

2005-06 Energy Retail Performance – Consumer Snapshot

This report provides a snapshot of the performance of the energy retail sector. The complete Comparative Performance Report is available at www.esc.vic.gov.au or by contacting the Essential Services Commission (the ‘Commission’) on **1300 664 969**.

Energy Prices in 2005-06

Average energy bills in 2005-06 remained steady compared to the previous year. For consumers on standing contracts, subject to Government oversight, the tables below show annual bills based on average consumption for residential households, small businesses, and dairy farmers. 2005-06 average bills are compared with the previous year as well as 1994-95 data to highlight changes in real terms (taking account of inflation).

Table 1: Electricity average annual bills

Consumer	Annual Consumption	Average Annual Bill (Real)			% Change (Real) since 1994-95
		1994-95	2004-05	2005-06	
Residential	6,500 kWh (4,000 peak + 2,500 off-peak) on tariff GD/GR+Y8)	\$980	\$955	\$945	-3.6 %
Small Business	40,000 kWh on tariff D	\$7,434	\$6,159	\$6,032	-18.9 %
Dairy Farmer	50,000 kWh on tariff D	\$5,358	\$5,595	\$5,404	+0.9 %

Table 2: Gas average annual bills

Consumer	Annual Consumption	Average Annual Bill (Real)		% Change (Real) since 2004-05
		2004-05	2005-06	
Residential	60 GJ on tariff 03	\$733	\$734	-0.2 %
Business	500 GJ on tariff 13	\$4,476	\$4,429	-1.0 %

Competitive Market Offers

Activity in Victoria’s competitive energy market remained strong in 2005-06 with 505,636 electricity customers switching retailers and 305,352 switching gas, up from a combined 721,125 in 2004-05. This represents 22% of electricity customers and 19% of gas customers.

Independent research conducted by the Commission during the year showed that market contracts are able to provide Victorian consumers with lower energy bills. According to research, annual savings of between \$53 and \$71 could be achieved. In addition, a range of incentives are on offer, including sign-up bonuses, further discounts for early and direct debit payments, free products such as DVDs and a choice of magazine subscriptions, and green energy at no extra cost.

Energy Concessions

To assist low income consumers of electricity and gas meet their bills, the State Government provides a range of energy concessions and grants. Customers facing financial hardship may also be eligible for financial assistance through Utility Relief Grants. In 2005-06 the Department of Human Services assisted 9,127 energy consumers, who were unable to meet their bills, through the URG scheme:

- The average grant for electricity customers was \$363
- The average grant for gas customers was \$322

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Access to Energy

The primary driver of energy accessibility is affordability. However, a range of other factors relating to the credit management and other policies of energy retailers have an effect, such as the use of refundable advances, the availability of budget instalment plans, bills based on estimated meter reads, as well as procedures for disconnection and reconnection of customers for continued non-payment of bills.

The Commission assesses data provided by energy retailers against these indicators to highlight their effectiveness in facilitating customers' access to supply and the use of flexible payment options to avoid disconnection of supply. The Commission considers that disconnection of customers in financial hardship who want to pay their energy bill but cannot afford to, should be avoided and must be seen as a last resort.

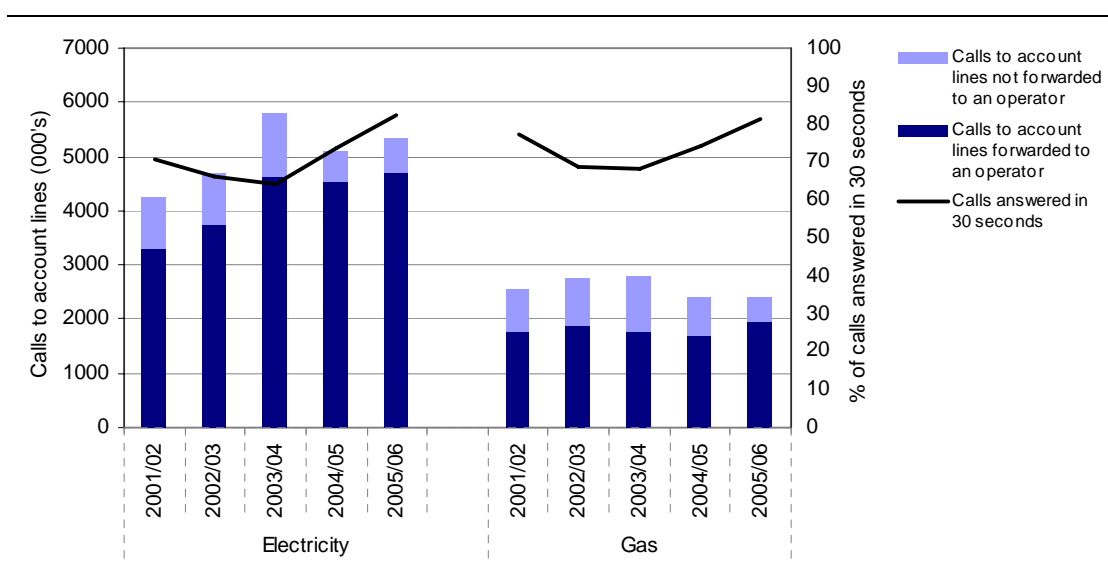
In 2005-06:

- The percentage of Victorian energy consumers disconnected for non-payment of bills remained low (around one quarter of 1% and the lowest rate in 20 years).
- A total of 96,887 (or 4.66%) residential electricity consumers make payments using budget instalment plans. Many retailers also offer alternatives to assist customers to pay their bills, including monthly payment plans, 'Centrepay' deductions and direct debit arrangements.
- The number of residential gas consumers on budget instalment plans increased to 77,235 (or 4.87%).
- 15% of electricity consumers and 29% of gas consumers received an estimated bill – used by retailers where they are unable to base a bill on an actual meter read. Estimated accounts are potentially inaccurate if actual consumption varies substantially, so consumers may end up paying more or less than necessary.

Call Centre Performance

The Commission monitors the efficiency and effectiveness of energy business call centres using indicators measuring the accessibility and responsiveness of retailers to customer enquiries, such as the proportion of calls answered within 30 seconds.

Figure 1: Call Centre performance for all energy retailers



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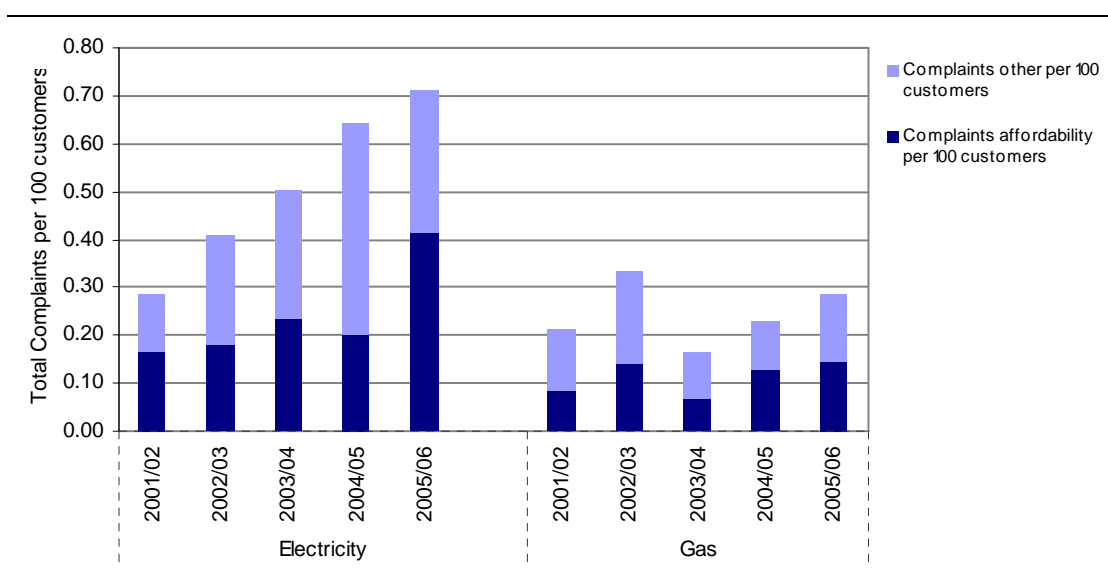
In 2005-06:

- Energy retailers reported further improvements in call centre performance with 82% of electricity and 81% of gas calls answered within 30 seconds. Call Centre operators responded to approximately 6.7 million calls.
- In contrast, independent research found the average time taken to respond to customer calls was 102 seconds, slower by 22 seconds than the Australian energy sector on average. However, their performance was 24 seconds ahead of a selection of industries also surveyed.

Complaint Numbers

The Commission also monitors the number and type of complaints made to energy retail businesses.

Figure 2: Victorian energy sector complaints per 100 customers



In 2005-06:

- Electricity retailers reported an increase in complaints received. However, at 16,790 this represents less than 1% of customers. Of these, 60% related to affordability concerns.
- Gas retailers reported 4,630 complaints – an increase over the previous year but still only 0.3% of customers.
- While the industry numbers are low, some of the newer entrants to the Victorian energy market recorded a higher rate of complaints than the three local retailers.
- The Energy and Water Ombudsman (Victoria) (EWOV) reported 11,010 complaints relating to energy retail businesses were received, of which 4,634 were fully investigated by EWOV. In particular, market conduct cases increased to 952 (just 0.1% of approximately 810,000 consumers who switched energy retailer during the year).