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1 February 2012

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



Dear Dr Ben-David

Performance Indicators for Customer Service

Thank you for your letter of 9 December 2011 regarding Simply Energy's performance indicators for customer service.

Your letter requested an explanation for the trends seen in three of Simply Energy's performance indicators for the 12 months ending 30 June 2011:

- Disconnections for electricity and gas increased
- Estimated accounts increased for electricity and decreased for gas
- Gas complaints increased

Increase in disconnection rates for gas and electricity

The increase in disconnection rates recorded in 2010-11 was primarily due to staffing changes at Simply Energy in early 2010. Staff changes meant that disconnections (in accordance with the provisions of the Energy Retail Code (ERC)) that should have been actioned in early 2010 were not actioned until late 2010. This caused an unusually high rate of disconnections to be recorded in the 2010-2011 year.

Estimated accounts have increased for electricity and decreased for gas

Simply Energy can confirm that there were no significant changes or issues with our systems and processes that would trigger a change in the number of estimated accounts. Simply Energy invoices its customers using actual billing data where this data is available to us. If there has been an increase in the number of estimated bills, then it means that actual billing data was not available to us at the time the bills were issued.

There can be several reasons for why actual billing data may not be available to Simply Energy. A change or delay to a distributor's meter read schedule may mean that actual billing data may not be available when Simply Energy issues its invoice to the customer. Another contributing factor could be a rise in the number of customers transferring outside the normal billing cycle. This can result in a temporary misalignment of the billing cycle with the scheduled meter read cycle. As a result, Simply Energy will use an estimate to be able to bill the customer within the 3 month billing cycle but return to billing the customer using actual data at the next scheduled meter read.

I note that our most recent KPI data (July-December 2011) indicates that Simply Energy has seen a decline in the number of estimated bills, suggesting that the increase in 2010-2011 was a temporary increase.



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Gas complaints have increased

It is not clear why gas complaints rose in 2010-11. Neither Simply Energy's complaints data nor the complaints data sourced from the Ombudsman identify any trend on a particular issue.

The rise in gas complaints may have been due to the higher than normal number of disconnections Simply Energy was performing in the 2010-11 year (noted above). In October 2010, Simply Energy also reviewed and corrected the way complaints data was being recorded. Where previously all complaints were categorised as electricity only, Simply Energy altered its processes to capture complaints that are attributable to 3 categories; electricity, gas or dual fuel. This improvement may also have attributed to a rise in recorded gas complaints.

I hope you find the responses to your questions satisfactory. If you have any queries, please contact Alan Love on (03) 8807 5113.

Yours sincerely

A handwritten signature in black ink, appearing to read "Paul Maguire", is written over a faint, larger version of the signature.

Paul Maguire
Chief Executive Officer