



Independent Pricing and Regulatory Tribunal

Electricity retail businesses' performance against customer service indicators in NSW

For the period 1 July 2004 to 30 June 2009

Electricity — Information Paper
December 2009

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1 Introduction

This information paper discusses the level of customer service provided by electricity retailers in NSW. It is one in a series of information papers published by the Independent Pricing and Regulatory Tribunal of NSW (IPART) which aims to ensure that all stakeholders, including customers, have ready access to information about electricity distribution and retail businesses.

As at 30 June 2009, there were 29 companies holding electricity retail supplier licences in NSW. Of these, 14 supplied electricity to small retail customers in 2008/09. Under the current regulatory regime, all electricity retailers licensed to operate in NSW are required to report annually on a series of customer service indicators that provide some indication of the affordability and accessibility of electricity services and of customers' satisfaction with the quality of service they receive. We monitor and assess the retailers' performance against these indicators each year and compare this with their performance in previous years.

We assess electricity retailers' performance against the following indicators:

- ▼ disconnections due to non-payment of bills (including disconnection of those on payment plans, pensions and the number of customers who are disconnected more than once in the same year)
- ▼ reconnections in the same name
- ▼ use of alternative payment methods by customers having difficulty paying bills
- ▼ the number of security deposits being held by retailers at 30 June and held longer than 12 months (residential customers) or 24 months (non-residential customers)
- ▼ call centre responsiveness, and
- ▼ the number of customer complaints.

1.1 Overview of electricity retailers' performance

We have analysed all NSW electricity retailers' current and historical data to identify trends and to compare the retailers' performance. The key findings for 2008/09 are:

- ▼ The level of disconnections of residential small retail customers due to non-payment of bills has stayed stable over the last 3 years. There were 18,168 disconnections in 2008/09 representing 0.6% of all small retail residential electricity customers in NSW.
- ▼ Of these residential customer disconnections, 29.5% were on payment plans prior to disconnection, 14.6% were on pensions and 7.9% had been disconnected more than once in the same year.

- ▼ The rate of disconnection for non-residential customers has remained stable for the last 5 years. There were 1,703 non-residential customer disconnections due to non payment of bills in 2008/09; this figure represents only 0.5% of all NSW non-residential small retail customers.
- ▼ Approximately 3.3% of all NSW small retail customers used instalment plans to assist in paying their bills in both 2008/09 and 2007/08.
- ▼ Approximately 2.7% of all NSW small retail customers used Centrelink's Centrepay facility in 2008/09. This represents a reduction to the figure reported last year. However, this reduction is attributed to reporting errors by retailers rather than an actual reduction in the number of customers using this service.
- ▼ The percentage of security deposits held from residential small retail customers by retailers continues to decrease with 4.2% held in 2008/09 (compared to 4.9% held in 2007/08, 6.1% in 2006/07 and 7.4 % in 2005/06). In line with this trend, the percentage of security deposits held by retailers for more than 12 months is also decreasing at 2.1% in 2008/09 (compared to 2.2 % in 2007/08, 3.7% in 2006/07 and 4.3% in 2005/06).
- ▼ Retailers' call centre performance in 2008/09 has fallen slightly with 5.7% of calls being abandoned or dropped out before being answered by a human operator compared with only 4.2% in 2007/08; however the overall service call abandonment rate remains low. The percentage of calls answered by a human operator within 30 seconds also decreased in 2008/09 to 67.3% compared with 75.3% in 2007/08.
- ▼ Complaints about retail supply matters have remained constant at 0.4% of total small retail customers in 2008/09 and 2007/08. However, inconsistencies in reporting have been identified that suggests at least one retailer has under reported the number of complaints received.

The sections below provide more detail on each indicator with a comparison of retailers' performance over the five year period to 30 June 2009.

Note:

When looking at the data presented in sections below, it is important to note that:

- ▼ The bulk of small retail customers in NSW are supplied by the three standard retail suppliers (EnergyAustralia, Integral Energy and Country Energy) which supply approximately 81% of the total NSW customer base.
 - ▼ In May 2009, we commissioned a retail licence compliance audit of all energy retail suppliers that are actively supplying small retail customers in NSW. In part this audit identified some reporting inconsistencies in the operating/performance statistics submitted by some energy licensees in previous years.
 - ▼ In particular, the audit report noted AGL is unable to verify the accuracy of any of its performance data that was maintained in its Legacy system, which was decommissioned in November 2008. As a consequence, the auditor reported that AGL's historical performance data for the period 1 July 2007 to 30 November 2008 cannot be validated. We further discuss the findings from this audit report in relevant sections of this paper.
 - ▼ The audit also found Origin Energy has under-reported its customer complaints numbers as the retailer has incorrectly defined what constitutes 'complaints', which was not consistent with regulatory guidelines.
 - ▼ AGL Electricity's retail customers were transferred to AGL sales in March 2006. AGL's previous statistics have been combined for comparative purposes.
-

2 Disconnections due to non-payment of bills

Disconnection of essential services is expensive for both the consumer and the provider. It creates further hardship for consumers who are already facing financial difficulties. Electricity retail suppliers have adopted hardship policies to various degrees in an effort to better protect and assist vulnerable customers who are having difficulties paying their bills. As a consequence of these policies, the number of customers disconnected for non-payment of bills has remained relatively constant over the last 3 years.

However, we consider that greater focus will be required by electricity retailers to ensure appropriate assistance is provided to customers facing financial difficulties during times of significant electricity price increases in NSW.

Table 2.1 Total residential and non-residential disconnections for non-payment of electricity bills in NSW

Type of Customer	2004/05	2005/06	2006/07	2007/08	2008/09
Residential	26,931	24,056	18,339	18,162	18,168
As a % of residential customers	1.0%	0.9%	0.7%	0.6%	0.6%
Non-residential	1,384	1,572	1,398	1,398 ^a	1,703
As a % of non-residential customers	0.5%	0.5%	0.5%	0.5%	0.5%

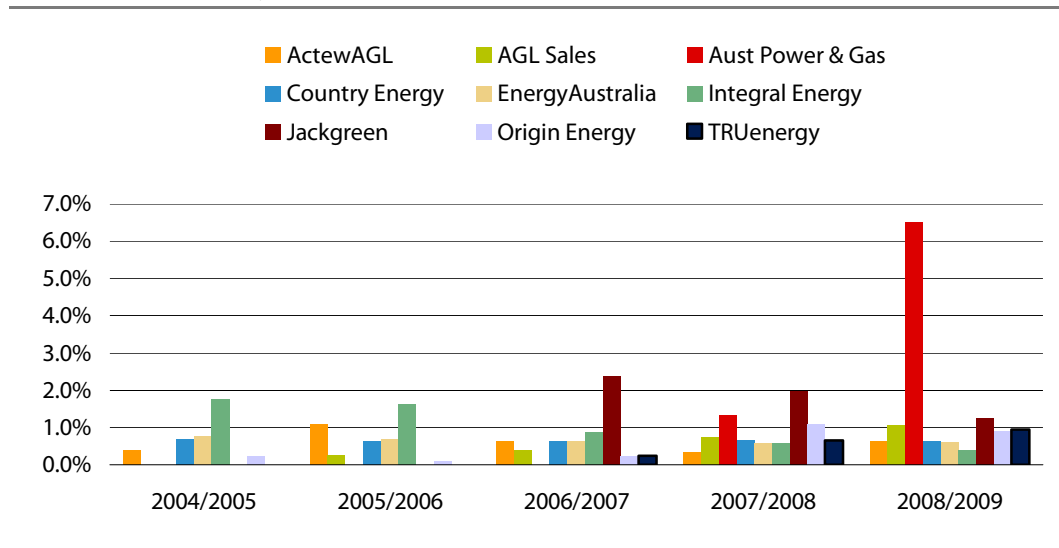
^a Coincidentally, there were 1,398 non-residential customer disconnections reported for both years 2006/07 and 2007/08.

In 2008/09, the disconnection rate was 0.6% which has remained unchanged from 2007/08. Disconnection rates for non-residential small retail customers are low and have remained steady at 0.5% over the last five years.

2.1 Disconnections of residential small retail customers

Figure 2.1 shows the number of disconnections of residential small retail customers for non-payment of bills for each retail supplier as a percentage of its total residential small retail customer base (its residential disconnection rate).

Figure 2.1 Percentage of residential disconnections for non-payment of bills in NSW, by retailer



Apart from Australian Power & Gas and AGL Sales, the disconnection rates for most retailers have remained steady or have decreased slightly when compared to 2007/08.

In percentage terms, Australian Power & Gas has reported a large increase in disconnection rate from 1.3% in 2007/08 to 6.5% in 2008/09. However, the actual number of disconnections was very low due to its small customer base in NSW.

AGL Sales' disconnection rate has increased from 0.7% in 2007/08 to 1.1% in 2008/09. AGL reported that its upgraded customer system has given them greater capability to identify non-paying customers and to review their long-term debt status. The enhanced debt recovery process has also contributed to the rise in disconnections. AGL maintains that all accounts were appropriately assessed prior to disconnection in accordance with regulatory guidelines.

Jackgreen's disconnection rate (1.3% in 2008/09) remains high when compared to the state average. However, as a result of improved hardship policies, Jackgreen's disconnection rate is on a downward trend (from a high 2.4% in 2006/07 to 1.3% in 2008/09). We consider that Jackgreen should continue to enhance its financial hardship policies to reduce disconnection level to a more acceptable level.

2.2 Disconnections of residential small retail customers on payment plans, pensions and more than once at the same address

Since 2007/08, retailers have been required to provide additional statistics on disconnections affecting residential small retail customers if they were:

- ▼ on payment plans prior to disconnection
- ▼ pensioners

- ▼ disconnected at the same address on more than one occasion in the same year.

Table 2.2 Categories of residential small retail customers prior to disconnection

Type of Customer	2007/08	2008/09
Number of residential small retail customers on payment plans	4,537	5,363
As a percentage of residential small retail disconnections	25.0%	29.5%
Number of residential small retail customers who were on pensions	2,642	2,659
As a percentage of residential small retail disconnections	14.5%	14.6%
Number of residential small retail customers disconnected more than once at same address	1,792	1,441
As a percentage of residential small retail disconnections	9.8%	7.9%

Table 2.2 shows the total number of residential small retail customers in each of these categories in the last 2 reporting periods and as a percentage of total residential small retail customer disconnections.

Figure 2.2 NSW customers on payment plans prior to disconnection as percentage of residential small retail disconnections, by retailer

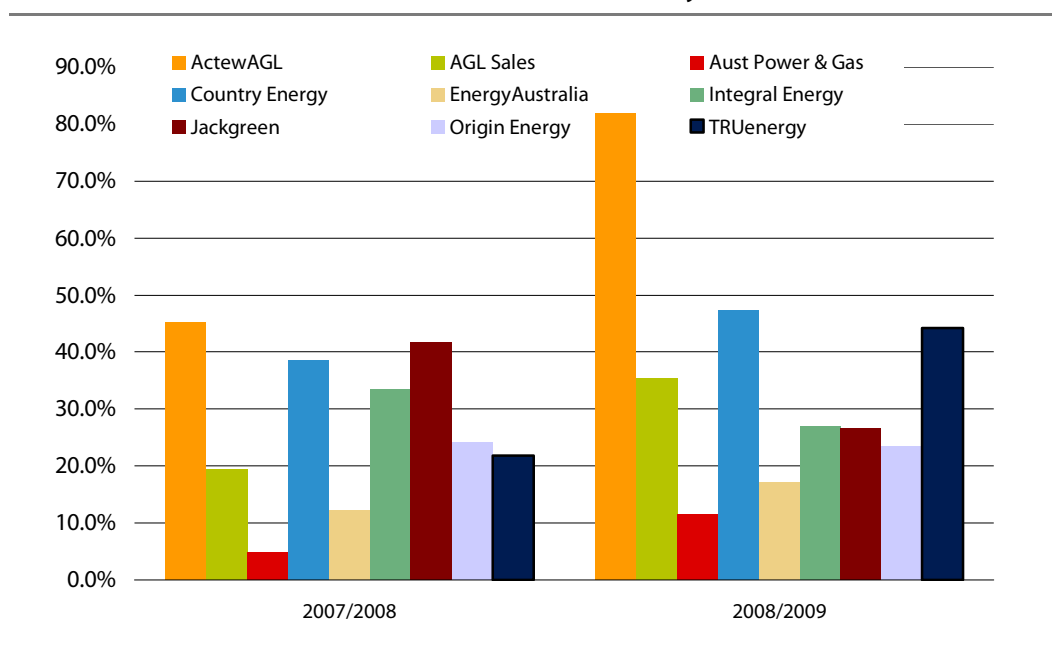


Figure 2.2 compares the percentage of customers on payment plans prior to disconnection for individual retailers. All electricity retail suppliers are required to operate a payment plan with respect to customers facing financial difficulties and to

offer this plan to those customers before taking any action to discontinue their energy supply.¹

Overall, 29.5% of residential small retail customers were on payment plans prior to disconnection in 2008/09, compared to 25.0% in 2007/08. With only 2 years of data, it is difficult to make a conclusive assessment. Retailers with high levels of customers on payment plans appear to have provided access to payment plans for customers facing payment difficulty as required. However, whether these payment plans were set at affordable levels is difficult to determine. As a consequence, we examined this issue as part of a recent audit of energy retailers that are actively supplying to small retail customers.

The audit has found all the retailers demonstrated a clear understanding of their obligation to offer payment plans or other flexible account management options to assist customers facing financial hardship. Retailers were able to demonstrate they have in place policies and procedures for their customer service staff to identify customers under financial stress and appropriately remove these customers from the disconnection process.²

The audit report noted that the current regulations do not provide specific guidance on how to assess a customer's capacity to pay. Retailers generally assess financial hardship through discussion with the customer to arrive at an agreed amount and period of the payment plan, whereas credit checks or capacity to pay calculations are seldom used. However, the auditor concluded that there are effective regulatory safeguards to ensure financial hardship policies are generally robust.

¹ Clause 13A (1) *Electricity Supply (General) Regulation 2001*.

² Deloitte Consolidated NSW Retail Licence Compliance Audit Report, November 2009, p 12.

Figure 2.3 Pensioners disconnected as a percentage of residential customers disconnections – by retailer

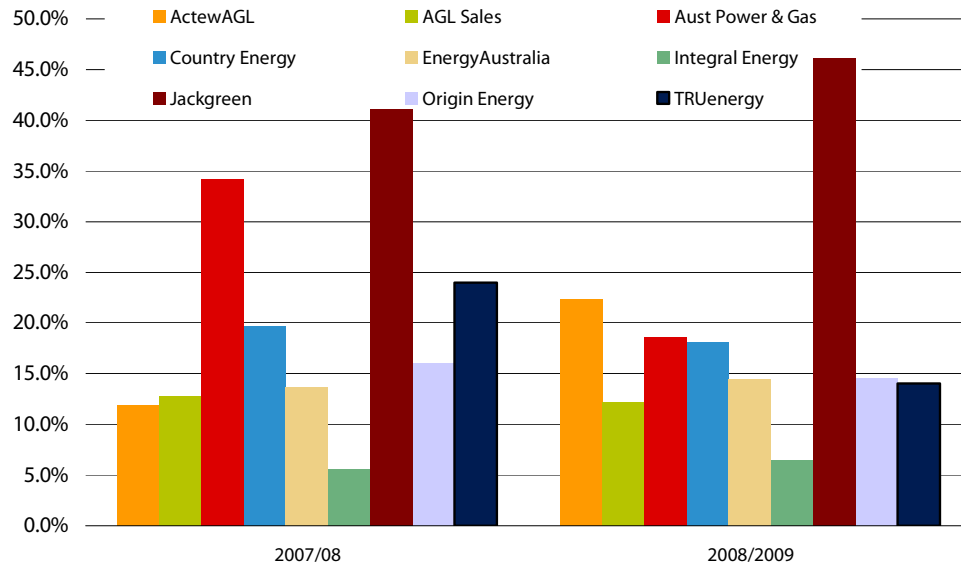


Figure 2.3 compares the percentage of customers disconnected that were also pensioners³ for each retailer. Customers on pensions made up 14.6% of total residential small retail disconnections in 2008/09; this statistic is consistent with 14.5% reported in 2007/08.

The number of pensioners who had their supply disconnected for non-payment as a percentage of total small residential retail disconnection has been noticeably higher for Jackgreen. In the last two years, Jackgreen reported between 41% to 46% of their total small residential retail disconnections related to pensioners.

Jackgreen has reported that:

- ▼ a high percentage of its residential small retail customer base in NSW are pensioners
- ▼ the rising costs of energy and impacts of the current economic environment has affected pensioners to a greater extent than the general population, and
- ▼ the combination of the above factors has resulted in the overrepresentation of pensioners in its disconnection statistics.

Jackgreen maintains it observed proper disconnection compliance protocols and offers flexible payment plans to pensioners facing payment difficulties as appropriate.

ActewAGL's pensioner disconnection rate rose to 22% from 12% in 2007/08, however this represents only a small number of customers.

³ Pensioners are defined as customers receiving a pensioner energy rebate.

Figure 2.4 Percentage of residential customers disconnected more than once in same year - by retailer

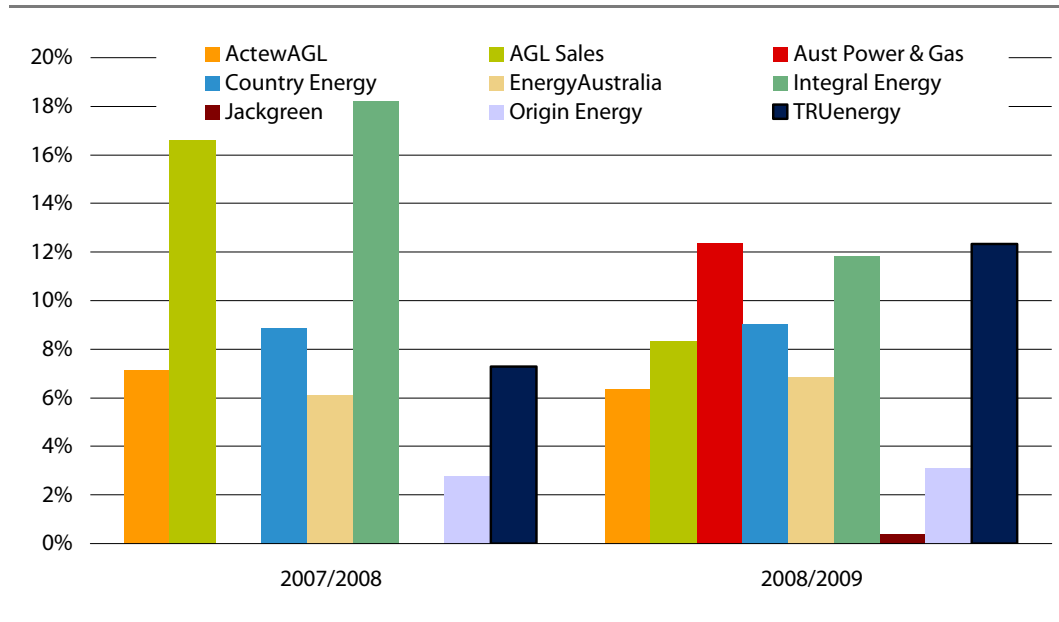


Figure 2.4 compares the percentage of residential customers disconnected more than once in the same year and at the same address. Overall 7.9% of residential small retail customers disconnected were disconnected on more than 1 occasion in 2008/09. This represents a small decrease from that reported in 2007/08 (9.8%). However, the 2007/08 data is overstated due to past reporting errors submitted by Integral Energy⁴.

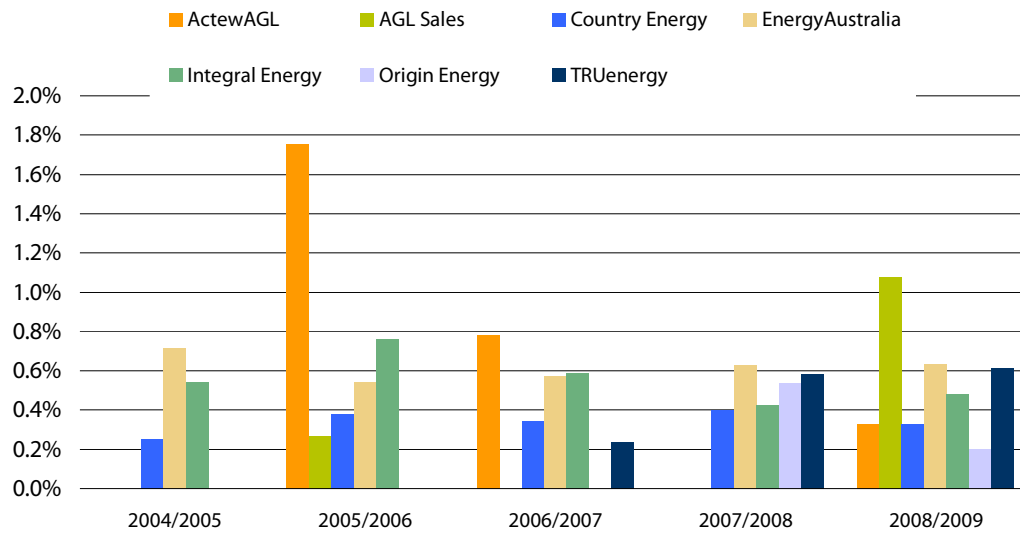
2.3 Disconnections of non-residential small retail customers

The overall number (1,703) and percentage (0.5%) of non-residential small retail customer disconnections remained stable in 2008/09 compared to the last 4 reporting periods (0.5%).

Figure 2.5 shows the number of disconnections of non-residential small retail customers for non-payment of bills for each retailer as a percentage of its total non-residential small retail customers (its non-residential disconnection rate).

⁴ Integral Energy had incorrectly reported the number of multiple disconnections at the same address in the same year instead of the number of customers whose supply was disconnected more than once at the same address in the same year.

Figure 2.5 Percentage of non-residential disconnections for non-payment of bills in NSW by retailer



Some retailers' have reported slightly higher non-residential disconnection rates in 2008/09 (AGL Sales, EnergyAustralia and TRUenergy). However, these rates still remain low when compared to their total non-residential small retail customer base.

3 Reconnections in the same name

Figure 3.1 Percentage of NSW residential customers disconnected for non-payment of bills whose supply was reconnected in the same name, by retailer

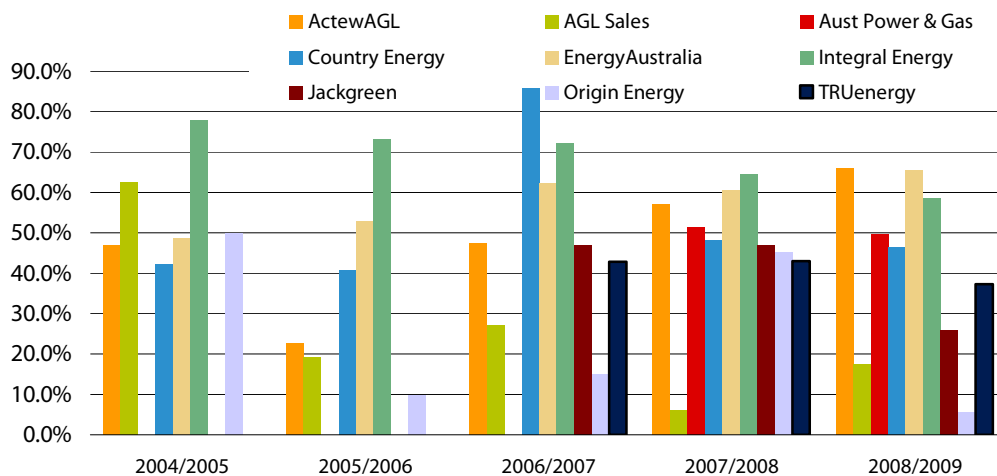


Figure 3.1 shows the percentage of residential small retail customers disconnected for non-payment of bills in NSW whose supply was subsequently reconnected in the same name. The overall number of residential customers disconnected and then reconnected in the same name decreased by approximately 9.3% in 2008/09 as compared to 2007/08.

Figure 3.2 Percentage of non-residential customers disconnected for non-payment of bills whose supply was reconnected in the same name, by retailer

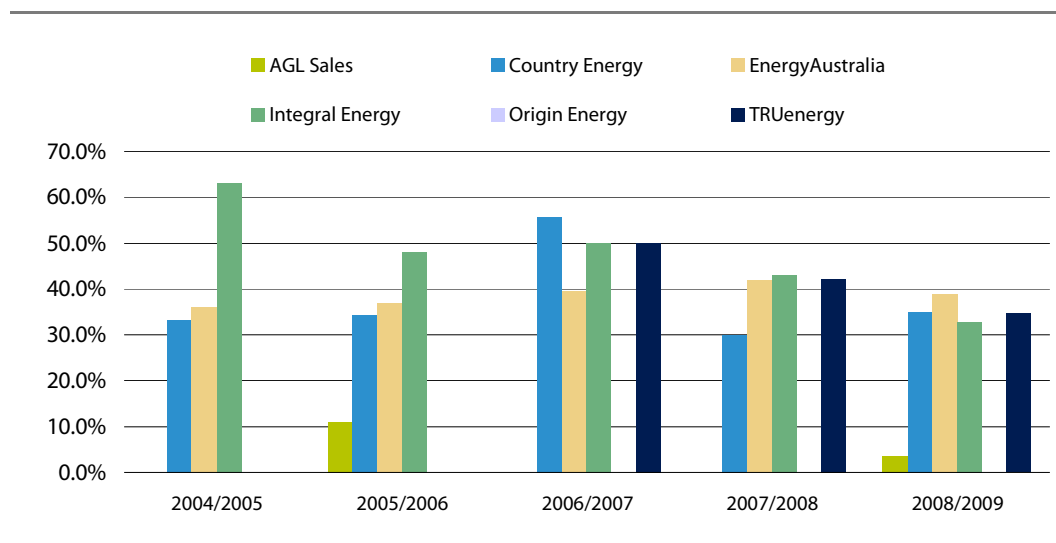


Figure 3.2 shows the percentage of non-residential small retail customers disconnected for non-payment of bills in NSW whose supply was subsequently reconnected in the same name. The overall number of non-residential customers disconnected and then reconnected in the same name decreased by approximately 3.1% in 2008/09 as compared to 2007/08.

4 Use of alternative payment methods

Payment plans⁵ make it possible for customers to pay their outstanding accounts over time by arrears, taking into account their capacity to pay. As such, they enable customers to continue to receive supply by managing their consumption better; while at the same time assist retailers in reducing their disconnection rate.

Retailers in NSW offer varying degrees of financial assistance to customers who are having difficulty paying their electricity bills, including giving them the option of paying bills in instalments, extending the due date on their bills, protecting customers from disconnection while they participate in programs, referring them to a financial relief agency or financial counsellor, or checking their meter for accuracy.

⁵ 'Payment plan' is an arrangement between a retailer and a customer for the customer to pay arrears and continued usage on their account according to an agreed payment schedule and capacity to pay. Payment plans involve at least 3 instalments.

The level of instalment payment plans usage has been relatively stable over the last 3 years with approximately 3.3% of all NSW customers using payment plans to pay their bills in 2008/09.

Figure 4.1 Percentage of NSW residential small retail customers using instalment plans, by retailer

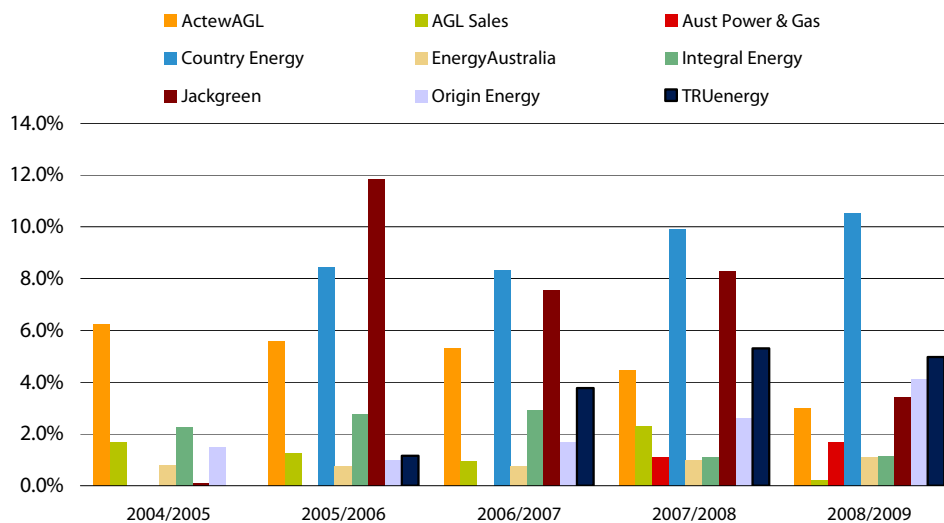


Figure 4.1 shows the percentage of small retail residential customers paying off outstanding accounts under an instalment payment plan for each retailer.

Country Energy has the highest percentage of customers on instalment plans in 2008/09 at close to 11%. Jackgreen experienced the largest drop in the level of instalment payment plans usage in 2008/09; it attributed the lower usage rate to better accounts management by its customers. This is assisted by Jackgreen’s recently refined customer acquisition strategies that targets demographics that have a higher capacity to pay.

Figure 4.2 Percentage of NSW customers using Centrelink's Centrepay, by retailer

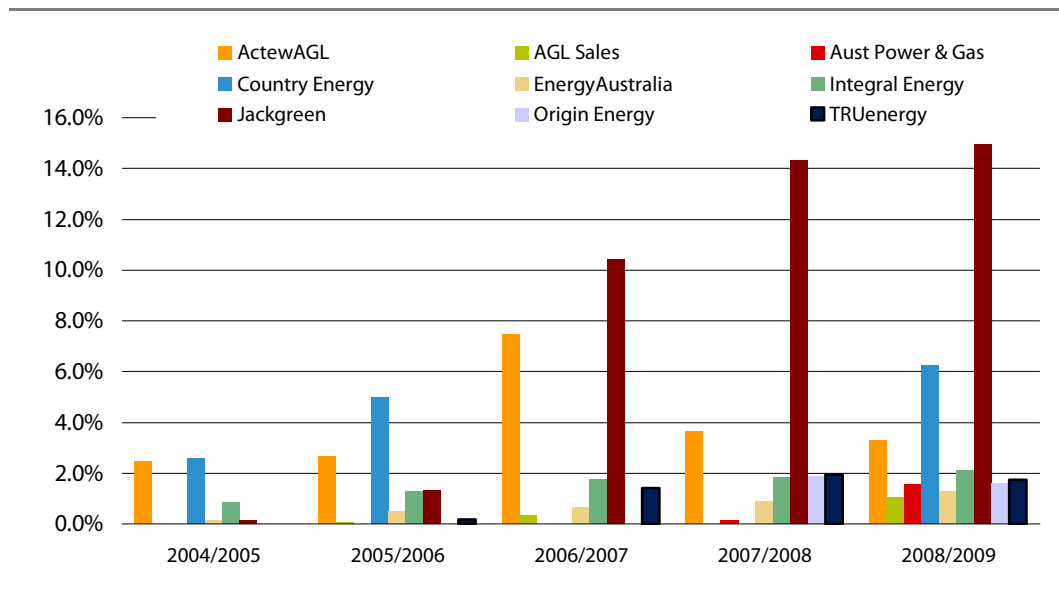


Figure 4.2 shows the percentage of residential small retail customers using Centrelink's Centrepay bill payment facility for each retailer. Centrepay is a free service that allows Centrelink clients to pay for essential living expenses such as electricity, gas, water and rent through a direct bill payment facility before their Centrelink payment is deposited into their bank account. By encouraging customers having difficulty paying their electricity bills to use Centrepay, retailers provide customers with an option that can help manage and budget for their bills and thus avoid disconnection. Overall, the use of Centrelink's Centrepay has decreased from 4.1 % in 2007/08 to 2.7% in 2008/09.

Jackgreen reported the highest Centrepay billing facility usage rate at 15.0% of its small residential retail customer base. Country Energy was next with 6.3% of its customers using this facility.⁶

⁶ Please note the statistics on Country Energy's Centrepay customers for 2006/07 and 2007/08 has been removed from Figure 4.1 since reporting errors has recently been identified; the retailer had incorrectly counted the number of Centrepay transactions rather than the number of individual customers on Centrepay.

5 Security deposits held

A small retail customer supplied under a standard form customer supply contract by a standard retailer has certain rights with respect to security deposits under IPART's current retail pricing determination.⁷ A small retail customer who is required to pay a security deposit, and who pays in the form of cash, cheque or credit card, is eligible for that deposit to be refunded when they have completed:

- a) for residential small retail customers, on-time payment of bills for 12 months from the date of the first bill, or
- b) for business small retail customers, on-time payment of bills for 24 months from the date of the first bill and the maintenance of a satisfactory credit rating in the reasonable opinion of the standard retail supplier.

Figure 5.1 Percentage of NSW residential customers who had security deposits held by their retailer on 30 June

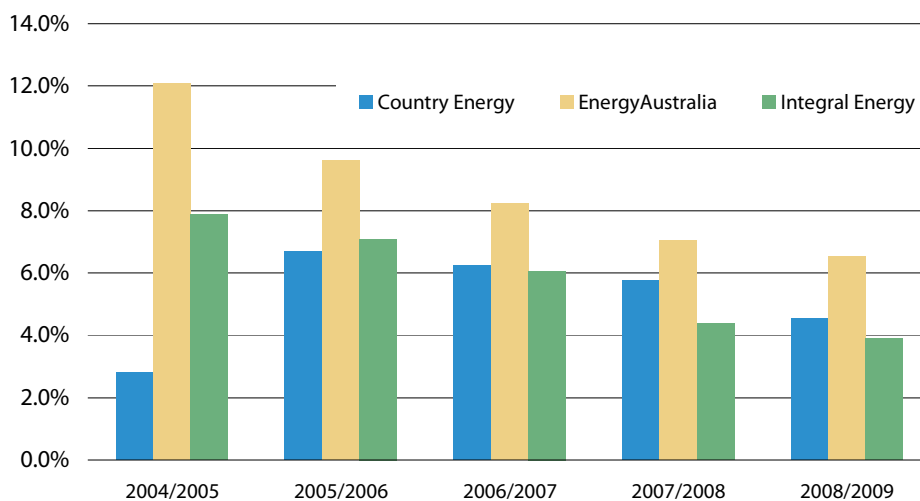


Figure 5.1 shows the percentage of small retail residential customers who had security deposits held by their retailer on 30 June and compares these percentages to previous years. The proportion of residential customers who had security deposits held by their standard retailer continues to decline in 2008/09 at 4.2% compared to 4.9% in 2007/08, 6.1% in 2006/07 and 7.4% in 2005/06.

⁷ IPART, *NSW electricity regulated retail tariffs and charges 2007 to 2010*, June 2007, Determination No. 1, 2007.

Figure 5.2 Percentage of security deposits from residential small retail customers held by retailers for longer than 12 months

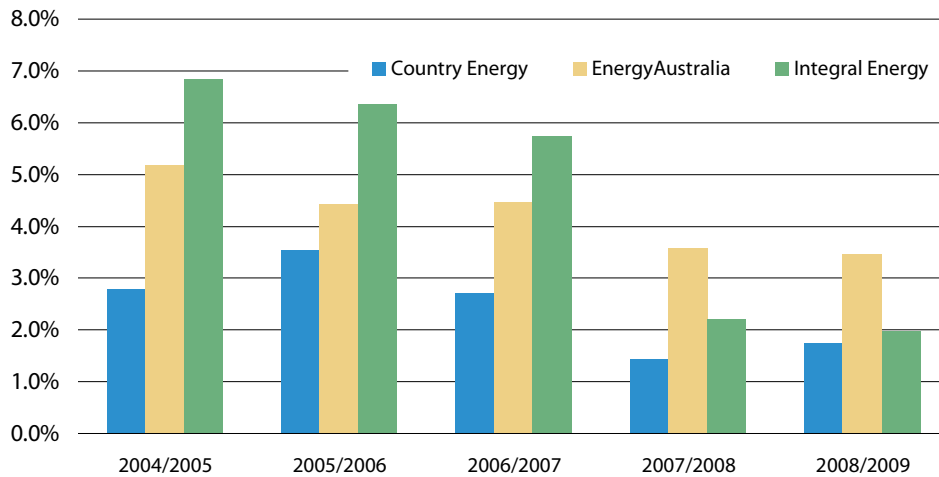
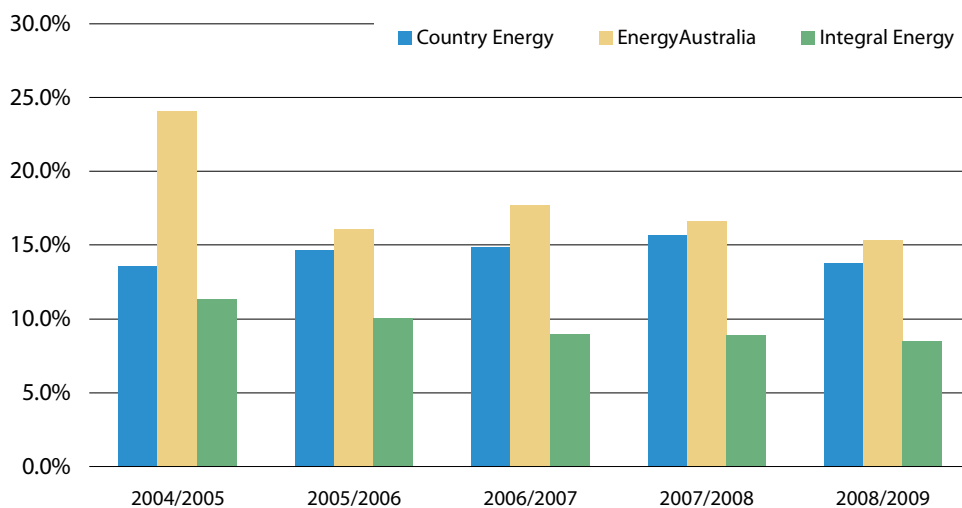


Figure 5.2 shows the percentage of security deposits from residential customers held longer than 12 months.⁸ The proportion of residential customers who had security deposits held by their standard retailer for longer than 12 months increased marginally for Country Energy but declined for both EnergyAustralia and Integral Energy.

Figure 5.3 Percentage of non-residential small retail customers who had security deposits held by their retailer on 30 June



⁸ These indicators do not reflect the total number of security deposits required to secure connection or reconnection to supply within the period as they do not include those deposits held during the period but released prior to 30 June.

Figure 5.3 shows the percentage of small retail non-residential customers who had security deposits held by their retailer on 30 June 2009 and compares these percentages to previous years. The proportion of non-residential customers who had security deposits held by their retailer decreased for all 3 standard retailers.

Figure 5.4 Percentage of security deposits from non-residential small retail customers held by retailers for longer than 24 months

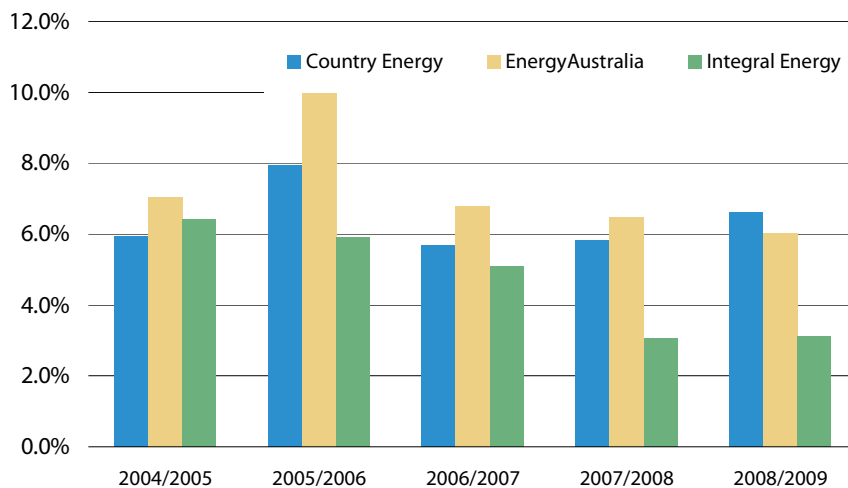


Figure 5.4 shows the percentage of security deposits from non-residential customers held longer than 24 months. The proportion of these customers whose deposits were held longer than 24 months increased slightly for Country Energy, decreased for EnergyAustralia and remained stable for Integral Energy in 2008/09.

6 Call centre responsiveness

All electricity retailers are required, as a guaranteed customer service standard, to provide a telephone service that operates during business hours to which a person can be connected for not more than the price of a local telephone call.⁹ This telephone service must be able to receive notice of, and give information about, customers' bills and customer connections arranged by the supplier.

Where calls are made to retailers' call centres to make a complaint and/or an enquiry, and where the calls are initially answered by an automated interactive voice response (IVR) system, retailers are required to make a provision for the caller to be transferred to a human operator. Where this is the case, the data is collected on the number of calls answered within 30 seconds of the caller selecting the option to be transferred to a human operator.

⁹ Established under clause 40 and Schedule 2, part 2, clause 10(2) of the *Electricity Supply (General) Regulation 2001*.

Figure 6.1 Percentage of calls that were abandoned or dropped out before being answered by a human operator

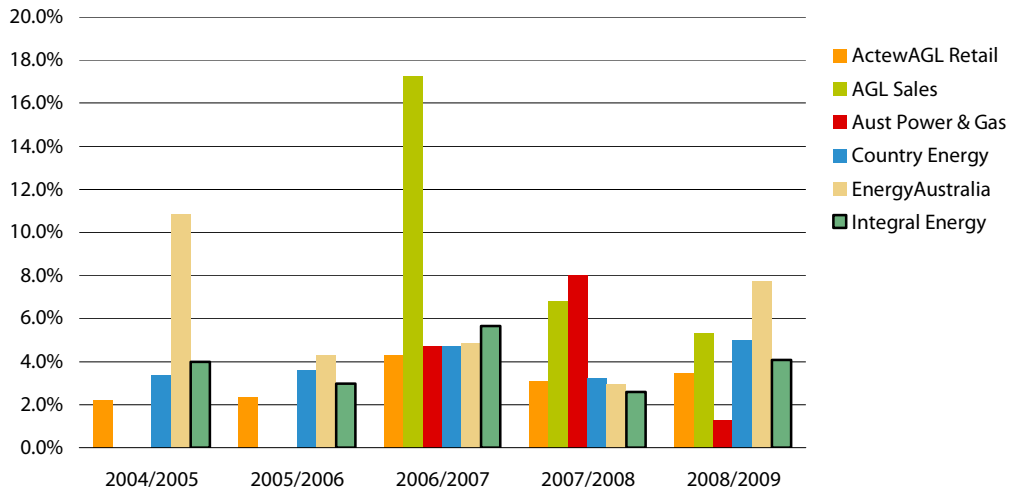
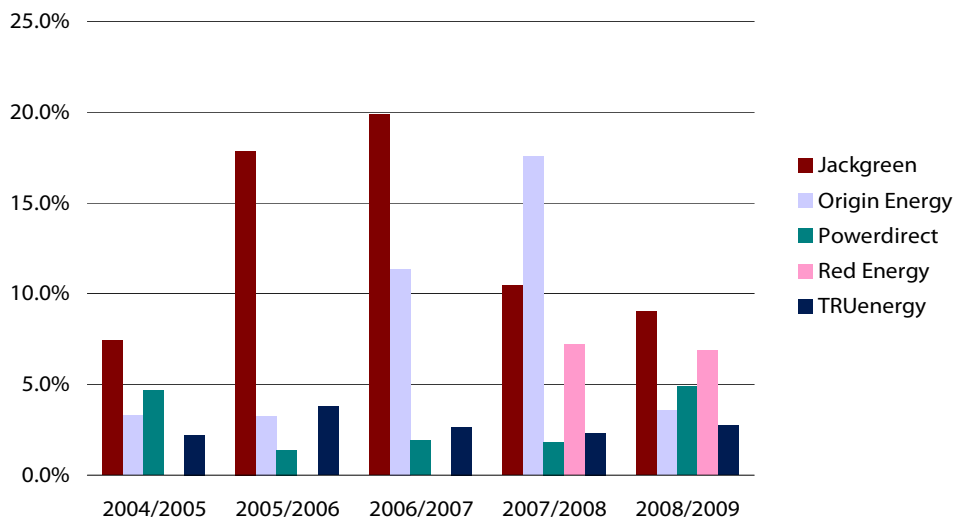


Figure 6.2 Percentage of calls that were abandoned or dropped out before being answered by a human operator



Figures 6.1 and 6.2 show the percentage of calls to retailers' telephone services that were abandoned or dropped out before being answered by a human operator.¹⁰

¹⁰ In Figures 6.1 and 6.2, as there are 11 retailers represented in total, they have been split into two charts for ease of presentation.

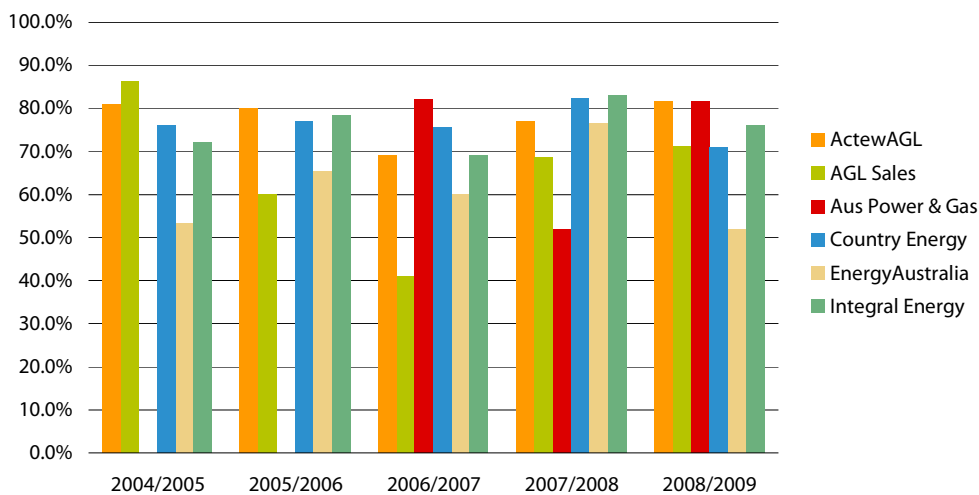
Overall, call centre performance has declined in 2008/09 with 5.7% of calls being abandoned or dropping out before being answered by a human operator compared with 4.2% in 2007/08. EnergyAustralia has reported the largest increase in abandonment rate at 7.7% in 2008/09 compared with last year's call centre performance of 2.9%.

EnergyAustralia has attributed the sharp rise in abandoned calls to the growing complexity of customer enquiries and the implementation of new procedures associated with new marketing campaigns. Country Energy has also reported that its call centre received higher levels of account enquiry calls; particularly in relation to high account enquiries, customers' inability to pay and queries into price increases. These factors have impacted on their call centre performance in handling the volume of calls received.

AGL Sales has reported that in the past it did not include abandoned calls answered by its IVR system at first instance; as a result, it is likely that AGL Sales had previously under-reported the number of abandoned calls.¹¹

Against this trend, Origin Energy has reported that its call centre performance improved dramatically from last year's abandonment rate of 17.6% in 2007/08 down to 3.5% in 2008/09.

Figure 6.3 Percentage of calls answered by a human operator within 30 seconds

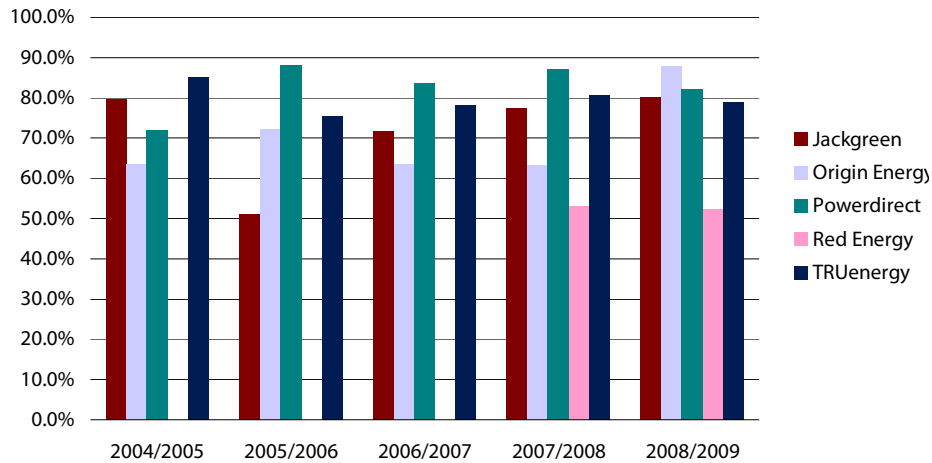


Figures 6.3 and 6.4 show the percentage of calls that were answered by a human operator within 30 seconds.¹²

¹¹ This reporting error was only rectified in November 2008, AGL was unable to provide revised data on its call centre service levels prior to this date due to internal reporting system limitation.

¹² In Figures 6.3 and 6.4, the retailers have been split into two charts for ease of presentation.

Figure 6.4 Percentage of calls answered by a human operator within 30 seconds



Overall in NSW 67.3% of calls were answered by a human operator within 30 seconds in 2008/09, compared with 75.3% in 2007/08 and 65.7% in 2006/07. The overall responsiveness of retailers' call centres has declined in 2008/09, despite most retailers reporting higher response rates compared to last year. However, poorer performance from EnergyAustralia and (to a less extent) Country Energy contributed to most of the decline. As a consequence of the issues stated above, EnergyAustralia's call centre response rate has dropped significantly from 76.5% in 2007/08 down to 51.9% in 2008/09.

7 Customer complaints

Table 7.1 shows the total number of customer complaints about electricity retail supply matters in NSW. This performance measure is defined as the number of customers who have contacted their retailer to express dissatisfaction with some aspect of the service and seek a resolution. The indicator includes customer complaints to the retailer about retail supply matters and its failure to observe its procedures.

Table 7.1 Number of small retail customer complaints about retail supply matters in NSW

	2004/05	2005/06	2006/07	2007/08	2008/09
Number of complaints related to marketing	1,255	3,816	3,225	1,570	2,527
Number of complaints related to billing	3,334	5,184	3,273	6,276	6,296
Number of complaints about other matters	7,449	7,349	8,003	4,982	4,237
Total number of complaints	12,038	16,349	14,501	12,828	13,060
Total complaints as a percentage of customers	0.4%	0.5%	0.5%	0.4%	0.4%

The overall number of customer complaints about retail supply matters in 2008/09 is similar to that reported in 2007/08; when expressed as a percentage of the total number of small retail customers in NSW it has remained stable at 0.4%. However, we believe some retail suppliers have under-reported customer complaints as there are inconsistencies in some of the self-reported complaints data when compared to complaints statistics provided by Energy & Water Ombudsman NSW (EWON).

In addition, the licence compliance audit found there was a degree of subjectivity in the way certain retailers classify what constitute a 'customer complaint'. In particular, Origin Energy has incorrectly defined customer complaints and as a result not all customer complaints that were made with its call centre were captured in its complaints data.

The issue that concerned most customers was billing, representing 48.2% of total complaints reported. This finding is consistent with EWON complaints data (see information below). The retail suppliers most involved with these billing complaints were AGL and (to a lesser extent) Origin Energy. Both these retail suppliers undertook major upgrades of their customer service and/or billing systems during this year, and billing-related issues stemmed from problems associated with this.

Marketing complaints represented 19.4% of total complaints in 2008/09, an increase from 12.2% in 2007/08. The rise appears to reflect an increase in marketing activity in 2008/09. However, the number of marketing complaints as a percentage of total direct marketing contacts made by all NSW retailers remains low at 0.04% in 2008/09 (compared to 0.03% in 2007/08).

Figure 7.1 Types of electricity complaints reported to EWON 2008/09¹³

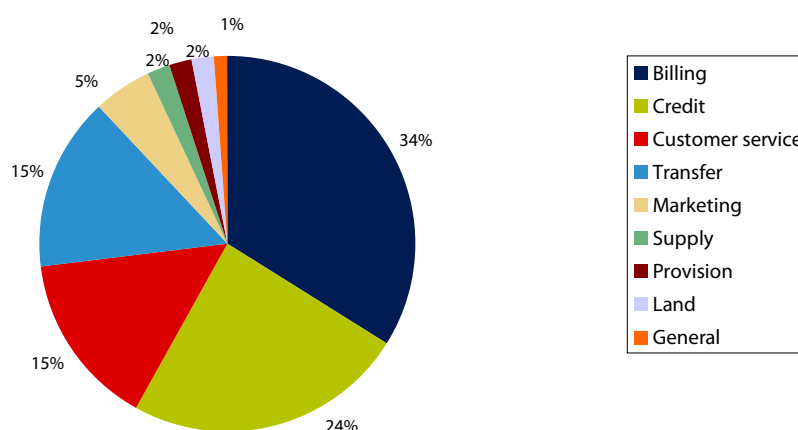


Figure 7.1 charts the categories of complaints lodged with EWON as stated in the 2008/09 EWON Annual Report. We use EWON statistics as a sensitivity check to

¹³ Energy & Water Ombudsman NSW; *Annual Report 2008/09*, p 14.

assess complaints data provided by the retailers. Please note that EWON categorises customer complaints differently to the data reported by the electricity retailers to us.

We also note that the complaints made to EWON generally represent only a small subset of the complaints made to the retailers themselves. Nevertheless, consistent with operating statistics provided to us, EWON’s report shows that billing was the main area of customer complaints accounting for 34% of total electricity complaints (up from 29% of total complaints in the previous year). Customer complaints in all other categories have remained stable or reduced slightly.

Figure 7.2 Customer complaints as a percentage of retailers’ total small retail customers

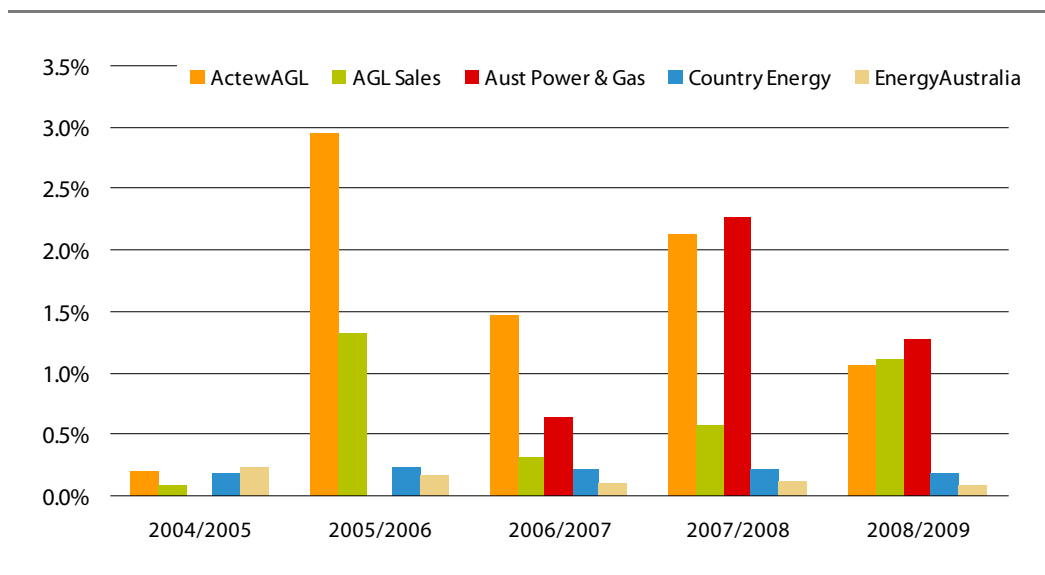
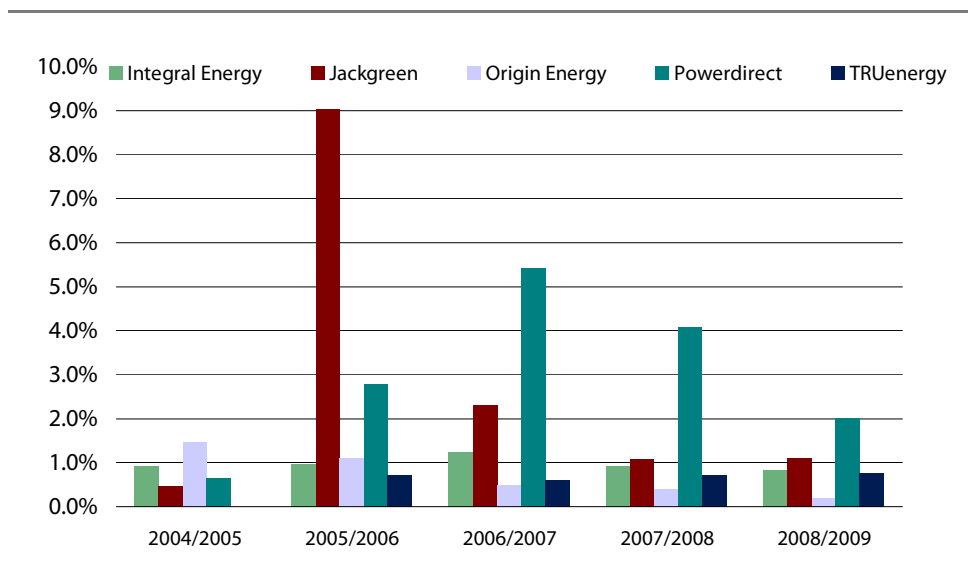


Figure 7.3 Customer complaints as a percentage of retailers’ total small retail customers



Figures 7.2 and 7.3 show customer complaints received by individual retailers as a percentage of their total number of small retail customers¹⁴. Overall, complaints as a percentage of total small retail customers in NSW remained low at 0.4 %.

The level of customer complaints has increased from 0.6% in 2007/08 to 1.1% in 2008/09 for AGL Sales; the rise in complaints is reflective of the billing-related issues stemming from problems associated with their systems upgrade as discussed.

Figure 7.3 shows Powerdirect has reported the highest percentage of customer complaints in 2008/09 representing 2.0% of its small retail customer base. However, due to its small retail customer base, the actual number of complaints was relatively low and the retailer has improved its performance in this area over the last 3 years.

Origin Energy has reported one of the lowest rates of customer complaints in 2008/09, however we believe its complaints numbers have been under-reported due to the reporting inaccuracies found in a recent compliance audit.

¹⁴ In Figures 7.2 and 7.3, the retailers have been split into two charts for ease of presentation.



Appendices

A Retailer customer service performance 2004/05 to 2008/09

Table A.1 Percentage residential small retail customers disconnected

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	0.4%	1.1%	0.6%	0.3%	0.6%
AGL Sales Pty Ltd	0.0%	0.3%	0.4%	0.7%	1.1%
Aust Power & Gas	0.0%	0.0%	0.0%	1.3%	6.5%
Country Energy	0.7%	0.6%	0.6%	0.7%	0.6%
EnergyAustralia	0.8%	0.7%	0.6%	0.6%	0.6%
Integral Energy	1.8%	1.6%	0.9%	0.6%	0.4%
Jackgreen	0.0%	0.0%	2.4%	2.0%	1.3%
Origin Energy	0.2%	0.1%	0.2%	1.1%	0.9%
TRUenergy	0.0%	0.0%	0.2%	0.7%	0.9%
Total NSW residential small retail disconnections	26,931	24,056	18,339	18,162	18,167
Residential disconnections as % of total residential customers	1.0%	0.9%	0.7%	0.6%	0.6%

Table A.2 Percentage non-residential small retail customers disconnected

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	0.0%	1.8%	0.8%	0.0%	0.3%
AGL Sales	0.0%	0.3%	0.0%	0.0%	1.1%
Country Energy	0.3%	0.4%	0.3%	0.4%	0.3%
EnergyAustralia	0.7%	0.5%	0.6%	0.6%	0.6%
Integral Energy	0.5%	0.8%	0.6%	0.4%	0.5%
Origin Energy	0.0%	0.0%	0.0%	0.5%	0.2%
TRUenergy	0.0%	0.0%	0.2%	0.6%	0.6%
Total NSW non-residential small retail disconnections	1,384	1,572	1,398	1,398	1,693
Non-residential disconnections as % of total non-residential customers	0.5%	0.5%	0.5%	0.5%	0.6%

Table A.3 Customers on payment plans prior to disconnection as percentage of residential small retail disconnections

	2007/08	2008/09
ActewAGL	45.2%	81.9%
AGL Sales	19.4%	35.3%
Aust Power & Gas	4.9%	11.5%
Country Energy	38.4%	47.2%
EnergyAustralia	12.2%	17.0%
Integral Energy	33.4% [#]	26.9%
Jackgreen	41.1%	26.5%
Origin Energy	24.2%	23.5%
TRUenergy	21.9%	44.3%
Total customers on payment plans prior to disconnection	5,712	5,363
Customers on payment plans prior to disconnection as % of total disconnections	25.0%	29.5%

A reporting error in Integral Energy's disconnection data was detected in a retail licence compliance audit conducted in 2008/09; as a result Integral Energy's disconnection rate for 2007/08 was revised from 66.9% down to 33.4%.

Table A.4 Pensioners disconnected as a percentage of residential customer disconnections

	2007/08	2008/09
ActewAGL	11.9%	22.3%
AGL Sales	12.8%	12.2%
Aust Power & Gas	34.1%	18.6%
Country Energy	19.7%	18.1%
EnergyAustralia	13.7%	14.4%
Integral Energy	5.6%	6.4%
Jackgreen	40.4%	46.2%
Origin Energy	16.0%	14.5%
TRUenergy	24.0%	14.0%
Total customers on pensions prior to disconnection	2,642	2,659
Customers on pensions prior to disconnection as % of total disconnections	14.5%	14.6%

Table A.5 Percentage of residential customers disconnected more than once in the same year

	2007/08	2008/09
ActewAGL	7.1%	6.4%
AGL Sales	16.6%	8.3%
Aust Power & Gas	0%	12.4%
Country Energy	8.9%	9.0%
EnergyAustralia	6.1%	6.9%
Integral Energy	18.2%	11.8%
Jackgreen	0.0%	0.4%
Origin Energy	2.8%	3.1%
TRUenergy	7.3%	12.3%
Total customers disconnected more than once in the year	1,779	1,441
Customers disconnected more than once in the same year as % of total disconnections	9.8%	7.9%

Table A.6 Percentage residential small retail customers disconnected whose supply was reconnected in the same name

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	46.9%	22.5%	47.4%	57.1%	66.0%
AGL Sales	62.5%	19.2%	27.2%	6.1%	17.4%
Aust Power & Gas	NA	NA	0.0%	51.2%	49.6%
Country Energy	42.3%	40.6%	85.6%	48.2%	46.3%
EnergyAustralia	48.7%	52.8%	62.2%	60.4%	65.5%
Integral Energy	77.9%	73.2%	72.2%	64.4%	58.5%
Jackgreen	0.0%	0.0%	47.0%	46.3%	25.9%
Origin Energy	50.0%	9.7%	15.1%	45.2%	5.5%
TRUenergy	0.0%	0.0%	42.9%	43.1%	37.2%
Grand Total	61.8%	59.6%	67.4%	50.4%	45.7%

Table A.7 Percentage non-residential small retail customers disconnected and reconnected in the same name

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	0.0%	33.3%	0.0%	0.0%	100.0%
AGL Sales	0.0%	11.1%	0.0%	0.0%	3.5%
Country Energy	33.2%	34.2%	55.6%	30.1%	34.9%
EnergyAustralia	36.0%	37.0%	39.5%	42.1%	38.9%
Integral Energy	63.2%	48.0%	50.1%	43.2%	32.9%
Origin Energy	0.0%	0.0%	0.0%	0.0%	0.0%
TRUenergy	0.0%	0.0%	50.0%	42.1%	34.6%
Grand Total	42.3%	38.9%	45.4%	39.6%	31.7%

Table A.8 Percentage residential small retail customers using instalment plans

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	6.3%	5.6%	5.3%	4.5%	3.0%
AGL Sales	1.7%	1.3%	0.9%	2.3%	0.2%
Aust Power & Gas	0.0%	0.0%	0.0%	1.1%	1.7%
Country Energy	0.0%	8.4%	8.3%	9.9%	10.5%
EnergyAustralia	0.8%	0.7%	0.8%	1.0%	1.1%
Integral Energy	2.3%	2.8%	2.9%	1.1%	1.2%
Jackgreen	0.1%	11.8%	7.5%	8.3%	3.4%
Origin Energy	1.5%	1.0%	1.7%	2.6%	4.1%
TRUenergy	0.0%	1.2%	3.8%	5.3%	5.0%
Grand Total	2.8%	3.2%	3.1%	3.3%	3.3%

Table A.9 Percentage residential small retail customers using Centrelink's Centrepay

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	2.5%	2.6%	7.5%	3.7%	3.3%
AGL Sales	0.0%	0.1%	0.4%	0.0%	1.1%
Aust Power & Gas	0.0%	0.0%	0.0%	0.1%	1.6%
Country Energy	2.6%	5.0%	13.7%	14.2%	6.3%
EnergyAustralia	0.1%	0.5%	0.7%	0.9%	1.3%
Integral Energy	0.8%	1.3%	1.7%	1.8%	2.1%
Jackgreen	0.1%	1.3%	10.4%	14.3%	15.0%
Origin Energy	0.0%	0.0%	0.0%	1.9%	1.6%
TRUenergy	0.0%	0.2%	1.4%	2.0%	1.7%
Grand Total	0.9%	1.7%	3.9%	4.1%	2.7%

Table A.10 Percentage residential small retail customer security deposits held as at 30 June

	2004/05	2005/06	2006/07	2007/08	2008/09
Country Energy	2.8%	6.7%	6.2%	5.8%	4.5%
EnergyAustralia	12.1%	9.6%	8.2%	7.0%	6.5%
Integral Energy	7.9%	7.1%	6.1%	4.4%	3.9%
Grand Total	9.2%	7.4%	6.1%	4.9%	4.2%

Table A.11 Percentage of residential small retail customer security deposits held for longer than 12 months

	2004/05	2005/06	2006/07	2007/08	2008/09
Country Energy	2.8%	3.5%	2.7%	1.4%	1.7%
EnergyAustralia	5.2%	4.4%	4.5%	3.6%	3.5%
Integral Energy	6.8%	6.4%	5.8%	2.2%	2.0%
Grand Total	4.8%	4.3%	3.7%	2.2%	2.1%

Table A.12 Percentage of non-residential small retail customer security deposits held as at June 30

	2004/05	2005/06	2006/07	2007/08	2008/09
Country Energy	13.6%	14.7%	14.8%	15.7%	13.7%
EnergyAustralia	24.1%	16.0%	17.8%	16.6%	15.4%
Integral Energy	11.4%	10.1%	9.0%	9.0%	8.5%
Grand Total	16.9%	13.0%	13.2%	12.9%	12.0%

Table A.13 Percentage non-residential small retail customer security deposits held longer than 24 months

	2004/05	2005/06	2006/07	2007/08	2008/09
Country Energy	5.9%	8.0%	5.7%	5.8%	6.6%
EnergyAustralia	7.0%	9.9%	6.8%	6.5%	6.0%
Integral Energy	6.4%	5.9%	5.1%	3.1%	3.1%
Grand Total	6.4%	7.7%	5.4%	4.9%	5.0%

Table A.14 Percentage of calls abandoned or dropped out

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL Retail	2.2%	2.4%	4.3%	3.1%	3.5%
AGL Sales	1.8%	7.3%	17.3%	6.8%	5.3%
Aust Power & Gas	0.0%	0.0%	4.7%	8.0%	1.3%
Country Energy	3.4%	3.6%	4.7%	3.3%	5.0%
EnergyAustralia	10.8%	4.3%	4.9%	2.9%	7.7%
Integral Energy	4.0%	3.0%	5.6%	2.6%	4.1%
Jackgreen	7.5%	17.8%	19.9%	10.5%	9.0%
Origin Energy	3.3%	3.3%	11.4%	17.6%	3.5%
Powerdirect	4.7%	1.4%	1.9%	1.8%	4.9%
Red Energy	0.0%	0.0%	0.0%	7.2%	6.9%
TRUenergy	2.2%	3.8%	2.6%	2.3%	2.7%
Grand Total	6.7%	3.9%	6.0%	4.2%	5.7%

Table A.15 Percentage of calls answered by a human operator within 30 seconds

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	81.0%	80.0%	69.0%	77.0%	81.6%
AGL Sales	86.2%	60.1%	40.9%	68.6%	71.2%
Aust Power & Gas	0.0%	0.0%	82.0%	52.0%	81.5%
Country Energy	76.0%	77.1%	75.7%	82.5%	70.9%
EnergyAustralia	53.3%	65.4%	60.0%	76.5%	51.9%
Integral Energy	72.0%	78.2%	69.0%	69.0%	76.0%
Jackgreen	79.6%	51.0%	71.6%	77.3%	80.1%
Origin Energy	63.5%	72.1%	63.6%	63.2%	87.7%
Powerdirect	71.9%	88.2%	83.6%	87.1%	82.1%
Red Energy	0.0%	0.0%	0.0%	53.2%	52.2%
TRUenergy	85.0%	75.4%	78.2%	80.5%	78.8%
Grand Total	65.7%	71.7%	65.5%	75.3%	67.3%

Table A.16 Percentage of complaints from small retail customers about retail supply matters

	2004/05	2005/06	2006/07	2007/08	2008/09
ActewAGL	0.2%	3.0%	1.5%	2.1%	1.1%
AGL Sales	0.1%	1.3%	0.3%	0.6%	1.1%
Aust Power & Gas	0.0%	0.0%	0.6%	2.3%	1.3%
Country Energy	0.2%	0.2%	0.2%	0.2%	0.2%
EnergyAustralia	0.2%	0.2%	0.1%	0.1%	0.1%
Integral Energy	0.9%	1.0%	1.2%	0.9%	0.8%
Jackgreen	0.5%	9.0%	2.3%	1.1%	1.1%
Origin Energy	1.5%	1.1%	0.5%	0.4%	0.2%
Powerdirect	0.6%	2.8%	5.4%	4.1%	2.0%
TRUenergy	0.0%	0.7%	0.6%	0.7%	0.8%
Grand Total	0.4%	0.5%	0.5%	0.4%	0.4%

Table A.17 Number and percentage of customer complaints by type

	2004/05	2005/06	2006/07	2007/08	2008/09
Number of complaints related to marketing	1,255	3,816	3,225	1,570	2,527
Marketing complaints as % of total complaints	10.4%	23.3%	22.2%	12.2%	19.4%
Number of complaints related to billing	3,334	5,184	3,273	6,276	6,296
Billing complaints as % of total complaints	27.7%	31.7%	22.6%	48.9%	48.2%
Number of complaints about other matters	7,449	7,349	8,003	4,982	4,237
'Other matter' complaints as % of total complaints	61.9%	45.0%	55.2%	38.8%	32.4%
Total number of complaints	12,038	16,349	14,501	12,828	13,060
Total complaints as a % of small retail customers	0.4%	0.5%	0.5%	0.4%	0.4%

B Notes and Definitions

B.1 Customers

'Customer' means the person in whose name an electricity account is held under one supply contract.

'Small retail customer' means a customer whose electricity consumption in NSW is no more than 160 megawatt hours per annum.

'Residential small retail customer' means a small retail customer who uses their premises primarily for residential purposes.

'Non-residential small retail customer' means a small retail customer who uses their premises primarily for non-residential purposes.

The customer statistics collected here are used in conjunction with the other statistics in this schedule to derive operating measures (eg, percentages). The customer numbers are not published without the Licence Holder's permission.

B.2 Telephone service for account inquiries

Only retailers who supplied small retail customers during the period are asked to report on their telephone service for account inquiries.

The resulting measures that may be used in IPART's compliance report are:

- ▼ Percentage of calls answered within 30 seconds.
- ▼ Percentage of calls that dropped out or were abandoned by the caller.

These measures are based upon a guaranteed customer service standard established under clause 40 and Schedule 2, Part 2, clause 10(2) of the *Electricity Supply (General) Regulation 2001*. A supply contract between a retail supplier and a small retail customer must require a supplier to provide a telephone service that operates during business hours on which a person can be connected for not less than the price of a local telephone call and that can receive notice of, and give information concerning, customers' bills and customer connection services arranged by the supplier. An automated answering service satisfies this requirement only if it makes provision for the transfer of calls to a human operator.

B.3 Supply discontinuance

Only retailers who supplied small retail customers during the period are asked to report on supply discontinuances. Each instance that supply is discontinued for failing to pay an amount due to the licence holder must be reported, including discontinuing supply to vacant premises. For example, if a customer's supply has been discontinued twice in the reporting year then two supply discontinuances must be reported.

The resulting measures that may be used in IPART's compliance report are:

- ▼ Proportion of residential small retail customers whose supply was discontinued during the year for failing to pay an amount due.
- ▼ Proportion of non-residential small retail customers whose supply was discontinued during the year for failing to pay an amount due.
- ▼ Number and proportion of small retail customers whose supply was discontinued during the year at a prohibited time or on a prohibited day for failing to pay an amount due.

B.4 Supply recontinuance

Only retailers who supplied small retail customers during the period are asked to report on supply recontinuances.

The resulting measures that may be used in IPART's compliance report are:

- ▼ Proportion of residential small retail customers whose supply was recontinued in the same name after being discontinued during the year for failing to pay an amount due.
- ▼ Proportion of non-residential small retail customers whose supply was recontinued in the same name after being discontinued for failing to pay an amount due.

B.5 Complaints

Only retailers who supplied small retail customers during the period are asked to report on customer complaints.

"Complaint" means a written or verbal expression of dissatisfaction about an action, a proposed action, or a failure to act by a Licence Holder, its employees, agents or contractors. This includes failure by a Licence Holder to observe its published or agreed practices or procedures. It does not include a complaint made about the Licence Holder to any other body.

The complaint sub-categories (i.e. 'billing', 'marketing' and 'other matters') are to be reported using the Energy and Water Ombudsman NSW (EWON)'s methodology for allocating issues into categories.

Marketing has been added as a complaint sub-category from 2004/05. This data is collected to assist in monitoring the competitive retail market.

The following measures may be published by IPART are:

- ▼ Proportion of residential small retail customers that complained about retail supply matters.
- ▼ Proportion of non-residential small retail customers that complained about retail supply matters.
- ▼ Percentage of complaints from residential small retail customers that were related to billing, marketing and other matters.
- ▼ Percentage of complaints from non-residential small retail customers that were related to billing, marketing and other matters.

We will seek information from EWON on the number of small retail customers who took their complaint about a retailer's service to EWON.

B.6 Security deposits

Only retailers who supplied small retail customers during the period are asked to report on security deposits.

The resulting measures that may be used in IPART's compliance report are:

- ▼ Percentage of residential small retail customers that lodged security deposits.
- ▼ Percentage of non-residential small retail customers that lodged security deposits.
- ▼ Average dollar value of security deposits held from residential small retail customers.
- ▼ Average dollar value of security deposits held from non-residential small retail customers.
- ▼ Number and percentage of security deposits held from residential and non-residential small retail customers that have been held for longer than 12 months and 24 months respectively.

B.7 Payment methods

Only retailers who supplied small retail customers during the period are asked to report on payment methods.

Direct debits from a customer's bank account are to include direct debits from any financial institution, including a customer's credit card.

The resulting measures that may be used in IPART's compliance report are:

- ▼ Percentage of residential small retail customers using direct debit arrangements to pay their bills.
- ▼ Percentage of residential small retail customers paying off billing in arrears under an instalment payment plan.
- ▼ Percentage of residential small retail customers using Centrelink's Centrepay bill payment facility.

