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24 December 2010

Mr Tom Leuner
General Manager – Markets Branch
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Email: AERInquiry@aer.gov.au

Dear Mr Leuner

ActewAGL Retail welcomes the opportunity to review and provide comments on the Australian Energy Regulator's (AER) Retail Market Performance Reporting – Position Paper.

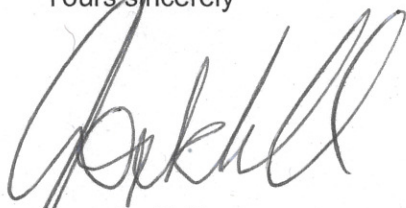
ActewAGL Retail already undertakes comprehensive and detailed reporting on its performance as an electricity and gas supplier within the ACT and NSW, in particular through compliance and performance reporting against its operating licences. ActewAGL Retail therefore maintains its preference for the AER to carefully consider the value in obtaining any extra information before additional reporting requirements are imposed on retailers.

The AER has acknowledged the costs and the burden of regulatory reporting. As previously advised, ActewAGL Retail maintains that where new reporting requirements impose additional costs (such as those for system enhancements) and have resourcing impacts, it will be seeking to recover its costs by passing them through to consumers. In addition to extra costs, there may also be timeframe implications for the implementation of such changes given that ActewAGL Retail relies on third party system providers.

Please find attached a number of comments on the AER's Retail Market Performance Reporting – Position Paper. ActewAGL Retail requests this feedback be considered in the development of market performance indicators.

If you have any questions regarding this submission, please contact Rachael Turner, Manager Business Projects on telephone: (02) 6248 3655 or email: rachael.turner@actewagl.com.au.

Yours sincerely



Jane Corkhill
Acting General Manager Retail

Let's power ahead.

3.1

Whilst ActewAGL does not currently report based on the parameters listed in the position paper, a system generated report can be created to meet these requirements.

In order to report on residential and small business debt *separately*, changes to the ActewAGL billing system would be required. As previously noted, ActewAGL anticipates that the cost of any system changes would be passed onto consumers.

3.3

ActewAGL has no concerns with the AER's proposal to include an indicator to monitor the number of customers using Centrelink's Centrepay to pay their energy bills, and has the ability to produce reports on the number of customers currently using CPay as suggested.

3.4

ActewAGL has no concerns with the requirement to report on the total number of residential customers on a payment plan. Whilst ActewAGL does not currently report on the parameters listed, a system generated report can be created to meet these requirements.

ActewAGL has no concerns with the reporting required in relation to disconnections and reconnections (items (e) and (f) listed in the Position Paper).

3.5

ActewAGL has no concerns with the reporting requirements in relation to disconnections and reconnections for residential customers, excluding hardship customers and energy concession customers (items a, b, g, h and j in the position paper). This reporting is readily available from ActewAGL.

Whilst ActewAGL does not currently report on energy concession customers, a manual process could be implemented to meet these requirements.

In relation to reporting on hardship customers (items c and d), the customers would be revoked from the hardship program and referred back to the credit cycle prior to disconnection. Therefore, when the customer is disconnected they are no longer on the hardship program and there would be no information for ActewAGL to report for these requirements.

In order to report on residential and small business debt separately, changes to the ActewAGL billing system would be required. Again, ActewAGL anticipates that the cost of these changes would be passed onto consumers.

3.6

Whilst ActewAGL does not currently report on the information listed in the position paper, a system generated report can be created to meet these requirements.

Whilst ActewAGL does not currently report on disconnected energy concession customers, a manual process could again be implemented meet these requirements.

3.8

ActewAGL Retail's contracts allow for the collection of security deposits however ActewAGL does not currently do so.

3.9

ActewAGL Retail can meet the data requirements proposed, however as with some other Retailers, where multiple services are supplied (for example, electricity *and* gas) ActewAGL is currently unable to separate contact centre data between the electricity, water and wastewater services for the purpose of reporting.

3.10

ActewAGL Retail is able to provide performance data on all registered complaints that are managed through the ActewAGL complaints handling process.

4.1.4

ActewAGL has no concerns with the use of this indicator provided it is not used as a measure of the success or effectiveness of a Retailer's hardship program

4.2.4

ActewAGL maintains that the collection of this data will unnecessarily add to the compliance burden of retailers, without providing useful information to policy makers.

4.3.4

ActewAGL does not believe that reporting on this indicator will indicate whether a retailer's eligibility for its hardship program is too restrictive or stringent. This indicator will be difficult to report on in practice, given that there may remain some uncertainty in defining when a customer can be considered to have been 'denied' access to a program.

4.5.4

ActewAGL utilises aged debtor reports that have previously provided stakeholders with an adequate level of information to meet requirements.

An initial review of the reports listed in the position paper has revealed that changes to ActewAGL's billing system would be required to manage these requirements, as ActewAGL is currently unable to produce data in the format detailed.

4.6.4

ActewAGL believes that the 'average debt' indicator provides little insight in terms of the effectiveness of a hardship program. ActewAGL considers these reports will provide statistical data only, and would question the value in collecting this information.

Regarding the number of customers who are managing payment plans, all customers who enter ActewAGL's hardship program are placed on a payment arrangement. ActewAGL questions the usefulness of this data as a measure of success for hardship programs. ActewAGL suggests that success may be more effectively measured by evaluating the flexibility that a retailer applies in ensuring the hardship program meets customers' unique needs and circumstances.

ActewAGL anticipates that preparing information to report on the number of customers who are not meeting their ongoing energy costs or who are specifically matching their ongoing energy costs; may be onerous and difficult to capture. ActewAGL's program is designed to assist those customers who can't meet the costs of their consumption or pay off their arrears (and accordingly, debt levels increase). Some customers who can meet ActewAGL's Direct Debit/ Even Pay system (the amount a customer must pay to catch up over a 12 month period), are generally better assisted through ActewAGL's existing credit program. ActewAGL would again question the value in collecting this information.

Regarding payment of arrears, ActewAGL considers that the aging categories which it already reports on are suffice in terms of indicating progress against payment of arrears.

4.7.3

ActewAGL has no concerns with reporting on the number of customers removed from the program for non-compliance. ActewAGL does not however see the value in reporting on the number of customers who have left the program because they feel they are not able to meet the program requirements or meet the payments requested. Customers leave these programs for any number of different reasons. Further to this, specific data may be difficult to obtain where customers leave without providing a retailer with forwarding contact details.

ActewAGL does not have any objections to reporting on switched customers or on those who have moved away.

4.8.4

ActewAGL maintains that these indicators do not provide any indication of the effectiveness of the assistance a retailer has provided to hardship customers.

A customer's circumstances can change over time which can make disconnection following leaving a hardship program a poor indicator of the appropriateness of the hardship policy, or the decision to remove the customer from hardship assistance at the time.

ActewAGL does not support reporting on whether a customer has been on a retailers hardship program in the previous 12 months prior to being disconnected, or the use of this data as a compliance indicator.

Retailers will make every attempt to contact customers prior to disconnection; however if a customer will not engage with a retailer, the only way to initiate contact may be through disconnection. Again, it must also be recognised that a customer's

circumstances can change very quickly which has nothing to do with the effectiveness or otherwise of a retailer's hardship program.

4.9.4

A number of the reports listed will be difficult and time consuming to compile, and will be completed using a manual process.

ActewAGL also believes that reporting on the number of customers using different payment methods is not a measure or indicator of the effectiveness of a Retailer's program and accordingly, ActewAGL questions the value of this data for the AER.

4.10

ActewAGL supports the use of case studies to provide context and qualitative information to support the data collected under the proposed approach, and believes it may be one of the more accurate support mechanisms for measuring the success of a retailer's program. Evaluating anonymous case studies will assist in revealing how a retailer manages their hardship customers in practice.