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7th April 2006

Mike Philipson
National Energy Retail Performance Indicators
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Dear Mr Philipson,

National Energy Retail Performance Indicators - Discussion Paper

AGL South Australia Pty Ltd ("AGL SA") welcomes the opportunity to provide comment on the discussion paper - National Energy Retail Performance Indicators, March 2006.

Further detailed comments in response to information sought are attached. In summary, AGL SA submits that:

- The proposed 'operator responsiveness' indicator, if implemented without change to existing jurisdictional regulation relating to the targeted service standards, will substantially increase costs to the retailers and change the price/service mix. These increased service level standards have not been allowed for in the regulated prices. Retailers would seek and require increased prices to customers if this proposal is accepted.
- The proposed 'Complaint' definition will result in no material change in current processes.
- Suggested complaints indicator 'number of contacts' in addition to 'number of complaints' will offer little further insight to complaints analysis and would result in retailer's incurring increased cost and administrative burdens.
- We support the proposed changes to 'Direct Debit Payment Defaults' & 'Instalment Plan'.
- We support the proposed changes to both 'Performance Indicators' and 'Affordability Indicators', and ask that sufficient time be given for retailers to implement.
- AGL SA supports the adoption of 'Categorisation by fuel in the area of 'Customer service' but again feel that this additional reporting category will provide little further insight in the areas of 'Complaints' and 'Affordability' and would result in retailer's incurring increased cost and administrative burdens.

Should you have any queries concerning this response please contact Pia Bentick, Manager Retail Compliance, on (08) 8299 4172 or e-mail pbentick@agl.com.au.

Yours sincerely

Sean Kelly
General Manager Retail Regulation



National Energy Retail Performance Indicators Discussion Paper.

AGL SA provides detailed comments on the areas set out below. We support all other suggested changes presented in the discussion paper.

2.1 Revised Template Definitions - Telephone Service.

Comment is sought on the proposed changes to the telephone service indicators, particularly if there are any implementation problems with the proposal. And the proposed removal of the 'number of overload events' indicator.

AGL SA agrees that monitoring the proposed 'operator responsiveness' indicator will provide a more consistent and comparable KPI across retailer and jurisdiction.

However, AGL SA is concerned that excluding IVR handled calls from the '% of calls responded to within 30 seconds' indicator will require considerably increased costs to achieve a service standard of 85% as is required in South Australia. This effectively would be changing the service/price mix from that which has been the basis of the regulated price path approved by ESCOSA. AGL SA suggests that further investigation and input from ESCOSA is required and clause 2.2.2 of the SA Energy Retail Code would need to be amended.

AGL SA has already implemented and supports the suggested definition change relating to 'total number of calls', 'percentage of calls abandoned' and 'number of overload events'.

2.2 Complaints.

Comment is sought on:

- *The proposed definition of a complaint.*
- *The draft complaints guideline.*
- *The revision of complaint indicators including the proposed categorisation.*

AGL SA notes that, with the successful introduction of full retail contestability (FRC), competition will be the ultimate determinant of service standards and the market will determine whether a retailer has a successful procedure for handling customer enquiries. AGL SA believes that a more effective way of measuring any customer dissatisfaction would be by monitoring any changes in complaints made to the Jurisdictional Energy Industry Ombudsman.

Proposed definition of a complaint

Although AGL SA will realise no substantial difference in reporting, we encourage the change in complaint definition to align it with the international standard on complaints.

Furthermore, AGL SA highlights that some jurisdictional regulatory obligations impose service standards that include requirements to respond to written enquires including complaints (eg. SA Retail Code Clause 2.2). Therefore, complaints of a vexatious nature made in writing would not be eliminated in circumstances where regulation compels retailers to respond.



The revision of complaint indicators including the proposed classification

AGL SA disagrees with the proposal to require that the number of contacts be recorded in addition to the number of complaints. Recording of this statistic does not add value to the three areas of the working groups focus (greater clarity of definition, consistency in reporting or better appreciation of key customer groups). We believe this additional reporting requirement would result in retailers incurring increased cost and administrative burdens, contribute to an onerous reporting environment and not provide any benefits through improved customer service.

AGL SA does not support the proposal to require further categorisation between residential and non-residential customers. As stated earlier, AGL SA believes that a more effective way of measuring any customer dissatisfaction would be by monitoring any changes in complaints made to the Jurisdictional Energy Industry Ombudsman.

AGL SA notes that the proposed four complaint categories already exist in some jurisdictional reporting requirements (ie. SA ESCOSA Reporting Guideline No.2), which AGL SA categorises to meet the existing obligation in those jurisdictions.

2.3 & 2.4 Direct Payment Defaults & Instalment Plan.

Comment is sought on:

- *The proposed changes in the definition of Direct Debit Payment Defaults and Instalment Plans.*
- *The appropriateness of the proposed working definition for the instalment plan indicator, of at least three instalments.*

AGL SA supports the committee's suggested definition change of 'direct debit payment defaults'. AGL SA suggest that a name change to 'Direct debit cancellations - as a result of defaults' should decrease the ambiguity surrounding this KPI, as the required successive defaults may differ between retailers.

AGL SA acknowledges the definition change with respect to 'Instalment Plans', and notes it will not change our current reporting process.

3 Affordability Indicators

If the recently adopted additional disconnection indicators in Victoria are adopted nationally, AGL SA asks the committee to be mindful of the time and cost associated with producing such detailed reports and to allow considerable notification before being able to implement changes to existing KPI's.

4 Performance Indicators - Gas Sector

As gas performance indicators now mirror electricity in most jurisdictions, AGL SA encourages this adoption by the committee.

5 Categorisation by fuel type

Comment is sought on:

- *The proposed introduction of electricity, gas and dual fuel categories.*
- *Whether telephone service or other indicators should be reported nationally on the basis of a generic energy category.*



The level of success in implementation of FRC that has been widely reported would support that there is less need to continue to report by gas and electricity categories separately into the future. AGL SA supports ceasing this requirement in the near future, as it appears less relevant in the effective FRC environment that currently operates.

Complaints.

AGL SA opposes the addition of a further fuel in the complaints category. We believe that the additional reporting requirements will result in retailer's incurring increased cost and administrative burdens further contributing to an onerous reporting environment while not resulting in any improved customer service.

Affordability

With respect to affordability indicators, AGL SA questions the additional value of a third fuel category 'Dual Fuel'. Again AGL SA feels the recording of this statistic does not add value to the three areas of the working groups focus. We believe that the cost to retailers will far exceed the insight gained from providing this information.

Customer service

AGL SA supports the suggested adoption of an 'Energy Category' for customer service KPI's. This change to one category will allow for more accurate call forecasting, efficient use of available staff and ultimately superior customer service.