



ENERGY RETAILERS COMPARATIVE PERFORMANCE REPORT

CUSTOMER SERVICE

2010-11



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EXECUTIVE SUMMARY

This 2010-11 comparative performance report continues the Commissions regular oversight and reporting of the Victorian energy retail market. It complements the pricing report and reports on how well retailers treat their customers, particularly by helping financially vulnerable customers to stay connected to essential services

In addition we have published a separate *Victorian retail energy market overview 2010-11* report. The report explores the retail energy sector as a whole and draws from both this report and the *Energy Retailers Comparative Performance Report – Pricing 2010-11*. These reports are available to download from our website at www.esc.vic.gov.au.

Financial assistance

Of all residential electricity and gas consumers in 2010-11, 20 319 (or 0.5 per cent) accessed retailers' financial hardship programs. This was down on the 2009-10 figure of 24 122 or 0.6 per cent. Customers who had previously participated in a hardship program were disconnected more in 2010-11 than in the previous year, with 1159 customers disconnected, up from 642 in 2009-10.

The average days of participation in the hardship programs increased from 355 to 419 days in 2010-11, or two months longer than the average for the previous year. Of those customers who exited the program during the year, 53 per cent left because they did not comply with the program's requirements, down from 57 per cent in 2009-10 and 71 per cent in 2008-09. Of all customers on hardship programs, 5.7 per cent were disconnected (up from 2.6 per cent in 2009-10), and 28 per cent of those customers were reconnected within seven days.

The number of electricity grants that the Department of Human Services approved under the Utility Relief Grant Scheme rose by 10 per cent in 2010-11. Total government expenditure on concessions increased in 2010-11 by 49 per cent, up to \$161 million from \$113.5 million in 2009-10.

Billing and credit management

The number of electricity and gas customers using the direct debit system for bill payment increased over the past year, these increases 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 2010-11 for both electricity and gas transactions. For electricity retailers, direct debit defaults fell to 0.33 per cent of transactions; for gas retailers, they rose slightly to 0.27 per cent of transactions. The continuing low default rate for customers using direct debit suggests customers make their payments on time and received the discount that some retailers provide.

Estimated accounts are used when a distributor's meter reader cannot access a customer's meter. The number of estimated electricity accounts increased by 17 000 (3 per cent) in 2010-11. An average 5.6 estimated accounts per 100 customers were issued each quarterly billing cycle in 2010-11, virtually unchanged from the rate in 2009-10.



Disconnections and reconnections

Electricity disconnections increased by 33 per cent in 2010-11, to 0.77 per 100 customers. In total, 17 871 electricity customers (up from 13 486 in 2009-10) were disconnected. For gas, disconnections decreased in 2010-11, down to 0.74 from 0.85 per 100 customers in 2009-10. In total, 13 741 gas customers were disconnected in 2010-11.

Simply Energy, Red Energy and Australian Power and Gas significantly contributed to the increase in the number of electricity disconnections, reporting some of the highest number of disconnections per 100 customers of all the retailers. Lumo Energy and TRUenergy showed the greatest improvement, substantially reducing their disconnections of residential electricity customers in 2010-11. Although Lumo Energy; along with Australian Power & Gas and Simply Energy were among the highest for gas disconnections per 100 customers.

The number of customers disconnected and then reconnected at the same address increased to 47 per cent of all disconnections in 2010-11, up from 43 in 2009-10. An increase in reconnections at the same address indicates these customers are struggling with their payments, rather than customers who leave an address without paying their accounts. Overall, however, disconnection of customers who exhibited payment difficulties remained stable in 2010-11.

For gas, retailers with stand-out poor performance were Simply Energy, Red Energy and Australian Power & Gas. All three increased gas disconnections and also reconnections at the same address.

Call centre performance and complaints

When assessing a retailer's performance for customer service we look at two areas, the first looks at the phone system and business responsiveness. The second part looks at the human element, customer greeting, representative friendliness, are equality in customer treatment.

The average wait time to speak to an operator was poor in 2010-11, rising by 23 per cent to 101 seconds from 82 seconds in 2009-10 (and from 48 seconds in 2008-09). The number of abandoned calls increased by over 83 000. This number equates to 8.5 per cent of all calls to retailers, up from 7.2 per cent in 2009-10. The proportion of calls answered within 30 seconds fell by 4 per cent, down to 59 per cent of calls to an account line from 63 per cent.

Independent research shows that call centre performance of the energy industry remained stable in 2010-11, on par with, or better than, the national energy sector average in many customer service areas. The results were also positive for hardship customer enquiries, showing customers in 2010-11 were treated with the same or better manner when speaking to retailers, compared with 2008-09 and 2009-10.

Customer complaints reported by the electricity retailers doubled in 2010-11 to 111 047 complaints up from 54 134 in 2009-10. Gas retailers also reported an increase, up to 20 473 complaints from 13 691 in 2009-10. This rate rise was mainly due to Lumo Energy, whose total complaints increased from 11 474 to 48 783 and Australian Power & Gas, whose total complaints also increased substantially from 1 045 up to 4 442 in 2010-11. For gas, all retailers reported a rise in the complaints rate, with Simply Energy reporting the largest increase in 2010-11.



The number of complaints received for full investigation by the Energy and Water Ombudsman (EWOV) also increased in 2010-11, up 56 per cent on 2009-10 to 11 203 complaints. Energy affordability complaints increased by 79 per cent up to 9 607 in 2010-11 from 5 382 in 2009-10. Overall, the EWOV data reflects the trend seen in the retailers data for an increase in complaints.



1 ABOUT OUR REPORT

1.1 About this report

The Essential Services Commission (the 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 retailer. We particularly monitor the assistance that retailers provide to ensure these customers stay connected to supply.

In order to have a collective view of retail energy in Victoria we have published a separate *Victorian retail energy market overview 2010-11* report. The report explores the retail energy sector as a whole and draws from both this report and the *Energy retailers comparative performance report – Pricing 2010-11*. These reports are available to download from our website at www.esc.vic.gov.au.

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 those customers.

Chapter 3, '**Billing and credit management**', details 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 retailers' accessibility and responsiveness to customer enquiries and complaints.

A separate Commission report, *Energy retailers comparative performance report—pricing 2010-11*, deals with the price of energy services and the state of the competitive market. It also provides information on market transfers and market share. It is available to download from our website (www.esc.vic.gov.au).

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 (DHS).



The *Electricity Industry Act 2000* (Vic) (the Electricity Act) and the *Gas Industry Act 2001* (Vic) (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 our website (www.esc.vic.gov.au).

We supplement the call centre performance information reported by retailers with independent market research by Customer Service Benchmarking Australia (CSBA). Further, chapter 2 ('Financial hardship') is supported by research by Hall and Partners: *Customers of water and energy providers in hardship: a customer perspective*. Both documents are available to download from our website (www.esc.vic.gov.au).

Before publishing this report, we circulated it to all retailers for comment. We added their comments where appropriate.

1.3 Audit results

We audited the data in this report to assess the reliability and accuracy of the indicator data that retailers provided to the Commission. Preliminary audit results show a number of issues, particularly around hardship, disconnections and complaints data. We will publish the full audit results in a series of *Summary audit reports* due December 2011. Retailers who failed the 2010-11 audits will be required to have their data confirmed by external auditors for the 2011-12 report.

We have incorporated some audit issues in this report. The retailers, although they could not undertake remedial action in time for this report, committed to their best endeavours to submit accurate and reliable data to the Commission in the future. This report thus includes most retailer data, and highlights the unsatisfactory data when appropriate. Care should be taken when analysing the data in this report.

1.4 Energy markets

Victoria has 27 licensed retailers, of which 20 were active in the market for residential and business customers in 2010-11. Some of these retailers have a long history in the previously franchised market (the 'local' retailers: AGL, Origin Energy and TRUenergy), while others entered the market after it opened to competition. Six retailers either had fewer than 500 customers each at 30 June 2011, or sell to mainly large business customers (table 1.2).

Market changes

Origin Energy and TRUenergy purchased the retail business and existing customer base of Country Energy and EnergyAustralia (respectively) on 1 March 2011. This report continues to report the data for Country Energy and EnergyAustralia separately for 2010-11. From 2011-12, data will be reported under the new retailer. Further, we previously reported Origin Citipower and Origin Powercor, along with Sun Retail, as separate retailers; this year, we report them as one entity: Origin Energy.



Electricity market share

Table 1.1 breaks down average residential and business customer numbers in the Victorian electricity market. It also shows the per cent change in market share from 2009-10.

Table 1.1 Customer numbers—electricity
2010-11

Retailer	Domestic	Business	Total	Change in market share from 2009-10 %
AGL	586 505	78 425	664 929	0.2
Australian Power & Gas	96 146	0	96 146	1.1
Click Energy	3 428	464	3 891	0.1
Country Energy a	44 637	10 015	54 652	-0.6
Dodo Power & Gas	1 848	0	1 848	0.1
EnergyAustralia a	66 603	4 299	70 902	1.6
Lumo Energy	174 262	16 509	190 772	-0.4
Momentum Energy	2 245	16 692	18 937	0.2
Neighbourhood Energy	36 595	0	36 595	0.3
Origin Energy	536 551	83 095	619 646	-1.2
Other b	13	957	970	na
Powerdirect	14 451	22 630	37 081	-0.1
Red Energy	149 897	4 436	154 332	0.2
Simply Energy	115 519	11 635	127 154	-0.4
TRUenergy	478 702	60 826	539 528	-1.2
All retailers	2 307 402	309 983	2 617 383	na

a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

b See table 1.2

na Not applicable.



Table 1.2 Customer numbers—electricity, other retailers
2010-11

Retailer	Residential	Business	Total
AGL Sales (Qld)	0	37	37
Aurora Energy	0	150	150
Diamond Energy	13	17	30
ERM Power Retail	0	192	192
Integral Energy	0	107	107
TRUenergy Yallorn	0	454	454
All retailers	13	957	970

Note: Market share change not shown for retailers with less than 500 customers.

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

The recent acquisition by Origin Energy of Country Energy and TRUenergy of EnergyAustralia on 1 March 2011 has subsequently changed the market share. Country Energy represents 1.9 per cent of the market and this will move to Origin Energy, increasing its market share to 25.2 per cent. While EnergyAustralia represents 2.9 per cent of the residential customer base for electricity. This will increase the market share of TRUenergy to 23.6 per cent. Further to this AGL owns Powerdirect, who represent 0.6 per cent of the market. In effect the incumbent retailers are consolidation and increasing their market share by decreasing the number of retailers in the market place. In total from 1 March 2011 they represented nearly 75 per cent of the market.



Gas market share

Table 1.3 breaks down average residential and business customer numbers in the Victorian gas market. It also shows the per cent change in market share since 2009-10. Of the 15 retail gas licences in Victoria, nine retailers are active in the market and sell gas to 1.913 million customers.

Table 1.3 Customer numbers—gas
2010-11

Retailer	Domestic	Business	Total	Change in market share from 2009-10 %
AGL Sales	502 479	13 853	516 332	-0.2
Aurora Energy	0	5	5	na
Australian Power & Gas	79 286	0	79 286	1.3
EnergyAustralia	54 804	1 080	55 885	1.6
Lumo Energy	124 855	1 857	126 712	-0.6
Origin Energy	506 896	12 924	519 820	-0.9
Red Energy	83 829	678	84 506	0.5
Simply Energy	92 116	1 542	93 658	-0.5
TRUenergy	418 531	18 590	437 121	-1.2
All retailers	1 862 796	50 529	1 913 325	na

na Not applicable.

Note: Market share change not shown for retailers with less than 500 customers.

The market share of the local gas retailers—AGL, Origin Energy and TRUenergy—decreased by 2 percentage points in 2010-11, down to 77 per cent from 79 per cent in 2009-10.



2 FINANCIAL ASSISTANCE

2.1 What we found

Of all residential electricity and gas consumers in 2010-11, 20 319 (or 0.5 per cent) accessed retailers' financial hardship programs. This was down on the 2009-10 figure of 24 122 (or 0.6 per cent). Customers who had previously participated in a hardship program were disconnected more in 2010-11 than in the previous year, with 1 159 customers disconnected, up from 642 in 2009-10. Over half of retailers reported an increase in debt on exit of a financial hardship program. Two reported a large increase in debt on exit, which contributed to an overall result of higher exit debt than entry debt.

The average days of participation in the hardship programs increased from 355 to 419 days in 2010-11, or two months longer than the average for the previous year. Of those customers who exited the program during the year, 53 per cent left because they did not comply with the program's requirements, down from 57 per cent in 2009-10 and 71 per cent in 2008-09. Of all customers on hardship programs, 5.7 per cent were disconnected (up from 2.6 per cent in 2009-10), and 28 per cent of those customers were reconnected within seven days.

The number of electricity grants that the Department of Human Services approved under the Utility Relief Grant Scheme rose by 10 per cent in 2010-11. The total value of grants for electricity customers increased accordingly to \$5 million. Total government expenditure on concessions increased in 2010-11 by 49 per cent, up to \$161 million from \$113.5 million in 2009-10.

The number of budget instalment plans remained relatively steady over the past three years for both the gas and electricity businesses at 4 per 100 customers for electricity and gas.



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, while others are programs and assistance that retailers voluntarily offer to their customers. The initiatives include:

- payment programs (budget instalment plans) 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 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 customers through their financial hardship programs and budget instalment plans. Information is also provided on the government funded concessions and grants.

2.3 Retailers' financial hardship programs

Overall participation remained steady in retailers hardship programs in 2010-11, despite a rise in the number of electricity disconnections reported this year.

Table 2.1 shows the industry-wide data that the Commission collected for 2010-11, and compares the performance with 2009-10 and 2008-09. In summary, the 2010-11 financial hardship program data show the following:

- Program participation fell by 3 803 participants from 24 122 in 2009-10. A total of 0.45 per cent of residential customers for gas and electricity participated in the program down from 0.55 per cent in 2009-10.
- Despite a fall in numbers (down 1 788), the average number of customers who were concession card holders has been similar since 2008-9.
- On average every month there are approximately 11 500 customers in a hardship program. Of these 74 per cent are concession card holders, unchanged from 2009-10.
- The number of customers denied access to a retailer's hardship program fell to 485 from 1185 in 2009-10.
- The time that customers spent in a hardship program increased to an average of 419 days—up 64 days (or two months) from the average time in 2009-10.
- The 52.5 per cent of participants who left the programs without complying with the terms was an improvement on 57 per cent in 2009-10 and 71 per cent in 2008-09.



- The average debt on entry to and exit from a hardship program has remained similar since 2008-09.
- Retailers disconnected 5.7 per cent of customers who participated in the programs—up from 2.6 per cent in 2009-10 and 5.0 per cent in 2008-09.
- Reconnections of customers who were previously on a hardship program increased to 322 customers—up from 202 in 2009-10 but still less than the 452 customers in 2008-09.
- The number of appliances provided under a hardship program increased significantly, to 513 from 191 in 2009-10 and 31 in 2008-09.
- Seven retailers undertook energy field audits, down from 10 in 2009-10.

Audit results

This year's report excludes Lumo Energy's hardship data because a recent audit identified significant issues in terms of reliability and accuracy of the data. Lumo Energy was unable to resubmit accurate and meaningful data for 2010-11 or previous years and as such the data was removed from this report. Lumo Energy will be required to ensure its procedures and data collection are satisfactory for the 2011-12 customer service report.

TRUenergy hardship data also did not meet with audit requirements. The retailer's auditor noted the main reasons for the unsatisfactory results were poor processes and the use of manual spreadsheets for recording and calculating indicators. It also noted TRUenergy included some interstate customers in hardship calculations, as evident in the large drop in customers numbers between 2009-10 and 2010-11. The Commission allowed the TRUenergy data to remain in the report because the interstate customers were not included in the 2010-11 data. TRUenergy was unable to resubmit data from 2008-09 and 2009-10, so care should be taken when assessing the large drop in the number of participants in the hardship program. We consider that retaining the historical data that include TRUenergy is important for analysing hardship factors for Victorian consumers. We will require TRUenergy to ensure data reported in 2011-12 are accurate and reliable. Further to this, TRUenergy has implemented a series of processes and procedures to ensure accurate data in the future.

Individual retailer performance and audit results vary for these indicators, and we advise care when making assumptions about overall averages. Appendix A contains individual retailers' reported data.



Table 2.1 Financial hardship programs—summary
Electricity and gas retailers, 2008-09 to 2010-11

	2008-09	2009-10	2010-11
Hardship program participants (total)	24 191	24 122	20 319
Hardship program participants for whom program access was sought by a third party	1 592	1 877	1 365
Hardship program participants who were concession cardholders (monthly average) a	9 745	10 356	8 568
Customers denied access to a retailer's hardship program during the period	1 791	1 185	485
Average debt of new entrants to a hardship program	546	606	630
Average debt on exit from a hardship program	526	683	732
Average length of participation for customers in a hardship program (days)	244	356	419
Participants exiting a hardship program by agreement with the retailer	2 925	4 243	4 302
Hardship program participants excluded for not complying with requirements	7 093	5 652	4 790
Disconnections of previous hardship program participants within 12 months	1 199	642	1 159
Reconnections of previous hardship program participants within 12 months	452	202	322
Energy field audits provided at no cost to customer	571	1 175	976
Energy field audits provided at part cost to customer	0	0	0
Average cost contributed by customers when partial contribution required	0	0	0
Appliances provided under a hardship program	31	191	513 b
Customers referred to the Homewise / Capital Grants program for appliance replacement	91	83	112
Customers referred to the Homewise / Capital Grants program, resulting in an appliance replacement	9	2	0

a Monthly average of participants in the program.

b This number includes light globes, which were not included in the 2009-10 number.

Notes: Some 2008-09 Origin energy data use an average to complete the data set.

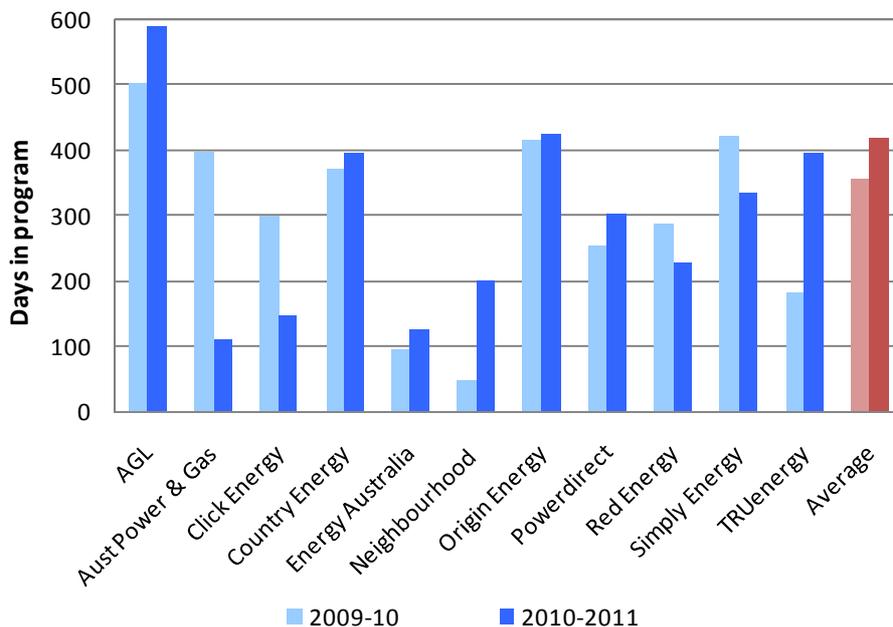
Lumo Energy is not included for 2008-09 to 2010-11. Historical data are updated to reflect this exclusion.



The time that participants spent in a financial hardship program varied greatly across retailers in 2010-11. Figure 2.1 shows the average length of participation was 419 days (up from 355 days in 2009-10), ranging from 112 days (Australian Power & Gas) to 589 days (AGL).

Of those customers who left a hardship program in 2010-11, 53 per cent failed to comply with the program's requirements (down from 57 per cent in 2009-10). That meant 47 per cent of participants exited the programs in agreement with the retailer.

Figure 2.1 Financial hardship programs—average length of participation
Electricity and gas, 2010-11



Energy field audits and replacement appliances

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

Field audits of customers' electricity use can be wholly or partly at the expense of the retailer. Table 2.2 shows retailers undertook 976 energy field audits in 2010-11, down from 1188 in 2009-10. While having some of the largest falls in audits in 2010-11, AGL still undertook the most audits (563) and Origin Energy provided 316. Conversely, TRUenergy went from conducting 79 energy audits in 2009-10 to no audits in 2010-11. Simply Energy had the largest increase in the number of audits—up to 78 audits in 2010-11 from two in 2009-10. No energy audits were undertaken at any cost to the consumer.



Two retailers (AGL and TRUenergy) provided 513 replacement appliances or equipment for customers in 2010-11. This number is a large increase from 191 in 2009-10, mainly due to AGL including light globes in 2010-11 data.

Table 2.2 Energy field audits and replacement appliances
Electricity and gas, 2009-10 to 2010-11

Retailer	Energy field audits		Replacement appliances	
	2009-10	2010-11	2009-10	2010-11
AGL	632	563	187	510 ^a
Australian Power & Gas	7	6	0	0
Click Energy	0	0	0	0
Country Energy ^b	0	2	0	0
EnergyAustralia ^b	2	8	0	0
Momentum	0	0	0	0
Neighbourhood Energy	1	0	0	0
Origin	448	316	2	0
Powerdirect	1	3	0	0
Red Energy	3	0	0	0
Simply Energy	2	78	0	0
TRUenergy	79	0	2	3
Total	1 175	976	191	513

^a This number includes light globes, which were not included in the 2009-10 number.

^b Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



2.4 The customers' perspective

The Commission initiated a study to provide greater insights into the experience of customers in financial difficulty when dealing with energy and water retail businesses. The study emphasises the importance of good customer service as the basis for the provision of hardship assistance by businesses. The study suggests that energy retail businesses could be doing more to ensure they are providing appropriate support to customers experiencing hardship, and by extension, to ensure they satisfy the intent of the Commission's Customer Service Codes and guidelines in relation to their approach to hardship.

For instance, among other things, the study identified that there may be issues associated with:

- A lack of the necessary skills among customer service staff within businesses, particularly frontline staff, in terms of customer service skills and an inability to provide appropriate information to hardship customers at the right time.
- Customers not being made aware of the range of hardship assistance products and services that are available to them, even after liaison with their energy retail or water businesses.

We note that both of the above could be a result of a lack of knowledge among some staff within businesses about hardship assistance and/or capability to understand a customer's individual circumstances and target support and advice accordingly.

- Inflexible approaches by businesses to the setting of payment terms under instalment plans; that is, payment amounts not necessarily being set in accordance with customer capacity to pay.
- A lack of customer awareness of pending energy service disconnection and/or water service restriction.

Overall the report suggests that businesses which build on the simple elements of customer service were generally perceived favourably by customers.

The report: *Customers of water and energy providers in hardship: A customer perspective* is available to download from the Commission's website (www.esc.vic.gov.au).

2.5 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 must help customers access the programs, which the Department of Human Services (DHS) administers. 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 2010-11, as reported by the Department of Human Services (DHS). Expenditure on energy concessions for low income customers increased significantly in 2010-11 under the winter energy concessions (electricity and gas). While the off-peak concession rose slightly to \$0.1 million in 2010-11 from 2009-10 and the service to property charge concession fell in 2010-11 to \$3.5 million from \$5.8 million in 2009-10

The large increase in concessions expenditure is in part due to a change to the energy concession criteria, the winter energy concession available from March to November each year has changed to an annual concession on March 1 2011. This change increased costs by \$22 million in 2010-11. The balance of the increase in spending relates to ongoing increases in the demand for concessions and significant increases in the prices that concessions are applied to.

Table 2.3 Total expenditure on concessions
Electricity and gas, 2007-08 to 2010-11

Concession	2007-08	2008-09	2009-10	2010-11
	\$m	\$m	\$m	\$m
Off-peak concession (electricity)	5.1	5.9	7.5	7.6
Service to property charge concession (electricity)	1.7	2.6	5.8	3.5
Annual energy concession (electricity)	51.4	55.1 ^a	55.5	90.7 ^b
Annual energy concession (gas)	44.5	44.8	44.7	59.3 ^b
Total	102.7	108.4	113.5	161.1

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

^b Includes extension to the winter energy concession from 1 March 2011 (now the annual energy concession)

Data source: DHS.

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 DHS. The customers send the completed application to the DHS, which then assesses the information. Tables 2.4 and 2.5 show scheme details for 2010-11:

- The number of electricity grants approved by the DHS rose by 10 per cent to 11 747 grants. The total value of grants for electricity customers increased accordingly—up to \$5 million from \$4.4 million in 2009-10. The average grant of \$429 was up from \$407 in 2009-10.
- Similarly, the number of approved gas grants rose from 6537 grants in 2009-10 to 7318 in 2010-11, up 12 per cent. The total value of grants for gas customers also increased—up to \$2.9 million from \$2.4 million in 2009-10. The average grant of \$395 was up slightly from \$372 in 2009-10.



- Of 35 236 electricity and gas applications initiated by retailers, only 22 422 customers (64 per cent) subsequently submitted their applications to the DHS for approval—a slight decrease from the proportion in 2009-10 (65 per cent).

Table 2.4 Utility relief grants—electricity
2010-11

Retailer	Customers provided with grant forms	Applications sent to DHS by customers	Grants approved	Average grant amount
	No.	No.	No.	\$
AGL	5 709	3 543	2 966	414
Australian Power & Gas	1 616	1 009	807	434
Click Energy	31	13	10	453
Country Energy ^a	330	237	208	423
EnergyAustralia ^a	310	233	213	453
Lumo Energy	1 587	1 089	960	461
Momentum	9	5	4	392
Origin Energy	4 191	2 850	2 499	434
Neighbourhood Energy	188	129	117	447
Powerdirect	135	86	71	451
Red Energy	1 857	1 164	990	430
Simply Energy	1 308	835	693	438
TRUenergy	4 087	2 551	2 209	421
All retailers	21 358	13 744	11 747	429

Data source: DHS.

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 2.5 Utility relief grants—gas
2010-11

	Customers provided with grant forms	Applications sent to DHS by customers	Grants approved	Average grant amount
Retailer	No.	No.	No.	\$
AGL	4 309	2 626	2 185	384
Australian Power & Gas	980	602	488	399
EnergyAustralia ^a	268	200	182	401
Lumo Energy	1 269	888	765	445
Origin Energy	2 431	1 582	1 362	392
Red Energy	828	503	420	377
Simply Energy	883	567	464	412
TRUenergy	2 910	1 710	1 452	388
All retailers	13 878	8 678	7 318	395

Data source: DHS.

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

2.6 Budget instalment plans

Retailers are required to offer a budget instalment plan to residential customers having difficulty in paying their bills. This plan allows a customer to pay by regular instalments, so they can reduce debt over a specified time. This indicator does not include customers who choose budget instalment plans to smooth incoming bills—where the monthly payments ensure the customer will not have large quarterly bills to pay during the year. The number of budget instalment plans remained relatively steady over the past three years for both the gas and electricity businesses.

- For electricity, Simply Energy increased its use of the plans from 4.07 plans per 100 customers in 2009-10 to 6.32 plans per 100 customers in 2010-11. For gas, it increased its use from 3.63 plans per 100 customers in 2009-10 to 5.85 plans per 100 customers in 2010-11. Origin Energy reported similar use in 2010-11 to 2009-10 but remained one of the highest for electricity (6.53 plans per 100 customers) and gas (5.67 plans per 100 customers).
- Conversely, TRUenergy reduced its use of budget instalment plans, down to 35 526 plans for electricity (from 39 926 plans in 2009-10) and 29 816 plans for gas (from 33 038 plans in 2009-10).
- Red Energy and Simply Energy were the only retailers to increase their use of budget instalment plans.



Audit results

Some retailers have reported difficulties with separating which customers use the payment plans because of hardship and those for convenience. This was reflected in Lumo Energy and TRUenergy's audits. All data is reported in this section. The Commission accepts that it is not always possible to distinguish between the two groups using budget instalment plans and we allow all data to be reported. Tables 2.6 and 2.7 show the number of budget instalment plans offered by retailers per 100 customers. The following are the key findings for 2010-11:

Table 2.6 Budget instalment plans—residential electricity
2007-08 to 2010-11

Retailer	Average No. budget instalment plans	Budget instalment plans per 100 customers			
	per month				
	2010-11	2007-08	2008-09	2009-10	2010-11
AGL	2 394	2.71	0.63	0.51	0.41
Australian Power & Gas	2 631	1.10	1.59	2.50	2.74
Click Energy	28	—	0.45	0.62	0.80
Country Energy ^a	765	1.53	1.06	1.17	1.71
EnergyAustralia ^a	299	—	0.12	0.67	0.45
Lumo Energy	4 260	1.36	1.51	2.98	2.44
Momentum	12	0	0.13	0.42	0.52
Neighbourhood Energy	440	0.13	0.23	0.30	1.20
Origin Energy	35 054	4.58	5.32	6.08	6.53
Powerdirect	49	0.02	0.01	0.13	0.34
Red Energy	4 384	2.35	2.16	2.10	2.92
Simply Energy	7 306	0.33	0.35	4.08	6.32
TRUenergy	35 526	7.59	8.56	8.05	7.42
Electricity total	93 148	4.00	3.80	4.07	4.04

— Not applicable.

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 2.7 Budget instalment plans—residential gas
2007-08 to 2010-11

Retailer	Average No budget instalment plans	Budget instalment plans per 100 customers			
	Per month 2010-11	2007-08	2008-09	2009-10	2010-11
AGL	1 402	2.79	0.43	0.36	0.28
Australian Power & Gas	1 352	0.46	1.07	1.81	1.71
EnergyAustralia ^a	247	—	0.09	0.69	0.45
Lumo Energy	3 097	1.60	1.75	3.43	2.48
Origin Energy	28 732	5.32	5.59	5.82	5.67
Red Energy	1 797	0.16	0.82	1.37	2.14
Simply Energy	5 393	0.24	0.29	3.63	5.85
TRUenergy	29 816	7.29	8.22	7.72	7.12
Gas total	71 836	4.44	3.96	4.12	3.86

— Data not applicable.

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



3 BILLING AND CREDIT MANAGEMENT

3.1 What we found

The number of electricity customers using the direct debit system for bill payment increased over the past year, from 190 000 customers to 198 000 (8.6 per cent of all customers). The number of gas customers using the direct debit system for bill payment also increased over the past year, from 156 000 to 163 000 (8.8 per cent of all customers). These increases 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 2010-11 for both electricity and gas transactions. For electricity retailers, direct debit defaults fell to 0.33 per cent of transactions; for gas retailers, they rose slightly to 0.27 per cent of transactions. The continuing low default rate for customers using direct debit suggests customers make their payments on time and received the discount that some retailers provide.

Estimated accounts are used when a distributor's meter reader cannot access a customer's meter. The number of estimated electricity accounts increased by 17 000 (3 per cent) in 2010-11. Origin Energy significantly reduced its use of estimated accounts, while Click Energy and Powerdirect greatly increased their use. An average 5.6 estimated accounts per 100 customers were issued in each quarterly billing cycle in 2010-11, virtually unchanged from the rate in 2009-10.

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 customers have increasing financial stress and 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 a distributor cannot access a property 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.

Retailers sometime use refundable advances or security deposits to reduce the risk of non-payment by customers. These advances/deposits 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

In 2010-11 an average of 198 000 customers used direct debit to pay their electricity bills—up from an average of 190 000 in 2009-10. Overall, 8.6 per cent of residential electricity customers used direct debit (usually paid monthly) in 2010-11—a slight increase from 8.4 per cent in 2009-10 and 8 per cent in 2008-09. Table 3.1 shows the number of direct debit defaults as a percentage of direct debit transactions in 2010-11. The key findings for 2010-11 were:

- The proportion of defaults decreased slightly among direct debit customers—down 0.07 per cent to just over 0.3 per cent of all direct debit transactions. This proportion is very low, considering nearly 200 000 transactions occur per month across all the retailers.
- Australian Power & Gas, Country Energy and Powerdirect all reported more than one default per 100 transactions.
- Click Energy, Diamond Energy, EnergyAustralia, Momentum Energy, Neighbourhood Energy and Simply Energy reported no direct debit defaults.

Audit results

TRUenergy provided an accurate number for direct debit customers, but failed to provide satisfactory results for the number of direct debit defaults, this was attributed to the process of extracting the data from TRUenergy's system, which could not be assessed by the auditor. Accuracy was acceptable for these indicators.

Lumo Energy also failed to provide satisfactory direct debit data. The auditor found that they did not have adequate policies and procedures in place and also that the data accuracy was poor for direct debit customers and also for direct debit defaults.



Table 3.1 Direct debits—residential electricity customers
2009-10 to 2010-11

Retailer	Average no. of direct debit customers		Direct debit defaults %	
	2009-10	2010-11	2009-10	2010-11
AGL	34 635	35 929	0.26	0.22
Australian Power & Gas	1 532	4 222	0.98	1.60
Click Energy	2	21	0	0
Country Energy ^a	4 653	2 926	4.79	1.61
Diamond Energy	0	8	0	0
Dodo Power & Gas	0	554	0	0
EnergyAustralia ^a	1 241	1 791	0	0
Lumo Energy	11 713	13 582	0.02	0.04
Momentum	25	342	1.02	0
Neighbourhood Energy	1 885	1 944	0.76	0
Origin Energy	50 971	50 755	0.28	0.35
Powerdirect	868	680	3.36	1.53
Red Energy	10 454	11 587	0.79	0.62
Simply Energy	4 457	6 709	0	0
TRUenergy	67 430	67 404	0.24	0.28
All retailers	189 866	198 456	0.40	0.33

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

The use of direct debits by gas customers also increased in 2010-11, to an average of 8.8 per cent (or 163 000) of gas customers. This proportion is a slight increase from 2009-10, when 8.6 per cent of gas customers used direct debit. For 2010-11, table 3.2 shows:

- the amount of defaults remained similar among direct debit customers—up to 0.27 per cent of all direct debit transactions from 0.26 per cent in 2009-10
- Australian Power & Gas had the largest increase in defaults, with 1.75 defaults per 100 transactions—up from 1.23 in 2009-10
- AGL and Red Energy had a slight decrease in direct debit defaults—down from 0.30 and 0.65 per 100 transactions respectively in 2009-10, to 0.22 and 0.54 per 100 transactions
- EnergyAustralia and Simply Energy had no direct debit defaults, as in 2009-10.



Table 3.2 Direct debits—residential gas customers
2009-10 to 2010-11

Retailer	Average no. of direct debit customers		Direct debit defaults %	
	2009-10	2010-11	2009-10	2010-11
AGL	29 433	31 136	0.30	0.22
Australian Power & Gas	1 222	3 344	1.23	1.75
EnergyAustralia ^a	1 246	1 624	0	0
Lumo Energy	9 694	10 804	0.02	0.05
Origin	45 851	44 977	0.26	0.27
Red Energy	5 114	6 337	0.65	0.54
Simply Energy	3 692	5 537	0	0
TRUenergy	59 280	59 536	0.25	0.26
All retailers	155 533	163 296	0.26	0.27

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

Business customers

Businesses use direct debit payment less than residential customers do. On average, only 4.3 per cent (or 13 350) of all business customers chose this option in 2010-11. For 2010-11, table 3.3 shows:

- the percentage of direct debit defaults for electricity fell to 0.24 per cent of all transactions, down from 0.28 per cent in 2009-10
- Country Energy (2.60 per cent) and Powerdirect (1.09 per cent) reported the highest proportions of direct debit defaults, but down from 2.72 per cent and 1.34 per cent respectively in 2009-10
- Click Energy, Diamond Energy, EnergyAustralia, Momentum and Simply Energy reported no direct debit defaults.



Table 3.3 Direct debits—business electricity customers
2009-10 to 2010-11

Retailer	Average no. of direct debit customers		Direct debit defaults %	
	2009-10	2010-11	2009-10	2010-11
AGL	2 241	2 173	0.13	0.08
Click Energy	0	4	0	0
Country Energy ^a	413	260	2.72	2.60
Diamond Energy	6	11	0	0
EnergyAustralia ^a	30	41	na	na
Lumo Energy	393	615	0.02	0.05
Momentum	432	301	0.06	0
Origin Energy	4 445	5 139	0.02	0.01
Powerdirect	1 030	929	1.34	1.09
Red Energy	243	293	0.45	0.77
Simply Energy	198	314	0	0
TRUenergy	3 161	3 272	0.18	0.34
All retailers	12 593	13 350	0.28	0.24

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

Note: EnergyAustralia does not have the functional ability to record direct debit defaults.

na Not applicable

Business gas customers also reported a low use of direct debit payments, with an average of 6 per cent (or 3000) of gas customers using this payment option. For 2010-11, table 3.4 shows:

- the proportion of direct debit defaults increased to 0.10per cent of transactions from 0.08 per cent of all transactions in 2009-10
- TRUenergy reported the highest proportion of direct debit defaults, at 0.21 per cent of all transactions—up from 0.11 per cent in 2009-10. Lumo Energy reported the second highest proportion, at 0.16 per cent of all transactions—up from 0.00 per cent in 2009-10
- EnergyAustralia, Red Energy and Simply Energy reported no direct debit defaults.



Table 3.4 Direct debits—business gas customers
2009-10 to 2010-11

Retailer	Average no. of direct debit customers		Direct debit defaults %	
	2009-10	2010-11	2009-10	2010-11
AGL	465	527	0.07	0.03
EnergyAustralia ^a	4	7	0	0
Lumo Energy	67	104	0	0.16
Origin Energy	949	1 076	0.04	0.02
Red Energy	25	39	0.66	0
Simply Energy	38	51	0	0
TRUenergy	1 184	1 196	0.11	0.21
All retailers	2 731	2 999	0.08	0.10

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

3.4 Estimated accounts

Retailers issued over one million estimated accounts to Victorian energy consumers in 2010-11. The use of estimated electricity accounts increased by 3 per cent to 22 per 100 customers, after a 29 per cent decrease in 2009-10. For gas, the rate increased by 6 per cent to an average of 27 per 100 customers, up from 26 per 100 customers in 2009-10. For 2010-11, table 3.5 shows:

- On average, retailers issued 22 estimated accounts per 100 electricity customers—unchanged from 2009-10. This rate equates to 5.6 estimated readings per 100 customers in every standard quarterly billing cycle.
- Most retailers had an increase in estimated accounts, with Powerdirect and Simply Energy having the largest increases—58 and 32 estimated accounts respectively per 100 customers, up from 22 and 24 in 2009-10.
- Most other retailers reported a rate of estimated accounts below the industry average, and Neighbourhood Energy and Momentum Energy reported having no estimated accounts.



Table 3.5 Estimated accounts—electricity
2007-08 to 2010-11, residential and business

Retailer	Total estimated accounts 2010-11	Estimated accounts per 100 customers			
		2007-08	2008-09	2009-10	2010-11
AGL	201 960	9.84	30.74	27.32	30.37
Australian Power & Gas	15 974	13.29	12.89	10.50	16.61
Click Energy	898	15.39	0	0	23.08
Country Energy ^a	10 732	18.17	14.99	12.97	19.64
Dodo Power & Gas	242	0	0	0	13.10
EnergyAustralia ^a	11 154	—	—	9.36	15.73
Lumo Energy	9 475	6.16	4.22	7.46	4.97
Origin Energy	126 197	28.01	43.38	30.73	20.37
Powerdirect	21 515	0.00	19.09	22.18	58.02
Red Energy	30 582	12.52	13.57	13.10	19.82
Simply Energy	40 215	35.81	24.74	23.87	31.63
TRUenergy	113 976	30.70	27.88	17.61	21.13
All retailers	582 920	22.01	28.97	22.0	22.28

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



For 2010-11, table 3.6 shows:

- gas retailers' use of estimated accounts increased slightly—up to 27 estimated bills per 100 gas customers, from 26 per 100 customers in 2009-10
- most gas retailers slightly increased their use of estimated accounts, with AGL having the largest increase—40 estimated gas accounts per 100 customers, up from 33 in 2009-10
- Lumo Energy and Simply Energy were the only two retailers to reduce their estimated readings in 2010-11. Simply Energy substantially decreased its estimated accounts—down to 13 per 100 customers from 55 in 2009-10.

Table 3.6 Estimated accounts—gas
2007-08 to 2010-11, residential and business

Retailer	Total estimated accounts	Estimated accounts per 100 customers			
	2010-11	2007-08	2008-09	2009-10	2010-11
AGL	207 279	12.94	36.91	32.62	40.14
Australian Power & Gas	13 431	10.17	11.25	13.95	16.94
EnergyAustralia ^a	9 629	—	—	14.13	17.23
Lumo Energy	5 712	0.08	5.15	8.39	4.51
Origin Energy	147 995	27.37	22.79	27.48	28.47
Red Energy	18 337	1.04	2.80	17.97	21.70
Simply Energy	11 842	26.11	24.83	55.19	12.64
TRUenergy	100 264	28.60	21.17	19.26	22.94
All	514 489	22.44	24.41	26.09	26.89

^a TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

3.5 Refundable advances

No residential electricity customers paid refundable advances in 2010-11, compared with three customers in 2009-10. For gas, Origin Energy required five residential customers to pay a refundable advance.

The use of refundable advances is more prevalent for business customers than for residential customers, but the trend suggests their use is still minimal. As with residential customers, no business electricity customers paid refundable advances. For gas, Origin Energy required 43 business customers to pay a refundable advance.



4 DISCONNECTIONS AND RECONNECTIONS

4.1 What we found

Electricity disconnections increased by 33 per cent in 2010-11, to 0.77 per 100 customers. In total, 17 871 electricity customers (up from 13 486 in 2009-10) were disconnected. For gas, disconnections decreased in 2010-11, down to 0.74 from 0.85 per 100 customers in 2009-10. In total, 13 741 gas customers were disconnected in 2010-11.

Simply Energy, Red Energy and Australian Power and Gas significantly contributed to the increase in the number of electricity disconnections, reporting some of the highest number of disconnections per 100 customers of all the retailers. Australian Power & Gas disconnected 2.41 per 100 customers, up from 1.75 in 2009-10, Red Energy disconnected 1.22 per 100 customers and Simply Energy disconnected 2.13 per 100 customers.

Lumo Energy and TRUenergy showed the greatest improvement, substantially reducing their disconnections of residential electricity customers in 2010-11. AGL's electricity disconnection rate increased again in 2010-11, after reporting last year that disconnections went up only because disconnections were suspended in the 2008-09 and resumed in 2009-10. The number of customers disconnected and then reconnected at the same address increased to 47 per cent of all disconnections in 2010-11, up from 43 in 2009-10. An increase in reconnections at the same address indicates more customers are struggling with their payments, rather than customers who leave an address without paying their accounts. Overall, however, disconnection of customers who exhibited payment difficulties remained stable in 2010-11.

For gas, retailers with stand-out poor performance were Simply Energy, Red Energy and Australian Power & Gas. All three increased gas disconnections and also reconnections at the same address.



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 card holders
- 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 to 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. Table 4.1 details disconnection rates for the past five years, while figure 4.1 shows the levels of disconnection and reconnection since 1990 for both electricity and gas.

Table 4.1 Residential electricity and gas disconnections
2006-07 to 2010-11

	2006-07	2007-08	2008-09	2009-10	2010-11
Electricity disconnections	6 968	6 249	9 598	13 486	17 871
Per cent of customers	0.33	0.29	0.43	0.59	0.77
Gas disconnections	8 145	6 581	10 077	15 473	13 741
Per cent of customers	0.5	0.39	0.57	0.85	0.74



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

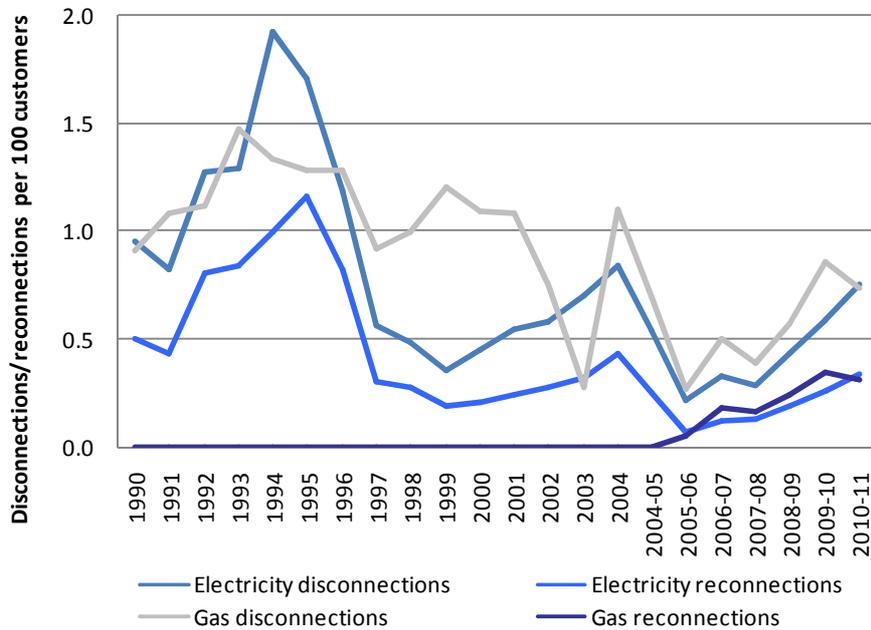


Figure 4.1 shows disconnections and reconnections increased for electricity in 2010-11, but decreased for gas customers. Electricity disconnection and reconnection rates, although consistent with long term averages, show a recent upward trend since 2005-06. The rate is now at its highest level since that year. Gas disconnection rates also increased in recent years, until a fall in 2010-11.

The rate of residential electricity disconnection in Victoria in 2010-11 was 0.77 per 100 customers. Table 4.2 compares this disconnection rate with that of other jurisdictions, and shows (based on the available data) South Australia and Western Australia had large rate increases in 2010-11, when they had the highest disconnection rates across jurisdictions. Victoria has historically had a much lower rate of disconnection than that of the other jurisdictions, but had the third highest rate in 2010-11.



Table 4.2 Residential electricity disconnections, by jurisdiction
Per 100 customers

Jurisdiction	2006-07	2007-08	2008-09	2009-10	2010-11
Victoria	0.33	0.29	0.43	0.59	0.77
New South Wales	0.7	0.6	0.6	0.6	0.61
ACT	0.3	0.43	0.27	0.56	na
South Australia	0.76	0.85	0.87	0.66	1.01
Queensland	na	1.13	na	0.9	na
Tasmania	0.47	0.39	0.45	0.59	0.51
Western Australia	0.97	0.77	0.55	0.39	0.9

na Not available.

Data sources: Independent Pricing and Regulatory Tribunal (IPART), Independent Competition and Regulatory Commission (ICRC), Essential Services Commission of South Australia (ESCOSA), Department of Employment Economic Development and Innovation (DEEDI), Office of the Tasmanian Economic Regulator (OTTER), Economic Regulation Authority (ERA).

4.4 Disconnections and reconnections in 2010-11

This section presents rates of disconnection and reconnection in the same name and address for Victorian residential electricity and gas customers in 2010-11. It also compares these rates with retailers' 2009-10 performance.

Tables 4.3 and 4.4 show disconnection and reconnection rates increased in 2010-11 specifically:

- The state wide disconnection rate was 0.77 per 100 residential electricity customers and 0.74 per 100 gas customers. The rate rose by 33 per cent from 2009-10 for electricity customers, but fell by 11 per cent for gas customers.
- Electricity reconnections in the same name and at the same address within seven days also increased—up to 47 per cent of disconnected customers, from 43 per cent in 2009-10.
- Australian Power & Gas had the highest rate of disconnection, at 2.41 per 100 customers. Simply Energy had a rate of 2.13 per 100 customers and Click Energy had a rate of 1.28 per 100 electricity customers.
- The majority of retailers increased their electricity disconnection rate. AGL and Simply Energy recorded more than double the number of disconnections in 2009-10.
- EnergyAustralia, Powerdirect and TRUenergy had the lowest disconnection rates.
- TRUenergy, Powerdirect and Lumo Energy showed the greatest improvement, all reducing disconnections by more than 30 per cent.
- For gas, AGL and Simply Energy recorded significant increases in their disconnection rates, while EnergyAustralia and TRUenergy had the lowest rates.



These results indicate more electricity customers were disconnected in 2010-11 than in 2009-10, and more disconnected customers were reconnected within seven days. These findings indicate some retailers may be turning to disconnection more quickly than in previous years, and they may not offer enough support if customers are experiencing hardship and may need to be in their hardship program before disconnecting them.

Gas customers are traditionally disconnected more than electricity customers. This trend may be due to customers with dual fuel accounts being disconnected from gas before electricity. The change in trend—with the decreased disconnection rate in 2010-11—is largely due to Lumo Energy and TRUenergy reporting large falls in gas disconnections.

Audit results

The Commission undertook regulatory audits in 2010-11 that examined the retailers' disconnection processes, data quality and whether they comply with the Energy Retail Code's conditions on when a customer may be disconnected. Audit results show that while all the participating retailers provided satisfactory disconnection data, three retailers failed for some of the disconnection indicators. Specifically:

- Red Energy provided unsatisfactory reconnections data for 5 indicators. The main reason supplied for by the auditor was a lack of supporting documentation for reconnected customers. Their disconnection data was compliant.
- TRUenergy auditors found that their disconnections and reconnection with financial hardship characteristics all failed to pass. This was mainly due to manual process and spreadsheets to calculate these indicators. Accuracy was also varied across these indicators.
- Lumo Energy also failed to provide satisfactory results for customer's disconnection and reconnected with financial hardship characteristics. This was mainly due to poor documentation and policy and procedures. Lumo also reported varied accuracy results for the disconnection and reconnection with financial hardship characteristic indicators.

The retailers who failed to provide satisfactory results will need to have its compliance of these indicators confirmed by external auditors before we will publish data in the 2011-12 report.

To better understand whether retailers disconnected their customers in financial difficulties, we further analysed the data.

Who is disconnected?

This section looks at the extent to which customers who may be experiencing payment difficulties are disconnected. These customers include:

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



Tables 4.3 and 4.4 reveal:

- The percentage of disconnected electricity customers who were previously on a budget instalment plan did not change significantly in 2010-11, remaining around 35 per cent of all electricity disconnections.
- Gas disconnections of customers previously on a budget instalment plan decreased slightly, from 37 per cent to 33 per cent of all gas disconnections. However, most retailers disconnected a higher proportion of these customers than in 2009-10, with only TRUenergy and Lumo Energy reporting a lower rate in 2010-11.
- An increased number of electricity customers were disconnected more than once over 24 months—up to 12 per cent of all disconnections in 2010-11 from 9 per cent in 2009-10.
- Multiple gas disconnections decreased significantly—down to 20 per cent from 32 per cent in 2009-10. TRUenergy and Australian Power and Gas reported lower rates and were below average in 2010-11.
- Disconnections of concession card electricity customers remained stable at 19 per cent of all electricity disconnections in 2010-11. But disconnections of concession card gas customers decreased from 28 per cent of all gas disconnections to 20 per cent. Overall, five of the seven gas retailers reduced the number of concession card holders who were disconnected. This reduction may indicate gas businesses are improving their support of lower income earners to pay their bills.



Who is reconnected in the same name?

Of the total customers who were disconnected, tables 4.3 and 4.4 show 47 per cent were reconnected in the same name and at the same address for electricity, and 43 per cent for gas. Tables 4.5 and 4.6 show the following for 2010-11:

- Electricity reconnections increased from 0.26 per cent of all customers in 2009-10 to 0.37 per cent. This rise reflects the overall increase in electricity disconnections. Similarly, gas reconnections fell, reflecting the overall decrease in gas disconnections.
- The percentage of reconnected customers who previously had been on a budget instalment plan decreased for electricity (from 41 per cent to 37 per cent) and increased for gas (from 42 per cent to 45 per cent for gas).
- Multiple reconnections of customers rose to 15 per cent for electricity, with a large percentage (76 per cent) recorded by Neighbourhood Energy, but fell to 17 per cent from 26 per cent for gas. The fall in multiple gas reconnections was mostly due to TRUenergy and Victoria Electricity.
- The percentage of concession card holders reconnected in the same name fell slightly for electricity, from 24 per cent to 21 per cent.
- Reconnections of concession card gas customers decreased to 26 per cent, from 45 per cent in 2009-10. This fall was largely due to a decrease reported by TRUenergy (from 99 per cent to 57 per cent), although the retailer's rate was still more than double the industry average.



Table 4.3 Disconnections—residential electricity
2009-10 to 2010-11

Retailer					Reconnections in the same name within seven days		Customers previously on a budget instalment plan		Customers with multiple disconnections within 24 months		Concession card holders	
	Total disconnections		Disconnections per 100 customers		% of disconnections		% of disconnections		% of disconnections		% of disconnections	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	2 920	6 090	0.51	1.04	29	48	30	43	4	10	10	16
Australian Power & Gas	1 154	2 318	1.75	2.41	62	57	18	42	12	18	1	18
Click Energy ^a	12	44	0.73	1.28	—	32	—	23	—	7	—	14
Country Energy ^b	262	222	0.48	0.50	45	42	14	18	3	5	19	20
EnergyAustralia ^{a b}	5	44	0.02	0.07	—	39	—	5	—	0	—	5
Lumo Energy	1 489	985	0.81	0.57	47	43	30	21	16	9	35	30
Momentum Energy ^a	—	8	—	0.36	—	—	—	—	—	—	—	—
Neighbourhood Energy	414	347	1.51	0.95	69	62	9	39	19	73	23	35
Origin Energy	1 772	2 627	0.32	0.49	16	29	34	35	6	7	14	13
Powerdirect ^a	24	14	0.14	0.10	—	—	—	—	—	—	—	—
Red Energy	1 445	1 830	1.01	1.22	43	50	14	23	8	13	36	32
Simply Energy	934	2 456	0.76	2.13	49	57	23	26	7	10	18	17
TRUenergy	3 055	886	0.62	0.19	50	37	66	47	12	22	24	24
Electricity total	13 486	17 871	0.59	0.77	43	47	34	36	9	12	19	19

^a Retailers with fewer than 30 disconnections do not have percentage data reported. — Not applicable

^b Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.4 Disconnections—residential gas
2009-10 to 2010-11

Retailer	Total disconnections		Disconnections per 100 customers		Reconnections in the same name within seven days		Customers previously on a budget instalment plan		Customers with multiple disconnections within 24 months		Concession card holders	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	1 731	3 095	0.35	0.62	34	48	28	43	3	9	11	18
Australian Power & Gas	1 122	1 818	2.13	2.29	43	59	24	40	24	17	1	20
EnergyAustralia ^{a b}	6	10	0.02	0.02	—	—	—	—	—	—	—	—
Lumo Energy	4 390	1 838	3.32	1.47	39	44	36	25	62	41	39	34
Origin Energy	3 982	3 228	0.78	0.64	43	32	35	35	28	28	29	9
Red Energy	735	1 127	1.02	1.34	30	39	12	19	11	18	41	37
Simply Energy	495	1 697	0.50	1.84	37	41	17	21	5	9	17	14
TRUenergy	3 012	928	0.70	0.22	48	36	60	39	21	19	32	32
Gas total	15 473	13 741	0.85	0.74	41	43	37	33	32	20	28	20

^a Retailers with fewer than 30 disconnections do not have percentage data reported. — Not applicable

^b TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.5 Reconnections—residential electricity
2009-10 to 2010-11

Retailer	Total reconnections		Reconnections per 100 customers		Reconnected customers previously on a budget instalment plan		Customers with multiple reconnections within 24 months		Concession card holders	
	2009-10	2010-11	2009-10	2010-11	% of reconnections		% of reconnections		% of reconnections	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	843	2 921	0.15	0.50	61	40	3	9	23	14
Australian Power & Gas	718	1 328	1.09	1.38	18	52	13	21	1	20
Click Energy ^a	5	14	0.30	0.41	—	—	—	—	—	—
Country Energy ^b	118	94	0.21	0.21	16	21	7	13	19	23
EnergyAustralia ^{a b}	5	17	0.02	0.03	—	—	—	—	—	—
Lumo Energy	694	428	0.38	0.25	32	34	20	13	36	35
Momentum Energy ^a	—	2	—	0.09	—	—	—	—	—	—
Neighbourhood Energy	287	216	1.05	0.59	9	51	18	76	26	40
Origin Energy	576	773	0.10	0.14	8	9	18	12	17	16
Powerdirect ^a	—	1	—	0.01	—	—	—	—	—	—
Red Energy	618	910	0.43	0.61	17	29	10	13	38	34
Simply Energy	454	1 392	0.37	1.21	27	29	7	10	23	21
TRUenergy	1 541	327	0.31	0.07	80	65	12	32	29	33
Electricity total	5 859	8 423	0.26	0.37	41	37	12	15	24	21

^a Retailers with fewer than 30 disconnections do not have percentage data reported. — Not applicable

^b Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.6 Reconnections—residential gas
2009-10 to 2010-11

Retailer	Total reconnections		Reconnections per 100 customers		Reconnected customers previously on a budget instalment plan % of reconnections		Customers with multiple reconnections within 24 months % of reconnections		Concession card holders % of reconnections	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	592	1 476	0.12	0.29	41	29	3	6	13	11
Australian Power & Gas	484	1 068	0.92	1.35	26	50	22	18	1	23
EnergyAustralia ^{a b}	6	3	0.02	0.01	—	—	—	—	—	—
Lumo Energy	1755	803	1.33	0.64	40	32	41	27	99	57
Origin Energy	1 721	1 035	0.34	0.20	29	85	28	27	23	22
Red Energy	223	438	0.31	0.52	25	29	7	18	50	41
Simply Energy	185	698	0.19	0.76	22	31	6	8	22	21
TRUenergy	1 453	338	0.34	0.08	72	56	24	30	36	38
Gas total	6 419	5 859	0.35	0.31	42	45	26	17	45	26

^a Retailers with fewer than 30 disconnections do not have percentage data reported. — Not applicable

^b TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



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. We look for whether the retailers are sufficiently assisting these customers to remain on supply, recognising retailers may need to disconnect as a last resort.

The percentage of reconnections of customers who may be financially vulnerable increased for seven retailers in 2010-11. Tables 4.7 and 4.8 show those retailers who reported an increase of greater than 5 per cent, or whose data are above the industry average for each of the indicators.

Table 4.7 shows the following for 2010-11:

- Neighbourhood Energy and Australian Power and Gas performed above average for nearly all the indicators.
- TRUenergy and Lumo Energy showed the greatest improvement in disconnections and reconnections, although TRUenergy continued to have above average results for the remaining indicators.

Table 4.7 Electricity reconnections summary
Residential, 2009-10 to 2010-11

Retailer	Disconnections	Reconnections in the same name	Customers previously on a budget instalment plan	Customers with multiple reconnections within 24 months	Concession card holders
AGL	↑ ●	↑ ●	●		
Australian Power & Gas	↑ ●	↑	↑ ●	↑ ●	↑
Neighbourhood Energy	●	●	↑ ●	↑ ●	↑ ●
Red Energy	↑ ●	↑ ●	↑		●
Simply Energy	↑ ●	↑ ●			
TRUenergy			●	●	●

↑ = > than 5 % increase ● = above industry average

Note: Retailers with fewer than 50 disconnections are not included.



Table 4.8 shows the following for 2010-11:

- AGL and Australian Power & Gas reported above industry average reconnections in the same name.
- Red Energy and Simply Energy increased the number of disconnections and also reported above average figures for most of the reconnection indicators.

Table 4.8 Gas reconnections summary
Residential, 2009-10 to 2010-11

Retailer	Disconnections	Reconnections in the same name	Customers previously on a budget instalment plan	Customers with multiple reconnections within 24 months	Concession card holders
AGL	↑	↑ ●			
Australian Power & Gas	●	↑ ●	↑ ●		↑
Lumo Energy	●		↑ ●	●	●
Red Energy	↑ ●	↑	↑	↑ ●	●
Simply Energy	↑ ●		●	↑ ●	●
TRUenergy			●	●	●

↑ = > than 5 % increase ● = above industry average

Note: Retailers with fewer than 50 disconnections are not included.



The Commission's view

Overall, we have concerns about retailers' implementation of hardship policies. In 2010 we asked the retailers for assurance that all customers identified as experiencing financial hardship are provided with the opportunity to participate in retailers' hardship programs. All the retailers responded that this was the case. But while the gas disconnection data improved, electricity disconnections continued to rise in 2010-11. This finding may be due to increases in the cost of living, as shown by the Victorian Government's increased spending on energy concession (which rose by 42 per cent in 2010-11). Or, it may show the retailers' hardship programs and other assistance for customers with financial difficulties are not working efficiently to help customers.

The Commission also appointed Hall and Partners to complete research into hardship customers in a qualitative study in June 2011. The study suggests that water and energy retail businesses could be doing more to ensure they are providing appropriate support to customers experiencing hardship, and by extension, to ensure they satisfy the intent of the Commission's Customer Service Codes and guidelines in relation to their approach to hardship. We note that responding to hardship customers is a shared responsibility between government and retailers. The full report *Customers of water and energy providers in hardship: A customer perspective* is available to download from our website at www.esc.vic.gov.au.

Further to this all retailers who failed audit for disconnection and reconnection indicators will be required to comply with independent auditors before 2011-12 data will be reported in next years report.

Disconnections and reconnections—business

This section compares the rates of disconnection and reconnection in the same name for business electricity and gas customers in 2010-11. It also compares these rates with retailers' 2009-10 performance. Table 4.9 and 4.10 show the following for 2010-11:

- The electricity disconnection rate for businesses increased from 0.49 per 100 customers in 2009-10 to 0.57 per 100. Other than Diamond Energy, which has a very small customer base, Simply Energy reported the highest electricity disconnection rate (2.29 per 100 customers, up from 0.92 in 2009-10), while TRUenergy reported a low disconnection rate of 0.14 per 100 customers.
- Business gas customers recorded a decreased rate of disconnection in 2010-11—down to 0.65 per 100 customers, from 0.92 per 100 in 2009-10.
- The rate of reconnection for businesses followed a trend similar to that for disconnections, with electricity reconnections increasing slightly to 0.13 per 100 customers and gas reconnections decreasing to 0.23 per 100 customers.



Table 4.9 Disconnections and reconnections—business electricity
2009-10 to 2010-11

Retailer	Total disconnections 2010-11	Disconnections per 100 customers		Total reconnections 2010-11	Reconnections per 100 customers	
		2009-10	2010-11		2009-10	2010-11
AGL	704	0.58	0.90	160	0.10	0.20
Click Energy	1	0.53	0.22	0	0.53	0
Country Energy ^a	29	0.04	0.29	3	0.02	0.03
Diamond Energy	1	—	6.00	0	—	0
EnergyAustralia ^a	3	—	0.07	0	—	0
Lumo Energy	110	0.70	0.67	34	0.21	0.21
Momentum	25	—	0.15	2	—	0.01
Origin Energy	457	0.36	0.55	49	0.4	0.06
Powerdirect	42	0.57	0.19	5	0.01	0.02
Red Energy	45	0.92	1.01	13	0.27	0.29
Simply Energy	267	0.92	2.29	110	0.42	0.95
TRUenergy	86	0.59	0.14	23	0.21	0.04
Electricity total	1 770	0.49	0.57	399	0.11	0.13

— Not applicable

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 4.10 Disconnections and reconnections—business gas
2009-10 to 2010-11

Retailer	Total disconnections	Disconnections per 100 customers		Total reconnection	Reconnections per 100 customers	
	2010-11	2009-10	2010-11	2010-11	2009-10	2010-11
AGL	104	0.48	0.75	34	0.11	0.25
Lumo Energy	54	10.46	2.91	13	1.73	0.70
Origin Energy	77	0.49	0.60	25	0.29	0.19
Red Energy	1	0.22	0.15	1	0	0.15
Simply Energy	40	0.41	2.59	17	0.20	1.10
TRUenergy	51	0.75	0.27	28	0.42	0.15
Gas total	327	0.92	0.65	118	0.34	0.23



5 CALL CENTRE PERFORMANCE AND COMPLAINTS

5.1 What we found

The average wait time to speak to an operator was poor in 2010-11, rising by 23 per cent to 101 seconds from 82 seconds in 2009-10 (and from 48 seconds in 2008-09). The number of abandoned calls increased by over 83 000. This number equates to 8.5 per cent of all calls to retailers, up from 7.2 per cent in 2009-10. The proportion of calls answered within 30 seconds fell by 4 per cent, down to 59 per cent of calls to an account line from 63 per cent.

Independent research shows the overall call centre performance of the energy industry remained stable in 2010-11, on par with, or better than, the national energy sector average in many customer service areas. The results were also positive for hardship customer enquiries, showing customers in 2010-11 were treated with the same or better manner when speaking to retailers, compared with 2008-09 and 2009-10.

Customer complaints reported by the electricity retailers doubled in 2010-11, up to 4.2 complaints per 100 customers from 2.1 in 2009-10. This rate rise was mainly due to Lumo Energy, whose total complaints increased from 11 474 to 48 783 and Australian Power & Gas, whose total complaints also increased substantially from 1 045 up to 4 442 in 2010-11. Lumo Energy and Dodo Power & Gas had the highest proportion of electricity complaints per 100 customers, with 26 and 19 complaints per 100 customers respectively. Simply Energy was the only retailer to report a decrease in complaint numbers for electricity. Gas retailers also reported an increase in complaints, up to 1.1 complaints per 100 customers from 0.7 in 2009-10. For gas, all retailers reported a rise in the complaints rate, with Simply Energy reporting the largest increase in 2010-11.

The number of complaints received for full investigation by the Energy and Water Ombudsman (EWOV) also increased in 2010-11, up 56 per cent on 2009-10 to 11 203 complaints. Energy affordability complaints increased by 79 per cent. Overall, the EWOV data reflects the trend seen in the retailers data for an increase in complaints.



5.2 Why report these indicators?

We assess call centre performance and service delivery trends in the competitive market to provide information to customers about business responsiveness and efficiency. This data is reported by the retailers. Further to this we commission independent researchers to monitor the retailers' call centres to assess general measures such as call connection time, greeting quality, operator manner and enquiry resolution. More specifically, they assess how retailer call centres respond to customers with payment difficulties.

We also monitor the number and types of complaints recorded by energy retailers and the Energy and Water Ombudsman Victoria, to measure complaint trends over time for both the industry and individual retailers.

Complaints data is separated into four sections:

- Marketing complaints—a complaint associated with a retailers actions in seeking to sign up a customer for a market contract.
- Billing/credit complaints—a complaint regarding over charging, prices, payment terms and methods and debt recovery practices.
- Transfer complaints—a complaint associated with the financial responsibility for a customer who has been transferred to a market contract with either an existing or a new retailer.
- Other complaints—a complaint about the quality and timeliness of retail service other than a marketing, billing or transfer complaint. Examples include poor service, privacy consideration, failure to respond to complaints and health and safety issues.

5.3 Call centre performance

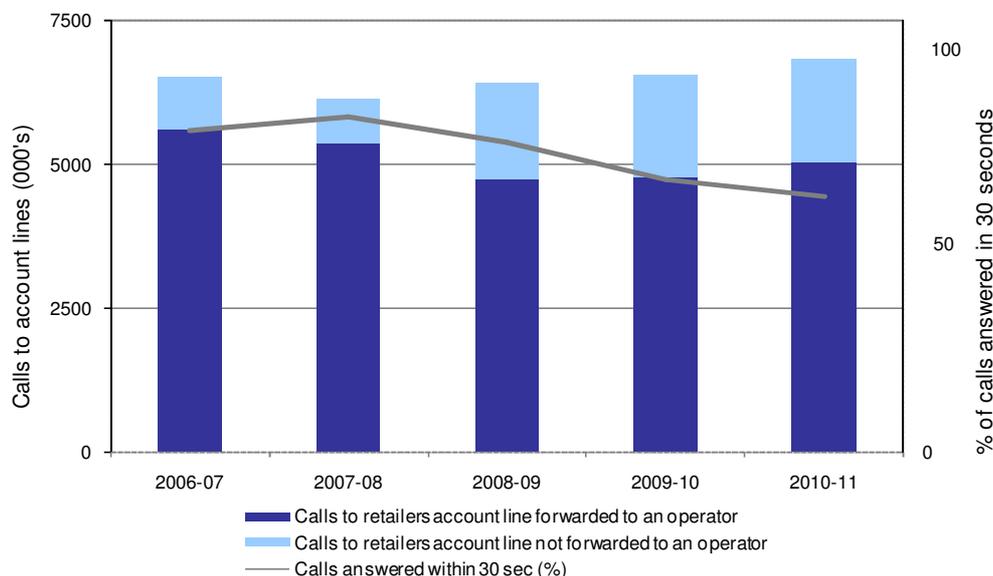
This section reports on the performance of retailer call centres, including the total number of calls to electricity and gas account lines (phone lines), the number of calls forwarded to an operator, and the proportion of these calls answered by an operator within 30 seconds. We did not audit call centre performance in 2010-11.

Figure 5.1 shows the following for 2010-11:

- Calls to the retailers increased by 6 per cent to 5.05 million, up from 4.77 million in 2009-10.
- The proportion of calls answered by an operator within 30 seconds decreased by 4 per cent, down to 59 per cent in 2010-11.



Figure 5.1 Call centre performance—electricity and gas 2006-07 to 2010-11



Note: EnergyAustralia is not included in the data because it can report only national data.

We also assessed the average wait time to speak with an operator, and the number of calls abandoned while waiting for an operator to take a call. Tables 5.1 and 5.2 show the following for 2010-11:

Customers who abandoned their call while waiting for an operator to respond rose by 24 per cent to 426 664, from 343 409 customers in 2009-10. This number equates to 8.5 per cent of all calls to retailer account lines, up from 7.2 per cent in 2009-10.

- AGL, Momentum Energy, Red Energy and Neighbourhood Energy answered the lowest proportion of calls within 30 seconds, all recording below 50 per cent.
- The average time that consumers spent waiting for an operator was 101 seconds—19 seconds longer than the average wait in the previous year (a 23 per cent increase).
- AGL, Neighbourhood Energy, Origin Energy and Red Energy recorded the longest average call waiting times.
- All other retailers reported average wait times below the industry average.
- Neighbourhood Energy (14 per cent), Origin Energy (15 per cent) and Red Energy (13 per cent) reported the highest percentage of abandoned calls to an operator.



Overall these results show a decline in the call centre customer service provided by energy retailers to their customers. Our monitoring in the Victorian water sector in comparison shows that wait time to speak to an operator was 27 seconds, 74 seconds less than the energy wait time. While the energy sector reported 56 per cent of calls were answered within 30 seconds, compared to 90 per cent for the urban water industry.

Table 5.1 Calls forwarded to operator, and answered within 30 seconds
Electricity and gas, 2009-10 to 2010-11

Retailer	Calls to account line forwarded to an operator		Calls forwarded to an operator answered within 30 seconds (% of calls to operator)	
	2009-10	2010-11	2009-10	2010-11
AGL	1 080 743	1 142 592	54	36
Australian Power & Gas	175 468	421 707	76	74
Click Energy	7 120	17 763	79	86
Country Energy ^a	98 431	87 114	78	79
Diamond Energy	255	918	97	100
Dodo Power and Gas	97	17 798	63	91
Lumo Energy	572 311	750 467	73	78
Momentum	19 456	40 067	83	46
Neighbourhood Energy	64 260	117 158	68	49
Origin Energy	1 186 789	947 071	67	56
Powerdirect	73 207	44 914	80	70
Red Energy	343 600	415 529	67	42
Simply Energy	352 537	322 281	71	74
TRUenergy	796 829	721 784	54	69
Total	4 771 103	5 047 163	64	59

^a Origin Energy acquired Country Energy on 1 March 2011. Data are reported separately for 2010-11.

Note: EnergyAustralia is not included in the data as they can only report nationally



Table 5.2 Call handling performance—electricity and gas
2009-10 to 2010-11

Retailer	Calls Abandoned (% of calls to Operator)		Average Wait Time (seconds)	
	2009-10	2010-11	2009-10	2010-11
AGL	10	9	99	152
Australian Power & Gas	2	4	23	41
Click Energy	2	2	16	17
Country Energy ^a	2	2	22	21
Diamond Energy	4	1	15	30
Dodo Power and Gas	na	2	3	13
Lumo Energy	6	5	65	31
Momentum	3	5	22	30
Neighbourhood Energy	13	14	79	123
Origin Energy	8	15	89	160
Powerdirect	4	5	59	83
Red Energy	5	13	56	137
Simply Energy	4	3	87	50
TRUenergy	7	5	97	67
Average	7	8	82	101

^a Origin Energy acquired Country Energy on 1 March 2011. Data are reported separately for 2010-11.

Note: EnergyAustralia is not included in the data as they can only report nationally

na Not applicable

5.4 Independent call centre monitoring

Further to the data supplied by the retailers, we also commissioned research into the retailers call centres. Ten 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 1015 calls to these 10 retailers, of which 526 calls related to hardship issues. The results are compared with results for all researched energy companies in Australia, and for selected companies representing the airline, banking, insurance and telecommunication industries. The complete report is available to download on our website (www.esc.vic.gov.au).



Call centre service

The CSBA data show the following for 2010-11:

- The average time to connect to an agent for a Victorian energy retailer was 94 seconds, which was 5 seconds quicker than in 2009-10 (99 seconds) and 2 seconds slower than the 2010-11 national energy sector average of 92 seconds. This measure is calculated differently from the results supplied by the retailers (table 5.2), because the CSBA researcher includes the time that the automated system takes to pick up the call.
- The fastest answering Victorian energy company was Neighbourhood Energy (78 seconds), while Origin Energy was the slowest (141 seconds), although it improved its 2009-10 result (154 seconds).
- Sixty per cent of calls were answered within 30 seconds, hardly unchanged from 61 per cent in 2009-10. This proportion is consistent with the retailers' reported data (table 5.1) and consistent with the national average for the energy sector. The result is above average compared with a national cross-section of companies.
- Victorian energy retailers continued to greet their customers in a friendly manner (93 per cent, on par with the national energy sector), with the best practice agent manner remaining consistent at 73 per cent—slightly up from 71 per cent in 2009-10. This result aligns with that of the national energy sector (71 per cent). Neighbourhood Energy (92 per cent) was the top performer, while Lumo Energy (59 per cent) was the lowest performer.
- The enquiry handling skills index of the Victorian energy retailers was stable at 81 per cent, and in line with the national energy sector result. The lowest performing Victorian retailer was Lumo Energy (69 per cent), while Neighbourhood Energy was the best performer (91 per cent).
- Retailers' handling of calls from customers with payment difficulties was no different from 2009-10, continuing the trend from 2008-09. The best practice manner for payment difficulty calls (74 per cent) was in line with that for non-payment difficulty calls (72 per cent).

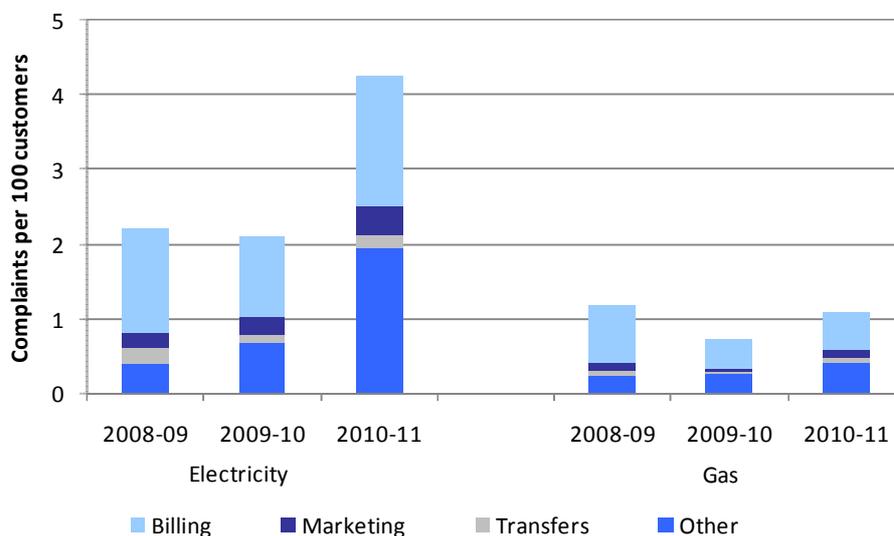
5.5 Customer complaints

Electricity and gas complaints both rose significantly from the levels in 2009-10. We audited these data in our 2010-11 audit program, and found many retailers failed to report accurate and reliable complaints data. Of the results we received, four retailers showed unsatisfactory results. This section includes all the complaints data, and we highlight any problem results for individual retailers.

Figure 5.2 shows complaints reported by the electricity retailers doubled, up to 4.2 per 100 customers from 2.1 in 2009-10. Complaints reported by gas retailers increased to 1.1 per 100 customers from 0.7 in 2009-10.



Figure 5.2 Complaints—electricity and gas
2008-09 to 2010-11



Tables 5.3 and 5.4, and figures 5.3 and 5.4 detail the complaints performance of each energy retailer. The overall number and rate of electricity complaints rose considerably in 2010-11, compared with 2009-10. Total electricity complaints increased from 53 597 to 111 047—up 105 per cent. This increase was mainly due to Lumo Energy, whose total complaints increased from 11 474 to 48 783. For gas, all retailers reported an increase in the total number of complaints.

Overall, the electricity and gas data show the following for 2010-11:

- The majority of electricity complaints related to ‘other’ complaints (46 per cent), followed by billing complaints (41 per cent), marketing complaints (9 per cent) and transfer complaints (the remaining 4 per cent).
- The proportion of ‘Other’ complaints increased by 13 per cent in 2010-11. ‘Other’ complaints can include quality and timeliness of retail service, for example: poor service, privacy consideration, failure to respond to complaints and health and safety issues.
- AGL’s data remained steady for billing complaints, but nearly doubled for ‘other’ complaints for both electricity and gas.
- Lumo Energy reported 26 electricity complaints for every 100 customers, up from just 5.8 in 2009-10. Dodo Power & Gas also reported a high proportion of complaints per 100 customers (19 per 100 customers)
- Simply Energy was the only retailer to decrease the total number of electricity complaints per 100 customers, reporting 2.4 complaints, down from 2.9 complaints per 100 customers in 2009-10. Momentum Energy remained unchanged at 0.3 per 100 customers.



- The majority of gas complaints related to billing (48 per cent), followed by 'other' complaints (38 per cent). Marketing complaints and transfer complaints made up the rest (8 and 6 per cent respectively).
- Gas complaints rose by 50 per cent, after falling by 35 per cent in 2009-10. All retailers reported an overall increase. Simply Energy reported the largest increase in complaints per 100 customers, going from 0.5 to 2.5 per 100 customers. Lumo Energy and AGL also reported high rates of complaints, with 1.5 and 1.7 per 100 customers respectively.

Audit results

Audit results showed there was a number of retailers whose complaints data were of concern. For example, issues were found with the reliability and accuracy of data for Origin Energy, Simply Energy, TRUenergy and Lumo Energy.

Simply Energy have fixed the issues raised by auditors for complaints, but could not resubmit data for 3 of the 12 months of 2010-11. Origin Energy's audit revealed the complaints handling procedures needed updating, they are currently undertaking these amendments. Auditors identified that TRUenergy had issues with manual classification of complaints and overall reliability of the process, and Lumo Energy also had issues with classification of complaints.

When looking at complaints reporting it is important to consider that complaints classification can vary with the customer service team, the manager or the system to record the complaint in the first place. Due to this we also look at the Energy and Water Ombudsman's (EWOV) complaints data in detail in section 5.6. This data reflects the number of complaints received for full investigation by EWOV and is a good indication of how well retailers resolve customer complaints.



Table 5.3 Complaints, by retailer—electricity
2009-10 to 2010-11

Retailer	Complaints billing		Complaints transfers		Complaints marketing		Complaints other		Complaints total	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	12 892	12 831	687	982	1 319	1 793	5 307	9488	20 205	25 294
Australian Power & Gas	275	2241	77	819	669	897	24	485	1 045	4 442
Click Energy	11	103	2	8	1	11	20	106	34	228
Country Energy ^a	104	159	13	16	44	3	32	32	193	210
Dodo Power & Gas	0	164	0	104	0	24	0	66	0	358
EnergyAustralia ^a	69	597	55	186	389	667	27	104	540	1554
Lumo Energy	5 964	13 111	200	898	747	1539	4 563	33 235	11 474	48 783
Momentum	33	31	1	10	6	2	1	5	41	48
Neighbourhood Energy	588	565	120	325	226	1 773	418	454	1 352	3 117
Origin Energy	3 545	6 353	653	696	755	930	2 836	3 599	7 789	11 578
Powerdirect	302	280	24	25	21	39	431	567	778	911
Red Energy	814	1 810	107	198	549	636	249	512	1 719	3 156
Simply Energy	448	1 038	34	73	1 491	884	1 984	1 114	3 957	3 110
TRUenergy	2 582	6 227	107	319	189	251	2 129	1 661	5 007	8 458
Electricity total	27 627	45 511	2 080	4 659	6 406	9 449	18 021	51 428	54 134	111 047

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.



Table 5.4 Complaints, by retailer—gas
2009-10 to 2010-11

Retailer	Complaints billing		Complaints transfers		Complaints marketing		Complaints other		Complaints total	
	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11
AGL	4 384	4 335	353	433	303	308	1 968	3 853	7 008	8 929
Lumo Energy	477	857	18	74	8	25	252	889	755	1 845
Origin Energy	1 274	2 204	288	450	280	434	1 380	1 252	3 222	4 340
Red Energy	201	394	59	84	143	101	80	181	483	760
Simply Energy	115	532	12	78	91	770	314	892	532	2 272
TRUenergy	872	1 342	87	178	15	67	717	740	1 691	2 327
Gas total	7 323	9 664	817	1 297	840	1 705	4 711	7 807	13 691	20 473



Figure 5.3 Complaints to retailers—electricity
2010-11

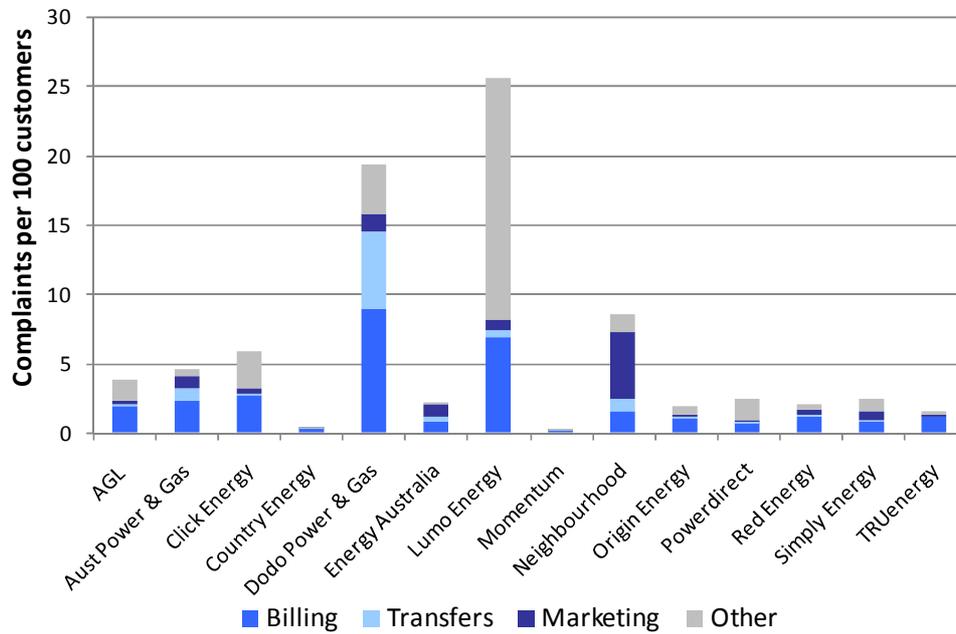
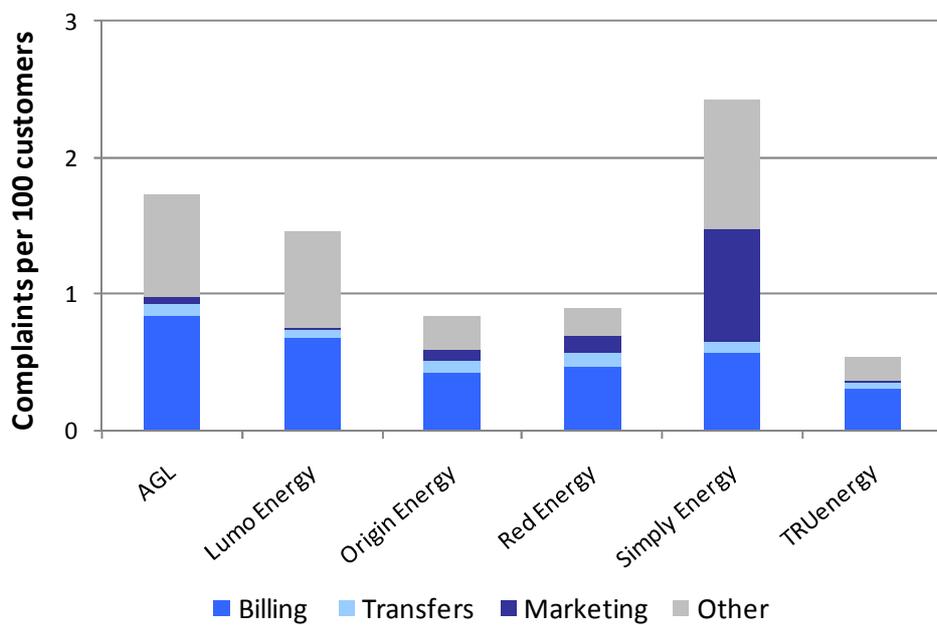


Figure 5.4 Complaints to retailers—gas
2010-11





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. We look at the data for trend analysis and to see if it correlates with what the retailers reported in 2010-11 (table 5.3 and 5.4)

Table 5.5 shows:

- EWOV reported a 56 per cent increase in the number of complaints investigated (up to 11 203 compared with 7 176 in 2009-10. This was half the number reported by the retailers which increased by 106 per cent in 2010-11. This may be explained by Lumo Energy's results; they contributed significantly to this increase and if excluded, the increase in the number of complaints would be 46 per cent.
- Energy affordability complaints reported by EWOV increased by 79 per cent in 2010-11 from 5 382 up to 9 607 complaints for both electricity and gas.
- Other complaints reported for full investigation by EWOV showed a decline of 11 per cent overall in 2010-11. This was not reflected in the retailer's data, where 'other' complaints rose significantly, mainly due to Lumo Energy and AGL.
- EWOV reported a 63 per cent increase in complaints for full investigation against Lumo Energy—this was conservative compared to the retailer's own data which showed a 300 per cent increase in 2010-11.
- Australian Power & Gas had the largest single increase in the number of complaints received for full investigation up 320 per cent to 866 complaints from 206 in 2009-10. This was reflected in the retailer's own data which showed a similar increase.
- Dodo Power & Gas only had one complaint investigated by EWOV in 2010-11, whereas the retailer's own data showed a high proportion of complaints per 100 customers. This may reflect that they resolve complaints before they are escalated to EWOV for investigation.
- AGL and Neighbourhood Energy were the only retailers to see a decrease in complaints; decreasing by 12 per cent and 2 per cent respectively in 2010-11.
- Other retailers with an increase of 100 per cent or more were Click Energy, EnergyAustralia, Origin Energy and TRUenergy.



Table 5.5 Complaints received for full investigation by EWOV
2008-09 to 2010-11

Retailer	Affordability			Other retail			Total complaints		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Electricity									
AGL	2 020	1 562	1 514	438	345	205	2 458	1 907	1 719
Aurora Energy	1	0	0	0	0	0	1	0	0
Australian Power & Gas		62	461	42	69	44	79	131	505
Click Energy	5	9	26	3	1	2	8	10	28
Country Energy ^a	9	17	36	6	7	7	15	24	43
Dodo Power & Gas	—	—	0	—	—	1	—	—	1
EnergyAustralia ^a	1	10	105	4	26	15	5	36	120
Integral Energy	0	0	0	1	0	0	1	0	0
Lumo Energy	208	502	1 078	87	247	142	295	749	1 220
Momentum Energy	10	10	12	3	4	5	13	14	17
Neighbourhood Energy	22	54	72	62	34	14	84	88	86
Origin Energy	714	593	1 409	152	176	279	866	769	1 688
Powerdirect	48	64	86	12	19	39	60	83	115
Red Energy	85	110	232	37	34	31	122	144	263



Retailer	Affordability			Other retail			Total complaints		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Simply Energy	171	236	632	78	152	97	249	388	729
TRUenergy	391	504	1 125	76	113	467	467	617	1 592
Electricity total	3 731	3 736	6 788	1 007	1 227	1 338	4 738	4 963	8 126
Gas									
AGL	1 059	753	708	255	173	60	1 314	926	768
Australian Power & Gas	8	25	239	29	49	14	37	74	253
EnergyAustralia ^a	3	2	49	4	10	3	7	12	52
Lumo Energy	74	272	541	44	111	64	118	383	605
Origin Energy	233	224	444	78	56	34	311	280	478
Red Energy	16	33	76	13	12	6	29	45	82
Simply Energy	53	104	255	32	76	21	85	180	276
TRUenergy	124	184	475	48	53	56	172	237	531
Gas totals	1 570	1 597	2 787	503	540	258	2 073	2 137	3 045
Dual fuel									
AGL	4	0	0	4	0	0	8	0	0
Australian Power & Gas	0	0	0	1	1	0	1	1	0
Lumo Energy	17	42	30	10	23	0	27	65	30



Retailer	Affordability			Other retail			Total complaints		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Origin Energy	0	0	0	6	0	0	6	0	0
Red Energy	0	0	0	3	0	0	3	0	0
Simply Energy	0	0	0	0	1	0	0	1	0
TRUenergy	5	7	2	0	2	0	5	9	2
Dual fuel total	26	49	32	24	27	0	50	76	32
Energy total	5 327	5 382	9 607	1 534	1 794	1596	6 861	7 176	11 203

Source: EWOV

^a Origin Energy acquired Country Energy, and TRUenergy acquired EnergyAustralia on 1 March 2011. Data are reported separately for 2010-11.

— Not applicable.



APPENDIX A

Hardship data, by retailer

	AGL			Australian Power & Gas		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	8 281	6 305	4 763	11	24	156
Hardship program participants for whom program access was sought by a third party	150	90	44	0	0	1
Hardship program participants who are concession cardholders	3 839	3 501	2 896	10	9	39
Customers denied access to a retailer's hardship program during the period	1 667	971	140	0	0	0
Average debt of new entrants to a hardship program	468	458	623	0	1 107	731
Average debt on exit from a hardship program	613	426	706	131	1 100	0
Average length of participation for customers in a hardship program	226	501	587	247	429	83
Participants exiting a hardship program by agreement with the retailer	480	791	452	4	0	0
Hardship program participants excluded for not complying with requirements	1 970	1 423	1 091	1	1	0
Disconnections of previous hardship program participants within 12 months	96	90	286	12	0	0
Reconnections of previous hardship program participants within 12 months	72	12	87	12	0	0
Energy field audits provided at no cost to customer	229	632	563	24	7	6
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers when partial contribution required	0	0	0	0	0	0
Appliances provided under a hardship program	14	187	510	0	0	0
Customers referred to Homewise / Capital Grants program for appliance replacement	81	0	0	9	0	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	8	0	0

— Data not applicable.



	Click Energy			Country Energy		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	—	36	49	512	859	528
Hardship program participants for whom program access was sought by a third party	—	1	0	1	2	1
Hardship program participants who are concession cardholders	—	3	12	24	27	19
Customers denied access to a retailer's hardship program during the period	—	0	0	5	6	0
Average debt of new entrants to a hardship program	—	1 091	1 132	748	742	891
Average debt on exit from a hardship program	—	1 881	01 337	456	672	819
Average length of participation for customers in a hardship program	—	272	156	435	367	393
Participants exiting a hardship program by agreement with the retailer	—	1	5	153	378	222
Hardship program participants excluded for not complying with requirements	—	5	8	50	270	146
Disconnections of previous hardship program participants within 12 months	—	3	6	0	0	1
Reconnections of previous hardship program participants within 12 months	—	2	0	0	0	0
Energy field audits provided at no cost to customer	—	0	0	0	0	2
Energy field audits provided at partial cost to customer	—	0	0	0	0	0
Average cost contributed by customers when partial contribution required	—	0	0	0	0	0
Appliances provided under a hardship program	—	0	0	0	0	0
Customers referred to Homewise / Capital Grants program for appliance replacement	—	0	0	0	0	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	—	0	0	0	0	0

— Data not applicable.



	EnergyAustralia			Momentum Energy		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	5	254	674	—	—	1
Hardship program participants for whom program access was sought by a third party	0	32	69	—	—	0
Hardship program participants who are concession cardholders	1	61	234	—	—	0
Customers denied access to a retailer's hardship program during the period	2	36	2	—	—	0
Average debt of new entrants to a hardship program	216	629	722	—	—	0
Average debt on exit from a hardship program	158	292	363	—	—	0
Average length of participation for customers in a hardship program	5	93	127	—	—	0
Participants exiting a hardship program by agreement with the retailer	2	100	206	—	—	0
Hardship program participants excluded for not complying with requirements	0	18	124	—	—	0
Disconnections of previous hardship program participants within 12 months	0	0	0	—	—	0
Reconnections of previous hardship program participants within 12 months	0	0	0	—	—	0
Energy field audits provided at no cost to customer	8	2	8	—	—	0
Energy field audits provided at partial cost to customer	0	0	0	—	—	0
Average cost contributed by customers when partial contribution required	0	0	0	—	—	0
Appliances provided under a hardship program	0	0	0	—	—	0
Customers referred to Homewise / Capital Grants program for appliance replacement	0	4	0	—	—	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	2	0	—	—	0

— Data not applicable.



	Neighbourhood Energy			Origin Energy		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	92	245	347	8 984	6 713	6 418
Hardship program participants for whom program access was sought by a third party	1	11	20	783	727	726
Hardship program participants who are concession cardholders	7	58	99	3 484	3 133	2 737
Customers denied access to a retailer's hardship program during the period	0	0	0	0	0	0
Average debt of new entrants to a hardship program	597	1,175	924	454	523	549
Average debt on exit from a hardship program	366	920	909	na	580	660
Average length of participation for customers in a hardship program	22	37	204	na	416	425
Participants exiting a hardship program by agreement with the retailer	13	0	62	1 046	1 280	1 045
Hardship program participants excluded for not complying with requirements	12	106	156	3 880	1 862	1 619
Disconnections of previous hardship program participants within 12 months	3	9	9	998	332	640
Reconnections of previous hardship program participants within 12 months	3	4	6	311	69	135
Energy field audits provided at no cost to customer	0	1	0	246	448	316
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers when partial contribution required	0	0	0	0	0	0
Appliances provided under a hardship program	0	0	0	14	2	0
Customers referred to Homewise / Capital Grants program for appliance replacement	0	0	0	0	0	92
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	0	0	0

na Not available.



	Powerdirect			Red Energy		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	34	88	43	639	804	1 093
Hardship program participants for whom program access was sought by a third party	8	10	1	26	41	51
Hardship program participants who are concession cardholders	11	24	18	241	220	370
Customers denied access to a retailer's hardship program during the period	0	0	2	2	0	0
Average debt of new entrants to a hardship program	1 071	1 423	2 307	388	627	569
Average debt on exit from a hardship program	1 604	1 958	3 100	357	546	801
Average length of participation for customers in a hardship program	156	256	305	315	284	228
Participants exiting a hardship program by agreement with the retailer	2	10	1	177	211	185
Hardship program participants excluded for not complying with requirements	5	13	22	208	235	359
Disconnections of previous hardship program participants within 12 months	0	0	0	28	37	117
Reconnections of previous hardship program participants within 12 months	0	0	0	11	18	38
Energy field audits provided at no cost to customer	0	1	3	0	3	0
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers when partial contribution 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	na	0	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	na	0	0

na Not available.



	Simply Energy			TRUenergy		
	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Hardship program participants	1 107	1 475	2 000	4 526	7 319	4 247
Hardship program participants for whom program access was sought by a third party	31	67	89	593	895	363
Hardship program participants who are concession cardholders	508	234	380	1 621	3 087	1 765
Customers denied access to a retailer's hardship program during the period	115	172	341	0	0	0
Average debt of new entrants into a hardship program	1 015	999	742	686	604	569
Average debt upon exit from a hardship program	1 320	718	1 140	792	1 046	676
Average length of participation for customers in a hardship program	329	422	336	122	189	392
Participants exiting a hardship program by agreement with the retailer	5	144	562	1 043	1 328	1 562
Hardship program participants excluded for not complying with requirements	89	492	232	878	1 227	1 033
Disconnections of previous hardship program participants within 12 months	6	21	41	56	150	59
Reconnections of previous hardship program participants within 12 months	4	16	16	39	81	40
Energy field audits provided at no cost to customer	0	2	78	64	79	0
Energy field audits provided at partial cost to customer	0	0	0	0	0	0
Average cost contributed by customers when partial contribution required	0	0	0	0	0	0
Appliances provided under a hardship program	0	0	0	3	2	3
Customers referred to Homewise / Capital Grants program for appliance replacement	0	0	20	1	79	0
Customers referred to Homewise / Capital Grants program resulting in an appliance replacement	0	0	0	1	0	0

na Not available.