

9 December 2011
Our ref: C/11/35617

Mr Dean Carroll
CEO
Lumo Energy
PO Box 632
Collins Street West
Melbourne 8007

Dear Mr Carroll

PERFORMANCE INDICATORS FOR CUSTOMER SERVICE

During preparation of the 2010-11 Energy Retailers Comparative Performance Report – Customer Service, the Essential Services Commission (the Commission) was concerned by Lumo Energy's performance for the following indicators.

- The electricity and gas disconnection rates decreased in 2010-11, but the gas disconnection rate was still above average and the disconnections of gas customers who exhibited hardship (reconnection at the same address and same name, previous multiple disconnections and concession card holders) were also above average.
- The data submitted for hardship was inaccurate and unreliable; consequently, we could not publish your hardship data and removed three years' data from our report and from the summary section on hardship.
- The number of electricity complaints increased by over 300 per cent in 2010-11, taking the number of complaints per 100 customers to 25.6 from 5.8 in 2009-10, well above the state average of 4.2 per 100 customers. The majority of complaints fell into the 'other' category, which increased to 33 235 from 4 563 complaints. Gas complaints also increased significantly, to 1.5 complaints per 100 customers up from 0.6 in 2009-10 and above the state average of 1.2 per 100 customers. As with electricity, the 'other' complaints category showed the greatest increase.

We seek your explanation for the following.

1. Gas disconnections were above average and disconnections and reconnections of customers exhibiting hardship indicators were above average.
2. Hardship data was inaccurate and unreliable.
3. Complaints for electricity and gas increased overall.

Further, we seek your assurance that Lumo Energy has been or will be addressing these issues. Lumo Energy should provide written details of any corrective actions completed or planned to address these matters. We recognise that some of this information is related to the current audit process and this should be taken into account when responding to these indicator issues. Please provide this information by Friday 27 January 2012.

The Commission will monitor retailer's performance against these indicators while the Commission retains responsibility for retail energy matters and will consider further action on specific retailers, if warranted, to ensure retailers are complying with their obligations.

This letter and your response will be published on our website along with the Energy Retailers Comparative Performance Report 2010-11.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ron Ben-David', with a stylized flourish at the end.

Dr Ron Ben-David