



Australian Capital Territory Government

Mike Philipson
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Dear Mr Philipson

NATIONAL ENERGY RETAIL PERFORMANCE INDICATORS

Please find attached a Submission by the Essential Services Consumer Council in relation to the *SCONRRR Discussion Paper on National Energy Retail Performance Indicators*.

I have also forwarded an electronic copy of the Submission to you.

Yours sincerely

Peter Sutherland
Chairperson

7 April 2006

Essential Services Consumer Council (established under Part 11 of the *Utilities Act 2000*)

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ESSENTIAL SERVICES CONSUMER COUNCIL

(established under Part 11 of the *Utilities Act 2000*)

Submission to the Steering Committee on National Regulatory Reporting Requirements (SCONRRR)

NATIONAL ENERGY RETAIL PERFORMANCE INDICATORS

The Essential Services Consumer Council (ESCC) is a statutory authority, constituted under the *Utilities Act 2000* (ACT), which has responsibility for protecting the interests of energy and water customers and consumers, addressing complaints against energy and water utilities, and alleviating utility hardship in the Australian Capital Territory.

The ESCC makes the following comments on the March 2006 *National Energy Retail Performance Indicators Discussion Paper* prepared by the Utility Regulators Forum (Steering Committee on National Regulatory Reporting Requirements – Retail Working Group).

Issue 1 - Telephone Service Indicators

The ESCC's view is that the changes proposed are improvements and do not give rise to any substantial concerns.

Paragraph 2.1 – Telephone Service

Assuming that the purpose of collecting data is for the regulator to gain an insight into the experience of utility clients, the breadth of the measure should align with clients' actual experience. The proposal is to measure the time taken from when the caller selects the operator option to the time that an operator answers. The ESCC suggests that clients measure their experience of phone contact with a utility from the time they dial a number to the time they get a meaningful result. The implication of the proposed measure is that if clients hit a call directing system that is long, confusing or in some other way difficult before they finally achieve the result of talking to an operator, this experience would not be captured. The ESCC suggests that the sample should be calls that end up with the operator, however the timing should commence from the beginning of the call as this will more closely reflect the actual experience of the client.

Issue 2 – Complaints

The proposed definition of a complaint contains three elements:

1. an expression of dissatisfaction made to an organisation;
2. related to its products/services or the complaint handling process itself;
3. where a response or resolution is explicitly or implicitly expected.

It would be helpful if the justifications in the case studies provided in Appendix 1 addressed each of these elements.

Issue 3 – Direct Debit Payment Defaults and Instalment Plan

Paragraph 2.3 – Direct Debit Payment Defaults

The Working Group proposes to vary the indicator to report the “number of direct debit plans terminated as a result of default/non-payment”. A difficulty with this proposal is that industry practice varies in relation to when a plan will be terminated for default. For example, in the ACT, the dominant retailer terminates a direct debit plan if two consecutive defaults or rejections occur. It is likely that other retailers have different termination rules. Unless there is a standard industry practice, the use of the proposed indicator as a comparative measure of financial stress will be flawed.

Paragraph 2.4 – Instalment Plan

To the ESCC, 'instalment' means more than one payment. We suggest that instalment plans are plans involving at least two instalments, not three instalments as proposed.

Issue 4 – Proposed New Affordability Indicators

The ESCC has substantial difficulties with the affordability indicators (both old and new), as discussed below:

1. The indicators are fundamentally flawed as they seek to measure the question of affordability from the supply side only in the absence of any demand side balancing.
2. The indicators merely report a set of events to fulfil regulatory requirements.
3. The indicators exist in isolation. There is no apparent connection to causality (simply recording numbers of disconnections/reconnections etc) and no examination of underlying issues.
4. The indicators exist with no acknowledgement of any responsibility, on the part of those reporting, to do anything about the lack of affordability of energy for low-income consumers.

At the very least, along with the current and proposed indicators, there should be:

1. Recording and tracking of debt levels, payment extensions and debt repayment arrangements (these are equally as important as disconnections when talking about affordability).
2. Evidence that payment arrangements are appropriately assessed by the energy retailer's representative, and are not in fact unaffordable (a definite possibility if people can't pay in the first place).
3. Recording of household makeup, eg. number of residents and income levels where payment extensions/debt repayment arrangements/disconnections occur. Income levels for households with energy concessions are available to within a maximum income pa (through the income test applied to Concession Cards), however other households would need to supply this data. This collection needs to be balanced by privacy considerations.
4. Recording of percentages of debt to income ratio for households where this information is available. This would also need further investigation of background. We are not suggesting this as a requirement, but it might be a task that could be linked to another organisation/agency to investigate further.
5. Explicit information about connecting households experiencing payment difficulties, broken payment arrangements and disconnections to appropriate assistance agencies such as the ESCC. (Otherwise what is the purpose of these indicators; presuming they are not to lower the cost of the energy provided?).
6. Monitoring of the number of households that switch to pre-payment meters and, where possible, reasons for switching,
7. Recording the incidence of payments by a third party, eg. EAP vouchers, charities.
8. Recording the number of households accessing assistance from industry ombudsman schemes or equivalent mechanisms such as the ESCC.
9. Transparency of data gathering and provision of trend data to industry ombudsman schemes (and equivalents) and to key community sector stakeholders on a regular basis.
10. Development from the indicators of a comprehensive strategy to address the issues of fuel poverty.

More mature market sectors such as the banking industry are starting to recognise that a more sophisticated understanding of financial hardship is an obligation that goes with the right to trade. It also feeds into a broader recognition of corporate social responsibility. This type of thinking will take time to evolve in an emerging market. Therefore, where governments are asking industry players to help them build a better understanding of social consequences, it may be appropriate to provide financial incentives for good conduct on the part of the industry players.

Issue 5 - Performance Indicators - Gas Sector

The ESCC supports inclusion of gas in the national retail template.

Issue 6 – Categorisation by Fuel Type

The ESCC does not support the creation of a “dual fuel” category for most of the indicators. Except in a small number of complaint types (eg. about marketing behaviour in a dual fuel contract) the complaint involves two distinct energy types – gas and electricity – and it is not double counting to record two complaints where two fuel types are involved. Rather it would be under counting to record a hardship or billing issue involving both fuels as a single complaint.

Peter Sutherland
Chairperson
Essential Services Consumer Council

7 April 2006