

2004 Performance Report – Energy Retail

Inside

Affordability

Access

Customer Service and Complaints

Future Reporting

The Essential Services Commission (the Commission) is the independent regulator of the energy industry in Victoria. The Commission publishes regular reports which examine the performance of the retail energy (electricity and gas) businesses.

This summary report provides an overview of the 2004 results. The Complete Comparative Performance Report is available at www.esc.vic.gov.au or contact the Commission on **1300 664 969**.

Affordability

The affordability of energy services is influenced by the size of customers' bills, which is the product of prices and customers' level of consumption. Price information presented in this report relates to customers on deemed and standing offer pricing only.

Table 1: Electricity average annual bills

Segment	Annual Consumption	Average Annual Bill		% Change (Real)
		1994-95	2004	
Household	6,500 kWh (4,000 kWh peak on GD/GR and 2,500 off-peak on Y8)	\$929	\$910	- 2%
Small Business	40,000 kWh on tariff D	\$7,052	\$5,983	- 16%
Dairy Farmer	50,000 kWh on tariff D	\$5,083	\$5,384	+ 5.9%

Table 2: Gas average annual bills

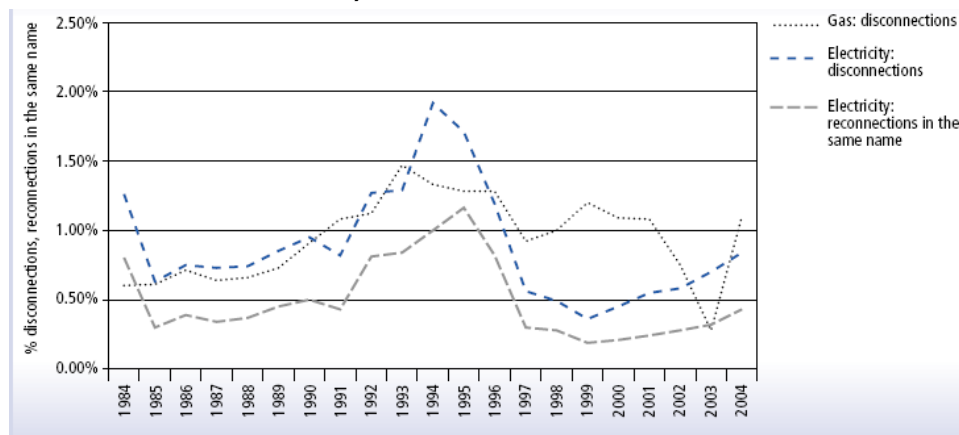
Segment	Annual Consumption	Average Annual Bill		% Change (Real)
		2003	2004	
Household	60 GJ on tariff 03	\$676	\$695	+2.7%

- 659,020 customers transferred retailers compared with 363,993 in 2003.
- The number of Utility Relief Grants processed by the Department of Human Services increased to 11,086 (from 9,971 in 2003).

Access

Access to energy is primarily a function of the affordability of energy services, but is affected by a range of other factors relating to the credit management policies of retailers including refundable advances, the availability of payment plans and procedures for disconnection and reconnection of customers for non-payment of bills. The Commission assesses these indicators to provide a guide on the effectiveness of retailers in facilitating customers' access to supply and the take up of available payment options to avoid disconnection of supply.

Figure 1 Electricity and gas domestic disconnections 1984-2004 (domestic and business customers)



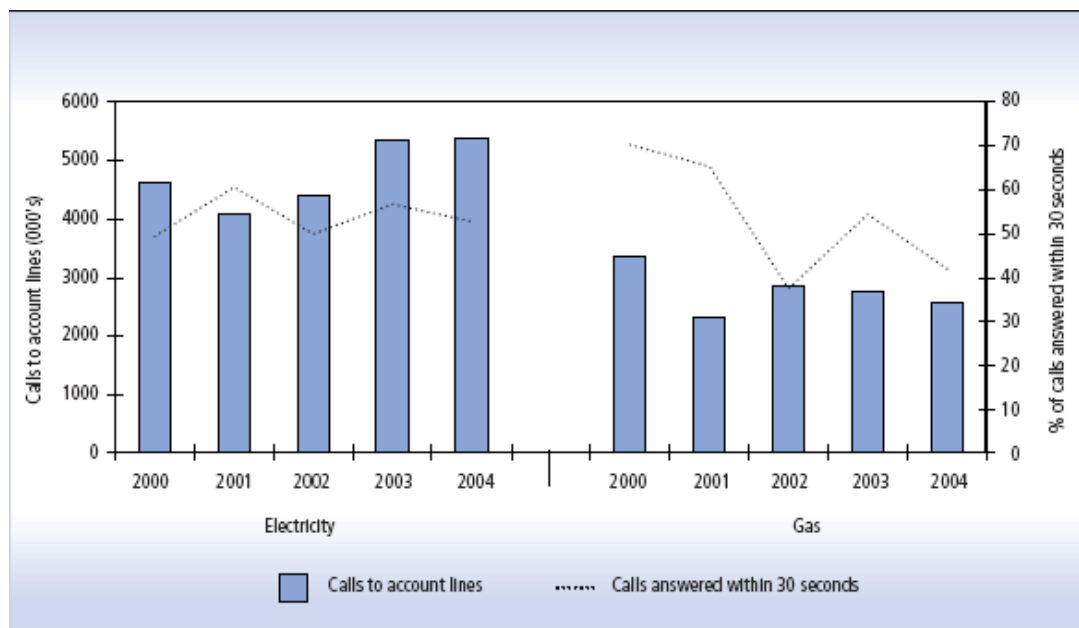
In 2004:

- Disconnections for both electricity and gas customers increased from 2003.
- The level of electricity disconnections increased from 0.70% of customers (15,834 disconnections) in 2003 to 0.84% (19,167) in 2004.
- The result for gas retailers in 2004 exceeded the average results achieved during the Gas and Fuel Corporation supply period from 1984-1994 (0.90%) and is slightly higher than the average for the 1995-2004 period (1.00%). This result was flagged in the 2003 report, in which retailers noted the usually low level of 2003 disconnections was not sustainable as it was due in part due to a lag in disconnections being completed.
- The highest levels of disconnections by retail gas businesses occurred in winter 2004 (1.13% of customers disconnected).
- Since 2000, there has been an increase in domestic electricity customers on budget instalment plans, from 4.35% of customers (81,801 plans) to 5.07% of customers (101,962 plans) in 2004.
- The number of gas domestic customers on budget instalment plans has declined since 2002 from 5.7% of customers (85,038 plans) to 5.1% of customers in 2004 (74,781 instalment plans).

Customer Service and Complaints

Customer service indicators are measures of customers' satisfaction with their retail service, and the accessibility and responsiveness of retailers to customer enquiries and complaints. The Commission also monitors the efficiency and effectiveness of call centres through measuring the proportion of calls answered within 30 seconds.

Figure 2 All retailers' energy call centre performance

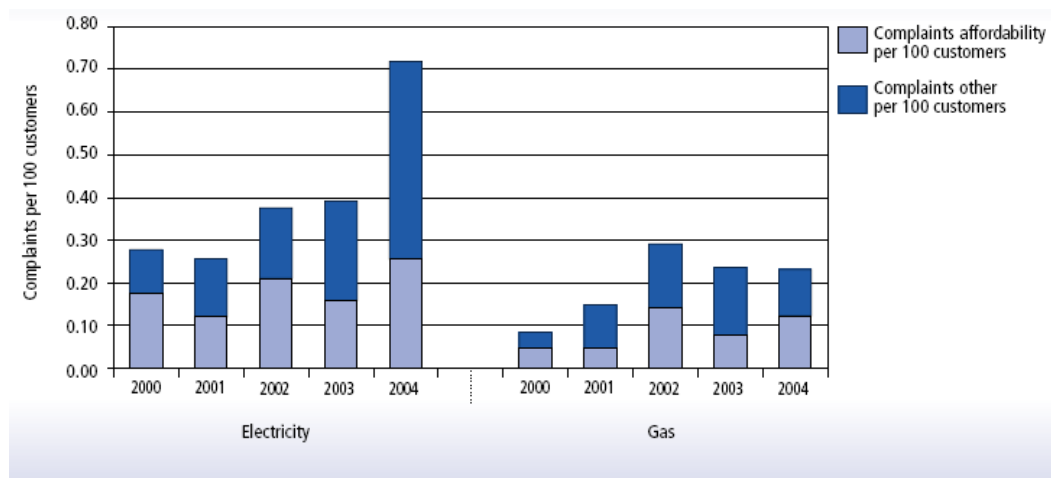


In 2004:

- 65% of calls to electricity retail account lines were answered within 30 seconds, a 4% decrease in service compared to 2003 (69% in 2003). During the same period a 1% decrease in calls to electricity retailer account lines was recorded (from 4.41M in 2003 to 4.36M in 2004).
- In gas, 67% of calls were answered within 30 seconds compared to 76% in 2003. During this same period the number of calls to gas account lines decreased from 1.97M to 1.6M.
- Independent research conducted by Customer Service Benchmarking Australia (CSBA) found a declining trend in the performance of call centres in 2004. In particular:
 - Average response times of Victorian electricity and gas sectors increased to 90 seconds for electricity (77 in 2003) and 78 seconds for gas (71 seconds in 2003).
 - The percentage of calls answered within 30 seconds for both Victorian electricity and gas sectors decreased in 2004. Victorian electricity sector averages decreased to 48% (from 55% in 2003) and the Victorian gas sector decreased to 42% (from 50% in 2003).

The Commission also monitors the number and types of complaints made to energy retailers. If after investigation of the complaint or enquiry by the retailer, a customer still is not satisfied, they may wish to contact the Energy and Water Ombudsman (Victoria) (EWOV).

Figure 3 Total energy sector complaints per 100 customers



In 2004:

- Total complaints received by electricity retailers increased from 0.4 complaints per 100 customers (or 9,020 complaints) in 2003 to 0.7 complaints (or 16,440 complaints) in 2004.
- EnergyAustralia's results in 2004 were the main factor contributing towards the higher number of complaints recorded by the retail electricity industry in 2004 (8,333 in 2004 from 1,572 in 2003).
- Total complaints received by the gas retailers declined to 0.23 complaints per 100 customers (from 3,623 complaints in 2003 to 3,468 complaints in 2004). Affordability complaints in the gas sector increased in 2004 to 0.12 complaints per 100 customers, or 1,841 complaints (from 0.08% or 1,169 complaints).
- The total number of electricity complaints to EWOV increased from 1,957 in 2003 to 2,720 in 2004. The increase in EWOV complaints recorded in 2004 follows the same trend recorded by retail businesses. Gas complaints to EWOV increased to 839 in 2004 (from 639 in 2003).

Future Reporting

The Commission will continue to improve the monitoring of retail energy businesses. In 2005, the Commission will:

- Implement the outcomes of the Victorian Government's Committee of Inquiry into Financial Hardship of Energy Consumers.
- In conjunction with the Utility Regulators Forum (URF)¹, develop a National Complaints Guide to assist retailer in recording enquiries and complaints.
- Consolidate and publish its existing monitoring and reporting framework, which will include measures to monitor competition in the retail energy sector.
- From 1 July 2005, adopt financial year reporting of retail energy businesses' performance.

¹ The Utility Regulators' Forum comprises representatives from state and territory regulators and the Australian Competition and Consumer Commission.