

23 May 2003



Ms Emma Kelso  
Review of Energy Guaranteed Customer Service Standards and Operating Statistics  
Independent Pricing and Regulatory Tribunal  
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Dear Ms Kelso,

### **Review of guaranteed customer service standards and operating statistics**

Thank you for the opportunity to comment on the IPART issues paper - Review of Guaranteed Customer Service Standards and Operating Statistics.

The paper attached to this letter sets out the detailed response of EnergyAustralia Retail to the key issues which impact the retail business.

The Tribunal identified four key issues:

**Issue 1:** what aspects of service quality should be measured through GCSS and/or OS?

**Issue 2:** at what level should service standards be set?

**Issue 3:** when should compensation be paid if the standard is not met, and how much compensation is appropriate?

**Issue 4:** how often should OS be published?

In summary, our view is:

- GCSS and OS should only be implemented if there is a clear, justifiable policy rationale and demonstrable public benefit
- new GCSS and OS should not be implemented merely on the basis that they have been adopted in other jurisdictions
- compensation should only be required on application by a small retail customer who has been disadvantaged and the event was within the retailer's control
- OS should continue to be published annually.

If you would like any further information, please contact Sue McKenna, Risk & Compliance Manager on 9269 7272.



Nick Saphin  
General Manager - Retail & Marketing

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## **ISSUE 1: What aspect of service quality should be measured through GCSS and/or OS?**

### **A) What aspects of quality of service should be measured? [S4.1 of issues paper]**

EnergyAustralia Retail understands the use of GCSS to create incentives for businesses to provide adequate levels of service to their customers. Nonetheless, we believe that any GCSS and OS should be meaningful and relate to the concerns of customers.

The current set of GCSS for small retail customers for electricity and gas focuses exclusively on customer service. EnergyAustralia Retail agrees with the Tribunal's view that current GCSS may not reflect customers' priorities.

We previously noted (in our submission on the Review of Electricity and Gas Licensing Regimes in NSW) that:

- there should be a clear, justifiable policy rationale for collecting and publishing OS
- there should be demonstrable public benefits since the collection and reporting of data can be costly (especially if it entails IT system changes)
- the information to be collected should be clearly defined in consultation with affected stakeholders so that subsequent comparisons between businesses are on a "like for like" basis.

### **B) Which aspects should be measured as GCSS and which as OS? [S4.2 of issues paper]**

EnergyAustralia Retail supports the use of a combination of GCSS and OS to monitor customer service and agree data should be collected for both gas and electricity, but only where relevant.

We recommend that the philosophical distinction between the use of GCSS and the use of OS should be:

- GCSS to only be imposed where there is a clear need to ensure retailers provide a minimum level of service
- OS to only be imposed where there is a clear and meaningful need to collect data.

GCSS should be used to ensure a minimum level of service is provided to customers where clearly defined, measurable targets have been set.

We believe retail suppliers should only be required to collect OS if they are set out in a way that:

- is abundantly clear to retailers what they have to collect; and
- is not open to different interpretation by different retailers; and
- retailers clearly understand the purpose for which the data is being collected.

The following table sets out the view of EnergyAustralia Retail about the applicability for the future of current GCSS and OS in NSW.

AREA OF SERVICE STANDARD	ELECTRICITY/GAS
Telephone hotlines	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• already a retail licence condition</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• yes</li> <li>• number of calls to hotlines</li> </ul>
Punctuality in keeping appointments	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• yes – only to the extent that services provided are within a retailers direct control</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• yes</li> </ul>
Disconnections of supply	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• it is a retail licence condition that customers are given regulated notices</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• yes</li> </ul>
Supply reconnections	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• yes</li> <li>• will ensure retailers inform DNSP within a set time</li> <li>• a measurable time should to be set</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• no (The number of reconnections in the same name which a retailer may report to the Tribunal do not assist in determining whether or not the retailer has complied with its regulatory and licence obligations about disconnection for non-payment.)</li> </ul>
Complaints	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• not currently required</li> <li>• no</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• it is currently unduly expensive and time-consuming for retailers to collect this data</li> <li>• the data currently being provided is not comparable across retailers</li> <li>• if the Tribunal wishes to continue to monitor complaint data, we recommend accessing complaints data through EWON (Retailers are obliged to inform all customers of their right to refer complaints to EWON)</li> </ul>
Security deposits	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• the amount that can be collected and the circumstances under which deposits are taken are regulated under IPART determinations, no need for further regulation</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• there is no clear policy intent to support collection of this data</li> </ul>
Payment methods	<p><b>GCSS</b></p> <ul style="list-style-type: none"> <li>• not currently required</li> <li>• no</li> </ul> <p><b>OS</b></p> <ul style="list-style-type: none"> <li>• no</li> <li>• it is a regulatory requirement that standard retailers operate a payment plan approved by the Minister for Energy</li> </ul>

### **C) What is measured in other jurisdictions? [S4.3 of issues paper]**

We do not support the introduction of new GCSS in NSW merely on the basis that they have been adopted in other jurisdictions. GCSS and OS should only be introduced in NSW where there is a clear justification in this jurisdiction to do so.

An example of this is the proposed introduction of GCSS or OS for erroneous transfers. OFGEM introduced these measures in England in response to a significant problem. This is not the case in NSW and the introduction of these statistics here is not justified.

We recommend the Tribunal monitor complaints regarding erroneous transfers directly with EWON. Only in the event of a significant increase in the number of complaints and/ or evidence of systemic fraudulent practices developing in NSW, should the Tribunal consider implementing such measures.

### **D) How can GCSS and OS best reflect customer preferences and reasonable expectations? [S4.4 of issues paper]**

EnergyAustralia Retail support the use of customer surveys as an effective tool to gauge customer preferences. But, any surveys used should:

- consist of a representative sample of the population; and
- be developed in consultation with retailers.

### **E) Should the arrangement include provisions to exclude the impact of events outside the utilities control? [S4.6 of issues paper]**

Yes. The integrity of the data collected is compromised if adjustments are not made for the impact of significant events which retailers cannot control.

Whilst this is an issue more generally relevant to data provided by networks, there can also be impacts on retail operations – in particular, where major storms have occurred.

## **ISSUE 2: At what levels should standards be set? [S5 of issues paper]**

To ensure standards are reflective of industry and customer priorities, the Tribunal should take into account when setting standards:

- recent company performance
- performance of other companies
- customer preferences
- whether any other body already collects this data so as to avoid duplication.

The Tribunal should allow retailers the opportunity to comment on any proposed levels at which standards will be set.

### **ISSUE 3: When should compensation be paid if the standard is not met, and how much compensation is appropriate?**

#### **A) When should compensation be payable? [S6 of issues paper]**

Retailers should only be required to pay compensation when GCSS are clearly defined and measurable. This means retailers should only have to pay compensation if:

- a target has not been met; and
- the event was within the retailer's control; and
- a small retail customer was disadvantaged.

#### **B) What level of compensation should be payable? [S6.1 of issues paper]**

In setting compensation levels, the following criteria should be considered:

- the value customers place on this aspect of service
- ability of industry to pay
- differential between impacts on business and residential customers
- the effect of compensation on costs to consumers.

#### **C) How should compensation be paid? [S6.2 of issues paper]**

Compensation should be paid on application by the customer.

Implementing systems of automatic payment would be costly to industry and would not reflect customer preferences. The application method would ensure customers receive compensation when they believe they have been disadvantaged.

EnergyAustralia Retail provides all customers with the requisite GCSS in:

- our negotiated contracts
- a booklet given to standard form contract customers on commencement of their contract.

### **ISSUE 4: How often should OS be published? [S7 of issues paper]**

EnergyAustralia Retail believe OS should continue to be published annually because:

- this reduces the impact of any seasonal variations or unusual events
- the costs to industry of more frequent reporting would outweigh any public benefit.

If the Tribunal wishes to monitor customer service more frequently, this should be via monitoring customer complaints to EWON.

We strongly recommend that statistics be published with commentary in order to provide context and retailers should be given the opportunity to review any commentary before the Tribunal releases its annual report.