

2013 Annual Performance Report

Energy Retailers

7 February 2014

Economic Regulation Authority

WESTERN AUSTRALIA

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Overview

This is the latest in a series of annual reports¹ published by the Economic Regulation Authority (**ERA**) that examines the performance of energy retailers who supply small use customers in Western Australia. More information about the definition of small use customers, and the operation of the licensing scheme for retailers who supply these customers, can be found in Appendix 1.

The purpose of this report is to bring transparency and accountability to the performance of energy retail² businesses that supply small use customers and to benchmark, where possible, performance against similar businesses in other energy markets.

This report covers three key areas of the customer's interaction with their energy retailer: affordability, access to a supply (disconnections and reconnections), and customer service (complaints and telephone service).

2013 has seen an important development in the competitiveness of the State's largest gas market, covering Perth and the large towns in the south west of the State. Prior to March 2013 the two retailers operating in the market were Alinta Sales and Synergy. Synergy's ability to compete with Alinta Sales is limited by the Gas Market Moratorium (**Moratorium**), which prevents Synergy from supplying customers consuming less than 180GJ of gas per annum.

Wesfarmers Kleenheat Gas (**Wesfarmers**) is not covered by the Moratorium, which means that, since their entry into the market from March 2013, the customers consuming less than 180GJ of gas per annum can now choose an alternative retailer. For more information on the Moratorium, refer to Appendix 2.

Affordability

Electricity

The percentage of residential electricity customers who were granted more time to pay a bill under Part 6 of the Electricity Customer Code³ in 2013 (10.4%) has continued the downward trend from a six year peak of 11.3% in 2011. The percentage of non-residential electricity customers granted more time to pay in 2013 (7.2%) was also down, falling from a six year peak of 9.9% in 2012. Alinta Energy was the only retailer to report an increase in customers granted more time to pay.

The percentage of residential and non-residential customers placed on an instalment plan in 2013 both fell, to 3.5% and 1.0% respectively; down from six year peaks of 3.9% and 1.2% in 2012. Horizon Power was the only retailer to increase the number of customers placed on a plan; residential rose from 5.4% in 2012 to 8.6% in 2013, while non-residential rose from 1.5% in 2012 to 2.4% in 2013.

¹ Each report covers the year ending 30 June 2013.

² Electricity retail licensees and electricity integrated regional licensees who retail to small use customers, and gas trading licensees.

³ *Code of Conduct for the Supply of Electricity to Small Use Customers*.

Gas

For the first time in 2013, gas retailers were required to report on customers granted more time to pay a bill. The percentage of customers granted more time to pay by each retailer lay in a wide range (from 0% of customers to 92.2% of customers).⁴ As more data becomes available in future years, it will be possible to analyse the trends among gas retailers.

Residential customers placed on an instalment plan increased in 2013, reversing the three year downward trend of previous years; 2.1% of customers were placed on a plan, up from 1.4% in 2012. The underlying data shows that the increase was driven by Alinta Energy; WorleyParsons reported a sharp fall, but this didn't affect the overall result due to small customer numbers involved.

Non-residential customers on instalment plans have remained in a relatively narrow range of 0.3% to 0.6% over the past six years; in 2013, 0.6% of customers were on a plan.

On-time Billing

For the first time, retailers were required to report on their on-time billing performance. Timely billing is a factor that can affect a customer's ability to pay its bills.

Horizon Power and Synergy were the only electricity retailers to issue late bills to customers. Synergy issued late bills to 2.5% of residential and 6.5% of non-residential customers in 2013. System problems prevented Horizon Power being able to provide separate figures for residential and non-residential customer bills; in 2013, 44.6% of Horizon Power's customers received late bills.

Alinta Energy was the only gas retailer to issue late bills to customers; in 2013, 1.5% of residential and 3.2% of non-residential customers received late bills.

Termination of Direct Debit Plans

Both Horizon Power and Synergy terminated direct debit plans due to default in 2013; this being the first year that Horizon Power has taken this step, terminating 27 residential customer direct debits. The number of direct debit plan terminations by Synergy was up by 22.3% for residential customers (4,164 in 2012 to 5,093 in 2013), and by 26.1% for non-residential customers (134 in 2012 to 169 in 2013).

In gas, Alinta Energy terminated 37.1% more residential direct debit plans in 2013 (722) than in 2012 (512), reaching a six year peak. There were three non-residential direct debit plans terminated in 2013, two by Alinta Energy and one by Synergy.

Disconnections

Recent trends in electricity and gas disconnections presented in this section show that residential and non-residential electricity disconnections are trending downwards, while the equivalent gas disconnections are trending upwards. The absolute disconnection rates (per 100 customers) for gas and electricity are also markedly different; gas disconnection rates are substantially higher than electricity disconnection rates. By

⁴ None of Wesfarmers' residential or non-residential customers were granted more time to pay. Synergy granted 92.2% of their non-residential customers more time to pay, which includes all payment extension requests for one day or more.

comparison, the electricity and gas disconnection rates in New South Wales and Victoria are broadly similar.

Electricity

In 2013, total residential disconnections were 0.72 per 100 customers, down from 0.87 per 100 customers in 2012. Western Australia had the lowest disconnection rate of the three other jurisdictions that we benchmark against: New South Wales, South Australia and Victoria. Notably, Western Australia was the only jurisdiction to report a downward trend in disconnections over the past three years.

Just under one in five (17.8%) of residential disconnections involved customers who had been disconnected on at least one other occasion in 2012 and 2013. The ERA generally considers multiple disconnections to be an indirect indicator of customers experiencing long term hardship.

The underlying data shows a contrast between the two retailers supplying residential customers: Horizon Power and Synergy. Horizon Power's disconnection rate was 1.18 per 100 customers, up from 0.96 per 100 customers in 2012, while Synergy's disconnection rate fell from 0.86 per 100 customers in 2012 to 0.71 per 100 customers in 2013. Synergy explained the fall in disconnections as the result of a number of initiatives that have improved the management of customer debt.

Total non-residential disconnections also fell; down from 0.47 per 100 customers in 2012 to 0.43 per 100 customers in 2013. Horizon Power and Synergy reported falls in their respective disconnection rates, while Alinta Energy reported a large increase in disconnections; up from 0.14 per 100 customers in 2012 to 0.81 per 100 customers in 2013. Alinta Energy attributed the increase in disconnections to a larger proportion of customers defaulting despite being granted additional time to pay and/or payment arrangements.

Gas

In 2013, total residential gas disconnections were 1.69 per 100 customers, up from 1.52 per 100 customers in 2012. This reversed a four year downward trend that saw disconnections fall from a six year high of 2.85 per 100 customers in 2009. Due to their large customer base, total gas disconnections mirror Alinta Energy's disconnection rate.

Approximately one in four (26.2%) of residential disconnections involved customers who had been disconnected on at least one other occasion in 2012 and 2013.

This is the first year that we have compared Western Australian gas disconnections with other jurisdictions; two other jurisdictions have published comparable data for 2013: New South Wales and Victoria. The Western Australian disconnection rate was the highest of the three, New South Wales reported a rate of 0.7 per 100 customers, and Victoria's rate was 0.9 per 100 customers. This result is the opposite of that for electricity disconnections discussed earlier.

Total non-residential gas disconnections rose for the second consecutive year in 2013, up from 1.13 per 100 customers in 2012 to 1.54 per 100 customers in 2013. Although the 2013 disconnection rate is still below the six year high of 1.89 per 100 customers in 2010, the gap has been closing since 2011.

Reconnections

Reconnections count the customers who were reconnected within seven days of disconnection. This measure is used as an indication of customers whose disconnection may have been avoided had they engaged with their retailer to agree an arrangement in respect of the outstanding debt.

For the first time, retailers were also required to report on the total number of customers who were reconnected following disconnection. This provides data on customers who are reconnected more than seven days after disconnection, as well as information about the number of customers who reconnect in a different name at the same address, and customers who have already moved out of the premises when the reconnection occurs.

The data presented in this section shows that a significant proportion of the customers who are disconnected by retailers are not reconnected in the same name, or may not be reconnected at all as they have vacated the premises.

Electricity

Six in every 10 residential electricity customer disconnections in 2013 resulted in a reconnection within seven days, up slightly from 2012 (56.9%). The underlying data for the two electricity retailers who supply residential customers shows that, in 2013, Horizon Power's reconnection rate reached its lowest level (7.1%), following six consecutive years of decline. In contrast, Synergy's reconnection rate reached 63.6% in 2013. Among other things, Synergy explained the increase in reconnection rate as being the result of customers not contacting them to discuss their outstanding debt until they had been disconnected, then arranging payment shortly after disconnection.

If we include the reconnections that took place after seven days then the overall reconnection rate in 2013 rose to 66.6%. Both electricity retailers reported total reconnections were higher than those that occurred within seven days; Horizon Power's were much higher at 22.4%, while Synergy's were marginally higher at 69.5%.

All except one of the non-residential reconnections in 2013 were performed by Synergy. The overall level of non-residential electricity customer reconnections within seven days rose from 35.9% in 2012, to 41.5% in 2013; the equivalent rates for Synergy were 35.3% and 42.9%. If we include all non-residential reconnections, Synergy's reconnection rate in 2013 was slightly higher at 49.3%.

Gas

Both Alinta Energy and Wesfarmers reconnected residential customers in 2013, but the number of reconnections performed by the latter was so small that it did not influence the overall reconnection (within seven days) rate of 38.7%, up from 33.9% in 2012.

Gas retailers also provided data on the total number of residential reconnections that occurred in 2013. The Wesfarmers reconnection rate (57.1%) was the same as the within seven day rate, but the Alinta Energy reconnection rate (75.4%) was much higher than the within seven day rate. Notable is the finding that one in every four disconnections performed by Alinta Energy did not result in a reconnection (in the same name) at all.

Alinta Energy was the only retailer to disconnect non-residential customers over the past six years. In 2013, Alinta Energy reconnected 43.9% of disconnected customers within

seven days, up from 32.0% in 2012. The reconnection rate rises to 72.2% if all of the reconnections are included.

Customer Service

Complaints

Compared to 2012, total residential customer complaints per 100 customers received by electricity retailers in 2013 were down, while those received by gas retailers were relatively unchanged.

Horizon Power received significantly more complaints from residential customers, up from 0.39 per 100 customers in 2012 to 1.06 per 100 customers in 2013. Conversely, residential customer complaints received by Synergy nearly halved; down from 0.80 per 100 customers in 2012 to 0.41 per 100 customers in 2013. Synergy attributes the fall in complaints to a number of factors related to a number of customer service process improvements, which are discussed later in this report. Horizon Power attributes the rise in residential customer complaints to the problems caused by a transition to a new metering service, which impacted customer billing timeliness.

Although the total residential gas complaint rate was relatively unchanged, Wesfarmers received an increased number of residential customer complaints in 2013, following their entry into new markets. They received 0.53 complaints per 100 customers, which is substantially higher than the industry average of 0.16 per 100 customers. The increase coincides with the extensive marketing campaign that accompanied their entry into the markets supplied through the ATCO Gas Australia distribution networks in the south west of the State.

The total number of non-residential complaints received by electricity retailers also fell, down from 1.24 complaints per 100 customers in 2012 to 0.49 complaints per 100 customers in 2013. Again, Horizon Power reported a substantial increase in complaints (up from 0.05 per 100 customers in 2012 to 1.08 per 100 customers in 2013), while Synergy reported a substantial reduction in complaints (down from 1.35 per 100 customers in 2012 to 0.43 per 100 customers in 2013). The increase in non-residential complaints received by Horizon Power was due to the same metering and billing problems that affected residential customers.

Non-residential gas customer complaints received by Alinta Energy more than doubled, up from 0.17 per 100 customers in 2012 to 0.39 per 100 customers in 2013.

As has been the case in previous years, the majority of residential and non-residential complaints received by electricity and gas retailers related to billing and account matters. Wesfarmers was the exception, with 56.8% of complaints relating to marketing, and just 6.8% relating to billing. The increase in marketing complaints coincides with increased marketing activity associated with their entry into the natural gas markets in the State's south west.

In 2013, the majority of electricity and gas retailers resolved between 80% and 100% of complaints within 15 working days. The exception was Horizon Power, who resolved 53.7% of residential complaints and 44.8% of non-residential complaints within 15 days, both down from 100% in 2012. The fall in complaint resolution performance coincides with a significant increase in complaints.

A comparison of total complaints received by Western Australian electricity and gas retailers with retailers in New South Wales and Victoria shows that Western Australian retailers had significantly fewer complaints (per 100 customers) than retailers in other jurisdictions.

Call Centre Performance

The total number of calls to electricity retailer call centres fell by 5.1% in 2013; an increased volume of calls to Alinta Energy, Horizon Power and Rottnest Island Authority was offset by a reduction in calls to Synergy. Compared to 2012, Alinta Energy and Synergy improved their call handling performance, based on the three measures of average wait time, the percentage of calls answered within 30 seconds and the percentage of calls abandoned. Conversely, Horizon Power and Rottnest Island Authority reported deterioration in more than one performance measure this year. Horizon Power attributes the deterioration in their call centre performance to the increase in calls caused by problems with the transition to their new metering service.

The two gas retailers who have a call centre, Alinta Energy and Wesfarmers, reported call volumes were up by 1.4% and 3.0% in 2013. Compared to 2012, both retailers improved their performance against all three measures; of the two retailers Wesfarmers showed the strongest improvement with calls answered within 30 seconds rising from 66.3% to 82.4%, and average wait times falling from 28 seconds to 19 seconds.

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Purpose of this Report

The Economic Regulation Authority (**ERA**) is the independent economic regulator for Western Australia.

In its regulatory role, the ERA assesses the terms and conditions, including prices, offered by owners of monopoly infrastructure to third parties in the gas, electricity and rail industries. It also licenses providers of gas, electricity and water services, and monitors compliance with licensing conditions and other related regulatory obligations. The ERA also has a range of responsibilities covering gas retailing and surveillance of the State's wholesale electricity market.

The ERA's functions are designed to maintain a competitive, efficient and fair commercial environment for the benefit of the Western Australian community.

This is the latest in a series of reports published by the ERA that examines the service provided by Western Australian electricity and gas retailers to their small use residential and business customers (customers who consume less than 160MWh of electricity or less than 1 Terajoule of gas per annum). Throughout this report, small use customers will be referred to as customers.

The purpose of this report is to bring transparency and accountability to the performance of energy retailers⁵ who supply customers and to benchmark, where possible, their performance against similar retailers in other energy markets. The data presented in this report is for each financial year (1 July to 30 June), unless otherwise stated.⁶

This report examines the service provided by electricity and gas retailers in relation to:

- **Affordability:** information about the number of customers on instalment plans and shortened billing cycles, customers being granted more time to pay a bill, the level of direct debit plan terminations and on-time billing.
- **Access:** information about the rates of customer disconnection for non-payment and reconnection of these customers, with further attention being paid to customers on instalment plans, receiving a government funded concession and those who have been previously disconnected within the past 24 months.
- **Customer Service:** information about customer satisfaction with the service provided by their retailer, as measured by complaints and customer contact centre responsiveness.
- **Compensation Payments:** information about the number of compensation payments made by electricity retailers for failing to meet the service standards prescribed in the *Code of Conduct for the Supply of Electricity to Small Use Customers* (**Electricity Customer Code**).

⁵ Electricity retail licensees, electricity integrated regional licensees who retail to small use customers and gas trading licensees.

⁶ Reference to a year in this report means the 12-month period ending 30 June of that year, e.g. 2013 means the year ending 30 June 2013.

Energy Retail Market

This section of the report looks at the electricity and gas retail markets as measured by the number of retailers who are supplying the market and the number of customers that are supplied by each retailer. The remainder of this section provides information about:

- licensed electricity and gas retailers, including those who supply “large use” customers;
- retailers who are retailing electricity or gas to small use customers; and
- the electricity and gas markets, including customer numbers.

Energy Retailers

Table 1 details the number of licensed electricity and gas retailers over the past six years.

When the *Electricity Industry Act 2004 (Electricity Act)* commenced in 2005, existing retailers were required to obtain a licence from the ERA by 30 June 2006. The majority of the licensed electricity retailers that are currently active in the market were granted a licence in 2006.⁷ Between 1 July 2006 and 30 June 2013, seven new licences have been granted by the ERA, to Clear Energy, Community Electricity, AER Retail, EDL Pilbara, ERM Power Retail, Griffin Energy Sales, Newmont AP Power, and two licences have been surrendered (CSBP and Griffin Energy Sales). Since 2010, the number of retailers supplying small use customers has remained unchanged.

Under the *Energy Coordination Act 1994 (Gas Act)*, only gas retailers who supply small use customers need to be licensed. The ERA took over responsibility for licensing gas retailers in 2005.⁸ At that time there were three licensed gas retailers: Alinta Energy,⁹ Wesfarmers Kleenheat Gas (**Wesfarmers**) and WorleyParsons Asset Management (**WorleyParsons**). Between 1 July 2006 and 30 June 2013, three new licences have been issued (Origin Energy, Perth Energy and Synergy) and one licence has been surrendered (Origin Energy).

Table 1: Number of licensed energy retailers

Licensed Retailers	2008	2009	2010	2011	2012	2013
Electricity						
All retailers	15	16	17	16	17	19
Retailing to small use customers	5	5	6	6	6	6
Gas						
Retailing to small use customers ¹⁰	5	6	6	5	5	5

At 30 June 2013, there were three retailers that supply both electricity and gas to small use customers: Alinta Energy, Perth Energy and Synergy. Alinta Energy commenced supplying electricity to business customers in 2006, while Synergy commenced supplying gas to business customers in 2007. Perth Energy was granted a gas licence in November 2010 but has not yet commenced supplying customers.

⁷ There were 11 electricity retail licences issued in 2006.

⁸ Prior to 2005, gas licences were administered by the then Office of Energy, now the Public Utilities Office.

⁹ Alinta Energy is the trading name of Alinta Sales Pty Ltd.

¹⁰ Only gas retailers who supply small use customers are required to hold a licence (refer to page 40 of this report).

Customers

Electricity

Table 2 provides the total number of residential and non-residential electricity customers over the past six years.

During 2013, the total number of electricity customers grew by 1.2%, comprising a 0.2% increase in residential and an 11.2% increase in non-residential customers. The growth in the number of residential customers was driven by Horizon Power, while the growth in the number of non-residential customers was driven by Synergy (Table 3).

Table 2: Total number of electricity customers – change from the previous year

	Residential	Non-Residential	Total	Change from previous year
2008	860,371	90,307	951,478	2.4%
2009	879,878	91,616	971,494	2.1%
2010	881,470	100,176	981,646	1.0%
2011	921,374	100,491 ¹¹	1,021,865	4.1%
2012	928,841	97,131	1,025,972	0.4%
2013	930,593	107,986	1,038,579	1.2%

Table 3 provides a breakdown of the number of customers supplied by each retailer over the past two years.¹² Horizon Power was the only retailer supplying residential customers to report any significant growth in customers; 2013 was the second consecutive year of above average growth (Appendix 3, Table 27). Horizon Power commented:

The mining boom, primarily centred in Port Hedland and Karratha, has driven a significant increase in the number of dwellings connected to the Horizon Power network, and a corresponding increase in its customer base (approximately 1000 new customers). Broome has also experienced a year of significant growth with an increase of approximately 440 customers. A further 300 customers were added as a result of three Aboriginal communities being included in Horizon Power's service area.

Three of the five retailers who supply non-residential customers increased their customer base in 2013. Perth Energy reported strong growth in customers resulting from a large multi-site contract during the year, and Synergy reversed a 4.5% decline in customers in 2012 to post growth of 12.3% in 2013. Alinta Energy was the only retailer to report a fall in non-residential customers, down by 6.8% in 2013.

Alinta Energy, Perth Energy and Synergy retail to customers supplied through the SWIS;¹³ while Horizon Power and the Rottneest Island Authority supply customers through networks that they own and operate. In 2013, the SWIS accounted for 96.1% of residential and 92.5 % of non-residential customers in the State (Table 3). Within the SWIS, Synergy supplies 100% of residential, and 92.5% of non-residential customers, with the remaining non-residential customers shared between Alinta Energy and Perth Energy.

The customers supplied by retailers outside of the SWIS are all contestable, but the retailers supplying customers in these areas, Horizon Power and the Rottneest Island

¹¹ The number of non-residential customers has been adjusted from the value in the 2011 report due to the amendment of the Perth Energy customer numbers.

¹² Clear Energy has been excluded from this table because they have not supplied any customers since their licence was granted in 2010.

¹³ The South West Interconnected System (SWIS) comprises the transmission and distribution networks operated by Western Power, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

Authority, do not have any competitors.¹⁴

Table 3: Electricity residential and non-residential customers by retailer

Retailer	Residential			Non-residential			Total		
	2012	2013	Change from 2012	2012	2013	Change from 2012	2012	2013	Change from 2012
Alinta Energy	0	0	-	1,449	1,351	-6.8%	1,449	1,351	-6.8%
Horizon Power	34,037	36,051	5.9%	7,939	8,050	1.4%	41,976	44,101	5.1%
Perth Energy	0	0	-	68	171	151.5%	68	171	151.5%
Rottnest Island Authority	0	0	-	25	25	0.0%	25	25	0.0%
Synergy	894,804	894,542	0.0%	87,650	98,389	12.3%	982,454	992,931	1.1%
All Retailers	928,841	930,593	0.2%	97,131	107,986	11.2%	1,025,972	1,038,579	1.2%

Table 4 provides a breakdown of the number of contestable customers¹⁵ supplied by each retailer (in the area supplied through the SWIS) over the past two years.¹⁶

Comparing Table 4 with Table 3 shows that, in 2013, only 0.04% (down from 0.2% in 2012) of residential and 8.7% (down from 10.5% in 2012) of non-residential customers in the SWIS supply area were contestable. The fall in contestable customers is driven by an 8.6% fall in Synergy's contestable customers. 2013 is the second consecutive year that Synergy's contestable non-residential customers have fallen (there was a 10.6% fall in 2012), which suggests that an increasing number of non-residential customers have reduced their energy consumption to fall below the contestability threshold (50MWh per annum). Synergy has also offered three alternative possibilities for the decline in contestable non-residential customers: customers increasing their consumption above 160 MWh, exiting the market or churning to another retailer.

Table 4: Contestable electricity customers

Retailer	Residential			Non-residential		
	2012	2013	Change from 2012	2012	2013	Change from 2012
Alinta Energy	0	0	-	1,449	1,351	-6.8%
Horizon Power	34,037	36,051	5.9%	7,939	8,050	1.4%
Perth Energy	0	0	-	68	171	151.5%
Synergy	1,749	333	-81.0%	7,849	7,173	-8.6%
All Retailers	35,786	36,384	1.7%	17,308	16,745	-3.3%

Gas

Table 5 provides the total number of residential and non-residential gas customers over the past six years.

During 2013, the total number of gas customers grew by 0.6%, comprising a 0.6% increase in residential customers and a 0.7% decrease in non-residential customers

¹⁴ The Rottnest Island Authority customers do not have a choice of retailer because of legal barriers that prevent other retailers operating on the Rottnest Island.

¹⁵ See Appendix 2 for the definition of contestable electricity customers.

¹⁶ Table 30 in Appendix 3 provides full details of contestable electricity customers over the past six years.

(Table 5 and Table 6). The reduction in the number of the Alinta Energy residential customer base was offset by significant growth in the Wesfarmers residential customer base, which resulted in an overall increase in residential customers. The growth in Wesfarmers residential customers coincides with their entry into the market in the areas supplied through the ATCO distribution networks from March 2013.¹⁷ Prior to entering this market, Wesfarmers only supplied Liquefied Petroleum Gas (**LPG**) to customers on small distribution networks that they own and operate.

The decline in the number of non-residential customers was attributable to the decline in Alinta Energy's customer base (Table 6).

Table 5: Total number of gas customers – change from the previous year

	Residential	Non-Residential	Total	Change from previous year
2008	566,084	7,851	573,935	2.2%
2009	585,058	8,172	593,230	3.4%
2010	604,609	8,338	612,947	3.3%
2011	616,431	8,513	624,944	2.0%
2012	629,142	8,612	637,754	2.0%
2013	632,822	8,552	641,374	0.6%

The addition of Wesfarmers means that the number of retailers competing for customers on the ATCO distribution networks has increased from two to three: Alinta Energy, Synergy and Wesfarmers. Because Wesfarmers is not subject to the Gas Market Moratorium (**Moratorium**),¹⁸ there is now full contestability for these customers; in 2012, Synergy (who is subject to the Moratorium's restrictions) was only able to compete for 0.3% of residential and 23.3% of non-residential customers supplied by Alinta Energy (Table 6 and Table 7).

Table 6 illustrates the impact of Wesfarmers' entry into the markets supplied by Alinta Energy. Of particular note is the residential customer market, where Wesfarmers posted a gain of just over 7,500 customers, while Alinta Energy posted a net loss of just over 4,000 customers, the first loss reported by Alinta Energy since reporting commenced in 2007.¹⁹

Table 6: Gas residential and non-residential customers by retailer

Retailer	Residential			Non-residential		
	2012	2013	Change from 2012	2012	2013	Change from 2012
Alinta Energy	628,328	624,314	-0.6%	8,468	8,355	-1.3%
Synergy	0	0		112	141	25.9%
Wesfarmers	535	8,212	1435.0%	1	20	1900.0%
WorleyParsons	279	296	6.1%	31	36	16.1%
All Retailers	629,142	632,822	0.6%	8,612	8,552	-0.7%

The ERA has not collected data for the number of customers covered by the Moratorium from Wesfarmers for 2013 because they only commenced supply part-way into the reporting year. Accordingly, the data in Table 7 is restricted to the customers supplied by

¹⁷ ATCO Gas Australia Pty Ltd is the largest gas distribution network operator in the State. ATCO operates natural gas distribution networks in the coastal area from Geraldton to Busselton and Kalgoorlie, as well as a LPG network in Albany. The other retailers supplying customers through the ATCO networks are Alinta Energy and Synergy.

¹⁸ Refer to Appendix 2 for more information on the operation of the Gas Market Moratorium.

¹⁹ This figure is likely to include customers who have ceased supply as well as those customers who have transferred to Wesfarmers.

Alinta Energy. Complete data on the Alinta Energy customers covered by the Moratorium in 2013 can be found in Table 31 in Appendix 3.

A more complete picture of the customer base that is not covered by the Moratorium, and is therefore available to Synergy, will be available in 2014, when both Alinta Energy and Wesfarmers provide data.

Table 7: Alinta Energy residential and non-residential customers covered by the Gas Market Moratorium

	2008	2009	2010	2011	2012	2013
Residential	-	583,655	603,687	615,454	628,084	624,122
Non-residential	-	7,684	6,340	6,513	6,496	6,541
Total	-	591,339	610,027	621,967	634,580	630,663
Change from previous year	-	-	3.2%	2.0%	2.0%	-0.6%

Electricity Pre-Payment Meter Customers

The regulatory framework governing pre-payment services within Western Australia restricts these services to areas of the State that have been declared by the Minister for Energy by notice published in the *Government Gazette*. Until 2010, the deployment of pre-payment meters was restricted to Aboriginal and Remote Communities Power Supply Project or Town Reserves Regularisation Program communities that are supplied by Horizon Power in the north of the State. In 2010, Synergy commenced supplying customers through prepayment meters when the Ninga Mia Aboriginal Community in the Goldfields was gazetted by the Minister.

Since 2008, the total number of pre-payment meter customers has increased by an average of 11.6% per annum (Table 8). The growth in pre-payment meter customers during 2012 was 3.3%.

Table 8: Electricity pre-payment meter customers by retailer

Retailer	Year ending 30 June					
	2008	2009	2010	2011	2012	2013
Horizon Power	479	515	608	705	784	811
Synergy	-	-	17	20	17	17
Total	479	515	625	725	801	828

Since 2010, the rate of growth in pre-payment meter customers has slowed considerably because of the retailer's difficulties in obtaining a pre-payment meter that complies with the requirements of Part 9 of the Electricity Customer Code. The issue of pre-payment meter functionality is under consideration in the current review of the Electricity Customer Code.

Affordability

Affordability of energy is influenced by price, consumption levels, income, and competing demands for expenditure. The credit management policies of electricity and gas retailers can impact on those customers who are experiencing financial hardship or payment difficulties. This section of the report provides information about some of the measures implemented by retailers to facilitate customer's access to an energy supply.

The ERA's energy customer protection framework is articulated in the Electricity Customer Code and the *Compendium of Gas Customer Licence Obligations (Gas Compendium)*. In both the Electricity Customer Code and the Gas Compendium, the customer protection framework is based on the principle that disconnecting a customer from supply because they are unable to pay is a last resort measure. Energy retailers are required to provide assistance to customers to stay connected to their electricity and gas supply by offering special billing arrangements, access to concessions and government grants and energy efficiency audits. Retailers can also refer residential customers experiencing financial difficulties to the Hardship Utility Grants Scheme (**HUGS**). The HUGS scheme provides grants to customers at risk of disconnection to help them stay connected.

The Electricity Customer Code and the Gas Compendium both require electricity and gas retailers to develop a financial hardship policy to assist small use residential customers in meeting their financial obligations and responsibilities to the retailer. The Codes specify the minimum contents of such policies and require the retailer to develop their hardship policy in consultation with relevant consumer representative organisations. Retailers are required to review their hardship policy annually and submit the policy to the ERA for review. The ERA has recently undertaken reviews of electricity and gas retailer's financial hardship policies; all of the policies were assessed as complying with the Code or Compendium, as applicable. The effectiveness of the retailer's hardship policies has also been an area of focus for the ERA in the retail licence compliance audits over the past year.

The Electricity Customer Code and the Gas Compendium specify a number of payment assistance options to assist customers in temporary or longer-term financial difficulties:

- granting the customer more time to pay a bill;
- offering the customer an instalment plan to pay arrears and continued usage on their account, according to an agreed payment schedule and capacity to pay;
- placing the customer on a shortened billing cycle.

Customers may be offered one or more of the above options at the same time.

Retailers are required to report to the ERA annually on the number of customers (and percentage of their customer base) that have accessed each of the three payment assistance options detailed above.

Both Perth Energy and Rottnest Island Authority have reported that none of their customers accessed any of the above payment options since they obtained their respective licences. Accordingly, these retailers have been excluded from the coverage under this section.

For the first time, retailers are required to report on their on-time billing performance. The Electricity Customer Code and the Gas Compendium regulate the minimum and maximum period of time between bills, with an option for the retailer to bill outside these time limits with the consent of the customer. Under the new reporting regime, retailers are

required to identify the number of customers who have received a bill outside the regulated or, if applicable, agreed time limits.

Granting customers more time to pay a bill

Granting the customer more time to pay all, or part of, a bill may be a useful approach to addressing temporary financial difficulties, particularly where the customer has a short-term cash flow problem, or faces competing demands for their limited financial resources.

Electricity

Figure 1 shows the number of residential and non-residential electricity customers granted more time to pay a bill under Part 6 of the Electricity Customer Code. The percentage of residential customers granted more time to pay is showing a downward trend from the peak level reached in 2011. The percentage of non-residential customers granted more time to pay in 2013 also fell, down from a six year peak of 9.9% in 2012.

Figure 1: Percentage of electricity customers granted more time to pay a bill

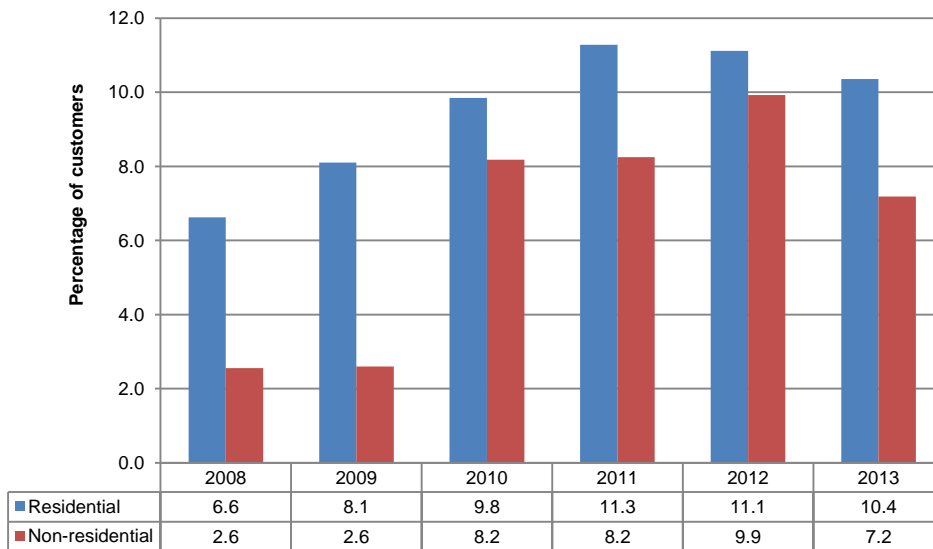
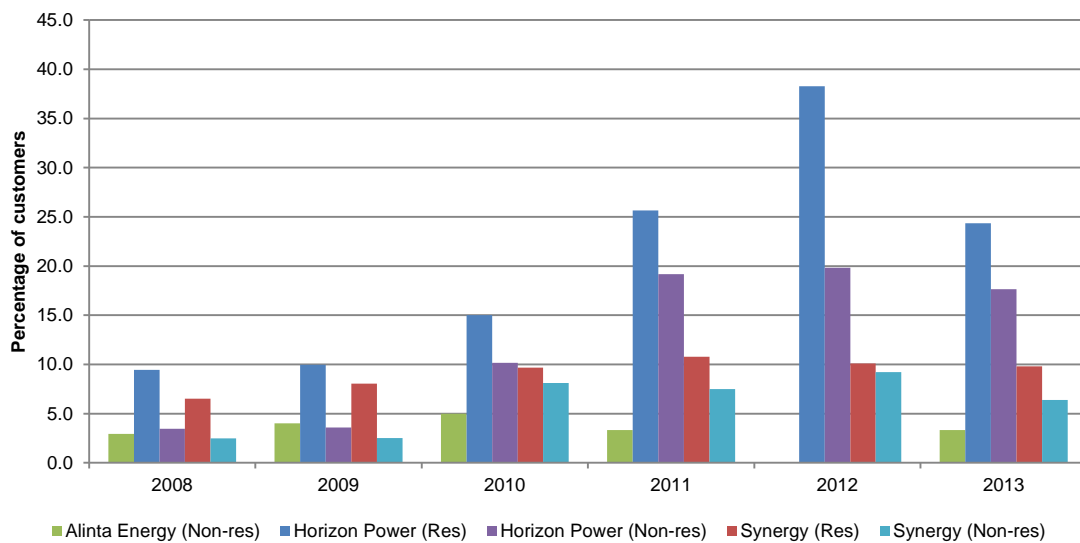


Figure 2 shows the breakdown of residential and non-residential electricity customers granted more time to pay a bill by each retailer.

Horizon Power recorded the largest fall in the percentage of residential customers granted more time to pay, down from 38.3% in 2012 to 24.4% in 2013. Synergy reported a more modest reduction: 10.1% in 2012 and 9.8% in 2013. The picture for non-residential customers being granted more time to pay a bill was mixed, Horizon Power and Synergy reported reductions, while Alinta Energy reported an increase in customers granted more time to pay.

Figure 2: Percentage of electricity customers granted more time to pay a bill by each retailer



Gas

This is the first year that gas retailers have been required to report on the number of customers granted more time to pay a bill.

In 2013, the percentage of residential customers granted more time to pay was: Alinta Energy (9.8%), Wesfarmers (0%) and WorleyParsons (6.8%), while the percentage of non-residential customers granted more time to pay was: Alinta Energy (9.0%), Synergy (92.2%),²⁰ Wesfarmers (0%) and WorleyParsons (5.6%).

Instalment Plans

Energy retailers are required to offer an interest-free and fee-free instalment plan to any residential customer who is assessed as experiencing payment difficulties or considered to be in financial hardship. The instalment plan provides a means of paying off accrued arrears, connection or disconnection charges and ongoing consumption through regular payments. The retailer is required to take into account the customer's ongoing consumption needs and capacity to pay when setting up an instalment plan.

Electricity

Figure 3 shows that the percentages of residential and non-residential customers on an instalment plan during 2013 were both lower than in 2012. While there has been significant variance in the level of residential customers on instalment plans over the past six years, the level of non-residential customers on plans has remained relatively constant.

²⁰ Synergy granted 92.2% of their non-residential customers more time to pay, which includes all payment extension requests for one day or more.

Figure 3: Percentage of residential and non-residential electricity customers on instalment plans

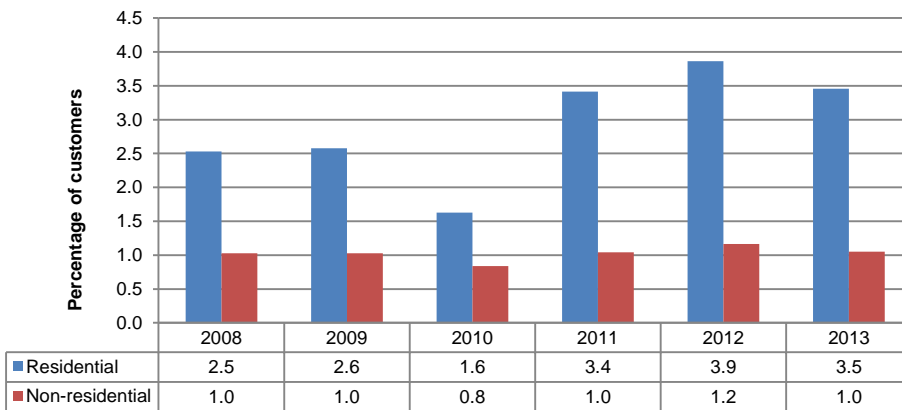
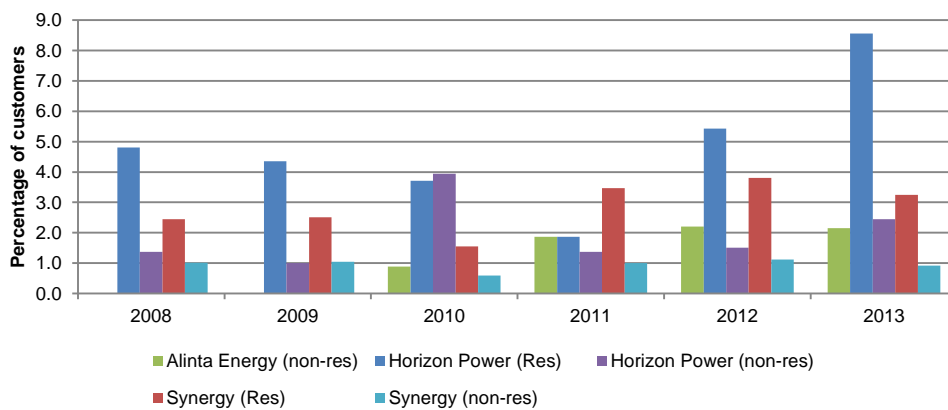


Figure 4 provides a breakdown of electricity customers on instalment plans for each retailer. The most notable change in 2013 is the sharp increase in the number of Horizon Power’s residential and non-residential customers on plans. The other retailers reported performance that was close to their historical averages.

Figure 4: Percentage of electricity retailer’s residential and non-residential customers on instalment plans



Gas

Figure 5 shows that the percentage of residential gas customers on an instalment plan during 2013 increased for the first time in four years, while the percentage of non-residential customers remained almost unchanged from the previous year.

Figure 5: Percentage of residential and non-residential gas customers on instalment plans

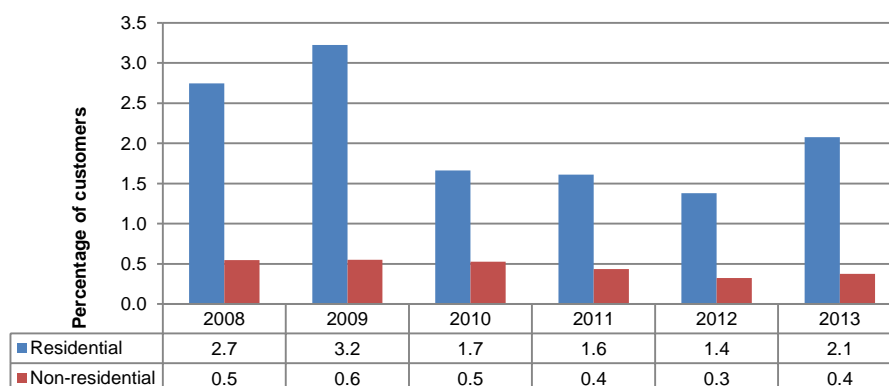
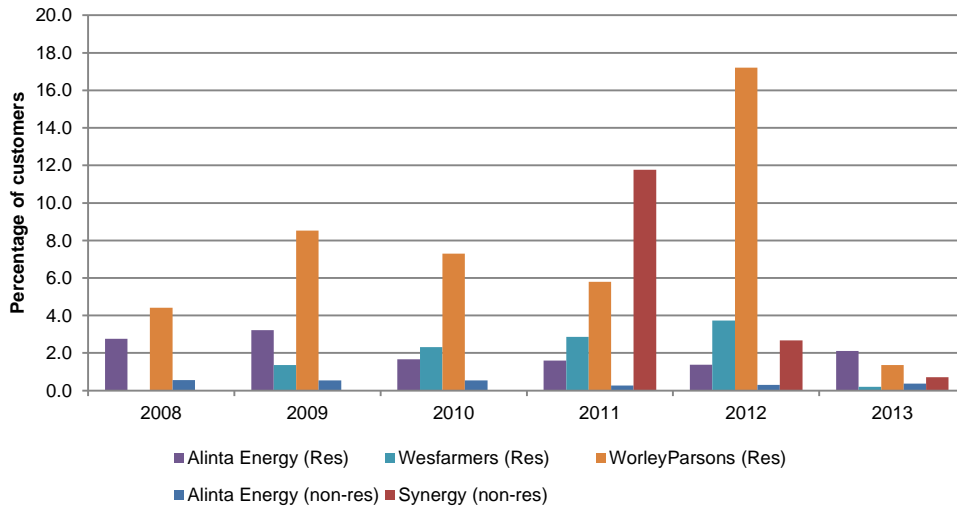


Figure 6 provides a breakdown of gas customers on instalment plans for each retailer. The increase in total residential gas customers on instalment plans in 2013 (Figure 5) is driven by Alinta Energy, who posted an increase from 1.4% in 2012 to 2.1% in 2013.

Figure 6: Percentage of gas retailer's residential and non-residential gas customers on instalment plans



Customer Billing

On-time Billing

As mentioned earlier in this report, 2013 is the first year that retailers are required to report data on billing customers outside the timeframes prescribed in the Electricity Customer Code, or the Compendium as applicable, measured by the number of accounts that have been issued with a non-compliant bill.²¹

Electricity

Horizon Power and Synergy were the only electricity retailers to issue bills outside the prescribed timeframes during 2013.

Horizon Power informed the ERA that, due to system problems, they were unable to provide separated late billing data for residential and non-residential customers; a total of 19,655, or 44.6% of, customers were issued with non-compliant bills in 2013.

Synergy issued 29,098 bills outside the prescribed timeframes to 22,649, or 2.5% of, residential customers. A total of 6,397, or 6.5% of, non-residential customers also received bills outside the prescribed timeframes during 2013.

Gas

Alinta Energy was the only gas retailer to report issuing non-compliant bills during 2013; 9,256, or 1.5% of, residential customers and 271, or 3.2% of, non-residential customers were issued with non-compliant bills.

²¹ Customers who receive more than one non-compliant bill during the year are only counted once.

Shortened Billing Cycle

As has been the case in previous years, placing customers on a shortened billing cycle (i.e. issuing bills at a frequency greater than the standard billing interval) is not an option that had been implemented by electricity or gas retailers.

Security Deposits

A security deposit is a refundable advance payment made by a customer to secure connection or reconnection to an electricity or gas supply. Requiring a security deposit before supplying energy to a customer can go some way towards insuring the retailer against default, particularly for those customers with a bad credit history.

Historically, Synergy was the only retailer that had required customers to provide a security deposit to obtain a supply. Between 2008 and 2010, a total of 85 of Synergy's non-residential customers provided security deposits; since 2010, no customers have provided security deposits.

Termination of Direct Debit Plans

Retailers are required to keep records of the number of direct debit plans they have terminated as a result of default or non-payment by a customer covering two or more successive payment periods. Customers often use direct debit arrangements to smooth the cost of their energy consumption over the year. The number of direct debit defaults is an indicator of financial stress among the customers who have these plans.

Electricity

2013 is the first time that Horizon Power has reported terminating direct debit plans due to default by the customer, with 27 residential direct debit plans terminated (Table 9). Compared to 2012, Synergy reported increases in the number of residential and non-residential direct debit plans terminated, up by 22.3% and 26.1% respectively.

Table 9: Customer direct debit plans terminated by electricity retailers

	Horizon Power		Synergy	
	Residential	Non-residential	Residential	Non-residential
2008	-	-	84	0
2009	-	-	202	8
2010	-	-	2,087	93
2011	-	-	3,925	100
2012	-	-	4,164	134
2013	27	0	5,093	169

Gas

Prior to 2013, Alinta Energy was the only gas retailer to report terminating direct debit plans due to default by the customer. In 2013, Synergy reported terminating a single non-residential direct debit plan.

Compared to 2012, the number of residential direct debits terminated by Alinta increased by 37.1%, to reach a six year high. Alinta Energy commented that they have seen a

significant increase in the number of customers using direct debit plans, which has also resulted in a corresponding increase in terminations due to default.

Table 10: Customer direct debit plans terminated by Alinta Energy

	2008	2009	2010	2011	2012	2013
Residential	540	697	624	642	512	722
Non-residential	36	41	2	1	2	2

Disconnections and Reconnections

Disconnections

The Electricity Customer Code and the Gas Compendium require retailers to help assist customers by putting in place effective policies that assist customers who are in financial hardship or experiencing payment difficulties. The Code and Compendium also prescribe a process to be followed by retailers that provides adequate opportunity for customers to enter into an arrangement with the retailer to avoid disconnection.

The effectiveness of the retailer's hardship policies can be assessed by customer's access to, and use of, the affordability measures covered earlier in this report in conjunction with the disconnection and reconnection data presented below. For residential customers this information is brought together in the additional disconnection and reconnection indicators reported by retailers:

- customers previously on an instalment plan;
- concession card holders; and
- customers who have been disconnected multiple times in the past 24 months.

The impact of disconnection on customers can be significant; access to an essential service is removed for the duration of the disconnection, and the customer faces additional fees and charges to secure reconnection to their supply following disconnection. Consequently, retailers are expected to treat disconnection as a last resort, to be applied when all other reasonable attempts to secure payment of an outstanding debt have been exhausted.

Equally, it is important to recognise that disconnection is a reasonable option for retailers to collect payment for the energy they have already supplied to customers, which enables them to operate a financially viable business for the benefit of all their customers.

Residential Customers

Figure 7 shows the overall level of residential electricity and gas customer disconnections over the past six years.

In 2013, the overall residential electricity disconnection rate (per 100 customers) fell for the second consecutive year to a value close to the six year average (0.70 per 100 customers). In practice, Synergy's large residential customer base means that the overall residential disconnection rate tracks their disconnection rate (Table 11).

In contrast to electricity, the overall residential gas disconnection rate (per 100 customers) rose in 2013, coming off a six year low of 1.52 per 100 customers in 2012. The 2013 disconnection rate is still significantly below the six year average of 2.16 per 100 customers. Again, Alinta Energy's large customer base means that the overall residential disconnection rate tracks their disconnection rate (Table 11).

Between 2010 and 2012, the gap between the residential gas and electricity disconnection rates was closing; in 2013, this trend was reversed with the ratio of gas customer disconnections to electricity customer disconnections rising from 1.75 in 2012 to 2.35 in 2013.

Figure 7: Residential energy customer disconnections

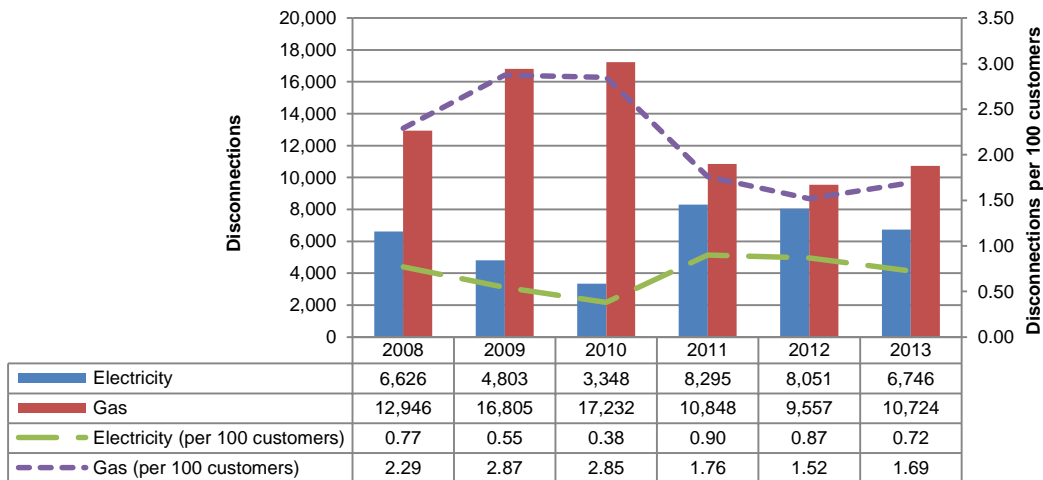


Table 11 provides a six year view of residential disconnection rates for each electricity and gas retailer.

Looking at residential electricity disconnection rates, Horizon Power's disconnection rate rose by 22.9% in 2013, while Synergy's disconnection rate fell by 17.4%.

A report recently published by Synergy²² explained the reduction in disconnections was due to:

Synergy disconnected on average only 1.39 per cent per month of all customers who met the disconnection threshold in 2012-13 in accordance with Code of Conduct procedures, down from 7 per cent the previous year. The decrease was due to fewer disconnections, increases to payment arrangements, an increase in the number of customers with lower levels of debt and a focus on customers with larger debts managed over extended periods of time.

Horizon Power commented that, although disconnection rates increased in 2013 they remain below the five year average. Horizon Power continues to actively assist customers in hardship to avoid disconnection.

Table 11 shows that Alinta Energy's disconnection rate rose by 13.2% in 2013, coming off a six year low of 1.52 per 100 customers in the previous year.

Table 11: Residential energy customer disconnection rates for each retailer (per 100 customers)

Retailer	2008	2009	2010	2011	2012	2013
Electricity						
Horizon Power	5.78	1.95	1.97	2.19	0.96	1.18
Synergy	0.58	0.49	0.30	0.86	0.86	0.71
State Total	0.77	0.55	0.38	0.90	0.87	0.72
Gas						
Alinta Energy	2.29	2.88	2.85	1.76	1.52	1.72
Wesfarmers	0.0	0.0	0.0	0.0	0.0	0.09
WorleyParsons	2.21	0.95	3.86	2.70	0.0	1.69
State Total	2.29	2.87	2.85	1.76	1.52	1.69

2013 was the first year that Wesfarmers disconnected customers for non-payment since reporting commenced in 2007; coinciding with a large increase in customers following

²² Page 5, Electricity Retail Indicators 2012-13, Year in Review, accessed on the Synergy webpage: http://www.synergy.net.au/about_us/annual_report.xhtml

their entry into the markets supplied through the ATCO distribution networks (Table 6). Over the past six years, WorleyParson's disconnection rate has been quite variable, the result of having a small customer base.

Table 12 provides a breakdown of the additional residential disconnection information for each retailer in 2013, and compares it to 2012. In electricity, disconnections involving Horizon Power's customers who were previously on an instalment plan were relatively unchanged, whereas disconnections involving concession card holders and customers disconnected more than once over the past 24 months were both significantly lower in 2013. Synergy's posted values for all three categories in 2013 are broadly similar to those in 2012.

In gas, disconnections involving Alinta Energy's customers who were previously on an instalment plan, and customers who have been disconnected more than once over the past 24 months both rose during 2013.

Table 12: Residential disconnections - additional disconnection information

	Total disconnections		Customers previously on an instalment plan		Customers disconnected at the same supply address within the past 24 months		Concession card holders ²³	
			% of disconnections		% of disconnections		% of disconnections	
	2012	2013	2012	2013	2012	2013	2012	2013
Electricity								
Horizon Power	328	424	41.2	39.9	18.9	6.8	17.4	6.8
Synergy	7,723	6,322	30.3	34.7	20.0	18.5	30.7	29.3
Electricity Total	8,050	6,746	30.4	35.0	20.0	17.8	30.1	28.2
Gas								
Alinta Energy	9,557	10,712	3.7	4.5	20.5	26.2	-	-
Wesfarmers	0	7	-	0.0	-	0.0	-	-
WorleyParsons	0	5	-	0.0	-	0.0	-	-
Gas Total	9,557	10,724	3.7	4.5	20.5	26.2	-	-

Inter-jurisdictional comparison of residential electricity and gas disconnections

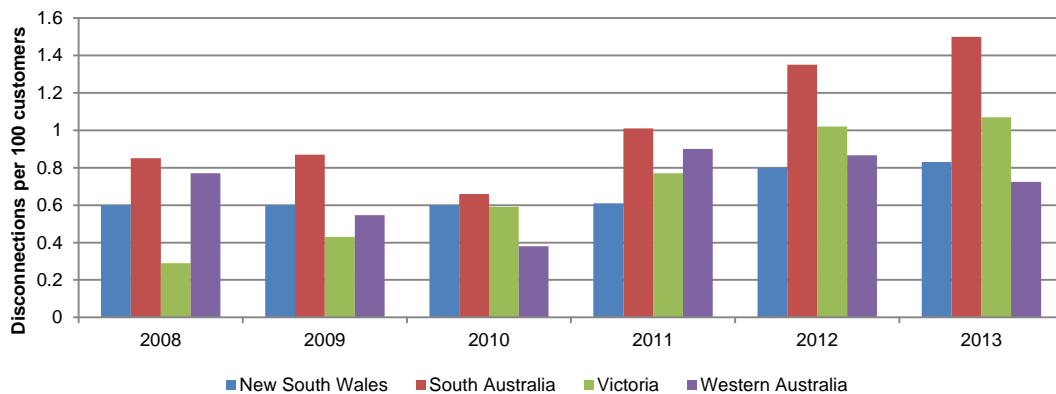
Figure 8 compares the overall residential electricity disconnection rate for Western Australian retailers with the residential disconnection rates in New South Wales, South Australia and Victoria.

In 2013, Western Australia was the only jurisdiction to report a decline in residential disconnections, the residential disconnection rate (0.72 per 100 customers) was the lowest of the four jurisdictions.

Since 2010, New South Wales, South Australia and Victoria's residential disconnection rates have been trending upwards, whereas Western Australia's rate has been trending downwards, following a spike in 2011.²⁴ Part of the explanation for the diverging trends in disconnection rates may be found in residential electricity prices, over the past three years Western Australian retail tariff increases have been under 5% per annum, while average market prices in the other jurisdictions have increased by much larger percentages.

²³ Because government subsidies and concessions are paid through electricity bills, the gas retailers do not know which of their customers are receiving a concession.

²⁴ The large increase in 2010/11 was driven by Synergy removing the disconnection moratorium resulting from problems with their new billing system.

Figure 8: Jurisdictional comparison of residential electricity disconnection rates (per 100 customers) ²⁵

The ERA has not previously published an inter-jurisdictional comparison of residential gas disconnection rates. The data published by other jurisdictions does permit a single year snapshot of disconnections for two jurisdictions: New South Wales (0.7 per 100 customers) and Victoria (0.90 per 100 customers). The data for Western Australia (Table 11) shows that, in 2013, the disconnection rate in Western Australia is the highest of the three jurisdictions, at 1.69 per 100 customers.²⁶

Non-residential Customers

Figure 9 shows the overall level of non-residential electricity and gas customer disconnections over the past six years.

In 2013, the non-residential electricity disconnection rate (per 100 customers) fell to a three year low, but still remains above the six year average (0.36 per 100 customers). In practice, Synergy's large non-residential customer base means that the overall non-residential disconnection rate tracks their disconnection rate (Table 13).

In contrast, the non-residential gas disconnection rate rose to a three year high in 2013; a value slightly higher than the six year average (1.45 per 100 customers). As Alinta Energy was the only gas retailer to disconnect non-residential customers, the overall gas disconnection rate tracks the Alinta Energy rate (Table 13).

Figure 9 shows that the gap between the non-residential gas and electricity disconnection rates increased further. Since reaching a low of 0.94 in 2011, the ratio of gas customer disconnections to electricity customer disconnections has increased in the subsequent years, to reach 3.58 in 2013.²⁷

²⁵ Sources of data for the other jurisdictions:

Customer Service Performance of Electricity Retail Suppliers, 1 July 2008 – 30 June 2013, Independent Pricing and Regulatory Tribunal of New South Wales.

Energy Retailers Comparative Performance Report - Customer Service 2012-13, Essential Services Commission of Victoria (this provided the data for South Australia and Victoria).

²⁶ Sources of data for the other jurisdictions:

Customer Service Performance of Gas Retail Suppliers, 1 July 2008 – 30 June 2013, Independent Pricing and Regulatory Tribunal of New South Wales.

Energy Retailers Comparative Performance Report - Customer Service 2012-13, Essential Services Commission of Victoria.

²⁷ Some caution should be applied to interpreting this ratio because of the large difference in non-residential electricity and gas customers (Table 2 and Table 5). Nonetheless, the ratio does provide a useful comparator of the respective disconnection rates.

Figure 9: Non-residential energy customer disconnections

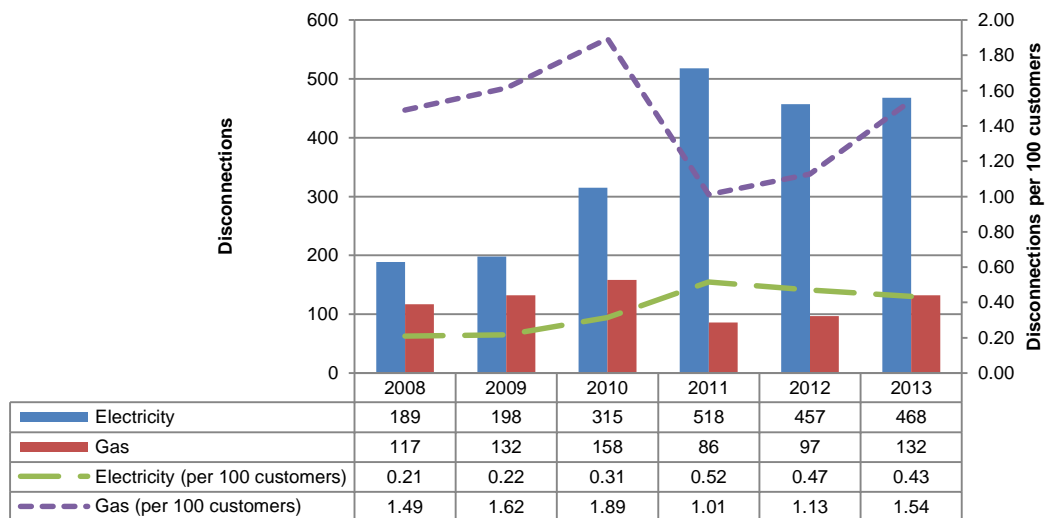


Table 13 provides a six year view of the non-residential disconnection rates for each electricity and gas retailer.

In 2013, Alinta Energy reported significant increases in electricity and gas non-residential customer disconnection rates, compared to 2012. The non-residential gas disconnection rate was at a three year high, while the non-residential electricity disconnection rate rose for the second consecutive year. Alinta Energy commented:

Over the reporting period, Alinta Energy continued to work with non-residential customers and offered all available assistance, however the current economic environment proved difficult for a larger proportion of these customers, who defaulted despite being granted additional time to pay and/or payment arrangements.

Both Horizon Power and Synergy reported falls in their non-residential electricity customer disconnection rates this year; in 2013, Horizon Power's disconnection rate was their lowest on record.

Table 13: Non-residential energy customer disconnection rates for each retailer (per 100 customers)

Retailer	2008	2009	2010	2011	2012	2013
Electricity						
Alinta Energy	0.1	0.0	0.0	0.0	0.14	0.81
Horizon Power	0.78	0.56	1.82	0.27	0.15	0.09
Synergy	0.17	0.20	0.20	0.54	0.50	0.46
State Total	0.21	0.22	0.31	0.51	0.47	0.43
Gas						
Alinta Energy	1.52	1.65	1.93	1.03	1.15	1.58
State Total	1.49	1.62	1.89	1.01	1.14	1.54

Reconnections

The standard reconnection measure counts customers who have been reconnected in the same name and at the same address within seven (calendar) days of being disconnected for non-payment of a bill. The rationale for setting a seven day measurement window is that this counts the customers whose disconnection might have been avoided had they taken action to engage with their retailer earlier in the disconnection process, or

customers who were experiencing financial difficulties. However, in the absence of any information about whether the customer was in financial hardship immediately prior to disconnection, which is the case currently, it is not possible to separate the customers who could not pay from those who chose not to pay.

In general, reconnections within seven days will always be less than the corresponding disconnections because it excludes customers who are reconnected later than seven days after disconnection, customers who reconnect in a different name at the same address within seven days and customers who have already abandoned the property.

A better estimate of the total number of reconnections performed each year can be obtained by removing the seven day limit. From 2013, retailers are required to also report on the total number of reconnections that they have requested each year. This will provide additional information estimating the number of customers who needed more time to arrange their reconnection, and those customers who were not reconnected.

Residential Customers

Figure 10 shows the overall level of residential electricity and gas reconnections (within seven days of disconnection) for the past six years.

The percentage of residential electricity customer reconnections (within seven days) increased for the third consecutive year, reaching a six year high of 60.1%. The majority of the reconnections were performed by Synergy (Table 14).

The percentage of residential gas customer reconnections (within seven days) has also increased for the second consecutive year, to 38.7%, coming off a six-year low of 24.1% in 2011. Almost all of the reconnections were performed by Alinta Energy (Figure 11).

Figure 10: Residential energy customer reconnections within seven days

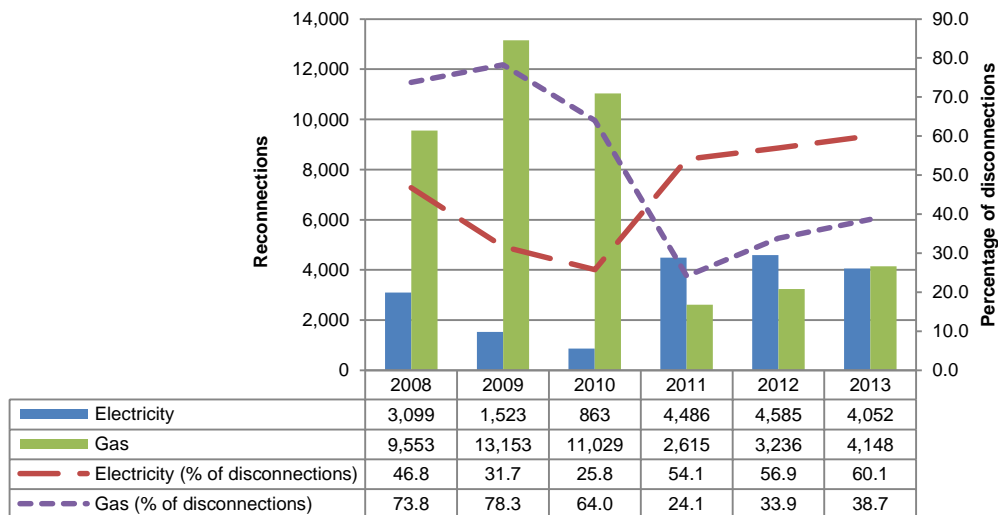
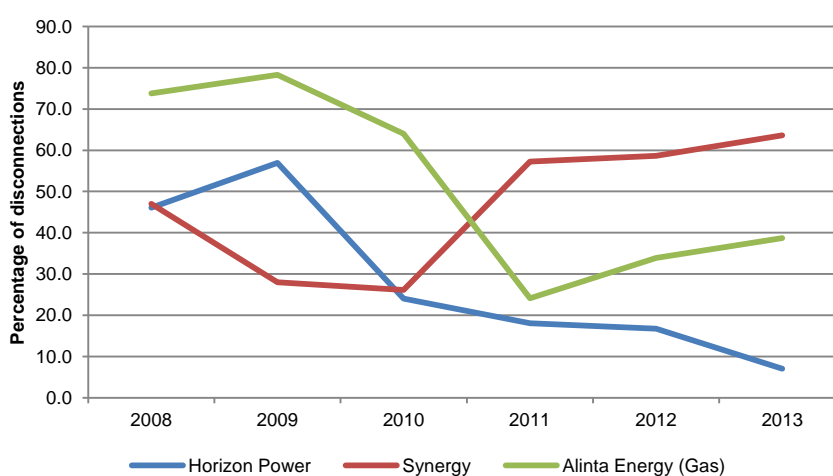


Table 14 and Figure 1 show the residential reconnections (within seven days) performed by each electricity and gas retailer over the past six years.

In 2013, the percentage of reconnections (within seven days) performed by Synergy and Alinta Energy (gas) both increased for the second consecutive year, while the percentage of reconnections performed by Horizon Power fell to a six year low, following three consecutive years of decline.

Table 14: Residential electricity and gas customer reconnections within seven days

	2008	2009	2010	2011	2012	2013
Electricity						
Horizon Power	826	350	145	120	55	30
Synergy	2,273	1,173	718	4,366	4,530	4,022
State Total	3,099	1,523	863	4,486	4,585	4,052
Gas						
Alinta Energy	9,553	13,153	11,028	2,615	3,236	4,144
Wesfarmers	0	0	0	0	0	4
WorleyParsons	0	0	1	0	0	0
State Total	9,553	13,153	11,029	2,615	3,236	4,148

Figure 11: Percentage of residential energy customers reconnected by retailers within seven days²⁸

Synergy has provided some explanation of its reconnections (within seven days) in a recently published report:²⁹

The disconnection warning card metric is indicative of Synergy's attempts to keep customers connected. This card is often the final step in the collections process before disconnection occurs. [...]

Despite the above customer notifications, disconnection is too often the only trigger point for some customers themselves to contact Synergy. Our experience is that some customers are ignoring the collection notices and not paying their electricity bills with the expectation that disconnection will not take place until well into the future, if at all.

Our evidence is based on the large number of customers who move out of premises without paying Synergy or advising of the circumstances, plus those customers who pay some or all of their debt relatively quickly after disconnection.

The sentiments expressed by Synergy in relation to customers ignoring collection notices and disconnection notices has also been echoed by Alinta Energy, who have raised similar concerns about customers not contacting them regarding an outstanding debt until they have been disconnected. A significant proportion of those customers who first

²⁸ WorleyParsons have been excluded because they did not reconnect any customers and Wesfarmers have been excluded because 2013 is the only year that they have reconnected customers.

²⁹ Electricity Retail Indicators 2012-13, Year in Review, accessed on the Synergy webpage: http://www.synergy.net.au/about_us/annual_report.xhtml

contact Alinta Energy immediately following disconnection are able to arrange prompt reconnection. Both retailers have sought to establish contact with customers at risk of disconnection through the use of alternative media, such as email and SMS, in addition to the post and telephone.

Horizon Power's reconnection rate is substantially lower than the other two retailers. In 2013, only 30 out of 424 (or 7.1%) of customer disconnections were reconnected within seven days of disconnection. Horizon Power commented:

Horizon Power only disconnects customers as a last resort. Disconnection only occurs following a rigorous process where Horizon Power contacts or endeavours to contact customers through multiple channels or where an agreed repayment plan is not being followed (again, following efforts to discuss the situation with the customer). Horizon Power is not aware of any particular factor that might be driving the declining percentage of reconnections within seven days.

For the first time, electricity and gas retailers have provided data on the total number of residential customer reconnections they have performed during the year. The detailed data on these reconnections can be found in Appendix 3, Table 46.

In 2013, Horizon Power and Synergy had a total reconnection rate of 22.4% and 69.5%, respectively. Comparing this with the reconnections within seven days data shows that the majority of Horizon Power's residential reconnections took place more than seven days after disconnection, while the majority of Synergy's reconnections were within seven days of disconnection. Just over three in every four disconnections performed by Horizon Power did not result in a reconnection at all. This contrasts with Synergy, where approximately three in every ten disconnections did not result in a reconnection. Not reconnecting does not mean that the supply to the premises remains disconnected; the reconnections data excludes customers moving out of premises without providing prior notice, or remaining at the premises but having a new account established in a different person's name.

The data provided by Alinta Energy and Wesfarmers shows their respective total reconnection rates were 75.4% and 57.1%.³⁰ Just over half of Alinta Energy's reconnections took place more than seven days after disconnection; also, just over three in every four disconnections did not result in a reconnection in the same name, or were not reconnected at all.

As is the case for residential customer disconnections, retailers are required to provide a breakdown of reconnections into three additional information categories. Table 15 provides the disaggregated reconnection data for 2013, and compares it to 2012.

Comparing this year with the previous year, Alinta Energy and Synergy both reported increases in the percentage of reconnections involving customers who fall into one of the additional reconnection information categories. Conversely, Horizon Power reported across the board reductions.

³⁰ The Wesfarmers total reconnection rate was the same as the reconnection within seven days rate (57.1%).

Table 15: Residential reconnections within seven days - additional reconnection information

	Total reconnections		Customers previously on an instalment plan		Customers disconnected at the same supply address within the past 24 months		Concession card holders	
	2012	2013	% of disconnections		% of disconnections		% of disconnections	
	2012	2013	2012	2013	2012	2013	2012	2013
Electricity								
Horizon Power	55	30	11.6	6.8	4.0	1.4	4.3	2.4
Synergy	4,530	4,022	26.8	31.4	13.6	16.3	20.3	23.2
Electricity Total	4,583	4,052	26.2	29.8	13.1	15.4	19.6	23.4
Gas								
Alinta Energy	3,236	4,144	1.6	2.2	5.1	7.7	-	-
Gas Total	3,236	4,144	1.6	2.2	5.1	7.7	-	-

Non-residential Customers

Figure 12 shows the overall level of non-residential electricity and gas customer reconnections over the past six years.

Compared to 2012, the overall non-residential electricity and gas reconnection percentages both increased, to levels that are close to the respective six year highs. The gap between the reconnection percentages for electricity and gas retailers continues to be close, since their convergence commenced in 2011. In practice, the overall non-residential electricity reconnection percentage tracks the Synergy disconnection rate and the overall gas reconnection rate tracks Alinta Energy (Table 13 and Figure 17).

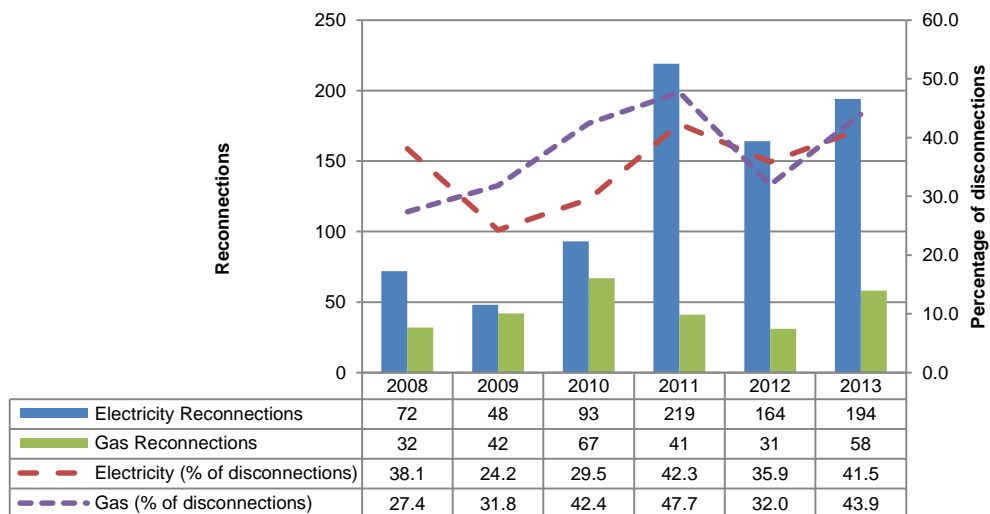
Figure 12: Non-residential energy customer reconnections within seven days

Table 16 and Figure 13 show the reconnections for each retailer. The reconnection percentages for Alinta Energy (electricity) and Horizon Power need to be treated with caution because of the small number of disconnections they have performed each year.

Table 16: Non-residential energy customers reconnected by retailers within seven days

	2008	2009	2010	2011	2012	2013
Electricity						
Alinta Energy	0	0	0	0	9	1
Horizon Power	16	9	44	1	1	0
Synergy	56	39	49	218	154	193
State Total	72	48	93	219	164	194
Gas						
Alinta Energy	32	42	67	41	31	58
State Total	32	42	67	41	31	58

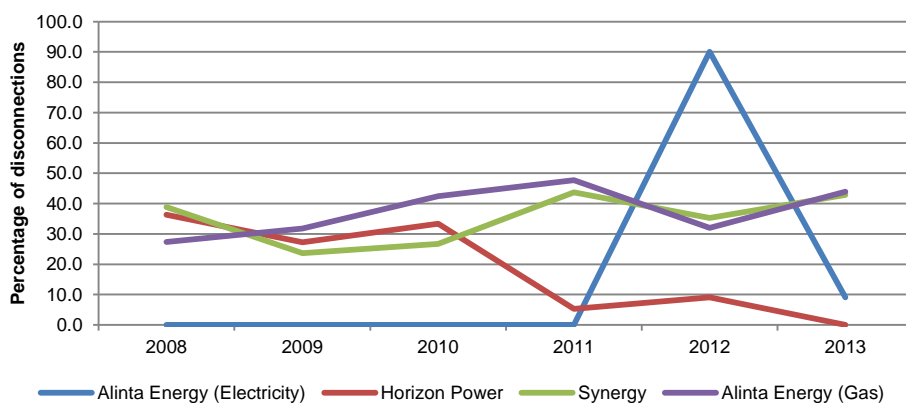
Figure 13: Percentage of non-residential energy customers reconnected by retailers within seven days

Table 50 in Appendix 3 provides the total non-residential electricity and gas reconnections in 2013 (includes the reconnections more than seven days after disconnection). Comparing the data in Table 50 with Figure 13 shows:

- 2013 is the first year that Horizon Power did not reconnect any non-residential customers within seven days. Horizon Power explained this was the result of disconnected customers either entering into receivership, or vacating the premises without finalising the account.
- Alinta Energy reconnected just one of the nine electricity customers they disconnected (which was within seven days of disconnection), which they attributed to a number of non-residential customers simply not reconnecting and exiting the market.
- Between 2012 and 2013, the percentage of Alinta Energy's non-residential gas customers reconnected within seven days rose from 32.0% to 43.9%. In 2013, the total non-residential reconnections rate was 75.4%, showing that just over half of all reconnections occurred within seven days.
- Synergy's non residential reconnections within seven days rose slightly, up from 35.3% in 2012 to 42.9% in 2013. The total reconnection rate in 2013 was 49.3%, showing that just over half of the disconnections did not result in a reconnection in the same name. Synergy stated that the main reason for business customers not being reconnected is the closure of the business.

Complaints

Both the Electricity Customer Code and the Gas Compendium require retailers to develop, maintain and implement an internal process for handling complaints and resolving disputes that complies with AS ISO 10002 – 2006.³¹

AS ISO 10002 – 2006 defines a complaint as:

An expression of dissatisfaction made to an organisation, related to its products, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected.³²

The Electricity Customer Code and the Gas Compendium also require retailers to comply with any guideline developed by the ERA that distinguishes customer queries from customer complaints. The ERA published the Customer Complaints Guidelines in 2008 to further clarify the distinctions between queries, complaints and other customer communications.

Complaints are further separated into four categories to provide further information about the underlying cause(s) of each complaint:

- **Billing complaints** - includes billing errors, incorrect billing of fees and charges, failure to receive relevant Government rebates, high billing, credit collection, disconnection and reconnection, and restriction due to billing discrepancy.
- **Marketing complaints** - includes advertising campaigns, contract terms, sales techniques and misleading conduct.
- **Transfer complaints** - includes failure to transfer a customer within a certain time period, disruption of supply due to transfer and billing problems directly associated with the transfer (e.g., delay in billing, double billing).
- **Other complaints** - includes poor service, privacy considerations, failure to respond to complaints in a timely manner, health and safety issues, and any other matter not falling into the billing, marketing and transfer categories.

The retailers who supply pre-payment meter customers are required to separately record complaints from customers that relate to the pre-payment meter service.

A key measure of the effectiveness of the complaints handling process implemented by a retailer is how quickly a complaint is concluded. A complaint is concluded when all of the relevant parts of the retailer's complaints handling process have been exercised in an attempt to resolve the complaint. Energy retailers are required to report on the percentage of complaints from residential and non-residential customers that are concluded within 15 business days and 20 business days. For the purposes of complaint handling performance analysis, the ERA uses the proportion of complaints concluded within 15 days as the measure.

³¹ Standard AS ISO 10002-2006, Customer satisfaction – Guidelines for complaints handling in organisations.

³² The Codes have slightly modified this definition by adding the words "or services" immediately after "products" because energy retailers provide a service rather than a product to their customers.

Residential Complaints

Figure 14 shows the total complaints made to electricity and gas retailers by residential customers. In 2013, the complaints received by electricity retailers fell for the second consecutive year, while complaints received by gas retailers increased slightly.

Figure 14: Total residential energy complaints

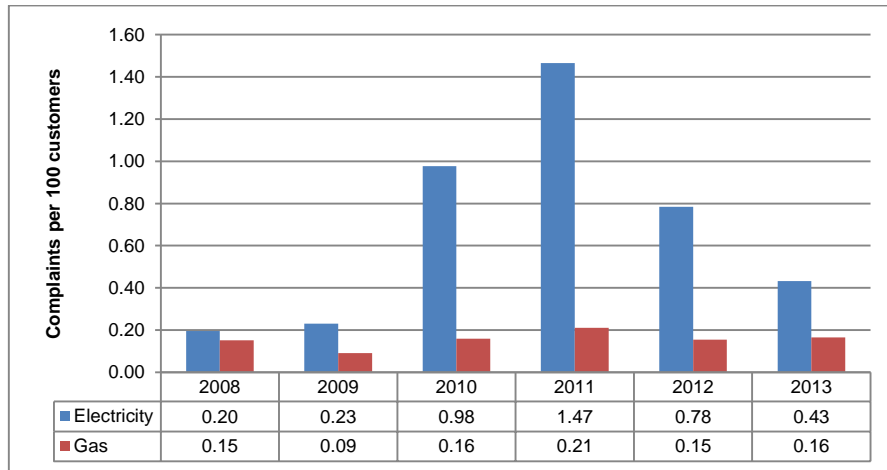


Table 17 provides the number of residential customer complaints received by each retailer over the past six years. Comparing Table 18 with Figure 14 shows that Alinta Energy received almost all of the residential gas complaints, and Synergy received the majority of the residential electricity complaints, a not unexpected result given that they also have the majority of the residential gas and electricity customers, respectively.

The number of residential customer complaints received by Horizon Power in 2013 reached a six year high of 382 complaints (or 1.06 complaints per 100 customers). Horizon Power commented:

In July 2012, Horizon Power in-sourced metering field services. Through the transition meter reading performance deteriorated, which had a detrimental impact on billing systems. For some customers this led to longer billing cycles and subsequently higher bills. The increase in the volume of calls is directly attributable to the now resolved in-sourcing changes.

Residential customer complaints received by Synergy peaked in 2011, which was due to a combination of rapidly increasing residential electricity tariffs and problems with their change of billing system implemented in late 2009. Over the past two years, complaints received by Synergy have fallen by 72.9%. A recent report published by Synergy³³ provides a number of reasons for the reduction in complaints, including:

- system and process changes to reduce late bills;
- proactive management of customers in debt;
- improved service levels by Western Power {in relation to meter reads};
- improved training for customer service staff regarding compliance with internal processes;
- focus on resolving customer enquiries at the first point of contact.

³³ Page 12, Electricity Retail Indicators 2012-13, Year in Review, accessed on the Synergy webpage: http://www.synergy.net.au/about_us/annual_report.xhtml

The number of complaints received by Wesfarmers increased significantly in 2013, coinciding with the rapid expansion of their customer base. Wesfarmers received 0.53 complaints per 100 customers, which is substantially higher than the (six year) industry average of 0.16 per 100 customers.

Table 17: Residential energy complaints by retailer

Retailer	2008	2009	2010	2011	2012	2013
Electricity						
Horizon Power	195	124	174	100	133	382
Synergy	1,490	1,903	8,432	13,403	7,144	3,635
State Total	1,685	2,027	8,606	13,503	7,277	4,017
Gas						
Alinta Energy	855	529	964	1,298	968	996
Wesfarmers	0	0	0	0	2	44
WorleyParsons	0	0	1	0	0	0
State Total	855	529	965	1,298	970	1,040

Table 18 compares the residential complaints received by each retailer this year and last year, broken down into four complaint categories. Table 18 shows that the majority of complaints made to electricity retailers relate to billing matters; in electricity both retailers reported over 80% of complaints fell into this category.

Alinta Energy reported a significant rise in billing complaints this year, matched by a corresponding reduction in other complaints. Alinta Energy offered a number of reasons for the increased billing complaints, including:

- the introduction of new fees;
- tariff increases;
- the entry of Wesfarmers in the gas retail market and increased customer awareness of charges and [the] ability to seek alternatives; and
- increased customer awareness of energy costs and willingness to confirm all charges.

For Wesfarmers, just over half of the complaints they received related to marketing, billing accounted for less than 10% of complaints. The rise in marketing complaints can be explained by the extensive marketing campaign that accompanied Wesfarmer's entry into the ATCO supply areas from March 2013.³⁴

Table 18: Residential energy complaints by complaint category

	Percentage of complaints in each category							
	Billing complaints		Marketing complaints		Transfer complaints		Other complaints	
	2012	2013	2012	2013	2012	2013	2012	2013
Electricity								
Horizon Power	63.2	88.7	0.0	0.0	0	0.0	36.8	11.3
Synergy	83.0	83.9	5.6	13.7	29	0.0	11.0	0.03
Gas								
Alinta Energy	47.3	70.9	1.9	3.1	0.0	0.0	50.8	26.0
Wesfarmers	50.0	6.8	0.0	56.8	0.0	11.4	50.0	25.0

³⁴ This is discussed further in the section on Gas Customers.

Residential complaint resolution

Table 19 shows the percentage of residential complaints resolved within 15 business days by each retailer over the past two years. This is an important measure of the effectiveness of the retailer's complaint resolution processes.

In 2013, Horizon Power resolved just over half of the complaints they received within 15 days, after achieving 100% resolution performance in the previous three years (Appendix 3, Table 56). The drop in complaint resolution performance corresponds with a large increase in the number of complaints received in 2013 (Table 17). Horizon Power commented:

The increased volume of complaints received by Horizon Power was driven by the in-sourcing of meter reading. The consequent late and high bills discussed earlier in the report also placed significant stress on processes for resolving complaints.

Table 19: Residential energy complaints resolved within 15 days

	Complaints resolved within 15 days		% of complaints received	
	2012	2013	2012	2013
Electricity				
Horizon Power	133	205	100.0	53.7
Synergy	5,097	3,632	71.4	99.9
Gas				
Alinta Energy	948	874	97.9	87.8
Wesfarmers	2	44	100.0	100.0

Synergy reported its best complaint resolution performance to date in 2013. The improved performance corresponds with the significant reduction in complaints received (Table 17).

In 2013, Alinta Energy's complaint resolution performance fell for the second consecutive year, reaching the lowest level since reporting commenced in 2010 (Appendix 3, Table 56).

Non-residential Complaints

Figure 15 shows the total complaints received by electricity and gas retailers from non-residential customers. Complaints received by electricity retailers fell for the second consecutive year, mirroring the trend in residential complaints (Figure 14). Complaints received by gas retailers more than doubled in 2013, reaching levels not seen since 2008.

Figure 15: Total non-residential energy complaints

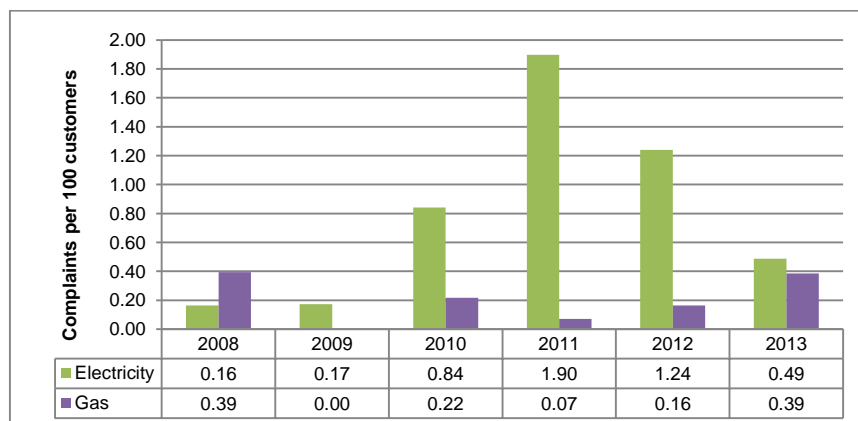


Table 20 details the number of non-residential customer complaints received by each retailer over the past six years. Comparing Table 20 with Figure 15 shows that Alinta Energy accounts for the all of the non-residential gas complaints, and Synergy accounts for the majority of the non-residential electricity complaints.

In 2013, there was a significant increase in the number of complaints received by Horizon Power; reaching a six year high of 87 complaints (or 1.08 per 100 customers). The increase in non-residential complaints received by Horizon Power mirrors a similar increase in residential complaints (Table 17). Horizon Power commented that the increase in non-residential customer complaints was driven by the same factors as for residential complaints; see the discussion on residential complaints for more information.

Non-residential electricity customer complaints received by Synergy peaked in 2011, for the same reasons as discussed earlier in relation to residential complaints. Over the past two years, the number of complaints received by Synergy has fallen by 78.9%. The reasons given by Synergy for the reduction in complaints is provided in the previous section dealing with residential complaints.

The number of non-residential gas complaints received by Alinta Energy more than doubled this year to 33 complaints, a six-year high. Alinta Energy attributes this increase to:

the economic environment, to customer awareness of energy prices and to competition in the small business market; customers were more prepared to question their charges. Other miscellaneous matters also played a part, including issues related to ATCO Gas [their distributor], Alinta Energy's credit policy and payment matters.

Table 20: Non-residential energy complaints by retailer

	2008	2009	2010	2011	2012	2013
Electricity						
Alinta Energy	5	4	6	6	17	13
Horizon Power	63	25	4	37	4	87
Perth Energy	-	1	1	0	1	1
Rottnest Island Authority	-	1	0	0	1	0
Synergy	80	127	832	1,865	1,182	425
State Total	148	158	843	1,908	1,205	526
Gas						
Alinta Energy	30	0	4	5	14	33
Synergy	1	0	14	1	0	0
State Total	31	0	18	6	14	33

Table 21 compares the non-residential complaints received by each retailer this year and the previous year, broken down into four complaint categories. The majority of complaints from non-residential customers relate to billing matters; in electricity all five retailers reported over 80% of complaints fell into this category.

Alinta Energy was the only gas retailer to receive complaints from non-residential customers. Comparing their complaints data for 2012 and 2013 it can be seen that the billing and marketing complaints fell, matched by a corresponding increase in complaints falling into the other category, which includes administrative processes, privacy issues and responsiveness to complaints.

Table 21: Non-residential energy complaints by complaint category

	Percentage of complaints in each category							
	Billing complaints		Marketing complaints		Transfer complaints		Other complaints	
	2012	2013	2012	2013	2012	2013	2012	2013
Electricity								
Alinta Energy	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Horizon Power	50.0	86.2	0.0	0.0	0.0	0.0	50.0	13.8
Perth Energy	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Rottnest Island Authority	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Synergy	83.0	91.8	5.6	4.9	0.4	0.0	11.0	3.3
Gas								
Alinta Energy	71.4	56.7	21.4	3.3	0.0	0.0	7.1	40.0

Non-residential complaint resolution

Table 22 shows the percentage of non-residential complaints resolved by each retailer within 15 business days for the past two years. This is an important measure of the effectiveness of the retailer's complaint resolution processes.

In 2013, Horizon Power resolved just over half of the non-residential complaints they received within 15 days, after achieving a 100% resolution rate in the previous three years (Appendix 3, Table 57). The drop in the complaint resolution rate corresponds with a large increase in the number of complaints received in 2013 (Table 20). Horizon Power attributes the drop in the complaint resolution rate to the increased volume of complaints received.

In 2013, Synergy resolved just over 80% of the complaints they received within 15 days, up from 59.8% the previous year. The improved complaint resolution performance corresponds with a 64% fall in the number of complaints received (Table 20).

Table 22: Non-residential energy complaints resolved within 15 days

	Complaints resolved within 15 days		Percentage of complaints received	
	2012	2013	2012	2013
Electricity				
Alinta Energy	16	13	94.1	100.0
Horizon Power	4	39	100.0	44.8
Perth Energy	1	1	100.0	100.0
Rottnest Island Authority	1	-	100.0	-
Synergy	720	425	59.8	80.8
Gas				
Alinta Energy	13	30	92.9	90.9

Inter-jurisdictional comparison of complaints

Table 23 shows that the overall gas and electricity complaints, per 100 customers, received by Western Australian retailers were much lower than those received by retailers

in New South Wales and Victoria.³⁵ The transition of retailer performance reporting to the Australian Energy Regulator means that data for South Australia is not available this year.

Compared to 2012, complaints received by electricity and gas retailers have risen significantly in both New South Wales and Victoria, reaching record levels. In contrast, complaints received by Western Australian electricity retailers almost halved, while gas retailers recorded a modest increase.

Table 23: Inter-jurisdictional comparison of electricity and gas complaints (per 100 customers)

State	2008	2009	2010	2011	2012	2013
Electricity complaints						
NSW	0.4	0.4	0.7	1.0	1.6	2.8
SA	0.83	1.26	1.54	2.5	2.7	n/a
VIC	1.0	2.22	2.10	4.2	4.7	5.5
WA	0.20	0.22	0.96	1.51	0.83	0.44
Gas Complaints						
NSW	0.49	0.51	0.97	1.23	1.54	2.3
SA	0.48	0.50	0.53	1.47	1.8	n/a
VIC	0.43	0.80	0.74	1.18	1.5	2.4
WA	0.15	0.09	0.16	0.21	0.15	0.17

³⁵ Sources of data for the other jurisdictions:

Customer Service Performance of Electricity Retail Suppliers, 1 July 2008 – 30 June 2013, Independent Pricing and Regulatory Tribunal of New South Wales

Customer Service Performance of gas Retail Suppliers, 1 July 2008 – 30 June 2013, Independent Pricing and Regulatory Tribunal of New South Wales

Energy Retailers Comparative Performance Report - Customer Service 2012-13, Essential Services Commission of Victoria.

Call Centre Performance

The majority of the customer's interaction with their retailer is by telephone. Accordingly, it is important that retailers are able to provide ready telephone access for customers to contact them about service related issues during business hours. The larger retailers operate call centres which employ multiple customer service agents to handle customer enquiries and complaints.

Smaller retailers offer a simpler telephone service, which is often based on the customer calling their switchboard, which then connects them to the appropriate contact person.

The retailers that have a call centre to handle customer calls are able to record a range of information about the incoming calls, including performance statistics. Some of the call centres operated by retailers handle other calls in addition to calls about the electricity or gas retail service. Unless the retailer can separately record the statistics for the retail calls from all other calls, the call centre performance reported for retail customers is based on the overall performance of the call centre.

Measuring the telephone service provided by the retailer helps to assess the customer experience when they contact their retailer. There are three key responsiveness measures that are uniformly measured across service industries:

- percentage of calls answered within 30 seconds;
- average duration before a call is answered, measured in seconds; and
- percentage of unanswered calls.

The remainder of this section presents electricity and gas retailer call centre performance in relation to these responsiveness measures. If the retailer call centre uses Interactive Voice Response equipment³⁶ to handle calls then the responsiveness measures only apply to those calls where the customer has indicated that they wish to speak to an operator.

Electricity

Of the five active electricity retailers covered by this report,³⁷ only Perth Energy does not have a call centre. Perth Energy provides telephone support to its customers using simpler telephone systems that do not record performance statistics.

The Horizon Power and Rottneest Island Authority call centres handle calls for both retail and distribution customers without distinguishing retail calls from distribution calls. Further, the Rottneest Island Authority call centre also handles calls related to other areas of their business.

Table 24 shows that the total volume of calls to electricity retailer call centres fell by 5.1% in 2013, the second consecutive year of decline. The decline in call volume was driven by Synergy, who recorded a 7.1% drop in calls. Synergy stated that the reduced call volume to their call centre was due to:

[...] reduced customer call backs with improved call resolution at the first point of contact.³⁸

³⁶ Interactive Voice Response equipment allows a call centre telephone system to detect voice and keypad tone signals and then respond with pre-recorded or dynamically generated audio to further direct callers to the service they require.

³⁷ The sixth electricity retailer, Clear Energy, has not supplied any customers since they were first granted a retail licence.

During 2013, calls to the Horizon Power call centre rose by 25.1%, to reach a six year peak. This was the second consecutive year where call volumes have increased. The increase in Horizon Power's call volumes, and the consequent impact on call centre service levels was due to the same factors that caused an increase in residential complaints during the year.

Table 24: Volume of calls to electricity retailer call centres

	2008	2009	2010	2011	2012	2013
Alinta Energy	2,829	2,861	2,173	2,452	2,426	2,728
Horizon Power	85,356	94,018	89,200	71,215	82,587	103,301
Rottnest Island Authority	N/A	N/A	1,027	5,272	5,840	6,173
Synergy	927,241	919,948	1,257,153	1,439,432	1,315,881	1,223,000
All retailers	1,015,426	1,012,009	1,349,553	1,518,371	1,406,734	1,335,202

In order to assess the overall performance of the retailer's call centres it is prudent to examine all three performance measures together. Figures 16, 17 and 18 show the retailer's performance against these measures over the six years to 2013.

Compared to 2012, Alinta Energy and Synergy both improved their overall performance in 2013:

- Alinta Energy answered 88.7% (up from 76.6%) of calls within 30 seconds, while the average wait for a call to be answered fell from 19 seconds to 17 seconds, and the percentage of unanswered calls reached a six year low of 1.0%.
- Synergy answered 79.9% (up from 74.8%) of calls within 30 seconds, while the average wait for a call to be answered fell from 35 seconds to 23 seconds, and the percentage of unanswered calls fall from 3.2% to 2.1%.

Synergy reported that the improvement in their call centre performance was due to a number of factors, including:³⁹

a number of system and process changes being implemented throughout the year, making it easier and more efficient for contact centre operators, reducing both call volumes and handling times.

improved forecasting and scheduling of staff to ensure the right resources are available at the right time to meet call demand and service levels.

Compared to 2012, Horizon Power and Rottnest Island Authority both saw their overall performance deteriorate in 2013:

- Horizon Power answered 75.9% (down from 88.5%) of calls within 30 seconds, while the average wait for a call to be answered increased from 18 seconds to 35 seconds, and the percentage of unanswered calls increase from 1.6% to 2.6%.
- Rottnest Island Authority answered 81.2% (down from 95.0%) of calls within 30 seconds, while the average wait for a call to be answered increased from 12 seconds to 13 seconds, but the percentage of unanswered calls improved from 5.0% to 2.1%.

³⁸ Page 5, Electricity Retail Indicators 2012-13, Year in Review, accessed on the Synergy webpage: http://www.synergy.net.au/about_us/annual_report.xhtml

³⁹ Page 14, Electricity Retail Indicators 2012-13, Year in Review, accessed on the Synergy webpage: http://www.synergy.net.au/about_us/annual_report.xhtml

Figure 16: Percentage of electricity retail calls answered within 30 seconds

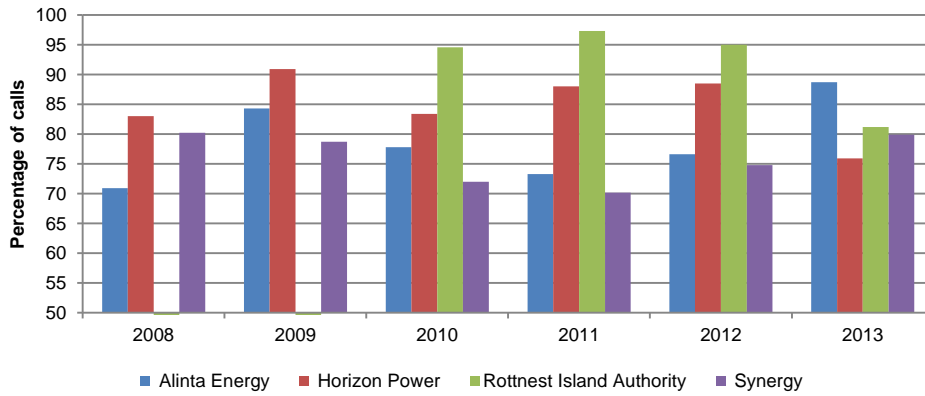


Figure 17: Average duration before a call is answered by electricity retail call centres

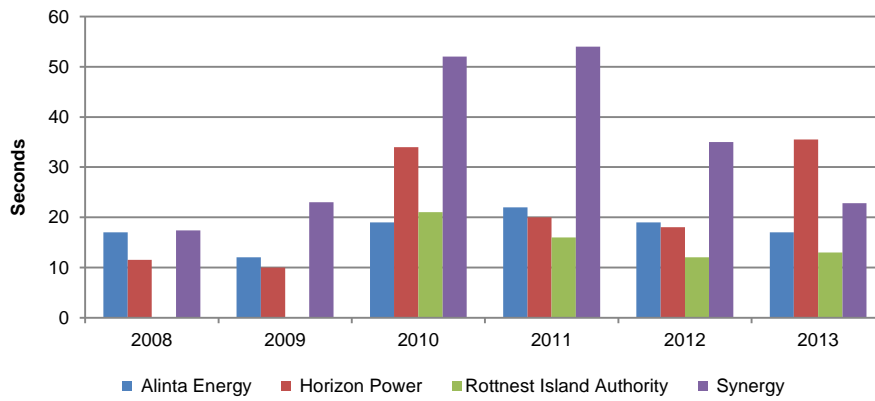
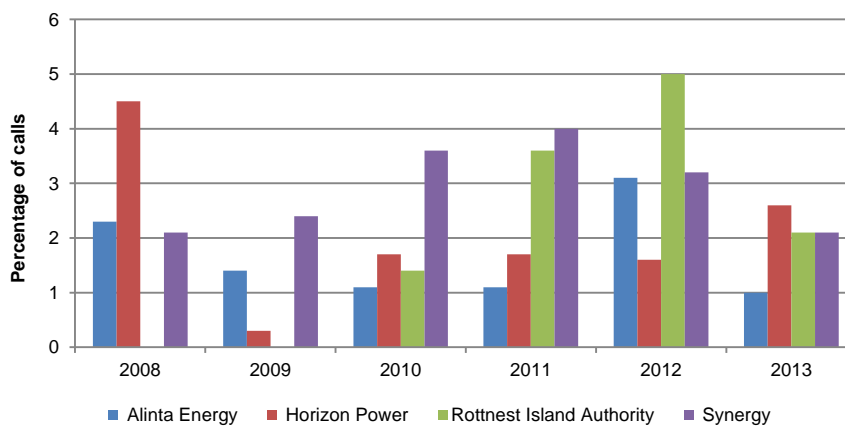


Figure 18: Percentage of calls that are unanswered by electricity retailers



Gas

Only two of the four active gas retailers, Alinta Energy and Wesfarmers,⁴⁰ operate call centres.⁴¹ Synergy and WorleyParsons provide telephone support to their customers using simpler telephone systems that do not record performance statistics.

Table 25 shows that the total volume of calls to gas retailer call centres increased by 1.8% in 2013. Both retailers reported increases in call volumes; Alinta Energy by 1.4% and Wesfarmers by 3.0%.

Table 25: Volume of calls to gas retailer call centres

Retailer	2008	2009	2010	2011	2012	2013
Alinta Energy	604,093	606,063	727,524	720,439	686,935	696,694
Wesfarmers	147,202	179,119	172,080	190,764	214,280	220,710
All retailers	751,295	785,182	899,604	911,203	901,215	917,404

As is the case for electricity retailers (see above), an assessment of the overall performance of the retailer's call centres requires an examination of all three performance measures taken together. Figures 19, 20 and 21 show the retailer's performance against these three measures for the six years to 2013.

Compared to 2012, both Alinta Energy and Wesfarmers improved their overall performance in 2013:

- Alinta Energy answered 82.8% (up from 80.0%) of calls within 30 seconds, while the average wait for a call to be answered fell from 27 seconds to 18 seconds, and the percentage of unanswered calls fell from 2.4% to 1.8%.
- Wesfarmers answered 82.4% (up from 66.3%) of calls within 30 seconds, while the average wait for a call to be answered fell from 28 seconds to 19 seconds, and the percentage of unanswered calls fell from 3.7% to 2.2%.

Figure 19: Percentage of gas retail calls answered within 30 seconds



⁴⁰ The calls to the Wesfarmers call centre include calls related to gas retailing, gas distribution and all other Wesfarmers services, which needs to be considered when interpreting the data provided.

⁴¹ Perth Energy has not supplied any customers since the licence was granted.

Figure 20: Average duration before a call is answered by gas retailers

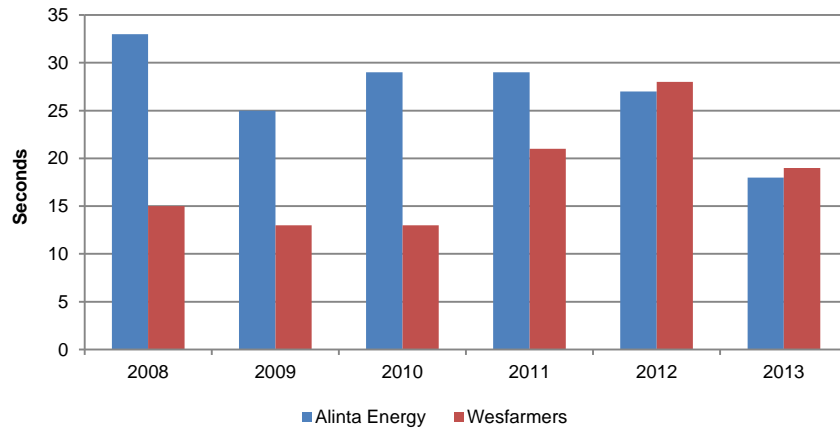


Figure 21: Percentage of calls that are unanswered by gas retailers



Service Standard Payments by Electricity Retailers

Under the Electricity Customer Code, service standard payments are available for:

- late reconnection, at a rate of \$60 per day up to a maximum of \$300 total (clause 14.1);
- wrongful disconnection, at a rate of \$100 per day (clause 14.2); and
- failure to acknowledge or respond to a customer query or complaint within the prescribed timeframes at a rate of \$20 for each written query or complaint (clause 14.3).

Horizon Power and Synergy are the only retailers that have made service standard payments over the past six years. Table 26 details the number of service standard payments made by these retailers.

Compared to 2012, the number of service standard payments made by Horizon Power and Synergy remained relatively unchanged in 2013, with the exception of payments for wrongful disconnection made by Synergy, which increased by 185.7%.

Table 26: Number of service standard payments made by electricity retailers

	Horizon Power			Synergy		
	Late reconnection	Wrongful disconnection	Timely response to customer complaints	Late reconnection	Wrongful disconnection	Timely response to customer complaints
2008	1	0	0	14	17	10
2009	4	1	0	12	4	3
2010	0	1	0	0	0	0
2011	6	3	0	44	4	24
2012	6	2	0	13	14	1
2013	5	4	0	16	40	0

Appendix 1: Background information about energy retailing

Definition of a customer

Throughout this report, unless otherwise stated, the following definitions of a customer are used:

- Customer - means a small use customer account that:
 - consumes less than 1TJ (or approximately \$32,000) of gas per annum, or
 - consumes less than 160MWh (or approximately \$40,000) of electricity per annum.
- Contestable customer - means a customer who is able to choose their retailer. This applies even if there is only a single retailer supplying energy within the supply area:
 - Gas: full retail contestability exists, allowing all customers to choose their retailer. However, in the areas supplied through the ATCO Gas Australia distribution networks, the Gas Market Moratorium (see page 40) prevents Synergy from supplying customers who consume less than 0.18TJ (or approximately \$6,200) of gas per annum.
 - Electricity: full retail contestability exists outside the South West Interconnected System (**SWIS**).⁴² Within the SWIS, customers who consume less than 50MWh (or approximately \$12,600) of electricity per annum are non-contestable. These customers can only be supplied by Synergy.

Retail Licence Performance Reporting Obligations

All energy retail licences include obligations for the licensee to provide information to the ERA in respect of the activities covered by the licence.

Electricity Licences

Electricity retail licences include a condition that the licensee must provide to the ERA any information that the ERA may require to fulfil its functions under the Electricity Act. The Electricity Compliance Reporting Manual (**Electricity Manual**), published by the ERA requires the electricity retail licensees who supply small use customers to provide non-financial performance information to the ERA each year.⁴³ The Electricity Manual incorporates the record keeping requirements of the Electricity Customer Code, which in turn references the 2007 SCONRRR Framework.⁴⁴

⁴² South West Interconnected System, which includes the coastal area from Kalbarri to Bremer Bay and the Goldfields.

⁴³ The most recent version of the Electricity Manual was published in June 2013.

⁴⁴ National Energy Retail Performance Indicators, Utility Regulators Forum Steering Committee on National Regulatory Reporting Requirements – Retail Working Group, May 2007.

Gas Licences

Gas trading licences include a condition that the licensee must provide to the ERA any information that the ERA may require to fulfil its functions under the Gas Act. The Gas Compliance Reporting Manual (**Gas Manual**), published by the ERA requires gas trading licensees to provide non-financial performance information to the ERA each year.⁴⁵ The Gas Manual incorporates the record keeping requirements in Gas Compendium, which in turn references the 2007 SCONRRR Framework.

Standard Form Contracts

Electricity

Retailers who supply electricity to small use customers are required to have a standard form contract approved by the ERA. The *Electricity Industry (Customer Contracts) Regulations 2005* prescribes the format and content of the standard form contract, including the requirement that the standard form contract include pricing information. Section 54A of the Electricity Act mandate Horizon Power and Synergy must offer a standard form contract to supply small use customers who request supply, subject to the limitations specified in the regulations.

The Energy Operators (Powers) Act 1979 includes powers for the Governor to approve By-Laws to regulate the tariffs that Horizon Power and Synergy can charge customers. Small use customers, who request supply from Synergy and Horizon Power, must be offered a standard form contract which includes the regulated tariffs. Small use customers supplied by Horizon Power and Synergy have the option to contract at regulated tariffs under a standard form contract, or seek to negotiate a separate non-standard supply contract.

The other four electricity retailers (Alinta Energy, Clear Energy, Perth Energy and Rottnest Island Authority) who supply small use customers are not obliged to offer to supply, nor to offer regulated tariffs. However, under the *Electricity Industry (Customer Contracts) Regulations 2005* these retailers are required to make pricing information available to customers in their standard form contract.

Gas

Retailers who supply gas to small use customers are required to develop a standard form contract. The standard form contract must be approved by the ERA. The ERA will only approve a standard form contract if it considers that the contract meets all relevant legal and regulatory requirements.

A retailer and customer may also negotiate terms and conditions different from the retailer's standard form contract. This is referred to as a non-standard contract. Although a non-standard contract does not require ERA's approval, it must still comply with the relevant legislation.

The Energy Coordination (Gas Tariffs) Regulations 2000 require retailers who wish to supply customers in the areas supplied by the ATCO Gas Australia distribution networks (that cover over 99% of gas customers in the State) to have at least one capped tariff for

⁴⁵ The most recent version of the Gas Manual was published in March 2013.

the supply area. Retailers are also required to offer to supply a new standard form contract customer at a capped tariff.

Supplier of Last Resort

Under section 68(1) of the Electricity Act, the ERA can designate supply areas for which there is to be an electricity supplier of last resort (**SoLR**) plan. In the event that a licensed electricity retailer exits the market and is unable to supply existing customers, the nominated SoLR is required to supply electricity to affected customers. The SWIS has been designated a SoLR area, with Synergy nominated as the SoLR.

Under Part 2A, Division 6A of the Gas Act, the ERA must ensure that for each gas supply area in which there is small use customers, there is at all times a last resort supply plan that has been approved or determined by the ERA. The ERA may designate any holder of a gas trading licence in the supply area as a SoLR. At present, no retailer has been nominated by the ERA as a SoLR. The nomination of a SoLR in the areas supplied through the ATCO Gas Australia distribution network is under review following the entry of Wesfarmers into these markets.

Review of the Electricity Customer Code

Under section 88 of the Electricity Act, the Electricity Code Consultative Committee (**ECCC**) must carry out a review of the Electricity Customer Code as soon as practicable after the first anniversary of its commencement and then every two years. The ECCC has completed reviews of the Electricity Customer Code in 2007, 2009 and 2011. The 2011 review concluded in July 2012, and the new Code came into effect from 1 January 2013.

Horizon Power approached the ERA requesting an extension to the grandfathering provisions for pre-payment meters in Part 9 of the Electricity Customer Code. In May 2013, the ERA proposed amending Part 9 to extend the grandfathering period by a further 12 months, to 30 June 2014. The amendments were approved by the ERA in June 2013. The amendments took effect on 1 July 2013.

The most recent review of the Electricity Customer Code commenced in August 2013. On 4 October 2013, the ECCC published a Draft Review Report for public comment.

Review of the Gas Compendium and the Gas Marketing Code of Conduct

Gas Marketing Code of Conduct

Under section 11ZPM of the Gas Act, the ERA may, in consultation with the Gas Marketing Code of Conduct Committee (**GMCCC**), approve a code of conduct to regulate and control the conduct of the holders of trading licences and gas marketing agents, with the object of protecting customers from undesirable marketing conduct and defining standards of conduct in the marketing of gas to customers. The code of conduct is called the Gas Marketing Code of Conduct (**Marketing Code**).

Under section 11ZPV of the Gas Act, the GMCCC must carry out a review of the Marketing Code as soon as practicable after the first anniversary of its commencement

and then every two years. The GMCCC has previously carried out reviews of the Marketing Code in 2008 and 2011.

The most recent review of the Marketing Code was undertaken by the GMCCC between June 2013 and November 2013. The ERA approved the new Marketing Code on 26 November 2013, which commenced on 1 January 2014.

Gas Compendium

The Gas Compendium contains licence conditions made by the ERA under section 11(M)(1) of the Gas Act. The Gas Compendium forms Schedule 2 of gas trading licences.

In 2009, the ERA introduced the Gas Compendium into the licences of retailers who supply small use customers to ensure these customers received, where possible, protection equal to that provided for electricity customers under the Electricity Customer Code. This objective is realised by the combination of the Gas Compendium and the Marketing Code, with the latter being inserted into Part 2 of the Gas Compendium.

Following the approval of a new Electricity Customer Code in July 2012 (see above), and the Marketing Code, which came into effect in June 2012, the ERA commenced its review of the Gas Compendium in September 2012. Following a period of public consultation, the ERA approved a new Gas Compendium in November 2012. The Compendium commenced on 1 January 2013.

Appendix 2: The development of the Western Australian energy market

Historically, the Western Australian energy sector for small use customers has been dominated by government owned monopoly utilities. The State Energy Commission of Western Australia (**SECWA**) was established on 1 January 1975 as an amalgamation of the State Electricity Commission of Western Australia (established in 1945) plus the Fuel and Power Commission.

On 1 January 1995 SECWA was split into separate gas and electricity utilities: AlintaGas and Western Power Corporation. Both of these entities have subsequently been disaggregated further into businesses that focus on particular segments of the market. The following sections provide further details of the disaggregation in the electricity and gas markets.

Electricity market development

In 2006, the Government restructured Western Power Corporation into four new statutory Corporations:

- Electricity Networks Corporation (t/a Western Power): operates the transmission and distribution network in the South West Interconnected System;
- Electricity Retail Corporation (t/a Synergy): retails electricity within the SWIS;
- Regional Power Corporation (t/a Horizon Power): vertically integrated electricity business that operates in areas of the State outside the SWIS; and
- Electricity Generation Corporation (t/a Verve Energy): operates the former Western Power generation facilities.

The restructuring of the former Western Power Corporation followed the deregulation of electricity supply in the State, with the passing into law of the Electricity Act.

On 1 January 2014, the state government merged the Electricity Retail Corporation with the Electricity Generation Corporation to create the Electricity Generation and Retail Corporation (t/a Synergy).

The Electricity Act includes provisions for the licensing of electricity supply and in particular, Part 2 of the Electricity Act sets out the provisions pertaining to the licensing scheme for electricity service providers. The Electricity Act prescribes five classes of electricity licence:

- Distribution – construct and operate electricity distribution networks.
- Generation – construct and operate electricity generation plant.
- Retail – sell electricity to customers.
- Transmission – construct and operate electricity transmission networks.
- Integrated Regional – undertake one or more of the activities listed above.

Details of electricity licences can be found on the ERA's website (www.erawa.com.au).

From 1 January 2005, the Government introduced measures to make all electricity customers within the SWIS who consume 50MWh or more of electricity per annum at a

network exit point eligible to choose their electricity retailer. This created two classes of small use customer in the SWIS:

- Contestable customers: consume 50-160MWh of electricity per annum.
- Non-contestable customers: consume <50MWh of electricity per annum.

Non-contestable customers in the SWIS are currently only supplied by the government owned electricity retailer, Synergy.⁴⁶

Across the State, customers who consume more than 160MWh of electricity per annum are also contestable customers, but these customers are not covered by the Electricity Customer Code.

Electricity Retail Contestability

Section 55 of the *Electricity Corporations Act 2005* requires that the Government review the introduction of full retail contestability (FRC) by April 2009. The WA Office of Energy⁴⁷ undertook a review to assess:

- electricity tariff arrangements to make tariffs more cost reflective, promote competition and to examine the merits of time of use tariffs and critical peak pricing;
- the costs and benefits associated with the implementation of FRC in Western Australia; and
- the costs and benefits associated with the rollout of smart meters.

The Office of Energy stated that the rollout of smart meters and the introduction of FRC will be the subject of a separate consultation process to that used to assess electricity tariff arrangements.

In January 2009, the Office of Energy released its Final Recommendation Report on electricity tariffs.⁴⁸ The report recommended a move towards cost reflective electricity tariffs, commencing in 2009. Since the report was published regulated residential electricity tariffs have been increased by a total of 69.1% and small business tariffs have increased by 54.4%.⁴⁹ However, despite these increases in tariffs, most regulated electricity tariffs will remain below the cost of supply and will continue to be subsidised by Government. In the 2013 financial year the subsidy amounted to \$371 million.⁵⁰

Gas Retail Contestability

The Western Australian government introduced full retail contestability to the gas retail market on 31 May 2004. Unlike in electricity, all gas network infrastructure and gas retailing in Western Australia is being undertaken by privately owned businesses, with the exception of Synergy, which is government owned.

⁴⁶ In May 2010, Clear Energy was granted a licence to retail electricity to customers, including customers consuming less than 50MWh per annum, within the SWIS area. However, they have not supplied electricity to customers since the licence was granted.

⁴⁷ Now the Public Utilities Office.

⁴⁸ Office of Energy, Final Recommendations Report – Review of Electricity Tariff Arrangements, which is available on the Public Utilities Office website: www.finance.wa.gov.au.

⁴⁹ From 2012, retailers were also allowed to pass on any carbon costs they incurred to customers.

⁵⁰ Source: Public Utilities Office website: <http://www.finance.wa.gov.au/cms/content.aspx?id=15096>

Gas licensing is regulated by the Gas Act. Part 2A of the Gas Act deals with the licensing of gas supply. The functions of the ERA⁵¹ in respect of licensing are to:

- administer the licensing scheme;
- monitor and report to the Minister for Energy on the operation of the licensing scheme and the compliance of licensees with their licences; and
- inform the Minister of any failure by a licensee to meet the requirements of its licence.

The Gas Act prescribes two classes of gas supply licence:

- Distribution - which authorises the licensee to construct a distribution system and transport gas through it, or to transport gas through an existing distribution system.
- Trading - which authorises the licensee to sell gas to small use customers that is transported through a distribution system.

Gas trading licences permit the retailer⁵² to supply gas in one or more supply areas, or one or more parts of one or more supply areas. Details of the eight gas supply areas in the State are available on the ERA's website (www.erawa.com.au).

Gas Market Moratorium

Synergy entered the small use gas retail market in July 2007. This followed the changes to the Gas Market Moratorium (**Moratorium**)⁵³ that reduced the contestable customer consumption threshold applying to Synergy from 1TJ to 0.18TJ per annum. The purpose of the Moratorium is to provide equity, in the absence of full retail contestability,⁵⁴ between the small use electricity market in areas supplied by Synergy and the gas market in areas supplied by Alinta Energy.

All customers who consume less than 1TJ of gas are contestable customers. In the areas supplied by the ATCO Gas Australia distribution systems, the Moratorium prevents Synergy from supplying customers who consume less than 0.18TJ (or 180GJ) of gas. The Moratorium does not extend to other retailers supplying customers in the areas that are supplied by Alinta Energy.⁵⁵

⁵¹ Section 11AA of the Gas Act.

⁵² For the purposes of this report, the terms 'gas trader' and 'gas retailer' are interchangeable.

⁵³ See the Public Utilities Office website: <http://www.finance.wa.gov.au/cms/content.aspx?id=17541>.

⁵⁴ As discussed earlier in this report, the Government introduced market reforms to the Western Australian gas retail market on 31 May 2004. These reforms included the introduction of practical full retail contestability. Achieving full retail contestability means that all of the legal and technical requirements are now in place to allow new gas companies to enter the marketplace, thereby providing retail choice for all gas customers in the State.

⁵⁵ Wesfarmers commenced supplying natural gas to customers in the areas supplied by the ATCO Gas Australia distribution systems in March 2013.

Appendix 3: Additional Retailer Performance Information

Customers

Table 27: Number of electricity customers by retailer

	Residential customers						Non-residential customers						
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013	
Alinta Energy	0	0	0	0	0	0	Alinta Energy	850	922	903	1,447	1,449	1,351
Horizon Power	31,000	31,475	30,595	30,371	34,037	36,051	Horizon Power	5,630	5,905	7,249	7,159	7,939	8,050
Perth Energy	0	0	0	0	0	0	Perth Energy	204	374	568	32	68	171
Rottneest Island Authority ⁵⁶	66	91	85	85	0	0	RIA	33	100	90	90	25	25
Synergy	829,305	848,312	850,790	890,918	894,804	894,542	Synergy	83,590	84,315	91,366	91,763	87,650	98,389
State Total	860,371	879,878	881,470	921,374	928,841	930,593	State Total	90,307	91,616	100,176	100,491	97,131	107,986

Table 28: Number of gas customers by retailer

	Residential customers						Non-residential customers						
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013	
Alinta Energy	565,131	584,035	603,943	615,717	628,328	624,314	Alinta Energy	7,707	8,024	8,191	8,359	8,468	8,355
Synergy	0	0	0	0	0	0	Synergy	97	98	112	119	112	141
Wesfarmers	772	812	433	455	535	8,212	Wesfarmers	19	19	2	1	1	20
Worley-Parsons	181	211	233	259	279	296	Worley-Parsons	28	31	33	34	31	36
State Total	566,084	585,058	604,609	616,431	629,142	632,822	State Total	7,851	8,172	8,338	8,513	8,612	8,552

⁵⁶ RIA informed the ERA that it had incorrectly reported customer numbers prior to 2012, which has resulted in significant changes to customer numbers from 2012 onwards.

Table 29: Contestable and non-contestable residential electricity customers by retailer

	Contestable						Non-contestable						
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013	
Alinta Energy	0	0	0	0	0	0	Alinta Energy	0	0	0	0	0	
Horizon Power	697	685	30,595	30,371	34,037	36,051	Horizon Power ¹	30,303	30,790	0	0	0	
Perth Energy	0	0	0	0	0	0	Perth Energy	0	0	0	0	0	
Synergy	4,821	4,844	4,227	1,095	1,749	333	Synergy	824,484	843,468	846,563	889,823	893,055	894,209
Rottneest Island Authority	0	0	0	0	0	0	Rottneest Island Authority	66	91	85	85	22 ⁵⁷	0
State Total	5,518	5,529	34,822	31,466	35,786	36,384	State Total	854,853	874,349	846,648	889,908	893,077	894,209

Table 30: Customers covered by the Gas Moratorium in areas supplied through the ATCO distribution networks

	2008	2009	2010	2011	2012	2013 ⁵⁸
Residential	-	583,655	603,687	615,454	628,084	624,122
Non-residential	-	7,684	6,340	6,513	6,496	6,541
Total	-	591,339	610,027	621,967	634,580	630,663
Change from previous year	-	-	3.2%	2.0%	2.0%	-0.6%

⁵⁷ RIA has advised the ERA that it had misinterpreted the definition of a customer and this figure has been over reported during previous years.

⁵⁸ The 2013 data values are an estimate based on the data provided by Alinta Energy. Kleenheat Gas commenced supplying customers in the areas supplied by the ATCO distribution networks in March 2013. Some of the customers that they have acquired will be covered by the Moratorium. The 2013/14 report will capture a full year's of data for both of the retailers (Alinta Energy and Kleenheat Gas) that supply customers covered by the Moratorium.

Table 31: Contestable and non-contestable non-residential electricity customers by retailer

	Contestable						Non-contestable					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Alinta Energy	1,650	922	903	1,447	1,449	1,351	0	0	0	0	0	0
Horizon Power	1,047	1,116	1,375	1,354	7,939	8,050	4,583	4,789	5,874	5,805	0	0
Perth Energy ⁵⁹	204	374	568	32	68	171	0	0	0	0	0	0
Synergy	12,382	12,213	9,032	8,781	7,849	7,173	71,208	72,102	82,334	82,982	79,801	91,216
Rottnest Island Authority	0	8	7	7	3	0	33	92	83	83	22	25 ⁶⁰
State Total	15,283	14,633	11,885	11,621	17,308	16,745	75,824	76,983	88,291	88,870	79,823	91,241

⁵⁹ Previous reports incorrectly reported a zero value for Perth Energy's contestable customers. All of Perth Energy's non-residential customers are, in fact, contestable, which is reflected in this year's report.

⁶⁰ Rottnest Island is a marine reserve covered by legislation. Under the legislation, other retailers can only commence operation if approved by the Rottnest Island Authority. Because there are no other retailers approved to supply customers on the island, the ERA is of the view that the existing customers supplied by Rottnest Island Authority are non-contestable.

Affordability

Table 32: Residential energy customers issued with a late bill

	Number						Percentage of customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power ⁶¹						-						-
Synergy						29,098						3.3
G a s												
Alinta Energy						9,256						1.5
Wesfarmers						0						0.0
WorleyParsons						0						0.0

Table 33: Non-residential energy customers issued with a late bill

	Number						Percentage of customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power ⁶²						-						-
Synergy						6,397						6.5
G a s												
Alinta Energy						271						3.2
Wesfarmers						0						0.0
WorleyParsons						0						0.0

⁶¹ Horizon Power was not able to report separate values for residential and non-residential customers. The total number of late bills issued in 2013 was 19,655.

⁶² Refer to the previous footnote.

Table 34: Residential energy customers on instalment plans

	Number						Percentage of customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power	1,491	1,371	1,134	566	1,848	3,084	4.8	4.4	3.7	1.9	5.4	8.6
Synergy	20,267	21,314	13,229	30,893	34,026	29,098	2.4	2.5	1.6	3.5	3.8	3.3
Electricity Total	21,758	22,658	14,363	31,459	35,874	32,182	2.5	2.6	1.6	3.4	3.9	3.6
Gas												
Alinta Energy	15,541	18,832	10,031	9,890	8,622	13,119	2.8	3.3	1.7	1.6	1.4	2.1
Wesfarmers	0	11	10	13	20	16	0.0	1.4	1.2	3.0	3.7	0.2
WorleyParsons	8	18	17	15	48	4	4.4	8.5	8.1	6.4	17.2	1.4
Gas Total	15,549	18,861	10,058	9,918	8,690	13,139	2.8	3.3	1.7	1.6	1.4	2.1

Table 35: Non-residential energy customers on instalment plans

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	0	0	8	27	32	29	0.0	0.0	0.9	1.9	0.3	2.1
Horizon Power	77	59	286	98	120	197	1.4	1.0	3.9	1.4	2.8	2.4
Synergy	849	881	545	920	977	907	1.0	1.0	0.6	0.9	1.1	0.9
Electricity Total	926	940	839	1,045	1,129	1,133	1.0	1.0	0.8	1.0	0.9	1.0
G a s												
Alinta Energy	43	44	44	23	25	31	0.5	0.6	0.5	0.3	0.3	0.4
Synergy	0	0	0	14	3	1	0.0	0.0	0.0	12.5	2.7	0.7
Wesfarmers	0	1	0	0	0	0	0.0	5.3	0.0	0.0	0.0	0.0
WorleyParsons	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0
Gas Total	43	45	44	37	28	32	0.5	0.6	0.5	0.4	0.3	0.4

Table 36: Residential and non-residential electricity customers who have been granted additional time to pay a bill

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Residential												
Horizon Power	2,924	3,138	4,589	7,790	13,022	8,781	9.4	10.0	15.0	25.6	38.3	24.4
Synergy	54,102	68,158	82,223	96,148	90,262	87,601	6.5	8.0	9.7	10.8	10.1	9.8
Residential Total	57,026	71,296	86,812	103,938	103,284	96,382	6.6	8.1	9.8	11.3	11.1	10.4
Non-residential												
Alinta Energy	25	37	45	48	0	45	2.9	4.0	5.0	3.3	0.0	3.3
Horizon Power	195	212	736	1,372	1,573	1,420	3.5	3.6	10.2	19.2	19.8	17.6
Synergy	2,086	2,131	7,411	6,867	8,069	6,296	2.5	2.5	8.1	7.5	9.2	6.4
Non-residential Total	2,306	2,380	8,192	8,287	9,642	7,761	2.6	2.6	8.2	8.2	10.1	7.2

Table 37: Residential and non-residential gas customers who have been granted additional time to pay a bill

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Residential												
Alinta Energy						61,204						9.8
Wesfarmers						0						0.0
WorleyParsons						20						6.8
Residential Total						61,224						9.7
Non-residential												
Alinta Energy						748						9.0
Synergy						130						92.2
Wesfarmers						0						0.0
WorleyParsons						2						5.6
Non-residential Total						880						10.3

Table 38: Residential and non-residential energy customers with direct debit plans terminated as result of default

	2008		2009		2010		2011		2012		2013	
	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential
Electricity												
Horizon Power											27	0
Synergy	84	0	202	8	2,087	93	3,925	100	4,164	134	5,093	169
Gas												
Alinta Energy	540	36	697	41	624	2	642	1	512	2	722	2
Synergy	0	0	0	0	0	1	0	0	0	0	0	1

Table 39: Residential and non-residential energy customers who have provided a security deposit

	2008		2009		2010		2011		2012		2013	
	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential	Residential	Non-residential
Electricity												
Synergy	0	33	0	51	0	1	0	0	0	0	0	0
Gas												
Synergy	-	-	-	-	-	-	-	-	-	-	0	1

Disconnections and Reconnections

Table 40: Residential energy customers disconnected for a failure to pay a bill

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power	1,793	615	604	664	328	424	5.78	1.95	1.97	2.19	0.96	1.18
Synergy	4,833	4,188	2,744	7,631	7,723	6,322	0.58	0.49	0.32	0.86	0.86	0.71
Electricity Total	6,626	4,803	3,348	8,295	8,051	6,746	0.77	0.55	0.38	0.90	0.87	0.72
Gas												
Alinta Energy	12,942	16,803	17,223	10,841	9,557	10,712	2.29	2.88	2.85	1.76	1.52	1.72
Wesfarmers	-	-	-	-	-	7	-	-	-	-	-	0.09
WorleyParsons	4	2	9	7	0	5	2.21	0.95	3.86	2.70	0.00	1.69
Gas Total	12,946	16,805	17,232	10,848	9,557	10,724	2.29	2.87	2.85	1.76	1.52	1.69

Table 41: Additional residential electricity disconnection indicators

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Previously the subject of an instalment plan												
Horizon Power	408	165	138	214	135	169	22.8	26.8	22.8	32.2	41.2	39.9
Synergy	816	882	711	1,993	2,342	2,193	16.9	21.1	25.9	26.1	30.3	34.7
Total	1,224	1,047	849	2,207	2,447	2,362	18.5	21.8	25.4	26.6	30.4	35.0
Disconnected at the same supply address within the past 24 months												
Horizon Power	583	231	55	153	62	29	32.5	37.6	9.1	23.0	18.9	6.8
Synergy	540	550	200	858	1,546	1,170	11.2	13.1	7.3	11.2	20.0	18.5
Total	1,123	781	255	1,011	1,608	1,199	17.0	16.3	7.6	12.2	20.0	17.8
Concession card holders												
Horizon Power	198	114	19	68	57	48	11.0	18.5	3.1	10.2	17.4	6.8
Synergy	797	805	1,066	2,189	2,369	1,853	16.5	19.2	38.9	28.7	30.7	29.3
Total	995	919	1,085	2,157	2,426	1,901	15.0	19.1	32.4	26.0	30.1	28.2

Table 42: Additional residential gas disconnection indicators

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Previously the subject of an instalment plan												
Alinta Energy	524	449	274	151	351	477	4.1	2.7	1.6	1.4	3.7	4.5
WorleyParsons	1	2	1	0	0	0	25.0	100.0	11.1	0.0	0.0	0.0
Total	525	449	275	151	351	477	4.1	2.7	1.6	1.4	3.7	4.5
Disconnected at the same supply address within the past 24 months												
Alinta Energy	4,662	6,636	7,784	2,946	1,960	2,806	36.0	39.5	45.2	27.2	20.5	26.2
WorleyParsons	2	⁶³	0	3	0	0	50.0	-	0.0	20.5	0.0	0.0
Total	4,664	6,636	7,784	2,949	1,960	2,806	36.0	39.5	45.2	27.2	20.5	26.2

⁶³ Data for 2009 has been removed from the table because of an error identified by the ERA.

Table 43: Inter-jurisdictional comparison of residential electricity disconnections (per 100 customers)

	New South Wales	South Australia	Victoria	Western Australia
2008	0.60	0.85	0.29	0.77
2009	0.60	0.87	0.43	0.55
2010	0.60	0.66	0.59	0.38
2011	0.61	1.01	0.77	0.90
2012	0.80	1.35	1.02	0.87
2013				0.72

Table 44: Non-residential energy customers disconnected for a failure to pay a bill

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	1	0	0	0	10	11	0.1	0.0	0.0	0.0	0.14	0.81
Horizon Power	44	33	132	19	11	7	0.78	0.56	1.82	0.27	0.15	0.09
Synergy	144	165	183	499	436	450	0.17	0.20	0.20	0.54	0.50	0.46
Electricity Total	188	198	315	518	459	468	0.21	0.22	0.31	0.51	0.47	0.43
G a s												
Alinta Energy	117	132	158	86	97	132	1.52	1.65	1.93	1.03	1.15	1.58
Gas Total	117	132	158	86	97	132	1.49	1.62	1.89	1.01	1.14	1.54

Table 45: Residential energy customers reconnected at same supply address within 7 days of disconnection

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power	826	350	145	120	55	30	46.1	56.9	24.0	18.1	16.8	7.1
Synergy	2,273	1,173	718	4,366	4,530	4,022	47.0	28.0	26.2	57.2	58.7	63.6
Electricity Total	3,099	1,523	863	4,486	4,585	4,055	46.8	31.7	25.8	54.1	56.9	60.1
Gas												
Alinta Energy	9,553	13,153	11,028	2,615	3,236	4,144	73.8	78.3	64.0	24.1	33.9	38.7
Wesfarmers	-	-	-	-	-	4	-	-	-	-	-	57.1
WorleyParsons	0	0	1	0	0	0	0.0	0.0	11.1	0.0	0.0	0.0
Gas Total	9,553	13,153	11,029	2,615	3,236	4,148	73.8	78.3	64.0	24.1	33.9	38.7

Table 46: Total residential energy customers reconnected at same supply address after disconnection

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power	-	-	-	-	-	95	-	-	-	-	-	22.4
Synergy	-	-	-	-	-	4,396	-	-	-	-	-	69.5
Electricity Total	-	-	-	-	-	4,491	-	-	-	-	-	66.6
Gas												
Alinta Energy	-	-	-	-	-	8,082	-	-	-	-	-	75.4
Wesfarmers	-	-	-	-	-	4	-	-	-	-	-	57.1
WorleyParsons	-	-	-	-	-	0	-	-	-	-	-	0.0
Gas Total	-	-	-	-	-	8,086	-	-	-	-	-	75.4

Table 47: Additional residential electricity reconnection indicators

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Previously the subject of an instalment plan												
Horizon Power	277	98	54	46	38	29	15.5	15.9	8.9	6.9	11.6	6.8
Synergy	424	445	566	1,805	2,073	1,984	8.8	10.6	20.6	23.7	26.8	31.4
Total	701	543	620	1,851	2,111	2,013	10.6	11.3	18.5	22.3	26.2	29.8
Reconnected at the same supply address within the past 24 months												
Horizon Power	183	42	6	24	13	6	10.2	6.8	1.0	3.6	4.0	1.4
Synergy	189	133	111	544	1,048	1,033	3.9	3.2	4.1	7.1	13.6	16.3
Total	372	175	117	568	1,061	1,039	5.6	3.6	3.5	6.8	13.2	15.4
Concession card holders												
Horizon Power	168	96	6	21	14	10	9.4	15.6	1.0	3.2	4.3	2.4
Synergy	545	530	681	1,512	1,565	1,567	11.3	12.7	24.8	19.8	20.3	23.2
Total	713	626	687	1,533	1,579	1,577	10.8	13.0	20.5	18.5	19.6	23.4

Table 48: Additional residential gas reconnection indicators

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Previously the subject of an instalment plan												
Alinta Energy	502	230	284	147	156	231	3.9	1.4	1.7	1.4	1.6	2.2
Wesfarmers	-	-	-	-	-	0	-	-	-	-	-	0.0
WorleyParsons	0	0	1	0	0	0	0	0	11.1	0.0	0.0	0.0
Total	502	230	285	147	156	231	3.9	1.4	1.7	1.4	1.6	2.2
Disconnected at the same supply address within the past 24 months												
Alinta Energy	3,874	5,640	2,546	573	491	825	30.0	33.6	14.8	5.3	5.1	7.7
Wesfarmers	-	-	-	-	-	0	-	-	-	-	-	0.0
WorleyParsons	0	1	0	0	0	0	0.0	50	0.0	0.0	0.0	0.0
Total	3,874	5,641	2,546	573	491	825	30.0	33.6	14.8	5.3	5.1	7.7

Table 49: Non-residential energy customers reconnected at same supply address within 7 days of disconnection

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	0	0	0	0	9	1	0.0	0.0	0.0	0.0	81.8	9.1
Horizon Power	16	9	44	1	1	0	36.4	27.3	33.3	5.3	8.3	0.0
Synergy	56	39	49	218	154	193	38.9	23.6	26.8	43.7	35.3	42.9
Electricity Total	72	48	93	219	164	194	38.3	24.2	29.5	42.3	35.7	41.5
Gas												
Alinta Energy	32	42	67	41	31	58	27.4	31.8	42.4	47.7	32.0	43.9
Gas Total	32	42	67	41	31	58	27.4	31.8	42.4	47.7	32.0	43.9

Table 50: Total non-residential energy customers reconnected at same supply address after disconnection

	Number						Percentage of disconnections					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	-	-	-	-	-	1	-	-	-	-	-	9.1
Horizon Power	-	-	-	-	-	0	-	-	-	-	-	0.0
Synergy	-	-	-	-	-	222	-	-	-	-	-	49.3
Electricity Total	-	-	-	-	-	223	-	-	-	-	-	47.6
Gas												
Alinta Energy	-	-	-	-	-	96	-	-	-	-	-	72.7
Gas Total	-	-	-	-	-	96	-	-	-	-	-	72.7

Customer Complaints

Table 51: Residential energy complaints

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power	195	124	174	100	133	382	0.63	0.39	0.57	0.33	0.39	1.06
Synergy	1,490	1,903	8,432	13,403	7,144	3,635	0.18	0.22	0.99	1.50	0.80	0.41
Electricity Total	1,685	2,027	8,606	13,503	7,277	4,017	0.20	0.23	0.98	1.47	0.78	0.43
Gas												
Alinta Energy	855	529	964	1,298	968	996	0.15	0.09	0.16	0.21	0.15	0.16
Wesfarmers	0	0	0	0	2	44	0.00	0.00	0.00	0.00	0.37	0.54
WorleyParsons	0	0	1	0	0	0	0.00	0.00	0.43	0.00	0.00	0.00
Gas Total	855	529	965	1,298	970	1,040	0.15	0.09	0.16	0.21	0.15	0.16

Table 52: Residential electricity complaints by complaint category

	Billing (%)						Marketing (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Horizon Power	8.2	51.6	36.2	42.0	63.2	88.7	0.0	0.8	0.0	0.0	0.0	0.0
Synergy	84.0	83.8	89.1	94.3	83.0	83.9	16.0	8.5	1.5	1.3	5.6	13.7
	Transfer (%)						Other (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Horizon Power	0.0	0.0	0.0	0.0	0.0	0.0	91.8	47.6	63.8	58.0	36.8	11.3
Synergy	0.0	0.0	0.0	0.0	0.4	0.0	0.0	7.7	9.4	4.4	11.0	0.03

Table 53: Non-residential energy complaints

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	5	4	6	6	17	13	0.59	0.43	0.66	0.41	0.11	0.96
Horizon Power	63	25	4	37	4	87	1.12	0.42	0.06	0.41	0.05	1.08
Perth Energy	-	1	1	0	1	1	-	0.27	0.18	0.00	0.14	0.58
Rottnest Island Authority	-	1	0	0	1	0	-	1.00	0.00	0.00	0.40	0.00
Synergy	80	127	832	1,865	1,182	425	0.10	0.15	0.91	2.03	1.35	0.43
Electricity Total	148	158	843	1,908	1,205	526	0.16	0.17	0.84	1.90	1.24	0.49
Gas												
Alinta Energy	30	0	4	5	14	33	0.39	0.00	0.05	0.06	0.17	0.39
Synergy	1	0	14	1	0	0	1.03	0.00	12.50	0.84	0.00	0.00
Gas Total	31	0	18	6	14	33	0.39	0.00	0.22	0.07	0.16	0.39

Table 54: Non-residential electricity complaints by complaint category

	Billing (%)						Marketing (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Alinta Energy	80.0	100.0	50.0	83.3	100.0	100.0	20.0	0.0	33.3	16.7	0.0	0.0
Horizon Power	20.6	52.0	50.0	43.3	50.0	86.2	0.0	0.0	0.0	0.0	0.0	0.0
Perth Energy	0.0	100.0	100.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
Rottnest Island Authority	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Synergy	80.0	93.7	88.3	95.2	83.0	91.8	20.0	1.1	1.2	1.3	5.6	4.9

	Transfer (%)						Other (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Alinta Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16.7	0.0	0.0	0.0
Horizon Power	0.0	0.0	0.0	0.0	0.0	0.0	79.4	48.0	50.0	56.7	50.0	13.8
Perth Energy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rottnest Island Authority	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0
Synergy	0.0	0.0	0.0	0.1	0.4	0.0	0.0	5.5	10.6	3.4	11.0	3.3

Table 55: Non-residential gas complaints by complaint category

	Billing (%)						Marketing (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Alinta Energy	33.3	0.0	0.0	60.0	71.4	56.7	0.0	0.0	0.0	20.0	21.4	3.3
Synergy	100.0	0.0	57.1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

	Transfer (%)						Other (%)					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Alinta Energy	0.0	0.0	0.0	0.0	0.0	0.0	66.7	0.0	100.0	20.0	7.1	40.0
Synergy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	42.9	0.0	0.0	0.0

Table 56: Complaints from residential energy customers resolved within 15 business days

	Number						Percentage of complaints					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Horizon Power			174	100	133	205			100.0	100.0	100.0	53.7
Synergy			6,793	5,672	5,097	3,632			80.6	42.3	71.4	99.9
Gas												
Alinta Energy	-	-	964	1,298	948	874	-	-	100.0	100.0	97.9	87.8
Wesfarmers	-	-	-	-	2	44	-	-	-	-	100.0	100.0
WorleyParsons	-	-	0	-	-	-	-	-	0.0	-	-	-

Table 57: Complaints from non-residential energy customers resolved within 15 business days

	Number						Per 100 customers					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	-	-	1	6	16	13	-	-	16.7	100.0	94.1	100.0
Horizon Power			4	37	4	39			100.0	100.0	100.0	44.8
Perth Energy	-	-	1	-	1	1	-	-	100.0	-	100.0	100.0
Rottnest Island Authority	-	-	-	-	1	-	-	-	-	-	100.0	-
Synergy	-	-	587	603	720	425	-	-	69.6	32.3	60.9	71.4
Gas												
Alinta Energy	-	-	4	5	13	30	-	-	100.0	100.0	92.9	90.9
Synergy	-	-	9	1	-	-	-	-	64.3	100.0	-	-
Wesfarmers			-	-	-	-	-	-	-	-	-	-
WorleyParsons	-	-	-	-	-	-	-	-	-	-	-	-

Call Centre Performance

Table 58: Total number of calls received by energy retailer call centres

	2008	2009	2010	2011	2012	2013
Electricity						
Alinta Energy	2,829	2,681	2,173	2,452	2,462	2,728
Horizon Power	85,356	94,018	89,200	71,215	82,587	103,301
Rottnest Island Authority	-	-	1,027	5,272	5,840	6,173
Synergy	927,241	919,948	1,257,153	1,439,432	1,315,881	1,223,000
Electricity Total	1,015,426	1,012,009	1,349,553	1,518,371	1,406,770	1,335,202
Gas						
Alinta Energy (Gas)	604,093	606,063	727,524	720,439	686,935	696,694
Wesfarmers	147,202	179,119	172,080	190,764	214,280	220,710
Gas Total	751,295	785,182	899,604	911,203	901,215	917,404

Table 59: Average duration before a call is answered and the percentage of calls that are answered within 30 seconds

	Average duration before a call is answered (seconds)						Percentage answered within 30 seconds					
	2008	2009	2010	2011	2012	2013	2008	2009	2010	2011	2012	2013
Electricity												
Alinta Energy	17.0	12.0	19.0	22.0	19.0	17.0	70.9	84.3	77.8	73.3	76.6	88.7
Horizon Power	11.5	10.0	34.0	20.0	18.0	35.5	83.4	90.9	83.4	88.0	88.5	75.9
Rottnest Island Authority	-	-	21.0	16.0	12.0	13.0	-	-	94.6	97.3	95.0	81.2
Synergy	17.4	23.0	52.0	54.0	35.0	22.8	80.2	78.7	72.0	70.2	74.8	79.9
Gas												
Alinta Energy	33.0	25.0	29.0	29.0	27.0	18.0	79.9	80.9	77.8	78.5	80.0	82.8
Wesfarmers	15.0	13.0	13.0	21.0	28.0	19.0	80.1	80.0	93.1	79.1	66.3	82.4

Table 60: Percentage of unanswered calls

	Percentage of unanswered calls					
	2008	2009	2010	2011	2012	2013
Electricity						
Alinta Energy	2.3	1.4	1.1	1.1	3.1	1.0
Horizon Power	4.5	0.3	1.7	1.7	1.6	2.6
Rottnest Island Authority	-	-	1.4	3.6	5.0	2.1
Synergy	2.1	2.4	3.6	4.0	3.2	2.1
Gas						
Alinta Energy	1.4	1.3	1.7	4.2	2.4	1.8
Wesfarmers	1.2	1.1	0.4	1.1	3.7	2.2