

9 December 2011
Our ref: C/11/35617

Mr Mark Brownfield
General Manager - Sales and Distribution
AGL
PO Box 14120
MCDC Vic 8001

Dear Mr Brownfield

PERFORMANCE INDICATORS FOR CUSTOMER SERVICE

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

- The number of electricity disconnections increased by 109 per cent this year up to 6 090 disconnections. This equated to 1.04 per 100 customers, above the state average of 0.77 per 100 customers.
- While disconnections went up, the number of hardship program participants fell by 1 542 customers in 2010-11; of these customers, 70 per cent exited the program for not complying with requirements. The data reported also showed that disconnection of previous hardship program participants increased from 90 to 286.
- The number of estimated accounts increased in 2010-11, up to 30.4 per 100 customers, above the state average of 22.3. Gas was similar at 40.1 estimated accounts, above the state average of 27.9 per 100 customers.
- While the Commission does not set a standard for customer service indicators, we are concerned that the number of calls answered within 30 seconds declined to 36 per cent from 54 per cent, well below the state average of 59 per cent, and the average wait time to speak to an operator increased to 152 seconds from 99 seconds in 2009-10. The state average was 101 seconds in 2010-11.
- Total electricity complaints went up by 24 per cent in 2010-11, with complaints classified as 'other' increasing by 78 per cent. In total 3.8 customers per 100 complained in 2010-11, up from 3.1 last year. Complaints categorised as 'other' also increased, to nearly double the number seen in 2009-10.

We seek your explanation for the following.

1. Disconnections have increased, but hardship program participation has decreased.
2. Estimated accounts have increased.
3. Call centre performance has decreased.
4. Complaints have increased overall.

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

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

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

Yours sincerely

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

Dr Ron Ben-David