

9 December 2011
Our ref: C/11/35617

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

Dear Mr Brownfield

PERFORMANCE INDICATORS FOR CUSTOMER SERVICE

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

- Hardship participation fell in 2010-11 from 88 to 43 participants, while the average debt on entry increased to \$2 307 from \$1 423.
- The number of estimated accounts increased in 2010-11, to 58.0 per 100 customers, up from 22.1 in 2009-10. This was well above the state average of 22.3.
- Direct debit defaults for electricity customers increased in 2010-11 to 1.53 per cent of monthly transactions. This was above the state average of 0.33.

We seek your explanation for the following.

1. Hardship program participation has decreased, while debt on entry has increased.
2. Estimated accounts have increased.
3. Direct debit defaults were high.

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

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

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

Yours sincerely



Dr Ron Ben-David