

28 May 2010

Energy Industry Guideline No 2 – Public Consultation  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001

Attention: Ms Kelly Wagner

Dear Ms Wagner

### **Energy Industry Guideline No 2 – Draft Decision**

Simply Energy welcomes the opportunity to comment on the Commission's ***Energy Industry Guideline No 2 Draft Decision*** (the Draft Decision), published on 10 May 2010. Given the relatively short period of consultation, Simply Energy's comments are necessarily general, rather than detailed, in nature.

Reporting of key performance indicators (KPIs) to regulators requires retailers to design, implement and maintain processes and procedures for extracting and reporting on complex information. The administrative burden can be significant, particularly where reporting requirements, including definitions, are unclear or ambiguous. Simply Energy therefore supports the proposed structural changes to Guideline No 2 aimed at clarifying retailers' reporting requirements, and the removal of KPIs deemed to be no longer required.

However, Simply Energy is concerned about the addition of a number of new KPIs (e.g. customer debt levels, hardship indicators, credit and collection complaints), given the pending move to national regulation of energy retailing. The Australian Energy Regulator (AER) will shortly consult on KPI reporting arrangements to apply under the National Energy Customer Framework (NECF) from 2011 onwards.

Increased jurisdictional reporting requirements at this stage in the transition to national regulation are, in Simply Energy's view, undue – the costs of establishing new reporting processes do not appear justified by the benefits to the Commission in receiving, for example, one full year of KPIs prior to KPI reporting falling within the remit of the AER. In such a scenario, the Commission would not be able to make meaningful comparisons such as performance in one quarter compared to the corresponding quarter in previous years.

If the Commission decides to implement additional reporting requirements prior to implementation of the NECF, the KPIs and their definitions should be consistent with those in other jurisdictions, to the extent possible. For example, given the Commission appears to have drawn on the Victorian KPI reporting framework for hardship indicators, we would recommend that, if these KPIs are implemented, similar definitions to those in Victoria are adopted. This will minimise the compliance burden for retailers.

We also note that the Commission is proposing to require retailers to report on average customer debt levels. Simply Energy is not clear on the Commission's policy rationale for inclusion of this KPI reporting requirement. In essence, average customer debt is a commercial metric for businesses, and the benefits to the Commission collecting this information and making meaningful and robust industry-wide comparisons was not established in the Draft Decision. As such, Simply Energy strongly opposes inclusion of this KPI.



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Please contact me if you would like to discuss this submission further.

Yours sincerely

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Regulatory and Compliance Manager