



27 January 2012

Dr Ron Ben-David
Chairperson
Essential Services Commission
Level 2, 35 Spring Street
Melbourne VIC 3000

Dear Dr Ben-David,

Performance Indicators for Customer Service

As requested in your letter dated 9th December 2011, and received 16th December 2011, Powerdirect can provide the following response to the questions raised.

1. Hardship Program Participation

As previously advised to the Commission, data reported prior to June 2010 for this KPI may have included data relating to hardship participation in other states. This data has since been rectified. As Power Direct has such a low number of participants, one or two high or low value customers would dramatically impact the calculation of the average debt on the program.

In Powerdirect's experience, one of the hardest aspects in moving eligible customers onto the hardship program has been getting the customer to contact Powerdirect in order to take part in the program. Powerdirect has a very low rate of customers who are refused entry into the program, with the key requirement being that the customer expresses a willingness to participate.

This hardship policy was recently audited against the practical application of it by an external audit firm engaged to assess compliance with the Victorian regime. The results of this audit, whilst not yet published, indicate that in practice, Powerdirect is following its Staying Connected programs policies and procedures.

Powerdirect is continually looking for ways to improve customer communication and engagement to better identify and address the early signs of financial hardship, and prevent accounts getting to the point of disconnection. Our Customer Services teams are going through enhanced training to better identify early hardship

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signs exhibited by customers, and our hardship program Staying Connected is continuing to improve its processes and outcomes.

Powerdirect has plans to implement a permanent proactive non-customer initiated campaign to proactively identify customers showing payment stress who have not contacted Powerdirect and Powerdirect will look to offer customers identified through this process improved services and increased advice earlier in the debt cycle, along with a number of other proactive elements to assist them. Powerdirect is of the belief that the current processes can be improved and are continuing to work with our Customer Council and various advocate groups to minimise disconnections.

2. Estimated Accounts

- a. Powerdirect agrees estimated accounts have increased. Powerdirect believes the analysis of this KPI is flawed. The Commission is using a per bill figure and comparing it to a per customer figure. If bills are sent on a quarterly or bi-monthly basis, the figure needs to be divided by 4 to give a more correct average of estimated accounts for electricity customers. Powerdirect relies on the Network Operator to provide the read used to bill a customer and has raised concerns with them as there is a higher than acceptable percentage of estimated reads currently being received.
- b. Powerdirect will continue to raise this issue in the appropriate forums.

3. Direct Debit Defaults

Powerdirect is currently investigating the reason for the increase in Direct Debit defaults, including identifying if it is related to any internal procedures currently used for payment sweeps to Powerdirect customers accounts. Once this investigation has been completed, if it is identified that there has been any adverse impact to customers, or if the data for this KPI needs to be re-submitted, Powerdirect will advise the Commission appropriately.

Should you have any questions in relation to this submission, please contact Andrew Robertson on (03) 8633 6045.

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Yours sincerely,

Alex Cruickshank
Head of Energy Regulation

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