



ENERGY RETAILERS COMPARATIVE PERFORMANCE REPORT

CUSTOMER SERVICE

2009-10

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2009-10, December 2010

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CHAIRPERSONS COMMENTARY

This 2009-10 comparative performance report continues the Commission's regular oversight and reporting of the Victorian energy retail market. It complements the Pricing report and reports on how well the retailers treat their customers, particularly by helping financially vulnerable customers to stay connected to essential services.

There continued to be strong competition, with 13 retailers actively selling to residential and small business customers. The proportion of market share for the three largest retailers; AGL, Origin Energy and TRUenergy—continued to decline and in 2009-10 was at 71 per cent—down from 77 per cent in 2008-09. This is a reduction from 100 per cent over the past 8 years.

Customer complaints to their retailers remained low with approximately 1.5 per cent of electricity and gas customers reported some level of dissatisfaction to their retailers. Although the Energy and Water Ombudsman Victoria reported an increase in the number of cases received, the overall numbers remained low as a proportion of the customer base (<1 per cent). Some retailers' call centres need improvement, particularly AGL, Origin and TRUenergy. These retailers all recorded the longest average call waiting times, while their smaller competitors were more efficient and responsive.

An indicator of concern was the increase in the rate of disconnections. Victoria's disconnection rate has increased to 0.59 per 100 of residential customers in 2009-10. I note that this rate is still below South Australia and Queensland (New South Wales has not yet published its rate). The Commission does not want to see customers in financial difficulty disconnected without being satisfied that the retailers are providing the necessary assistance to help their customers to avoid disconnection. However I am aware that some customers do not pay their bills and retailers have no other option but to disconnect.

The data on the performance of the retailers' hardship programs is mixed. The overall participation rate remained the same as 2008-09, with some retailers increasing participation and others decreasing. We are pleased to see that the rate of disconnection of customers on hardship programs decreased. Also some retailers, including EnergyAustralia and Origin Energy, reported less disconnection and reconnection of those customers who may have payment problems.

Some retailers are not showing these trends – approximately half the retailers showed increases in the proportion of concession card holders or customers previously on budget instalment plans disconnected and reconnected in the same name. I caution that the data does not show the extent to which these customers have been assisted to remain connected to supply prior to disconnection. Nor do these indicators correlate directly with the reported outcomes of these retailers' hardship programs.



Some retailers confirmed that disconnection continued to be used as a last resort and they are committed to assisting customers with their hardship programs. They believed that their hardship programs and processes are effective, but that sometimes the customers would not effectively engage in the programs and with the retailers. Consequently, they would fall behind in their debts and, despite the retailers' best efforts, they would have no choice but to disconnect the customers.

However, the data signals areas of concern for us. There are some initiatives already in place to assess how well the retailers are assisting more vulnerable customers, including:

- The Commission is undertaking regulatory audits in 2010-11 that will examine retailers' disconnection processes, and whether they comply with the Energy Retail Code's conditions on when a customer may be disconnected. The Commission will take necessary action against retailers who do not comply with their obligations.
- The audits will also focus on how well each retailer complies with its own hardship policy, and how effectively it allows access to the program and maintains supply to customers who have the willingness, but not the ability, to pay their bills. The Commission will consider the outcomes of these audits, expected in April 2011, to decide whether the policy guidelines to retailers need to be amended.
- The Commission is also undertaking a qualitative review of energy businesses' hardship practices. It will focus on customers' experiences of joining a hardship plan (or of being refused or excluded), and of managing their debts and consumption. It is expected to identify the best approaches in the industry, with a view to them being adopted by all businesses.

We will also take two further steps:

- I will write to Chief Executive Officers seeking their assurance that all customers identified as experiencing financial hardship are provided the opportunity to participate in their hardship programs
- Some of the retailers will be required to report quarterly to the Commission for the next 12 months on the rate of disconnection and reconnection for these customers, and the extent of assistance provided prior to their disconnection.

The Commission needs to be assured that all customers, and particularly the most financially vulnerable customers, will receive the assistance required to remain connected to supply.

Dr Ron Ben-David
Chairperson





EXECUTIVE SUMMARY

The Essential Services Commission has reported on the performance of the Victorian energy retailers since the mid-1990s. These reports bring transparency to the performance of the energy retailers. The reports enable trend analysis over time and a comparison of how well the retailers provide services to their customers.

Financial

Of all residential electricity and gas consumers in 2009-10, 24 000 or 0.6 per cent accessed retailers' financial hardship programs. This was the same in the previous year. A total of 2.6 per cent of customers who participated in the hardship programs were disconnected, down from 5 per cent in 2008-09. Two thirds of retailers reported a decrease in debt on exit of a financial hardship program. Three retailers reported an increase in debt on exit from the program which has contributed to an overall result of a higher exit debt than entry debt. Customers who have previously participated in a hardship program were disconnected less in 2009-10 than the previous year with 642 customers disconnected down from 1222 in 2008-09.

The average days of participation in the hardship programs increased from 243 to 355 days in 2009-10, or nearly four months longer than the average in the previous year. Of those customers who exited the program during the year, 57 per cent left because they did not comply with the program's requirements, down from 71 per cent in 2008-09. Of all customers 2.6 per cent were disconnected (an improvement on last year) and 31 per cent of those customers were reconnected within seven days.

Some retailers reported good outcomes against many of the indicators—for example, EnergyAustralia did not disconnect any customers who had participated in its hardship program, it had only 15 per cent of customers exiting without complying, and participants' debt fell by 54 per cent by exit.

Retailers undertook 1188 energy field audits in 2009-10, with AGL undertaking the most audits (632) and Origin Energy providing 448—up from 246 in 2008-09. The total was nearly double the number of audits in 2008-09. No energy audits were undertaken at any cost to the consumer. Retailers also provided 191 replacement appliances for customers in financial hardship in 2009-10, up from just 31 in 2008-09 to customers in financial hardship, to replace inefficient or ineffective electrical and gas appliances. The number of electricity grants that the Department of Human services (DHS) approved under the Utility Relief Grant Scheme rose by 32 per cent in 2009-10.

Billing and credit management

The monthly average number of customers using the direct debit system for bill payment increased over the past two years, from 179 000 customers to 190 000. This increase of 11 000 customers may reflect the use of market offers that provide a discount or incentive for paying by direct debit. The number of direct debit defaults was low in 2009-10, up just 0.07 per cent to 0.31 per cent of all transactions. This shows most customers made their payments on time and received the discount some retailers provide.



Estimated accounts are used when the meter reader cannot access a customer's meter. The number of estimated electricity accounts decreased by 163 000 (29 per cent) in 2009-10, mostly because Origin Energy and TRUenergy significantly decreased their use of estimated accounts. An average 5.5 estimated accounts per 100 customers were issued each quarterly billing cycle in 2009-10, down from 7 per quarterly billing cycle in 2008-09.

Disconnections and reconnections

Electricity and gas disconnections increased in 2009-10, with 0.59 per cent of all electricity customers and 0.85 per cent of all gas customers disconnected. In total, 13 486 electricity customers (up by 3918 from 2008-09) and 15 473 gas customers (up by 5396) were disconnected in 2009-10. This was an increase of 40 per cent for electricity and 54 per cent for gas.

All retailers except TRUenergy and Origin Energy contributed to the increase in the number of disconnections. They were the only retailers to decrease the number of disconnections for residential electricity customers in 2009-10. Australian Power & Gas disconnected 1.75 per 100 customers, Neighbourhood Energy disconnected 1.5 per 100 customers and Red Energy disconnected 1 per 100 customers. AGL's electricity disconnection rate in 2009-10 was 0.5 per 100 customers up from 0.27 in 2008-09, increasing by 1419 customers. AGL reported that this was due to disconnections being suspended in the previous year and resuming in 2009-10.

Overall, the number of customers that were disconnected and exhibited payment difficulties remained stable in 2009-10. The data shows that some retailers reported increases in the number of customers that were disconnected and were either; disconnected more than once in the past two years, concession card holders, or had previously been on a budget instalment plan.

Red Energy and Simply Energy increased the number of concession card holders they disconnected for electricity; Red Energy reported an 8 per cent increase up to 36 per cent of disconnections and Simply Energy an 8 per cent increase up to 18 per cent. TRUenergy reported that 66 per cent of electricity disconnections and 60 per cent of gas disconnections were customers previously on a budget instalment plan.

Customer service and call centre

The average wait time to speak to an operator was poor in 2009-10, at 82 seconds (up from 48 seconds in 2008-09). The number of abandoned calls increased by 70 000, this equates to 7.2 per cent of all calls to retailers, up from 5.8 per cent last year.

Independent research shows the overall call centre performance of the energy industry remained stable in 2009-10, with strong results on par with or better than the national average in many customer service areas. The results were also positive for hardship customer enquiries, showing customers in 2009-10 were treated with the same manner or better when speaking to retailers, compared with 2008-09.

Electricity complaints fell by 3 per cent and gas complaints fell by 35 per cent in 2009-10. For both electricity and gas, the number of billing complaints decreased substantially, possibly reflecting the high number of billing complaints to AGL in 2008-09. AGL improved in 2009-10 and reported fewer complaints received, but it still had one of the higher rates of complaints per



100 customers for electricity, and it had the highest complaint rate for gas customers. The average number of marketing complaints remained relatively steady at 12 per cent of all complaints. Neighbourhood Energy, Simply Energy and Victoria Electricity showed poor call centre performance compared with that of other companies.

While fewer complaints were reported by the energy retailers in 2009-10, data from the Energy and Water Ombudsman (EWOV) shows more energy customers lodged a complaint that required full investigation in 2009-10 than in 2008-09, representing a 4.6 per cent increase.



1 ABOUT OUR REPORT

1.1 About this report

The Essential Services Commission has reported on the performance of the Victorian energy retailers since the mid-1990s. These reports bring transparency to the performance of the energy retailers. By focusing on indicators that show how retailers treat their customers, we can better understand the Victorian competitive market. The reports enable trend analysis over time and a comparison of how well the retailers provide services to their customers.

We give particular attention to how retailers deal with more vulnerable customers, such as those experiencing short or long term difficulties with paying their bills. These customers are often less confident in negotiating their options and rights with their energy utility. We particularly monitor the assistance that retailers provide to ensure these customers stay connected to supply.

1.2 What the report covers

This report provides information on the following areas of performance in the Victorian gas and electricity market:

- Chapter 2, '**Financial hardship**', evaluates the effectiveness of retailers' programs and payment plans in assisting customers in financial hardship as well as state-funded relief grants and concessions available to assist customers with financial difficulties.
- Chapter 3, '**Billing and credit management**', provides details of estimated billing and examines the credit management policies of retailers by monitoring trends in refundable advances and direct debit defaults.
- Chapter 4, '**Disconnections**', examines the credit management policies of retailers by the rates of disconnection and reconnection of customers for non-payment of bills, particularly for customers with financial difficulties.
- Chapter 5, '**Call centre performance and complaints**', considers customers' satisfaction with the retail service through the accessibility and responsiveness of retailers to customer enquiries and complaints.

A separate Commission report, *Energy retailers comparative performance report—pricing 2009-10*, deals with the price of energy services and the state of the competitive market.

1.3 Energy markets

The Australian energy sector has changed dramatically over the last 20 years. Australian governments have put in place significant reforms to improve the sustainability and efficiency of the energy markets while increasing the benefits to customers. The reforms include:



- setting up a National Electricity Market (the NEM), which interconnects Victoria, New South Wales, South Australia, Queensland, Tasmania and the ACT
- interconnecting Victoria's natural gas network with the networks of New South Wales, Tasmania and South Australia
- introducing competition to electricity generation and the retail markets so that all customers in the NEM can now choose their energy retailer
- establishing a national regulator to set the prices and access to the monopoly distribution businesses.

The Victorian Government further reformed this energy market by deregulating energy prices for all customers from 1 January 2009. All retailers now operate in a fully competitive market. Victoria has 22 licensed retailers, serving 2.575 million customers. Some have a long history in the previously franchised market (the 'local' retailers: AGL, Origin Energy and TRUenergy) while others have entered the market since it opened to competition. Seven of these retailers either had less than 500 customers each at 30 June 2010 or they mainly sell to large business customers, this can be seen in table 1.2.

Table 1.1 breaks down average residential and small businesses customer numbers in the Victorian electricity market.

Table 1.1 Customer numbers—electricity
2009-10

Retailer	Domestic	Business	Total
AGL Sales	576 932	71 488	648 420
Australian Power & Gas	65 757	0	65 757
Click Energy	1 654	186	1 840
Country Energy	54 916	13 167	68 083
EnergyAustralia	27 442	2 143	29 585
Momentum	1 454	10 933	12 387
Neighbourhood Energy	27 413	0	27 413
Origin Energy	552249	87 518	63 9667
Powerdirect	17 287	21 700	38 987
Red Energy	143 212	4 017	147 229
Simply Energy	123 148	11 731	134 879
TRUenergy	496 153	66 148	562 301
Victoria Electricity ^a	184 403	13 094	197 497
Other (see below)	62	822	884
All retailers	2 272 082	302 847	2 575 035

^a Lumo Energy



Table 1.2 shows retailers with less than 500 customers or retailers that supply large businesses only.

**Table 1.2 Customer numbers—electricity, other
2009-10**

Retailer	Domestic	Business	Total
AGL Sales (Queensland)	0	145	145
Aurora Energy	0	54	54
Diamond Energy	0	17	17
Dodo Power & Gas	2	0	2
Integral Energy	0	99	99
Sun Retail	60	78	138
TRUenergy Yallorn	0	429	429
All retailers	62	822	884

There has been a considerable shift in market share in the electricity sector since competition was introduced in the early 2000s. Then, three retailers—AGL, TRUenergy and Origin Energy—held 100 per cent residential and business market share. This has decreased as new retailers have entered the market.

Figures 1.1 and 1.2 show:

- in the residential market, AGL, Origin Energy and TRUenergy combined continue to hold the largest market share in 2009-10, with 71.5 per cent; this is down from 77 per cent in 2008
- in the business market, all the large retailers lost market share. Momentum Energy and Powerdirect (who focus almost exclusively on business customers) and Victoria Electricity, gained the most market share
- total new connections in the residential market increased by nearly 50 000 in 2009-10 and by nearly 14 000 in the small business market.



Figure 1.1 Market share change—residential electricity
2008-09 to 2009-10

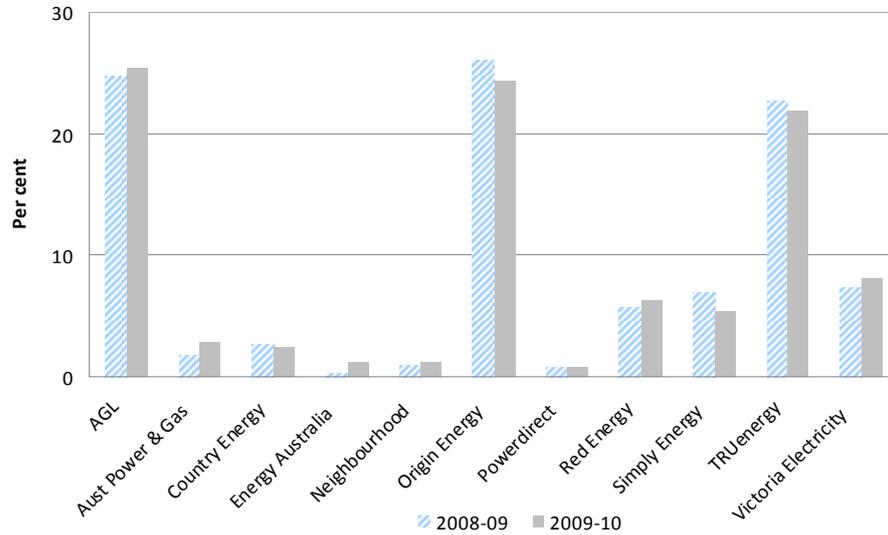


Figure 1.2 Market share change—small business electricity
2008-09 to 2009-10

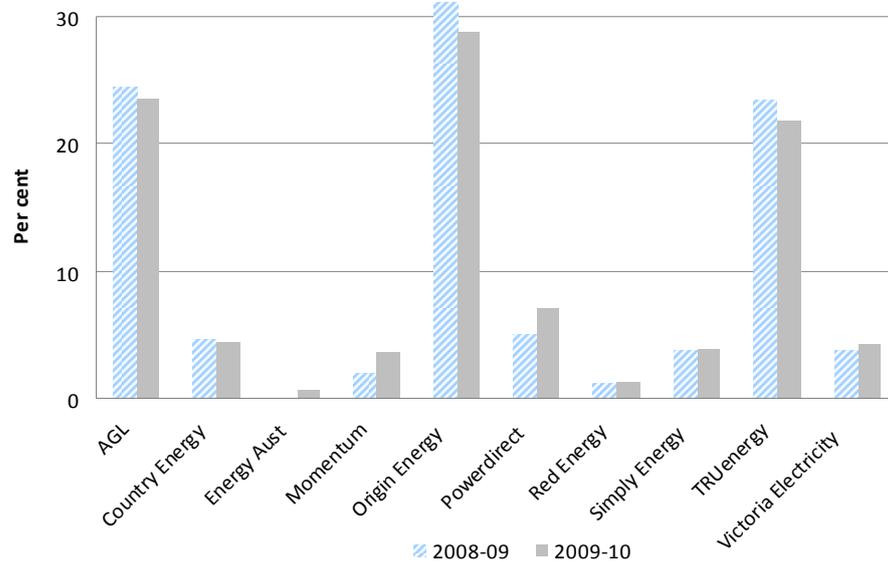




Table 1.3 breaks down average residential and small business customer numbers in the Victorian gas market. Eight retailers sell gas in the state to 1.859 million customers.

Table 1.3 Customer numbers—gas
2009-10

Retailer	Domestic	Business	Total
AGL	492 957	12 508	505 465
Australian Power & Gas	52 577	0	52 577
EnergyAustralia	24 468	456	24 924
Origin Energy	508 295	13 109	521 404
Red Energy	72 064	446	72 510
Simply Energy	99 478	1 467	100 945
TRUenergy	428 035	19 310	447 345
Victoria Electricity ^a	132 275	1 672	133 947
All retailers	1 810 149	48 968	1 859 117

a Lumo Energy

The local retailers in the gas market decreased their market share by 3 per cent in 2009-10 down to 79 per cent from 82 per cent in 2008-09. Figures 1.3 and 1.4 show:

- Red Energy, Australian Power & Gas and EnergyAustralia each increased their market share, Simply Energy, Origin Energy and TRUenergy lost market share
- the small business gas market did not change much over the past financial year, with AGL increasing its market share the most, and
- the total number of new connections to the gas system increased by just over 40 000 in 2009-10.



Figure 1.3 Market share change—residential gas
2008-09 to 2009-10

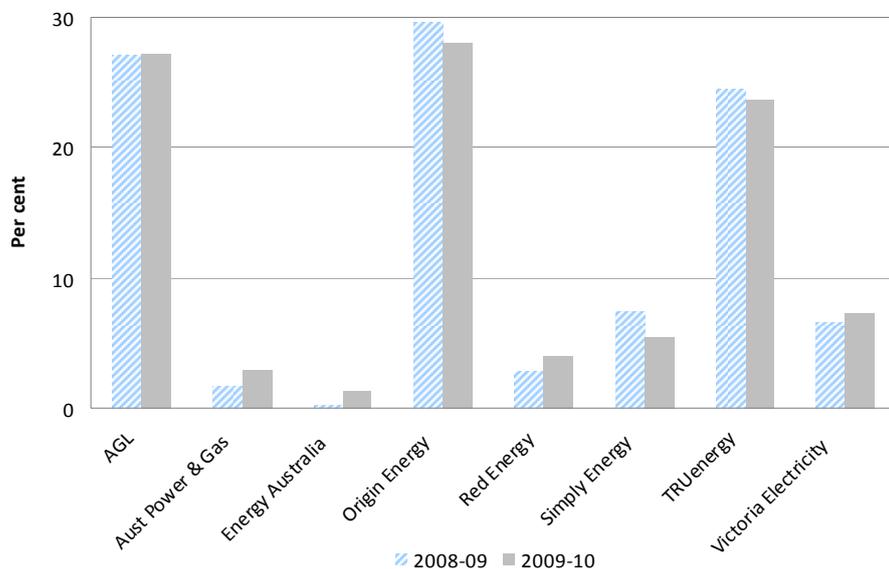
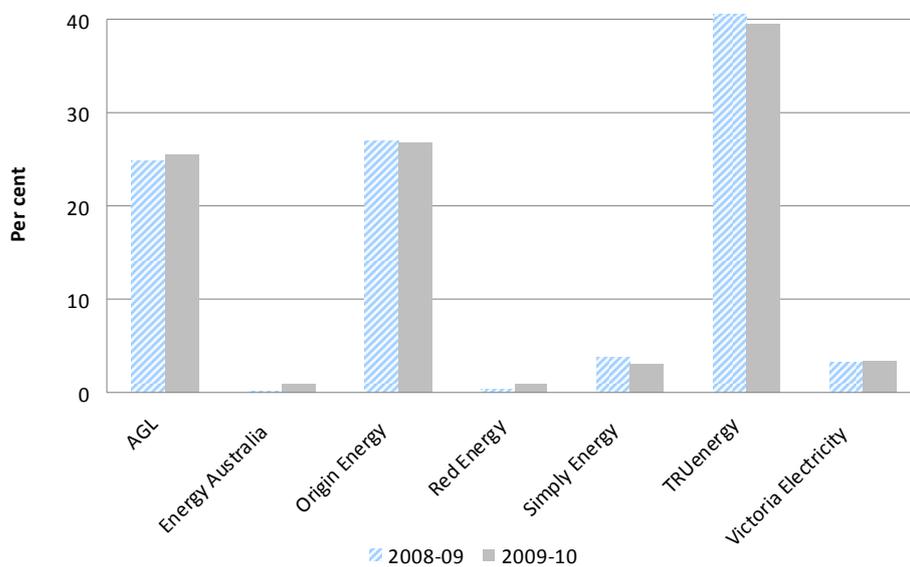


Figure 1.4 Market share change—small business gas
2008-09 to 2009-10





1.4 Our data sources

We primarily collected the data in this report from energy retailers. Additional data are from the Energy and Water Ombudsman (Victoria) (EWOV) and the Department of Human Services.

The *Electricity Industry Act 2000* (the Electricity Act) and the *Gas Industry Act 2001* (the Gas Act) require energy retailers to comply with service standards and procedures. These service standards and procedures are set out primarily in regulatory instruments, including the Energy Retail Code and the Code of Conduct for Marketing Retail Energy in Victoria. The performance indicators address key obligations under these regulatory instruments, and the retailers are required to report against these indicators in accordance with the *Information specification (service performance) for Victorian energy retailers*. These documents are available on the Commission's website (www.esc.vic.gov.au).

The call centre performance information reported by retailers is supplemented by independent market research by Customer Service Benchmarking Australia (CSBA).

The data in this report was not audited at the time of publishing. The Commission has commenced regulatory audits of the retailers and the results will be considered by the Commission in April 2011.



2 FINANCIAL ASSISTANCE

2.1 What we found

Of all residential electricity and gas consumers in 2009-10, 24 000 or 0.6 per cent accessed retailers' financial hardship programs. This was the same in the previous year. Customers who have previously participated in a hardship program were disconnected less in 2009-10 than the previous year with 642 customers disconnected, down from 1222 in 2008-09. Two thirds of retailers reported a decrease in debt on exit of a financial hardship program. Three reported a large increase in debt on exit which has contributed to an overall result of a higher exit debt than entry debt. Click Energy, Powerdirect and TRUenergy all reported an increase of over \$500 on exit per customer. A total of 2.6 per cent of customers who participated in the hardship programs were disconnected, down from 5 per cent in 2008-09.

The average days of participation in the hardship programs increased from 243 to 355 days in 2009-10, or nearly four months longer than the average in the previous year. Of those customers who exited the program during the year, 57 per cent left because they did not comply with the program's requirements, down from 71 per cent in 2008-09. Of all customers 2.6 per cent were disconnected (an improvement on last year) and 31 per cent of those customers were reconnected within seven days.

Some retailers reported good outcomes against many of the indicators—for example, EnergyAustralia did not disconnect any customers who had participated in its hardship program, it had only 15 per cent of customers exiting without complying, and participants' debt fell by 54 per cent by exit.

The number of electricity grants that the Department of Human Services approved under the Utility Relief Grant Scheme rose by 32 per cent in 2009-10. The total value of grants for electricity customers increased accordingly to \$4.4 million. Total government expenditure on concessions increased in 2009-10, up to 113.5 million—up from 108.4 million in 2008-09.

Retailers undertook 1188 energy field audits in 2009-10, with AGL undertaking the most audits (632) and Origin Energy providing 448, up from 246 in 2008-09. The total was nearly double the number of audits in 2008-09. No energy audits were undertaken at any cost to the consumer. Retailers also provided 191 replacement appliances in 2009-10, up from just 31 in 2008-09 to customers in financial hardship, to replace inefficient or ineffective electrical and gas appliances.



2.2 Why report these indicators?

Victorian energy retailers must assist customers to stay connected to electricity and gas supply, by offering payment assistance, hardship programs and access to government concessions and grants. Some initiatives reported here are governed by legislative and regulatory requirements, and some retailers offer other programs and assistance voluntarily to their customers. The initiatives include:

- payment programs (budget instalment plans) designed to assist customers in temporary or long-term financial difficulties
- Victorian Government energy concessions and financial grants to help low income individuals and families pay their energy bills
- energy field audits to help ascertain energy consumption patterns
- grant schemes to help consumers replace inefficient appliances.

The indicators in this section give information on how well the retailers helped some of these customers through their financial hardship programs and budget instalment plans. Information is also provided on the government funded concessions and grants.

2.3 Retailer financial hardship programs

Table 2.1 shows the industry-wide data that the Commission collected for 2009-10, and compares the performance with 2008-09. In summary, the 2009-10 financial hardship program data show:

- program participation was similar for both years at approximately 0.6 per cent
- the number of customers that were concession card holders was similar across both years—every month the retailers reported that 73 per cent of participants were concession card holders
- customers spent an average 355 days in a hardship program—up 112 days (or four months) from 2008-09
- 57 per cent of participants left the programs without complying to the terms—which was down on the 71 per cent in 2008-09
- the average debt on entry into a hardship program was similar across the two years, but debt on exit increased from \$518 in 2008-09 to \$815 in 2009-10
- 2.6 per cent of customers who participated in the programs were disconnected—down from 5 per cent in 2008-09
- Disconnections of customers who were previously on a hardship decreased in 2009-10, 642 customers were disconnected down from 1201 in 2008-09
- 10 retailers undertook energy field audits—up from seven in 2008-09.



The average increase in debt when a customer leaves the program is primarily explained by three retailers having high levels of debt on exit compared to entry. Click Energy, Powerdirect and TRUenergy all reported an increase in debt of over \$500 on exit from the program compared to debt on entry into the program. Powerdirect have commented that a review of their hardship program showed that a number of customers were not actively participating and their subsequent removal may have caused the increase on exit. TRUenergy noted that customers who actively participated in the program decreased their overall debt, however they commented that it is customers that do not engage with them that cause higher debt on exit amounts. Click Energy did not comment on the high debt on exit they reported in 2009-10.

Individual retailer performance varies for these indicators and care should be taken when making assumptions about overall averages only; details of individual retailers reported data is available in appendix A,



Table 2.1 Financial hardship programs—summary

	2008-09	2009-10
Hardship program participants (total)	24 244	24 267
Hardship program participants for whom access was sought by a third party	1 594	1 879
Hardship program participants who were concession cardholders (monthly average) ^a	9765	10 473
Customers denied access to a retailer's hardship program during the period	1 791	1 185
Average debt of new entrants to a hardship program	546	612
Average debt on exit from a hardship program	518	815
Average length of participation for customers in a hardship program (days)	243	355
Participants exiting a hardship program by agreement with the retailer	2 942	4 244
Hardship program participants excluded for not complying with requirements	7 111	5 653
Disconnections of previous hardship program participants within 12 months	1 201	642
Reconnections of previous hardship program participants within 12 months	451	202
Energy field audits provided at no cost to customer	651	1 188
Energy field audits provided at part cost to customer	0	0
Average cost contributed by customers where a partial contribution was required	0	0
Appliances provided under a hardship program	31	191
Customers referred to the Homewise / Capital Grants program for appliance replacement	135	108
Customers referred to the Homewise / Capital Grants program, resulting in an appliance replacement	14	3

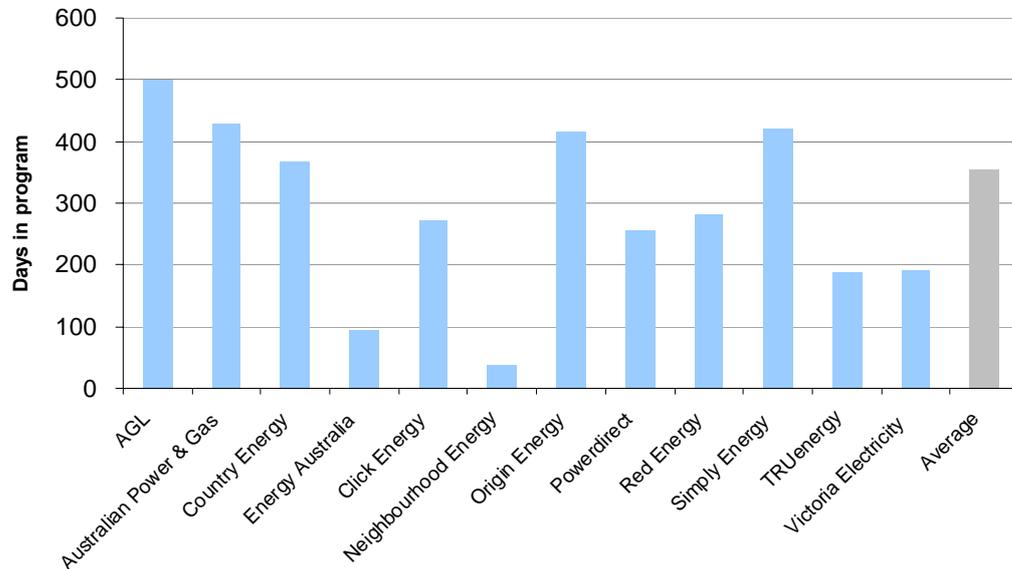
Note: Data was not audited at the time of publishing this report.

^a monthly average of participants in the program.

The time that participants spent in a financial hardship program varied greatly across retailers in 2009-10. Figure 2.1 shows the average length of participation was 355 days (up from 243 days in 2008-09), ranging from 37 days (Neighbourhood Energy) to 501 days (AGL).



Figure 2.1 Financial hardship programs—average length of participation 2009-10



Of those customers who left a hardship program in 2009-10, 57 per cent failed to comply with the program’s requirements; this is down from 71 per cent in 2008-09. That meant 43 per cent of participants exited the programs in agreement with the retailer.

Audits and replacement appliances

To help low income consumers reduce their energy costs, retailers’ financial hardship policies must allow for customers’ electricity use to be audited and to provide replacement appliances where appropriate. This occurs mostly when the customer has an appliance that contributes to the accumulating debt. Helping customers pay for an appliance is a cost-effective way to minimise debt escalation.

Audits of the customers’ electricity use can be wholly or partly at the expense of the retailer. Table 2.2 shows retailers undertook 1188 energy field audits in 2009-10, with AGL undertaking the most audits (632) and Origin Energy providing 448—up from 246 in 2008-09. Conversely, both Australian Power & Gas and Lumo Energy notably reduced the number of energy audits provided to customers in 2009-10. Overall, the total was nearly double the number of audits in 2008-09 and no energy audits were undertaken at any cost to the consumer.

Retailers also provided 191 replacement appliances in 2009-10—up from 31 in 2008-09. These replaced inefficient electrical and/or gas appliances. AGL provided 187 replacement appliances in 2009-10 up from 14 in 2008-09.



**Table 2.2 Energy field audits and replacement appliances
2008-09 to 2009-10**

Retailer	Energy field audits		Replacement appliances	
	2009-10	2008-09	2009-10	2008-09
AGL	632	229	187	14
Australian Power & Gas	7	24	0	0
EnergyAustralia	0	8	0	0
Neighbourhood Energy	1	0	0	0
Origin Energy	448	246	2	14
Powerdirect	1	0	0	0
Red Energy	3	0	0	0
Simply Energy	2	0	0	0
TRUenergy	79	64	2	3
Victoria Electricity ^a	13	80	0	0
Total	1 188	651	871	31

^a Lumo Energy

2.4 Victorian Government financial assistance

The Victorian Government operates programs to improve the affordability of essential services for low income individuals and families in Victoria, including energy concessions and the Utility Relief Grant Scheme. All retailers are required to assist customers to access the programs, which are administered by the Department of Human Services. This section outlines the amount of financial assistance provided.

Concessions

Table 2.3 shows the total government expenditure on energy concessions for 2007-08 to 2009-10 reported by the Department of Human Services. Expenditure on energy concessions for low income customers increased in 2009-10 under the off-peak concession, the service to property charge concession and the winter energy concession (electricity). Expenditure recorded under the gas winter energy program remained relatively stable over the past three years. The winter energy concession, which provides a 17.5 per cent discount off mains electricity and mains gas bills between May and November, accounted for the majority of expenditure in 2009-10—approximately \$100.2 million (\$0.3 million more than 2008-09).



Table 2.3 Total expenditure on concessions
2007-08 to 2009-10 (\$m)

Concession	2007-08	2008-09	2009-10
Off-peak concession (electricity)	5.1	5.9	7.5
Service to property charge concession (electricity)	1.7	2.6	5.8
Winter energy concession (electricity)	51.4	55.1 ^a	55.5
Winter energy concession (gas)	44.5	44.8	44.7
Total	102.7	108.4	113.5

^a Adjustments to previous financial years for electricity suppliers are included.

Data source: Department of Human Services.

Utility Relief Grant Scheme

The Utility Relief Grant Scheme provides financial assistance to low income customers who are having difficulties in paying their utility bill and may be at risk of disconnection. Energy retailers initiate the process by sending an application form to the customer and supplying their billing information to the Department of Human Services. The customer then completes the application, sends it to the Department, which then assesses the information. Tables 2.4 and 2.5 show scheme details for 2009-10:

- the number of electricity grants approved by the Department of Human Services rose by 32 per cent in 2009-10. The total value of grants for electricity customers increased accordingly—up to \$4.4 million for 2009-10, compared with \$3.2 million in 2008-09. The average grant of \$407 was up from \$392 in 2008-09
- similarly, the number of approved gas grants rose from 4992 in 2008-09 to 6537 grants in 2009-10, up 31 per cent. The total value of grants for gas customers also increased—up to \$2.4 million for 2009-10, from \$1.7 million in 2008-09. The average grant of \$371 was up from \$318 in 2008-09
- of 30 967 electricity and gas applications initiated by retailers during 2009-10, only 20 152 customers (65 per cent) subsequently submitted their applications to the Department of Human Services for approval—the same percentage as in 2008-09.



**Table 2.4 Utility Relief Grants (URGS)—electricity
2009-10**

Retailer	Customers provided with URG forms	Applications sent to DHS by customers	Grants approved	Average grant amount
	No.	No.	No.	\$
AGL	4 264	2 791	2 387	392
Australian Power & Gas	857	555	479	407
Click Energy	28	15	13	421
Country Energy	537	358	303	413
EnergyAustralia	106	85	70	424
Momentum	5	2	2	326
Origin Energy	3 265	2 308	2 069	411
Neighbourhood Energy	204	137	108	400
Powerdirect	216	129	100	386
Red Energy	1 864	1 233	1 045	417
Simply Energy	1 187	737	587	437
TRUenergy	4 835	2 987	2 554	402
Victoria Electricity ^a	1 714	1 186	1 004	422
All retailers	19 082	12 523	10 721	407

^a Lumo Energy *Data source:* Department of Human Services.



**Table 2.5 Utility relief grants (URGS)—gas
2009-10**

Retailer	Customers provided with URG forms	Applications sent to DHS by customers	Grants approved	Average grant amount
	No.	No.	No.	\$
AGL	3 162	2 079	1 781	364
Australian Power & Gas	509	319	275	374
EnergyAustralia	71	56	44	414
Origin Energy	2 006	1 350	1 211	374
Red Energy	656	415	345	362
Simply Energy	819	497	398	399
TRUenergy	3 235	1 960	1 682	365
Victoria Electricity	1 427	953	801	385
All retailers	11 885	7 629	6 537	372

^a Lumo Energy. *Data source:* Department of Human Services.

2.5 Budget instalment plans

Residential

Retailers are required to offer a budget instalment plan to customers experiencing difficulties paying their bills. This plan allows the customer to pay by regular instalments which enables them to reduce debt over a specified time period. They are also used by customers to smooth incoming bills—the monthly payments ensure the customer will not have large quarterly bills to pay during the year. Tables 2.6 and 2.7 show the number of budget instalment plans offered by retailers per 100 customers. The key findings include:

- the number of budget instalment plans remained steady over the last three years for both gas and electricity
- Simply Energy increased the use of budget instalment plans in 2009-10 by 4473 instalment plans for electricity (up from 546 plans) and 3234 instalment plans for gas (up from 382 plans)
- Origin Energy reported 6 plans per 100 customers for electricity up from 5 in 2008-09 and TRUenergy reported 8 per 100 customers for electricity down from 8.5 per 100 customers in 2008-09.



Table 2.6 Budget instalment plans—residential electricity
2006-07 to 2009-10

Retailer	Total budget instalment plans	Budget instalment plans per 100 customers			
		2009-10	2006-07	2007-08	2008-09
AGL	2 921	6.03	2.71	0.63	0.51
Australian Power & Gas	1 643	—	1.1	1.59	2.50
Click Energy	10	—	—	0.41	0.60
Country Energy	644	3.12	1.53	1.06	1.17
EnergyAustralia	184	—	—	0.11	0.67
Momentum	6	0.03	0	0.13	0.41
Neighbourhood Energy	81	—	0.13	0.23	0.30
Origin Energy	33 549	4.50	5.10	4.80	6.10
Powerdirect	21	0.06	0.02	0.01	0.12
Red Energy	3 003	1.62	2.35	2.16	2.10
Simply Energy	5 019	0.55	0.33	0.35	4.08
TRUenergy	39 926	6.80	7.59	8.56	8.05
Victoria Electricity ^a	5 486	0.58	1.36	1.51	2.98
Electricity Total	92 493	4.55	4	3.80	4.07

^a Lumo Energy. — data not applicable.

Table 2.7 Budget instalment plans—residential gas
2006-07 to 2009-10

Retailer	Total budget instalment plans	Budget instalment plans per 100 customers			
		2009-10	2006-07	2007-08	2008-09
AGL	1 754	5.21	2.79	0.43	0.36
Australian Power & Gas	949	—	0.45	1.07	1.80
EnergyAustralia	169	—	—	0.09	0.69
Origin Energy	29 590	5.33	5.32	5.59	5.82
Red Energy	986	—	0.16	0.82	1.37
Simply Energy	3616	0.44	0.24	0.29	3.63
TRUenergy	33 037	6.24	7.29	8.22	7.72
Victoria Electricity ^a	4 534	0.49	1.60	1.75	3.43
Gas Total	74 635	4.97	4.44	3.96	4.12

^a Lumo Energy. — data not applicable.



3 BILLING AND CREDIT MANAGEMENT

3.1 What we found

The number of customers using the direct debit system for bill payment increased over the past two years, from 179 000 customers to 190 000. This increase of 11 000 customers may reflect the use of market offers that provide a discount or incentive for paying by direct debit. The number of direct debit defaults was low in 2009-10, up just 0.07 per cent to 0.31 per cent of all transactions. This shows most customers made their payments on time and received the discount some retailers provide.

Estimated accounts are used when the distributors meter reader cannot access a customer's meter. The number of estimated electricity accounts decreased by 163 000 (29 per cent) in 2009-10. Origin Energy and TRUenergy significantly decreased their use of estimated accounts. An average 5.5 estimated accounts per 100 customers were issued each quarterly billing cycle in 2009-10, down from 7 per quarterly billing cycle in 2008-09.

3.2 Why report these indicators?

Direct debit accounts with an energy retailer can provide a convenient way for customers to pay their bill. In addition, retailers often use them as part of their market offers, giving a discount or bonus when a customer pays by direct debit. An increase in the number of defaults by direct debit customers may indicate that customers have increasing financial stress and that more customers have difficulty paying their energy bills.

For an estimated account, the retailer estimates gas or electricity use based on the customer's previous use pattern. Retailers sometimes have to send estimated accounts to customers, such as when properties are not accessible by the distributors for meter reading. Generally, however, customers should not receive estimated accounts in place of an actual meter read, unless they have directly agreed to an estimated account. Estimations are an inaccurate method of billing a customer because actual consumption, once confirmed with a meter read, may be substantially more or less than estimated. Unexpectedly larger accounts can cause temporary affordability difficulties for some customers.

Refundable advances or security deposits are sometimes used by retailers to reduce the risk of non-payment by customers. They add to the overall debt of customers, so the Commission expects retailers would use them only in exceptional circumstances.



3.3 Direct debit

Residential customers

On average 190 000 direct debit transactions were made per month in 2009-10. This was up from 179 000 per month in 2008-09. Overall 8.4 per cent of residential electricity customers used direct debit payment arrangements in 2009-10, up from 8 per cent in 2008-09 and 7.2 per cent in 2007-08. Table 3.1 shows us the number of direct debit defaults as a percentage of total transactions in 2009-10. Direct debit transactions are usually paid on a monthly basis. The key findings were:

- the amount of defaults increased slightly among direct debit customers, up 0.07 per cent in 2009-10 to just over 0.3 per cent of all direct debit transactions
- Country Energy and Momentum both reported more than 1 default per 100 transactions. Powerdirect reported 3.4 defaults per 100 transactions which was the highest rate of defaults and an increase from 0.53 in 2008-09
- Neighbourhood Energy and Victoria Electricity reported a fall in direct debit defaults.

Table 3.1 Direct debits—residential electricity customers
2007-08 to 2009-10

Retailer	Total direct debit transactions (pa)		Direct debit defaults %	
	2008-09	2009-10	2008-09	2009-10
AGL	481 034	415 615	0.20	0.26
Australian Power & Gas	10 739	18 384	0.89	0.98
Click Energy	0	24	0	0
Country Energy	39 395	55 840	1.04	1.16
EnergyAustralia	1 527	14 893	0	0
Momentum	327	294	0.92	1.02
Neighbourhood Energy	9 397	22 622	2.89	0.76
Origin Energy	563 805	611 656	0.21	0.28
Powerdirect	9 123	10 417	0.53	3.36
Red Energy	103 789	125 442	0.61	0.79
Simply Energy	57 691	53 481	0.00	0.00
TRUenergy	759 157	809 163	0.21	0.24
Victoria Electricity ^a	112 523	140 556	0.06	0.02
All retailers	2 148 507	2 278 387	0.24	0.31

^a Lumo Energy



The use of direct debits by gas customers also increased in 2009-10. An average of 155 000 or 3 per cent of gas customers used direct debit; still much lower than for electricity customers. Table 3.2 shows:

- the amount of defaults increased among direct debit customers, up 0.07 per cent in 2009-10 to 0.26 per cent of all direct debit transactions
- Australian Power & Gas had a significant increase in defaults in 2009-10 and reported 1.23 defaults per 100 transactions, up from 0.6 in 2008-09.

Table 3.2 Direct debits—residential gas customers
2007-08 to 2009-10

Retailer	Total direct debit transactions (pa)		Direct debit defaults %	
	2008-09	2009-10	2008-09	2009-10
AGL	404 199	353 198	0.20	0.30
Australian Power & Gas	3 866	14 667	0.62	1.23
EnergyAustralia	1 418	14 957	0	0
Origin Energy	527 469	550 214	0.21	0.26
Red Energy	36 919	61 370	0.43	0.65
Simply Energy	50 456	44 301	0.00	0.00
TRUenergy	661 275	711 357	0.22	0.25
Victoria Electricity ^a	94 032	116 331	0.06	0.02
All retailers	1 779 634	1 866 395	0.20	0.26

^a Lumo Energy

Small business customers

Small businesses use direct debit payment less than residential customers; on average only 4.2 per cent or 12 500 of all small business customers chose this option in 2009-10. Table 3.3 shows:

- the percentage of direct debit defaults for electricity rose in 2009-10 to 0.23 per cent of all transactions, up from 0.13 in 2008-09
- Country Energy (1.19 per cent) and Powerdirect (1.34 per cent) reported the highest number of payment defaults.



Table 3.3 Direct debits—small business electricity customers
2007-08 to 2009-10

Retailer	Total direct debit transactions (pa)		Direct debit defaults %	
	2008-09	2009-10	2008-09	2009-10
AGL	29 766	26 890	0.14	0.13
Country Energy	4 022	4 959	1.04	1.19
EnergyAustralia	32	365	0	0
Momentum	2 212	5 180	0.54	0.06
Origin Energy	47 063	53 342	0.05	0.01
Powerdirect	9 726	12 361	0.22	1.34
Red Energy	2 225	2 916	0.40	0.45
Simply Energy	3 254	2 378	0.00	0.00
TRUenergy	36 739	37 937	0.18	0.18
Victoria Electricity ^a	4 777	4 714	0.02	0.08
All Retailers	139 816	151 042	0.13	0.23

^a Lumo Energy. na - not available. — not applicable.

Small business gas customers also reported a low use of direct debit payments with an average of just under 3000 (5.6 per cent) gas customers using the payment option. Table 3.4 shows:

- the rate of direct debit defaults remained stable at 0.08 per cent of all transactions in 2009-10
- TRUenergy reported the highest use of direct debit at 0.11 per cent of all transactions, up from 0.06 in 2008-09.



**Table 3.4 Direct debits—small business gas customers
2007-08 to 2009-10**

Retailer	Total direct debit transactions (pa)		Direct debit defaults %	
	2008-09	2009-10	2008-09	2009-10
AGL	5 180	5 574	0.10	0.07
EnergyAustralia	2	42	0	0
Origin Energy	9 524	11 391	0.13	0.04
Red Energy	142	302	0.00	0.66
Simply Energy	568	450	0.00	0.00
TRUenergy	13 557	14 207	0.06	0.11
Victoria Electricity ^a	929	808	0.00	0.00
All Retailers	29 902	32 774	0.08	0.08

^a Lumo Energy

3.4 Estimated accounts

Over one million estimated accounts were issued to Victorian energy consumers in 2009-10. The number of estimated electricity accounts decreased by 163 000 (29 per cent) in 2009-10.

For gas the numbers increased in 2009-10, with an average of 26 estimate accounts per 100 customers, up from 24 per 100 customers in 2008-09.

Table 3.5 shows:

- approximately 22 estimated accounts per 100 electricity customers were issued in 2009-10, down from the 2008-09 rate of 28 per 100 customers; this equates to 5.5 estimated readings per 100 customers in every standard quarterly billing cycle
- the local retailers (TRUenergy, Origin and AGL) all reduced their number of estimated accounts, but numbers remained high
- most of the other retailers reported estimated account numbers below the industry average.



Table 3.5 Estimated accounts—electricity
2006-07 to 2009-10, residential and small business

Retailer	Total estimated accounts	Estimated accounts per 100 customers			
	2009-10	2006-07	2007-08	2008-09	2009-10
AGL	177 167	22.61	10.46	30.74	27.32
Australian Power & Gas	6 906	0.16	13.29	12.89	10.50
Click Energy	0	—	6.75	0	0
Country Energy	8 832	47.14	27.25	14.99	12.97
EnergyAustralia	2 770	—	—	—	9.36
Neighbourhood Energy	0	1.59	0	0	0
Origin Energy	196 614	22.46	28.91	43.38	30.74
Powerdirect	8 647	—	—	19.09	22.18
Red Energy	19 293	2.55	12.52	13.57	13.10
Simply Energy	32 202	na	35.81	24.74	23.87
TRUenergy	99 005	25.78	30.7	27.88	17.61
Victoria Electricity ^a	14 732	3.14	6.16	4.22	7.46
All retailers	566 168	20.94	22.01	28.97	22.0

^a Lumo Energy. na - not available. — not applicable.



Table 3.6 shows:

- gas retailers' use of estimated accounts increased slightly in 2009-10—up to 26 estimated bills per 100 gas customers, from 24 per 100 customers in 2008-09
- Simply Energy and Red Energy recorded substantial increases in their use of estimated accounts for gas in 2009-10. Simply Energy issued 55 estimated gas accounts per 100 customers, and Red Energy increased from 3 to 18 per 100 gas customers
- TRUenergy and AGL were the only two retailers to reduce their estimated readings in 2009-10, although AGL's result was still above average.

Table 3.6 Estimated accounts—gas
2006-07 to 2009-10, residential and small business

Retailer	Total estimated accounts	Estimated accounts per 100 customers			
	2009-10	2006-07	2007-08	2008-09	2009-10
AGL	164 879	24.89	12.94	36.91	32.62
Australian Power & Gas	7 333	2.38	10.17	11.25	13.95
EnergyAustralia	3 522	—	—	—	14.13
Origin Energy	143 273	23.8	27.37	22.79	27.48
Red Energy	13 032	—	1.04	2.80	17.97
Simply Energy	55 709	na	26.11	24.83	55.19
TRUenergy	86 138	23.16	28.6	21.17	19.26
Victoria Electricity ^a	11 239	0.19	0.08	5.15	8.39
Total	485 125	21.88	22.44	24.41	26.09

^a Lumo Energy. — not applicable. na not available.

3.5 Refundable advances

Residential customers

The use of refundable advances for residential customers nearly stopped in 2009-10. Origin Energy required only three electricity customers and six gas customers to pay a refundable advance. AGL reduced its required refundable advances from 2613 in 2008-09 to zero in 2009-10. This decision was a response to the Commission's regulatory audit, which found AGL was not offering refundable advances in accordance with industry regulations, resulting in a sudden peak in use. AGL has subsequently agreed to make a goodwill payment of \$10 to the effected customers.



Small business customers

The use of refundable advances is more prevalent for business customers than for residential customers, but the trend suggests their use is minimal. Origin Energy was the only retailer to use them for either electricity or gas in 2009-10. It required 76 electricity and 125 gas customers to pay a refundable advance.



4 DISCONNECTIONS AND RECONNECTIONS

4.1 What we found

Electricity and gas disconnections increased in 2009-10, with 0.59 per cent of all electricity customers and 0.85 per cent of all gas customers disconnected. In total, 13 486 electricity customers (up by 3918 from 2008-09) and 15 473 gas customers (up by 5396) were disconnected in 2009-10. This was an increase of 40 per cent for electricity and 54 per cent for gas.

All retailers except TRUenergy and Origin Energy contributed to the increase in the number of disconnections. They were the only retailers to decrease the number of disconnections for residential electricity customers in 2009-10. Australian Power & Gas disconnected 1.75 per 100 customers, Neighbourhood Energy disconnected 1.5 per 100 customers and Red Energy disconnected 1 per 100 electricity customers. AGL's electricity disconnection rate in 2009-10 was 0.5 per 100 customers up from 0.27 in 2008-09, increasing by 1419 customers. AGL reported that this was due to disconnections being suspended in the previous year and resuming in 2009-10.

Overall, the number of customers that were disconnected and exhibited payment difficulties remained stable in 2009-10. But the data shows that some retailers reported increases in the number of customers that were disconnected and were either; disconnected more than once in the past two years, concession card holders, or had previously been on a budget instalment plan. The Commission has proposed a series of measures to address these increases. They are outlined in section 4.2.

Red Energy and Simply Energy increased the number of concession card holders they disconnected for electricity; Red Energy reported an 8 per cent increase up to 36 per cent of disconnections and Simply Energy an 8 per cent increase, up to 18 per cent. TRUenergy reported that 66 per cent of electricity disconnections and 60 per cent of gas disconnections were customers previously on a budget instalment plan.

Overall we have some concerns regarding the implementation of hardship policies by retailers. We will be writing to the retailers seeking their assurance that all customers identified as experiencing financial hardship are provided with the opportunity to participate in their hardship programs. The Commission is also undertaking regulatory audits in 2010-11 that will examine retailers' disconnection processes, and whether they comply with the Energy Retail Code's conditions on when a customer may be disconnected. The Commission will take necessary action against retailers who do not comply with their obligations.



4.2 Why report these indicators?

Disconnection of customers who continually fail to pay outstanding accounts should be a last resort for retailers. Retailers must help customers avoid disconnection by assessing them for their hardship programs, offering them reasonable payment plans and government assistance, and providing access to financial counsellors and energy efficiency advice.

A key indicator of the success of this assistance is the extent to which customers are disconnected and reconnected in the same name at the same address. These reconnections often indicate customers who may be struggling with their payments, rather than 'skippers' (those who leave the address without paying their accounts). However, not all customers who are disconnected are in financial hardship, and more detailed data about the customers disconnected and reconnected provides insights into those who may be experiencing hardship—namely:

- customers previously on a budget instalment plan
- concession cardholders
- customers disconnected on at least one other occasion during the previous 24 months.

Looking at Victoria's disconnection data against historical trends and other jurisdictions helps us compare the performance of the energy retailers.

4.3 Comparing disconnections over time and across jurisdictions

This section provides disconnection and reconnection rates for all electricity and gas customers to show the long term performance of the industry in both the public and private sectors. Figure 4.1 shows the levels of disconnection and reconnection since 1990.



Figure 4.1 Disconnections and reconnections—electricity and gas 1990 to 2009-10, residential and small business

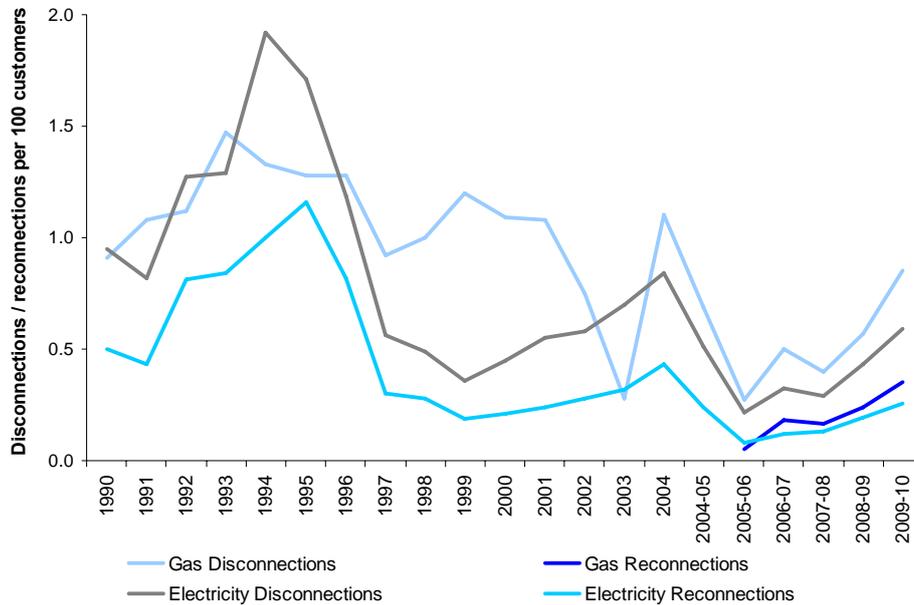


Figure 4.1 show disconnections and reconnections increased for both gas and electricity in the last 12 months. The current rates, although consistent with long term averages, show a recent upward trend since 2007-08. The rate is now at its highest level since 2005-06.

The rate of residential electricity disconnection in Victoria in 2009-10 was 0.59 per 100 customers. Table 4.1 compares this disconnection rate with that of other jurisdictions and shows that, based on the available data, only Victoria and Tasmania have progressively increased the rate of disconnections since 2007-08.

Victoria however has historically had a much lower rate of disconnection than the other jurisdictions, and its rate remains lower than Queensland and South Australia. (The rate of disconnection in NSW and ACT has not yet been published.) This increase and the Commission’s response is discussed later in this chapter.



Table 4.1 Residential electricity disconnections, by jurisdiction per 100 customers

Jurisdiction	2005-06	2006-07	2007-08	2008-09	2009-10
Victoria	0.22	0.33	0.29	0.43	0.59
New South Wales	0.9	0.7	0.6	0.6	na
ACT	0.4	0.3	0.43	0.27	na
South Australia	1.14	0.76	0.85	0.87	0.66
Queensland	na	na	1.13	na	0.9
Tasmania	0.59	0.47	0.39	0.45	0.59
Western Australia	1.16	0.97	0.77	0.55	0.39

Western Australia combined residential and business disconnections data for 2005-06 only.

na - not available.

Data sources: IPART, ICRC, ESCOSA, QCA, OTTER, EA.

4.4 Disconnections and reconnections in 2009-10

This section presents rates of disconnection and reconnection in the same name and address of Victorian residential electricity and gas customers for 2009-10. It also compares these rates with retailers' 2008-09 performance.

Tables 4.2 and 4.3 show disconnection and reconnection rates increased in the past year:

- the statewide disconnection rate was 0.59 per 100 residential electricity customers and 0.85 per 100 gas customers in 2009-10. This was an increase of 40 per cent on the number of disconnections for electricity customers in 2008-09 and 54 per cent for gas customers
- Australian Power & Gas had a disconnection rate of 1.75 per 100 customers, Neighbourhood Energy 1.5 per 100 customers and Red Energy 1 per 100 electricity customer
- AGL's electricity disconnection rate in 2009-10 was almost double that recorded in 2008-09, up from 0.27 to 0.51 disconnections per 100 customers. AGL reported that this was due to disconnections being suspended in the previous year. Disconnections have now returned to more normal market levels
- all retailers, except Origin Energy and TRUenergy, increased their electricity disconnection rate in 2009-10. Of these, only Powerdirect and Click Energy had insignificant increases; Country Energy and AGL were below the industry average
- all retailers, except Origin Energy and TRUenergy increased their gas disconnections in the period. Australian Power & Gas and Victoria Electricity had increases well above the industry average (2.13 and 3.32 per 100 customers respectively).



This data shows that more customers were disconnected in 2009-10 than in 2008-09, but the proportion of reconnections in the same name and address remained the same as last year. To better understand whether the retailers were disconnecting their customers in financial difficulties, we have analysed the data further.

Who is disconnected?

This section looks at the extent to which customers who may be experiencing payment difficulties are disconnected, that is:

- customers previously on a budget instalment plan
- customers disconnected multiple times
- concession card holders.

Tables 4.2 and 4.3 reveal that:

- the percentage of disconnected customers who were previously on a budget instalment plan remained steady for both gas (37 per cent) and electricity (34 per cent) in 2009-10. However, most retailers disconnected a higher proportion of these customers than in 2008-09; only Origin Energy, Red Energy and Simply Energy reported a similar or lower rate to 2008-09
- there was a much lower rate of electricity customers who were disconnected more than once over 24 months, compared with gas customers (32 per cent of gas disconnections compared with 9 per cent of electricity disconnections). This could be because customers are entering more dual fuel contracts and, if bills are not paid, gas is disconnected first. Victoria Electricity showed significant increases in both fuels
- concession card customers remained stable at 19 per cent of all electricity disconnections in 2009-10, whereas gas concession card holders increased slightly from 24 per cent of all gas disconnections to 28 per cent
- Country Energy, Neighbourhood Energy, Red Energy, Simply Energy and TRUenergy all increased the number of concession card holders disconnected for electricity. A significant decrease was reported by Victoria Electricity, although it remains nearly double the industry average at 35 per cent
- in gas, AGL increased the number of concession card holders disconnected (from 4 to 11 per cent), but remained well below the industry average of 28 per cent, while TRUenergy and Origin Energy increased to around average levels. Red Energy and Victoria Electricity have rates of disconnections of concession card holders well above the industry average.



Who is reconnected in the same name?

Table 4.4 and 4.5 showed that, of the total number of customers disconnected, 44 per cent were reconnected in the same name and at the same address for electricity and 41 per cent for gas. Tables 4.6 and 4.7 show:

- the overall percentage of customers reconnecting to supply who previously had been on a budget instalment plan increased for both gas and electricity, to 41 per cent and 43 per cent respectively
- in electricity AGL, Australian Power & Gas, Neighbourhood Energy, TRUenergy and Victoria Electricity all recorded increases in reconnections in the same name and address
- in gas the increases can be attributed to AGL, Australian Power & Gas, Red Energy and TRUenergy
- reconnections of the same customers a number of times were not significant in electricity, but increased in gas primarily due to TRUenergy and Victoria Electricity
- there was no change in the percentage of concession card holders reconnected in the same name for electricity, mainly because Victoria Electricity reported a significant decrease, from 92 per cent in 2008-09 to 36 per cent in 2009-10. Red Energy, Simply Energy and TRUenergy all reported increases
- reconnections of concession card holders in gas increased to 45 per cent (from 28 per cent in 2008-09). There were extremely large increases reported by Australian Power & Gas (up to 52 per cent) and Victoria Electricity (up to 99 per cent).



Table 4.2 Disconnections—residential electricity
2008-09 to 2009-10

Retailer	Total disconnections		Disconnections per 100 customers		Reconnections in the same name within 7 days		Disconnections previously on a budget instalment plan		Multiple disconnections within 24 months		Concession cardholder disconnections	
	2008-09	2009-10	2008-09	2009-10	% of disconnections		% of disconnections		% of disconnections		% of disconnections	
					2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	1 501	2 920	0.27	0.51	46	29	7	30	0	4	15	10
Australian Power & Gas	567	1 154	1.38	1.75	65	62	8	18	18	12	44	1
Click Energy ^a	5	12	0.51	0.73	—	—	—	—	—	—	—	—
Country Energy	100	262	0.17	0.48	30	45	9	14	0	3	10	19
EnergyAustralia ^a	—	5	—	0.02	—	—	—	—	—	—	—	—
Neighbourhood Energy	42	414	0.22	1.51	69	69	2	9	—	19	17	23
Origin Citipower ^b	414	235	0.35	0.21	30	40	23	22	9	9	10	11
Origin Powercor ^b	2 388	1 537	0.52	0.35	36	31	33	34	7	6	13	14
Powerdirect	0	24	0.00	0.14	—	—	—	—	—	—	—	—
Red Energy	558	1 445	0.44	1.01	39	43	19	14	11	8	28	36
Simply Energy	365	934	0.23	0.76	50	49	22	23	7	1	10	18
TRUenergy	3 653	3 055	0.71	0.62	49	50	50	66	10	12	19	24
Victoria Electricity ^c	65	1 489	0.04	0.81	20	47	9	30	12	16	49	35
Electricity total	9 568	13 486	0.43	0.59	44	44	32	34	8	9	18	19

^a Retailers with less than 30 disconnections do not have percentage data reported. ^b Origin Energy reported separately for these indicators. ^c Lumo Energy. — not applicable.



Table 4.3 Disconnections—residential gas
2008-09 to 2009-10

Retailer	Total disconnections		Disconnections per 100 customers		Reconnections in the same name within 7 days		Disconnections previously on a budget instalment plan		Multiple disconnections within 24 months		Concession cardholder disconnections	
	2008-09	2009-10	2008-09	2009-10	% of disconnections		% of disconnections		% of disconnections		% of disconnections	
					2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	924	1 731	0.19	0.35	41	34	5	28	1	3	4	11
Australian Power & Gas	379	1 122	1.28	2.13	44	43	6	24	28	24	0	1
EnergyAustralia ^a	—	6	—	0.02	—	—	—	—	—	—	—	—
Origin Energy	4 536	3 982	0.86	0.78	43	43	35	35	26	28	27	29
Red Energy	204	735	0.41	1.02	30	33	9	12	6	11	44	41
Simply Energy	268	495	0.20	0.50	26	37	31	17	1	5	12	17
TRUenergy	3 581	3 012	0.83	0.70	45	48	48	60	14	21	25	32
Victoria Electricity ^b	185	4 390	0.17	3.32	33	40	18	36	4	62	49	39
Gas total	10 077	15 473	0.57	0.85	43	41	35	37	18	32	24	28

^a Retailers with less than 30 disconnections do not have percentage data reported. ^b Lumo Energy. — not applicable



Table 4.4 Reconnections—residential electricity
2008-09 to 2009-10

Retailer	Total Reconnections		Reconnections per 100 customers		Reconnections previously on a budget instalment plan		Multiple reconnections within 24 months		Concession cardholder reconnections	
	2008-09	2009-10	2008-09	2009-10	% of reconnections		% of reconnections		% of reconnections	
					2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	689	843	0.13	0.15	12	61	0	3	22	23
Australian Power & Gas	369	718	0.90	1.09	9	18	17	13	45	1
Click Energy ^a	5	5	0.51	0.30	—	—	—	—	—	—
Country Energy	30	118	0.05	0.21	13	16	0	7	17	19
EnergyAustralia ^a	—	5	0.26	0.02	—	—	—	—	—	—
Neighbourhood Energy	29	287	0.22	1.05	3	9	—	18	43	26
Origin Citipower ^b	126	95	0.11	0.09	6	7	12	16	6	12
Origin Powercor ^b	853	481	0.19	0.11	11	9	20	18	18	18
Red Energy	216	618	0.17	0.43	21	17	12	10	26	38
Simply Energy	183	454	0.12	0.37	40	27	1	7	17	23
TRUenergy	1 745	1 541	0.35	0.31	61	80	11	12	23	29
Victoria Electricity ^c	13	694	0.01	0.38	14	32	46	20	92	36
Electricity total	4 266	5 859	0.19	0.26	33	41	11	12	24	24

^a Retailers with less than 30 disconnections do not have percentage data reported. ^b Origin Energy reported separately for these indicators. ^c Lumo Energy. — not applicable.



Table 4.5 Reconnections—residential gas
2008-09 to 2009-10

Retailer	Total Reconnections		Reconnections per 100 customers		Reconnections previously on a budget instalment plan		Multiple reconnections within 24 months		Concession cardholder reconnections	
	2008-09	2009-10	2008-09	2009-10	% of reconnections		% of reconnections		% of reconnections	
					2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	379	592	0.08	0.12	8	41	1	3	26	13
Australian Power & Gas	167	484	0.56	0.92	6	26	25	22	1	52
EnergyAustralia ^a	—	6	—	0.02	—	—	—	—	—	—
Origin Energy	1 942	1 721	0.37	0.34	31	29	27	28	24	23
Red Energy	68	223	0.14	0.31	19	25	1	7	51	50
Simply Energy	70	185	0.05	0.19	50	22	1	6	23	22
TRUenergy	1 612	1 453	0.37	0.34	57	72	15	24	25	36
Victoria Electricity ^b	65	1 755	0.06	1.33	40	41	17	41	46	99
Gas total	4 303	6 419	0.24	0.35	38	43	19	27	28	45

^a Retailers with less than 30 disconnections do not have percentage data reported. ^b Lumo Energy. — not applicable



Who stands out?

These indicators are reported and analysed because they signal that customers who may be experiencing financial difficulties are being disconnected and then reconnected at the same address. What the Commission looks for in these indicators is whether the retailers are sufficiently assisting these customers to remain on supply, recognising that as a last resort, retailers may have no choice but to disconnect.

The percentage of reconnections of customers who may be considered to be more financially vulnerable increased for 6 retailers. Tables 4.6 and 4.7 show those retailers who reported an increase of greater than 5 per cent or whose data is above the industry average in each of the indicators listed.

Table 4.6 Summary table—reconnections in the same name residential electricity, 2008-09 to 2009-10

Retailer	Disconnections	Reconnections in the same name	Previously on a budget instalment plans	Multiple reconnections within 24 months	Concession card holders
↑ => than 5 % increase ● = above industry average					
AGL	↑		↑		
Australian Power & Gas	↑ ●	●	↑		
Neighbourhood Energy	↑ ●	●	↑	●	
Red Energy	↑ ●	↑			↑ ●
Simply Energy	↑ ●	●		↑	↑
TRUenergy	●	●	↑ ●		↑ ●
Victoria Electricity ^a	↑ ●	↑ ●	↑	↑ ●	●

^a Lumo Energy



Table 4.7 Summary table—reconnections in the same name residential gas, 2008-09 to 2009-10

Retailer	Disconnections	Reconnections in the same name	Previously on a budget instalment plans	Multiple reconnections within 24 months	Concession card holders
↑ => than 5 % increase ● = above industry average					
AGL	↑		↑		
Australian Power & Gas	↑ ●	●	↑		↑ ●
Red Energy	↑ ●		↑	↑	●
Simply Energy	↑	↑			
TRUenergy		↑ ●	↑ ●	↑	↑
Victoria Electricity ^a	↑ ●	↑		↑ ●	↑ ●

^a Lumo Energy

What do the retailers say?

This data does not show the extent to which these customers have been assisted to remain connected to supply prior to disconnection. Nor do these indicators correlate directly with the reported outcomes of these retailers' hardship programs.

Some retailers provided their views on the above data. They all confirmed that disconnection continued to be used as a last resort and they are committed to assisting customers in their hardship programs. They believed that their hardship programs and processes are effective, but that sometimes the customers would not effectively engage in the programs and with the retailers. Consequently, they would fall behind in their debts and, despite the retailers' best efforts; they would have no choice but to disconnect the customers. Australian Power and Gas suggested that rapid growth in customers' numbers could inflate the average figures reported and some retailers also noted that analysis and auditing of their systems may have caused temporary increases in the reported data.



What will the Commission do?

The data does signal areas of concern for the Commission. It is important to know whether customers in financial hardship have participated in the retailers' programs prior to being disconnected and, if not, why not. If they have participated in the programs, more detailed understanding of why they have not been able to stay connected to supply is required.

There are some initiatives already in place to assess how well the retailers are assisting more vulnerable customers, including:

Next steps

The Commission is undertaking regulatory audits in 2010-11 that will examine retailers' disconnection processes, and whether they comply with the Energy Retail Code's conditions on when a customer may be disconnected. The Commission will take necessary action against retailers who do not comply with their obligations.

The audits will also focus on how well each retailer complies with its own hardship policy, and how effectively it allows access to the program and maintains supply to customers who have the willingness, but not the ability, to pay their bills. The Commission will consider the outcomes of these audits, expected in April 2011, to decide whether the policy guidelines to retailers need to be amended.

The Commission is also undertaking a qualitative review of the energy and water businesses' hardship practices. It will focus on customers' experiences of joining a hardship plan (or of being refused or excluded), and of managing their debts and consumption. It is expected to identify the best approaches in the industries, with a view to their being adopted by all businesses.

In addition the Commission will take two further steps:

The chairperson will write to the Chief Executive Officers seeking their assurance that all customers identified as experiencing financial hardship are provided the opportunity to participate in their hardship programs.

Some of the retailers will be required to report quarterly to the Commission for the next 12 months on the rate of disconnection and reconnection for these customers, and the extent of assistance provided prior to their disconnection.



Disconnections and reconnections—small business

This section compares the rates of disconnection and reconnection in the same name of small business electricity and gas customers for 2009-10. It also compares these rates with retailers' 2008-09 performance. Table 4.8 and 4.9 show:

- the electricity disconnection rate for small businesses increased from 0.42 per 100 customers in 2008-09 to 0.49 per 100 customers in 2009-10. Simply Energy reported the highest electricity disconnection rate (0.92 per 100 customers), although this decreased from 1.22 per 100 customers in 2008-09, while Country Energy reported a very low disconnection rate (0.04 per 100 customers)
- small business gas customers recorded an increased rate of disconnection in 2009-10—up to 0.92 per 100 customers, from 0.57 per 100 customers in 2008-09
- the rate of reconnection for small businesses followed a trend similar to that for disconnections, with electricity reconnections increasing slightly to 0.11 per 100 customers and gas reconnections increasing to 0.34 per 100 customers
- small business electricity customers used budget instalment plans less in 2009-10, with 0.28 per 100 customers (down from 0.46 per 100 customers in 2008-09). The use of budget instalment plans rose slightly for small business gas customers—up to 0.30 per 100 customers, from 0.28 per 100 customers in 2008-09. AGL had the highest rate of budget instalment plans for both gas and electricity.



**Table 4.8 Disconnections and reconnections—small business electricity
2008-09 to 2009-10**

	Total disconnections		Disconnections per 100 customers		Total reconnections		Reconnections per 100 customers	
	2009-10	2008-09	2009-10	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	416	0.40	0.58	68	0.11	0.10		
Click Energy	1	0	0.54	2	0	0.02		
Country Energy	5	0.02	0.04	19	0.07	0.07		
Momentum	0	—	—	0	—	—		
Origin Citipower ^a	83	0.50	0.32	22	0.08	0.04		
Origin Powercor ^a	235	0.59	0.38	3	0.01	0.01		
Powerdirect	124	0.03	0.57	0	—	—		
Red Energy	37	0.56	0.92	11	0.27	0.27		
Simply Energy	108	1.22	0.92	49	0.38	0.42		
TRUenergy	393	0.40	0.59	141	0.15	0.21		
Victoria Electricity ^b	92	0.04	0.70	27	0.00	0.21		
Electricity total	1 494	0.42	0.49	342	0.10	0.11		

^a Origin Energy reported separately for these indicators. ^b Lumo Energy. — not applicable

**Table 4.9 Disconnections and reconnections—small business gas
2008-09 to 2009-10**

	Total disconnections		Disconnections per 100 customers		Total reconnections		Reconnections per 100 customers	
	2009-10	2008-09	2009-10	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	60	0.36	0.48	14	0.03	0.11		
Origin Energy	64	0.51	0.49	38	0.25	0.29		
Red Energy	1	2.96	0.22	0	1.97	0.00		
Simply Energy	6	0.94	0.41	3	0.11	0.20		
TRUenergy	145	0.69	0.75	81	0.38	0.42		
Victoria Electricity ^a	175	0.38	10.47	29	0.06	1.73		
Gas total	451	0.57	0.92	165	0.24	0.34		

^a Lumo Energy.



5 CALL CENTRE PERFORMANCE AND COMPLAINTS

5.1 What we found

The average wait time to speak to an operator was poor in 2009-10, at 82 seconds (up from 48 seconds in 2008-09) an increase of 72 per cent. The number of abandoned calls increased by 70 000. This equates to 7.2 per cent of all calls to retailers, up from 5.8 per cent in 2008-09. The proportion of calls answered within 30 seconds fell by 8 per cent.

Independent research shows the overall call centre performance of the energy industry remained stable in 2009-10, with a strong result on par with or better than the national average in many customer service areas. The results were also positive for hardship customer enquiries, showing customers in 2009-10 were treated with the same manner or better when speaking to retailers, compared with 2008-09.

Electricity complaints fell by 3 per cent and gas complaints fell by 35 per cent in 2009-10. For both electricity and gas, the number of billing complaints decreased substantially, possibly reflecting the high number of billing complaints to AGL in 2008-09. AGL had improved in 2009-10 and reported fewer complaints received, but it still had one of the higher complaint rates for electricity, and it had the highest complaint rate for gas customers. The average number of marketing complaints remained relatively steady at 12 per cent of all complaints. Neighbourhood Energy, Simply Energy and Victoria Electricity showed poor call centre performance compared with that of other companies. While fewer complaints were reported by the energy retailers in 2009-10, data from the Energy and Water Ombudsman (EWOV) shows more energy customers lodged a complaint that required full investigation in 2009-10 than in 2008-09, representing a 4.6 per cent increase.

5.2 Why report these indicators?

The Commission assesses call centre performance and service delivery trends in the competitive market to provide information to customers about business responsiveness and efficiency. Independent researchers monitor the retailers' call centres to assess general measures such as call connection time, greeting quality, operator manner and enquiry resolution. More specifically, it assesses how retailer call centres respond to customers with payment difficulties.

The Commission also monitors the number and types of complaints recorded by energy retailers and EWOV to measure complaint trends over time for both the industry and individual retailers.



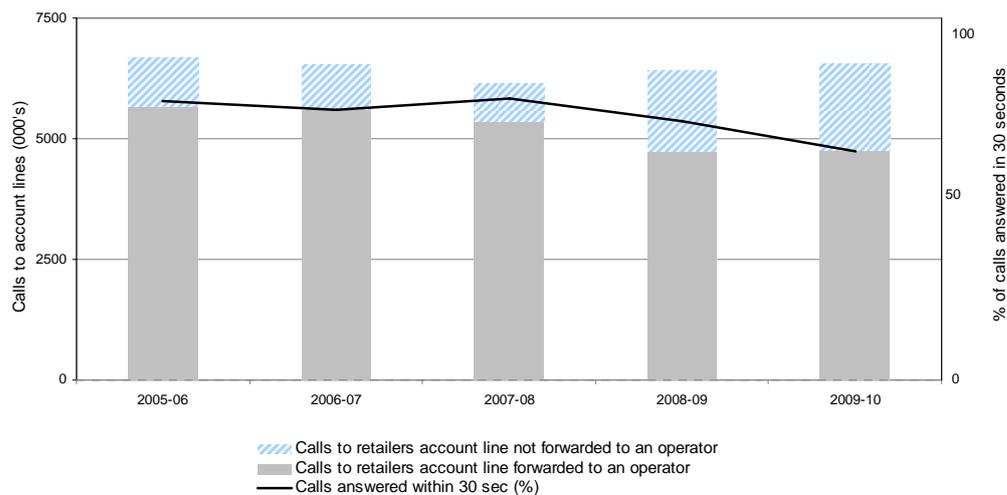
5.3 Call centre performance

This section reports on the performance of retailer call centres, including the total number of calls to electricity and gas account lines (phone lines), the number of calls forwarded to an operator, and the proportion of these calls answered by an operator within 30 seconds.

Figure 5.1 shows:

- calls to the retailers increased by 0.8 per cent to 4.77 million in 2009-10.
- the proportion of calls answered by an operator within 30 seconds decreased by 8 per cent, to 64 per cent. AGL and TRUenergy answered the lowest proportion of calls within 30 seconds (both 54 per cent).

Figure 5.1 Call centre performance—electricity and gas 2005-06 to 2009-10



Note: Country Energy and EnergyAustralia are not included in the data as they can only report nationally.

The average wait time to speak with an operator and the number of calls abandoned while waiting for an operator to take a call are also assessed.



Tables 5.1 and 5.2 show:

- 343 343 customers abandoned their call while waiting for an operator to respond, up from 272 918 customers in 2008-09. This equates to 7.2 per cent of all calls to retailers, up from 5.8 per cent last year
- the average time that consumers spent waiting for an operator in 2009-10 was 82 seconds—34 seconds longer than the average wait in the previous year and a 71 per cent increase
- the larger retailers (AGL, Origin Energy and TRUenergy) recorded the longest average call waiting times
- smaller retailers, such as Click Energy, Momentum, Country Energy and Australian Power & Gas, reported average wait times well below the industry average
- Neighbourhood Energy (13 per cent) and AGL (10 per cent) reported the highest percentage of abandoned calls to an operator.

Table 5.1 Call handling performance—electricity and gas
2008-09 to 2009-10

Retailer	Calls to account line forwarded to an operator		Calls Abandoned	
	2008-09	2009-10	2008-09	2009-10
AGL	1 210 905	1 080 743	106 690	104 202
Australian Power & Gas	94 221	175 468	1 268	3 838
Click Energy	3 401	7 120	211	162
Country Energy	107 995	98 431	5 711	2 381
Momentum	11 283	19 456	242	498
Neighbourhood Energy	71 787	64 260	11 546	8 318
Origin Energy	1 300 345	1 186 697	39 122	97 696
Powerdirect	128 710	73 207	6 322	3 002
Red Energy	325 998	343 600	26 499	17 882
Simply Energy	283 664	352 537	10 675	12 775
TRUenergy	821 649	796 829	22 799	58 655
Victoria Electricity ^a	368 820	572 311	40 828	33 934
Total	4 728 778	4 770 659	272 918	343 343

^a Lumo Energy



**Table 5.2 Call handling performance—electricity and gas
2008-09 to 2009-10**

Retailer	Calls Abandoned (% of calls to Operator)		Average Wait Time (seconds)	
	2008-09	2009-10	2008-09	2009-10
AGL	9	10	63	99
Australian Power & Gas	1	2	26	23
Click Energy	6	2	9	15
Country Energy	5	2	35	22
Momentum	2	3	12	22
Neighbourhood Energy	16	13	32	78
Origin Energy	3	8	22	89
Powerdirect	5	4	60	59
Red Energy	8	5	80	56
Simply Energy	4	4	89	87
TRUenergy	3	7	39	97
Victoria Electricity ^a	11	6	65	65
Total	6	7	48	82

^a Lumo Energy

5.4 Independent call centre monitoring

Twelve Victorian energy retailers participated in four quarterly independent mystery shopper surveys in 2009-10 to measure their call centre performance. Customer Service Benchmarking Australia (CSBA) made 1033 calls to these 12 retailers, of which 532 calls related to hardship issues. The results are compared with all researched energy companies in Australia, as well as a selection of companies representing the airline, banking, insurance and telecommunication industries. The complete report is available to download on the Commission's website (www.esc.vic.gov.au).

Call centre service

The CSBA data shows:

- the average time to connect to a agent for Victorian energy retailer was 99 seconds in 2009-10, 7 seconds longer than in the previous year (92 seconds) and 3 seconds slower than the national energy sector average of 96 seconds. (This measure is calculated differently to above; the researcher includes the time it takes for the automated system to pick up the call.)



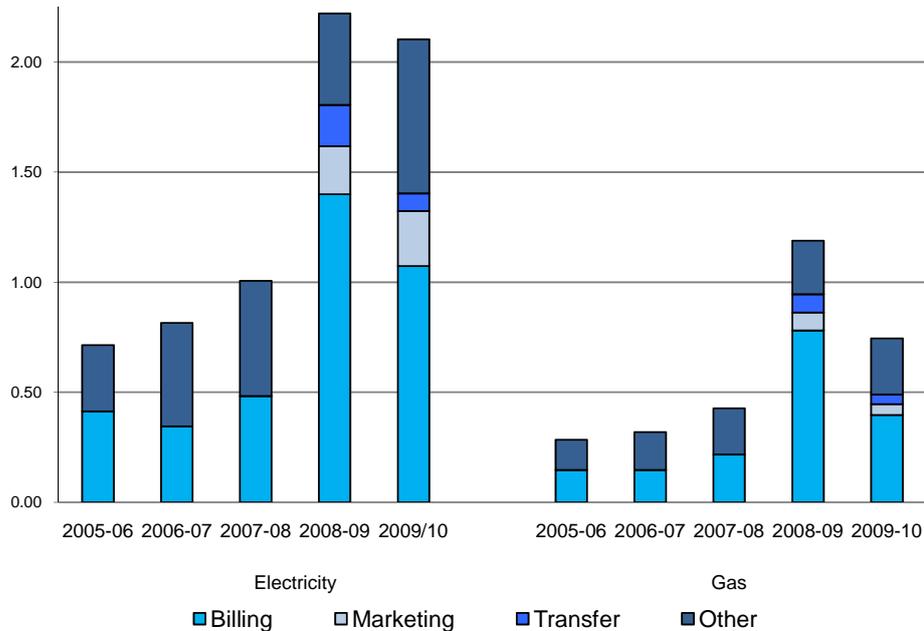
- the fastest Victorian energy sector company was Neighbourhood Energy (58 seconds) while Origin Energy was the slowest (154 seconds)
- Victorian energy retailers continued to greet their customers in a friendly manner (93 per cent, on par with the national energy sector), but the best practice agent manner declined to 71 per cent in 2009-10, down from 74 per cent in 2008-09. This result aligned with the national energy sector (73 per cent). While AGL (82 per cent) was the top performer, Victoria Electricity (54 per cent) was the lowest performer
- the enquiry handling skills index of the Victorian energy retailers was stable at 83 per cent in 2009-10, and in line with the national energy sector. The highest and lowest performing Victorian retailers in this area were AGL (93 per cent) and Powerdirect (70 per cent) respectively. While 'courteous and helpful' remained stable at 90 per cent, all other enquiry handling results for the national energy sector improved by 3 to 4 percentage points
- there continued to be no difference in the retailers' handling of calls from customers with payment difficulties. The best practice manner for hardship calls (71 per cent) was in line with the non-hardship calls (72 per cent).

5.5 Customer complaints

Figure 5.2 shows complaints fell from the levels observed in 2008-09. Complaints reported by the electricity retailers fell slightly from 55 850 to 54 134 and those reported by gas retailers fell to 13 691—down 35 per cent on the number recorded in 2008-09 (21 185).



Figure 5.2 Complaints—electricity and gas
2005-06 to 2009-10



Tables 5.3 and 5.4 and figures 5.3 and 5.4 detail the complaints performance of each energy retailer.

There was a slight reduction in the overall number and rate of electricity complaints in 2009-10, compared with 2008-09. AGL (37 per cent) and Victoria Electricity (21 per cent) had the highest share of complaints and Origin doubled its complaints rate—from 7 per cent of total complaints to 14 per cent.

However, for AGL and Origin Energy, these complaint rates are low relative to their customer base. It is notable that 6 per cent of Victoria Electricity’s customers and 5 per cent of Neighbour Energy’s customers made complaints in 2009-10. This rate of complaints appears consistent with their performance against other indicators reported in 2009-10.

In gas, AGL reported a substantial decrease in the number of complaints, against all other retailers who reported slight increases. Overall the data shows:

- the majority of electricity complaints related to billing (51 per cent), followed by other complaints (33 per cent), marketing complaints (12 per cent) and transfer complaints (the remaining 4 per cent)



- AGL decreased the number of electricity billing complaints by 9512 and gas billing complaints by 7456 in 2009-10. The low trend in the billing complaints can be attributed to AGL rectifying their billing system instability
- marketing complaints for electricity remained steady at 12 per cent of all complaints—up 2 per cent from 2008-09
- Australian Power & Gas, EnergyAustralia, Origin Energy and Red Energy all reported increases in marketing complaints
- The proportion of complaints due to billing decreased substantially, with its share of total complaints dropping by 12 per cent—this is consistent with the data reported by the Energy and Water Ombudsman of Victoria, which can be seen in table 5.4
- Victoria Electricity reported 5.8 complaints per 100 customers, Neighbourhood Energy reported 5, AGL reported 3.1 and Simply Energy 2.9. These were the highest levels reported
- gas complaints fell by 35 per cent in 2009-10. This was due to AGL's complaints halving from the 2008-09 figure. The other retailers reported an increase in gas complaints overall. Despite this AGL still recorded the highest average complaints for gas at 1.4 per 100 gas customers.



Table 5.3 Complaints, by retailer—electricity
2008-09 to 2009-10

Retailer	Complaints billing		Complaints transfers		Complaints marketing		Complaints other		Complaints total	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	22 404	12 892	2 896	687	1 527	1 319	3 093	5 307	29 920	20 205
Australian Power & Gas	377	275	205	77	80	669	102	24	764	1 045
Click Energy	33	11	7	2	6	1	3	20	49	34
Country Energy	45	104	5	13	200	44	76	32	326	193
EnergyAustralia	7	69	16	55	191	389	16	27	230	540
Momentum	38	33	2	1	2	6	8	1	50	41
Neighbourhood Energy	102	588	251	120	738	226	118	418	1 209	1 352
Origin Energy	2 872	3 545	635	653	426	755	534	2 836	4 467	7 789
Powerdirect	1 068	302	19	24	5	21	66	431	1 158	778
Red Energy	326	814	56	107	295	549	167	249	844	1 719
Simply Energy	330	448	47	34	1 408	1 491	1 088	1 984	2 873	3 957
TRUenergy	1 844	2 582	247	107	100	189	1 098	2 129	3 289	5 007
Victoria Electricity ^{ab}	5 716	5 964	317	200	511	747	4 069	4 563	10 613	11 474
Electricity Total	35 188	27 627	4 711	2 080	5 504	6 406	10 447	18 021	55 850	54 134

a Victoria Electricity dual fuel customers complaints are shown in electricity complaints. b Lumo Energy



Table 5.4 Complaints, by retailer—gas
2008-09 to 2009-10

Retailer	Complaints billing		Complaints transfers		Complaints marketing		Complaints other		Complaints total	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
AGL	11 840	4 384	860	353	1 070	303	3 032	1 968	16 802	7 008
Origin Energy	1 256	1 274	304	288	109	280	533	1 380	2 202	3 222
Red Energy	67	201	33	59	46	143	32	80	178	483
Simply Energy	98	115	10	12	83	91	167	314	358	532
TRUenergy	479	872	125	87	43	15	377	717	1 024	1 691
Victoria Electricity ^a	318	477	51	18	47	8	205	252	621	755
Gas Total	14 058	7 323	1 383	817	1 398	840	4 346	4 711	21 185	13 691

^a Lumo Energy



Figure 5.3 Complaints to retailers—electricity
2009-10

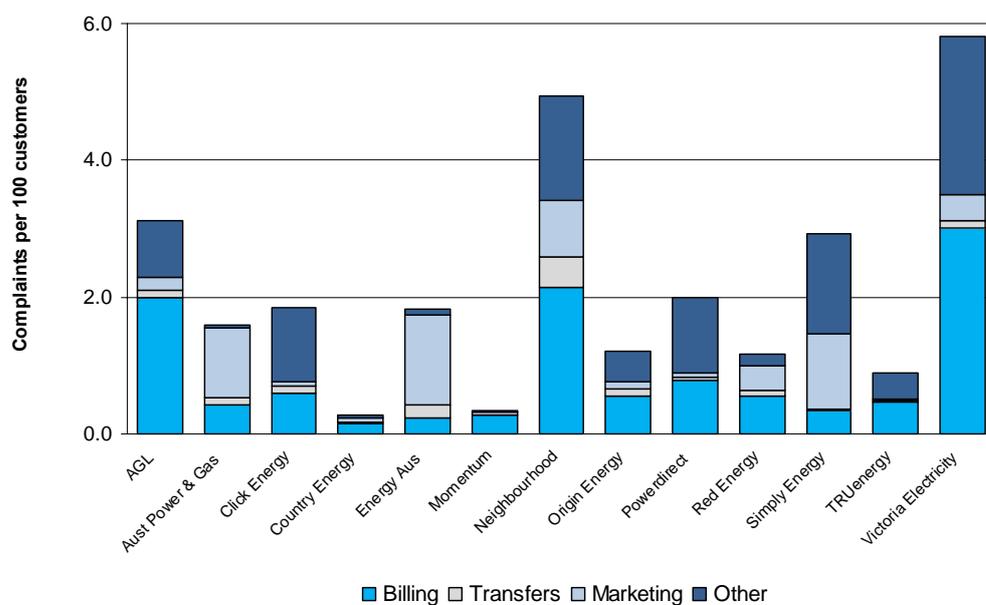
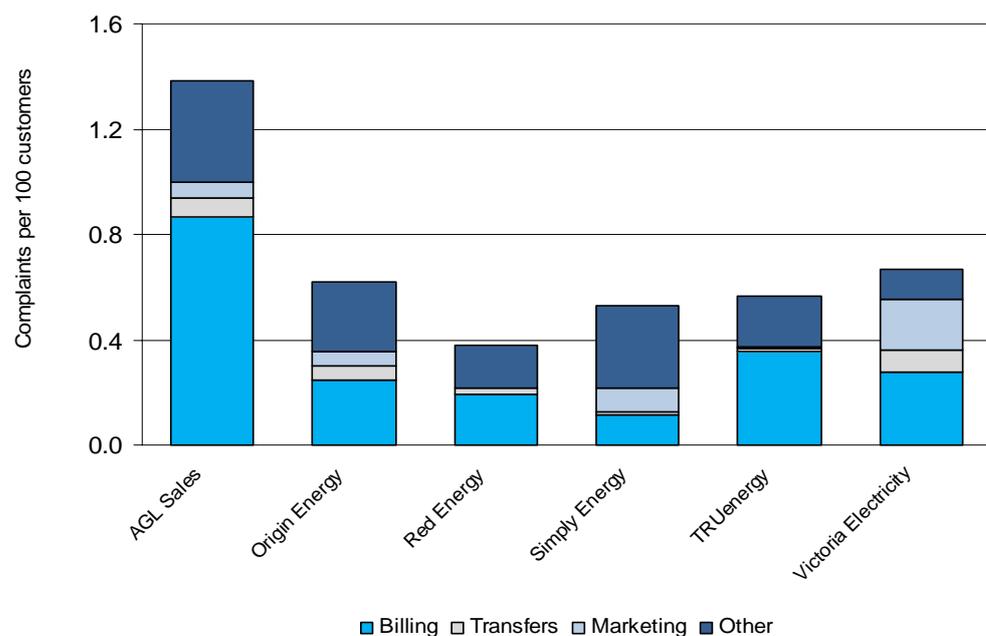


Figure 5.4 Complaints to retailers—gas
2009-10





Energy and Water Ombudsman Victoria

The Commission also uses information supplied and published by the Energy and Water Ombudsman Victoria (EWOV) to assess trends in complaints:

- while the data reported by the retailers shows that the number of complaints fell in 2009-10, EWOV fully investigated more complaints in 2009-10 than in 2008-09 (7176 compared with 6861—a 4.6 per cent increase)
- energy affordability complaints increased by 1 per cent in 2009-10 to 5382 while complaints about non-affordability issues increased by 17 per cent from 1534 to 1794 complaints
- EWOV also experienced a large increase in complaints for full investigation against Victoria Electricity / Lumo Energy—up from 440 in 2008-09 to 1197 in 2009-10.

**Table 5.5 Complaints received for full investigation by EWOV
2008-09 to 2009-10**

	Affordability		Disconnection		Other retail		Total complaints	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Electricity								
AGL	2 020	1 562	81	168	438	345	2 458	1 907
Aurora Energy	1	0	0	0	0	0	1	0
Australian Power & Gas	37	62	0	17	42	69	79	131
Click Energy	5	9	0	1	3	1	8	10
Country Energy	9	17	0	3	6	7	15	24
EnergyAustralia	1	10	0	1	4	26	5	36
Integral Energy	0	0	0	0	1	0	1	0
Victoria Electricity	208	502	5	35	87	247	295	749
Momentum Energy	10	10	0	0	3	4	13	14
Neighbourhood Energy	22	54	1	6	62	34	84	88
Origin Energy	714	593	122	112	152	176	866	769
Powerdirect	48	64	7	3	12	19	60	83
Red Energy	85	110	7	26	37	34	122	144
Simply Energy	171	236	15	31	78	152	249	388
TRUenergy	391	504	19	52	76	113	467	617
Electricity total	3 731	3 736	257	455	1 007	1 227	4 738	4 963
Gas								
AGL	1 059	753	46	100	255	173	1 314	926
Australian Power & Gas	8	25	2	7	29	49	37	74
EnergyAustralia	3	2	0	1	4	10	7	12
Victoria Electricity	74	272	3	90	44	111	118	383



	Affordability		Disconnection		Other retail		Total complaints	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Origin Energy	233	224	78	106	78	56	311	280
Red Energy	16	33	3	20	13	12	29	45
Simply Energy	53	104	7	16	32	76	85	180
TRUenergy	124	184	16	38	48	53	172	237
Gas totals	1 570	1 597	155	378	503	540	2 073	2 137
Dual fuel								
AGL	4	0	0	0	4	0	8	0
Australian Power & Gas	0	0	0	0	1	1	1	1
Victoria Electricity ^a	17	42	0	0	10	23	27	65
Origin Energy	0	0	0	0	6	0	6	0
Red Energy	0	0	0	0	3	0	3	0
Simply Energy	0	0	0	0	0	1	0	1
TRUenergy	5	7	0	0	0	2	5	9
Dual fuel total	26	49	0	0	24	27	50	76
Energy total	5 327	5 382	412	833	1 534	1 794	6 861	7 176

^a Lumo Energy. Source: EWOV



APPENDIX A

Hardship data—by retailer

	AGL		Australian Power & Gas		Click Energy	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Hardship program participants	8 281	6 305	11	24	—	36
Hardship program participants for whom access was sought by a 3rd party	150	90	0	0	—	1
Hardship program participants who are concession cardholders	3 839	3 501	10	9	—	3
Customers denied access to a retailer's hardship program during the period	1 667	971	0	0	—	0
Average debt of new entrants into a hardship program	468	458	494	1 113	—	1 091
Average debt upon exit from a hardship program	613	426	131	1 100	—	1 881
Average length of participation for customers in a hardship program	226	501	247	430	—	272
Participants exiting a hardship program by agreement with the retailer	480	791	4	0	—	1
Hardship program participants excluded for not complying with requirements	1 970	1 423	1	1	—	5
Disconnections of previous hardship program participants within 12 months	96	90	12	0	—	3
Reconnections of previous hardship program participants within 12 months	72	12	12	0	—	2
Energy field audits provided at no cost to customer	229	996	24	7	—	0
Energy field audits provided at partial cost to customer	0	0	0	0	—	0
Average cost contributed by customers where a partial contribution was required	0	0	0	0	—	0
Appliances provided under a hardship program	14	857	0	0	—	0
Customers referred to Homewise / Capital Grants program for appliance replacement	81	0	9	0	—	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	8	0	—	0

— not applicable.



	Country Energy		EnergyAustralia		Victoria Electricity ^a	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Hardship program participants	512	859	5	254	32	145
Hardship program participants for whom access was sought by a 3rd party	1	2	1	32	2	0
Hardship program participants who are concession cardholders	26	27	2	61	12	117
Customers denied access to a retailer's hardship program during the period	5	6	2	36	0	0
Average debt of new entrants into a hardship program	748	742	310	629	1 015	1 532
Average debt upon exit from a hardship program	456	672	158	292	703	517
Average length of participation for customers in a hardship program	435	367	2	93	61	190
Participants exiting a hardship program by agreement with the retailer	153	378	2	100	11	1
Hardship program participants excluded for not complying with requirements	50	270	0	18	12	1
Disconnections of previous hardship program participants within 12 months	0	0	0	0	0	0
Reconnections of previous hardship program participants within 12 months	0	0	0	0	0	0
Energy field audits provided at no cost to customer	0	0	8	2	80	13
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers where a partial contribution was required	0	0	0	0	0	0
Appliances provided under a hardship program	0	0	0	0	0	0
Customers referred to Homewise / Capital Grants program for appliance replacement	0	0	0	4	44	25
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	2	5	1

^a Lumo Energy.



	Neighbourhood Energy		Origin Energy		Powerdirect	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Hardship program participants	92	245	8 984	6 713	34	88
Hardship program participants for whom access was sought by a 3rd party	1	11	783	727	7	12
Hardship program participants who are concession cardholders	7	58	3 484	3 133	11	24
Customers denied access to a retailer's hardship program during the period	0	0	0	0	0	0
Average debt of new entrants into a hardship program	597	1 175	454	523	1 071	1 423
Average debt upon exit from a hardship program	366	921	293	580	1 604	1 958
Average length of participation for customers in a hardship program	22	37	298	416	156	256
Participants exiting a hardship program by agreement with the retailer	13	0	1 046	1 280	2	10
Hardship program participants excluded for not complying with requirements	12	106	3 880	1 862	5	13
Disconnections of previous hardship program participants within 12 months	3	9	1 000	332	0	0
Reconnections of previous hardship program participants within 12 months	3	4	310	69	0	0
Energy field audits provided at no cost to customer	0	1	246	448	0	1
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers where a partial contribution was required	0	0	0	0	0	0
Appliances provided under a hardship program	0	0	14	2	0	0
Customers referred to Homewise / Capital Grants program for appliance replacement	0	0	0	0	0	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	0	0	0



	Red Energy		Simply Energy		TRUenergy	
	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10
Hardship program participants	639	804	1 107	1 475	4 526	7 319
Hardship program participants for whom access was sought by a 3rd party	26	41	31	67	593	895
Hardship program participants who are concession cardholders	241	220	508	234	1 621	3 087
Customers denied access to a retailer's hardship program during the period	2	0	115	172	0	0
Average debt of new entrants into a hardship program	388	627	1 015	999	686	604
Average debt upon exit from a hardship program	357	546	1 320	718	792	1 046
Average length of participation for customers in a hardship program	315	284	329	422	122	189
Participants exiting a hardship program by agreement with the retailer	177	211	5	144	1 043	1 328
Hardship program participants excluded for not complying with requirements	208	235	89	492	878	1 227
Disconnections of previous hardship program participants within 12 months	28	37	6	21	56	150
Reconnections of previous hardship program participants within 12 months	11	18	4	16	39	81
Energy field audits provided at no cost to customer	0	3	0	2	64	79
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers where a partial contribution was required	0	0	0	0	0	0
Appliances provided under a hardship program	0	0	0	0	3	2
Customers referred to Homewise / Capital Grants program for appliance replacement	0	0	0	0	1	79
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	0	1	0