sales	79.9	80.9	
Wesfarmers Kleenheat	80.1	80.0	
State Total	79.9	80.7	

Table 22: Level of unanswered calls (%)

Retailer	2007/08	2008/09
Alinta Sales	1.4	1.3
Wesfarmers Kleenheat	1.2	1.1

Table 23: Average duration before a call is answered by an operator (seconds)

Retailer	2007/08	2008/09
Alinta Sales	33	25
Wesfarmers Kleenheat	15	13

Table 24 compares the responsiveness of call centres (measured by the percentage of calls responded to within 30 seconds) operated by Western Australian retailers with that of South Australian and Victorian retailers for 2008/09.

Table 24: Inter-jurisdictional comparison of the percentage of operator calls responded to within 30 seconds

Year	Western Australia	Victoria	South Australia
2007/08	79.9	78.0	84.6
2008/09	80.7	72.0 ⁴⁷	84.5 ⁴⁸

⁴⁷ ESC, Energy Retailers Comparative Performance Report - 2008-09. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.

⁴⁸ ESCOSA, 2008/09 Annual Performance Report: Energy Retail Market. Note that this value is the combined performance for calls concerning electricity and gas supply to the retailer, which are handled by the same call centre.