

**ELECTRICITY RETAIL LICENCE PERFORMANCE REPORT
2009/2010**



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1. EXECUTIVE SUMMARY

Synergy is required under the *Code of Conduct for the Supply of Electricity to Small Use Customers*¹ (**Customer Service Code**) to publish annual information on:

- Affordability and access.
- Customer complaints.
- Compensation payments.
- Call centre performance.
- Customer accounts.
- Pre-payment meters.

This report details Synergy's performance with respect to the above matters for the period 1 July 2009 to 30 June 2010 (**2009/10**).

Synergy is Western Australia's largest energy retailer. As at 30 June 2010, Synergy had almost 1 million customers, received about 1.8 million telephone calls and processed about 6 million electricity transactions.

Synergy's small use customers experienced further tariff increases in 2009/10 as the government continued to transition electricity prices towards cost reflective levels. During the year Synergy continued to assist customers specifically the most vulnerable members of our community to manage the price rises by:

- Keeping customers connected.
- Providing customers with additional time to pay their bill.
- Implementing concession increases consistent with state government policy.
- Managing and promoting hardship programs.
- Assisting customers to reduce energy consumption and hence their bill.

During the year, Synergy also undertook a significant amount of business activity on behalf of the state government including:

- Implementation of retail tariff increases in July 2009, April 2010 and July 2010 affecting more than 950,000 customers.
- Delivering increases to state government concessions and rebates affecting more than 240,000 customers.
- Implementation of the state government's feed in tariff affecting more than 20,000 customers.
- Deployment of a small number of prepayment meters at Ninga Mia in response to community requests.

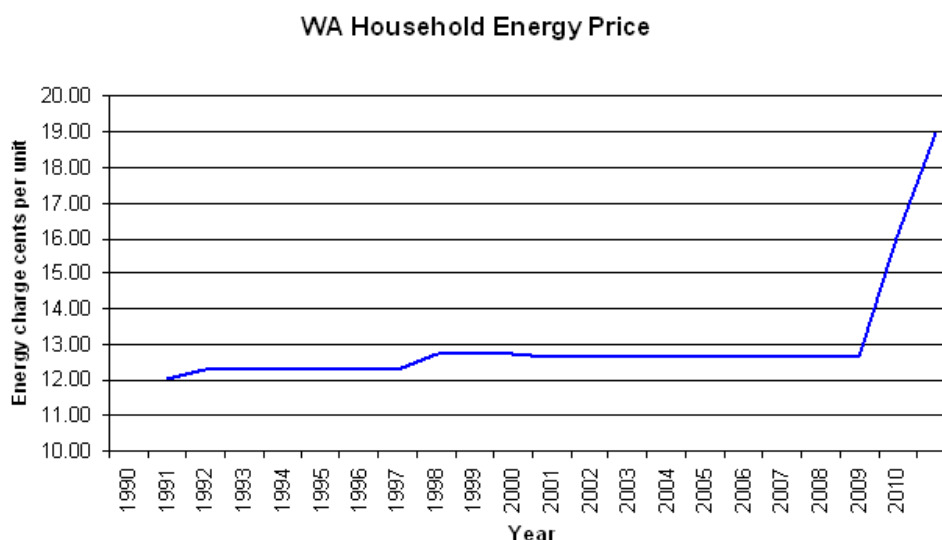
In 2009/10 Synergy implemented a new customer transaction and billing system. The system is designed to enable Synergy to enhance customer service, improve its operational efficiency and deliver a more comprehensive range of products to its customers.

Since implementation Synergy has successfully converted over 1.4 million customer records into the new system and issued more than 3 million bills. Although system implementation has been relatively successful by industry standards Synergy experienced a decline in its electricity retail licence service standard performance during 2009/10.

¹ A small use customer is a customer who consumes not more than 160 MWh per annum.

Affordability

Residential electricity prices within the South West Interconnected System rose by 49.6% in the 15 months to 1 July 2010.



During 2009/10 Synergy reduced residential disconnections for non-payment by 34% to 2,744 the fifth consecutive year disconnections for non-payment has fallen since Synergy was established on 1 April 2006. To assist customers to manage their electricity use and bills especially those experiencing payment difficulties and financial hardship, Synergy undertook the following during the year:

- Provided ease of access to payment extensions and payment arrangements via Synergy’s website, telephone interactive voice response system, contact centre and credit management team.
- Introduced more flexible payment arrangements as a result of new guidelines including extending payment terms from 14 days to 28 days for customers assessed as experiencing payment difficulties or financial hardship.
- Continued administration of the hardship utility grant scheme (**HUGS**) and the hardship efficiency programme (**HEP**) on behalf of the state government.
- Continued funding of the “Power on Payment” scheme.
- Continued funding of the ‘Power Assist” scheme.
- Administration of state government concessions and rebates.
- Facilitated the “Fridge Replacement” scheme.
- Continued operation of the Customer Advocacy Committee.
- Review of Synergy’s hardship policy, “Keeping Connected”.

Customer service and complaints management

Results from Synergy’s on-line customer feedback survey demonstrated that of those who responded, 93% of customers assisted by Synergy and 79% of customers assisted by Synergy’s customer service partner, Stellar were satisfied with the service received. Combined survey

customer satisfaction for both Synergy and Stellar was measured at an average of 85% for the year. Notwithstanding the survey results, Synergy recognises its customer service dipped during 2009/10 in relation to billing and complaints management. Synergy is committed to improving its customer service in 2010 /2011.

The number of small use customer complaints increased in 2010 from 2,030 to 9,264. To address the increased complaints significant resources were expended over the year with staff focus on addressing billing and complaints management issues as well as recruitment of additional complaints management staff. In addition the Economic Regulation Authority's complaint guideline has continued to result in more interactions being recorded as a complaint than historically was the case.

Telephone call management

The percentage of the 1,257,153 telephone calls responded to by a Synergy operator within 30 seconds was 72% compared to the previous year's performance of 79%. Synergy also dealt with more than 365,789 telephone calls through its interactive voice response system.

Customer initiatives

Over the last 12 months, Synergy implemented a number of customer initiatives to assist customers to manage their electricity consumption and bills including:

- As a partner in the Perth Solar City project, Synergy is trialling its PowerShift time of use pricing product for 5,000 customers, "act" an air conditioner trial and demand management tool for 750 customers and "max" in-home display devices combined with time of use pricing for 2,200 customers.
- Synergy's "Lets Save Energy campaign" which was launched in May 2010 has resulted in over 3,000 individual tips been submitted by customers and 25,500 pages were viewed (letssaveenergy.com.au) in the period 24 May to 18 September 2010.
- Synergy's "SmartWays" energy efficiency campaign and audits to promote efficient use of energy including switching off non-essential appliances.
- New and enhanced product offerings including EvenPay (bill smoothing), ability for customers to sign up to direct debit on line, enhanced internet functionality delivering historical billing information through "My Account" and Synergy's "Solar Solution" (photovoltaic panel supply and installation).

Synergy will focus during 2010/11 on electricity tariff design to encourage behavioural change to reduce or better manage customer electricity consumption. Tariff design is a critical part of achieving energy efficiency outcomes as the pricing regime (including price visibility) is a key driver of customer behaviour change.

2. INTRODUCTION

The Customer Service Code requires Synergy to record and publish annually information on:

- Affordability and access (refer section 3 of this report).
- Customer complaints (refer section 4).
- Compensation payments (refer section 5).
- Call centre performance (refer section 6).
- Customer accounts (refer section 7).
- Pre-payment meters (refer section 8).

The Customer Service Code was established by the Economic Regulation Authority (**Authority**) on 8 January 2008. The 2008 Code repealed and replaced the former Customer Service Code which existed during the period 2004-2008.

The 2008 Code significantly amended the previous reporting requirements not only under the 2004 Code but also the Authority's "Electricity Compliance Reporting Manual".

Accordingly, caution should be exercised when comparing data in this report to data published by the Authority prior to 2008/2009. Only in situations where current and historical reporting criteria are the same can meaningful comparisons be drawn.

Furthermore, it should be noted that although the Customer Service Code requires retail performance metrics to be calculated on the basis of customers, the ERA requires retailers to report on the basis of customer accounts as at 30 June 2009. Therefore, caution should be exercised when comparing 2008/2009 and 2009/2010 data against pre 2008/2009 data.

3. AFFORDABILITY AND ACCESS

Disconnection

Synergy achieved a 34% reduction in the number of residential disconnections from 4,188 in 2008/09 to 2,744 in 2009/10. Although this is a pleasing result, Synergy does not consider this level of disconnections to be sustainable in the long term due to commercial requirements to manage customer arrears. The decreased disconnections during the year can be attributed to:

- Disconnection moratoriums during Christmas and Easter.
- Disconnection moratoriums both prior to and after the implementation of Synergy's new customer transaction and billing system to ensure no disconnections were actioned due to system issues.
- New promise to pay guidelines to assist residential customers managing increased electricity prices.
- Introduction of new debt collection processes ensuring more customers were contacted earlier in the cycle of an outstanding debt.
- Introduction of SMS messaging 8 days after the due date of a customer's invoice reminding the customer of an outstanding account in addition to the standard reminder notice.
- Creation of a specialised outbound calling team focusing on early contacts with residential customers who have an outstanding account.
- Training Synergy's field officers to focus on customers experiencing financial hardship to assist them to manage their account and providing customers with information on local financial counsellors who can negotiate payment of outstanding accounts within predefined payment guidelines on behalf of the affected customer.
- A review of Synergy's "Keeping Connected" financial hardship policy which made a number of recommendations for implementation during 2010/11 including a fact sheet for financial counsellors and other supporting agencies detailing all services potentially available to their clients and an information leaflet for customers participating in the keeping connected program.
- The 2009/10 hardship review involved two stages. Stage 1 was a benchmarking study where Synergy's policy was compared against other Australian utilities. Stage 2 involved consultation with key community stakeholders including WACOSS, FCAWA, Anglicare, Relationships Australia, Office of Energy, Energy Ombudsman, Jacaranda and Synergy's Customer Advocacy Committee which includes Country Women's Association, Financial Counsellors' Association, People With Disabilities WA Inc, WACOSS, Anglicare, and the Consumer Credit Legal Service.
- Synergy's case managers provided dedicated expertise, support and assistance to customers experiencing severe financial hardship. During 2009/10 our case managers assisted more than 790 customers on a one-on-one basis with many customers being helped to not incur further energy debts by undertaking a more appropriate payment pattern consistent with their energy usage.
- Synergy continued to work closely with financial counsellors and emergency relief agencies throughout the year to promote the Keeping Connected policy and to discuss the many issues impacting customers experiencing financial hardship. Synergy staff also attended a familiarization training course conducted by WACOSS to further develop empathy and understanding of the situations as well as developing ways to better communicate with those customers experiencing financial hardship.

- Training of customer facing staff occurred throughout the year to ensure all relevant staff are aware of the guidelines for assessing customers in financial hardship and assistance programs such as the HUG, HEP, Power Assist, Keeping Connected and the Fridge Replacement schemes.
- Synergy's Credit Management field operators have seen their daily activities focused on visiting customers with long outstanding accounts and discussing payment options that will assist them to reduce their outstanding debt and removing the risk of disconnection. The field officers also assess customers for suitability of customer assistance schemes or refer them to financial counsellors within their areas that can assist customers with budgeting advice. Each field officer may visit anywhere up to 40 or more premises per day to provide assistance and discuss a customer's account and potential payment solutions.

Customer assistance schemes

Synergy plays a pivotal role in the administration, management and promotion of our own and state government electricity customer assistance schemes including:

- Administration of state government concessions and energy rebates including the supply charge rebate, dependent child rebate, account establishment fee waivers, air conditioning subsidy, caravan park and park home subsidy. The value of these rebates and subsidies in 2009/10 was more than \$31M.
- Administration of HUGS on behalf of the state government. From July 2009 – June 2010 HUGS grants to the value of \$1.44M were provided. From January 2010 to the end of June 2010 more than 2,180 residential customers received a HUGS grant to assist them with payment of their electricity account and to avoid disconnection. This brings the total number of approved grants to 7,481 totalling \$2.4M since the commencement of HUGS on 4 August 2008.
- Administration of the HEP on behalf of the state government. In the first 12 months of HEP, 480 audits were undertaken by Synergy and its contractor.
- Maintenance of the PowerAssist scheme which involves an annual payment of \$75,000 to WACOSS. This is administered by St Vincent de Paul (previously Anglicare) through its emergency relief agencies, as individual grants to customers who contact these agencies.

Payment options and assistance

- Payment extensions increased from 68,158 in 2008/09 to over 83,223 in 2009/10 for customers who were assessed as experiencing payment difficulties and financial hardship under Part 6 of the Customer Service Code. Customers are able to arrange payment extensions automatically online, through our telephone interactive voice response system, our contact centre or via Synergy's credit management team. However, only payment extensions to payment difficulty and financial hardship customers are required to be reported under this performance report.
- The number of residential customers requesting a payment instalment decreased by 38% from 21,314 in 2008/09 to 13,229 in 2009/10. Reasons for the reduction include customers making payment via direct debit, EvenPay and CentrePay. In addition hardship customers were assisted by HUGS.
- Flexible payment arrangements have increased from \$1M in April 2009 to \$9M in July 2010 (this includes payment arrangements and payment extensions to all customers) as a result of more flexible guidelines to make arrangements.

Reconnection

In 2009/10, the number of residential customers reconnected at the same supply address and in the same name following disconnection within 7 days of disconnection dropped considerably compared to the previous year due to the reductions in disconnection during the year.

Table 1 - Affordability and access: residential customers

Code reference	Affordability	Number of customers	Percentage
13.2(1)(a)	Total number of residential customers	850,790	100%
13.2(1)(a)(i)	Total number of, and percentage of its residential customers who are subject to an instalment plan	13,229	1.55%
13.2(1)(a)(ii)	Total number of, and percentage of residential customers who have been granted additional time to pay their bill under Part 6 (of the Code of Conduct)	83,223	9.78%
13.2(1)(a)(iii)	Total number of, and percentage of residential customers who have been placed on a shortened billing cycle	0	0.0%
13.2(1)(a)(iv)	Total number of, and percentage of residential customers who have been disconnected in accordance with clauses 7.1 to 7.3 (of the Code of Conduct) for failure to pay a bill	2,744	0.32%
13.2(1)(a)(v)	Total number of, and percentage of residential customers who have been disconnected who were previously the subject of an instalment plan	711	0.08%
13.2(1)(a)(vi)	Total number of, and percentage of residential customers who have been disconnected at the same supply address within the past 24 months	200	0.02%
13.2(1)(a)(vii)	Total number of, and percentage of residential customers who have been disconnected while receiving a concession	1,066	0.13%
13.2(1)(a)(viii)	Total number of, and percentage of residential customers who have been reconnected at the same supply address in the same name within 7 days of having been disconnected	718	0.08%
13.2(1)(a)(ix)	Total number of, and percentage of residential customers who have been reconnected in the same name who were previously the subject of an instalment plan	566	0.07%
13.2(1)(a)(x)	Total number of, and percentage of residential customers who have been reconnected in the same name and at the same supply address within the past 24 months	111	0.01%
13.2(1)(a)(xi)	Total number of, and percentage of residential customers who have been reconnected and who, immediately prior to disconnection, was receiving a concession	681	0.08%
13.2(1)(a)(xii)	Total number of, and percentage of residential customers who have lodged security deposits	0	0.0%
13.2(1)(a)(xiii)	Total number of, and percentage of residential customers who have had direct debit plans terminated	2,087	0.25%

Table 2 - Affordability and access: non-residential customers (<= 160 MWh)

Code Reference	Affordability	Number of Customers	Percentage
13.2(1)(b)	Total number of non-residential small use customers	91,366	100%
13.2(1)(b)(i)	Total number of, and percentage of non-residential customers who are subject to an instalment plan	545	0.60%
13.2(1)(b)(ii)	Total number of, and percentage of non-residential customers who have been granted additional time to pay their bill under Part 6 {of the Code of Conduct}	7,411	8.11%
13.2(1)(b)(iii)	Total number of, and percentage of non-residential customers who have been placed on a shortened billing cycle	0	0.00%
13.2(1)(b)(iv)	Total number of, and percentage of non-residential customers who have been disconnected in accordance with clauses 7.1 to 7.3 {of the Code of Conduct} for failure to pay a bill	183	0.20%
13.2(1)(b)(v)	Total number of, and percentage of non-residential customers who have been reconnected at the same supply address in the same name within 7 days of having been disconnected	41	0.04%
13.2(1)(b)(vi)	Total number of, and percentage of non-residential customers who have lodged security deposits	1	0.00%
13.2(1)(b)(vii)	Total number of, and percentage of non-residential customers who have had direct debit plans terminated	93	0.10%

4. CUSTOMER COMPLAINTS

Synergy encourages and welcomes both complaints and compliments from customers and stakeholders. Constructive feedback enables Synergy to identify areas for improvement and to identify opportunities to improve services customers regard as important. Just as importantly, compliments identify areas where Synergy is performing well.

Synergy acknowledges there was a significant increase in the number of complaints and the time taken to manage complaints in 2009/10. Reasons for complaints included:

- electricity tariff increases;
- billing delays;
- extended definition of a complaint under the electricity regulatory framework;
- billing errors;
- timeframes for Western Power to undertake a meter test;
- lack of Western Power meter readings resulting in bill estimates; and
- complexity of new products.

In response to the increased complaints additional staff was recruited during the year and a review commenced to identify greater efficiencies in managing and responding to complaints. Synergy's Customer Advocate continued to ensure customers have a strong and independent voice and representation within Synergy. The Customer Advocacy Committee with membership from key customer advocacy groups as well as senior Synergy staff continued to meet during the year to consider a wide range of customer issues and provided vital input to Synergy with respect to various issues impacting residential customers.

Table 3 - Complaints: residential customers

Code Reference	Complaints	Number of Complaints	Percentage
13.3(1)(a)	Total number of complaints received from residential customers	8,432	100%
13.3(1)(b)(i)	The percentage of total complaints from residential customers that relate to billing/credit complaints	7,511	89.08%
13.3(1)(b)(ii)	The percentage of total complaints from residential customers that relate to transfer complaints	0	0.00%
13.3(1)(b)(iii)	The percentage of total complaints from residential customers that relate to marketing complaints (including complaints made directly to a marketer)	124	1.47%
13.3(1)(b)(iv)	The percentage of total complaints from residential customers that relate to other complaints	797	9.45%
13.3(1)(c)	The action taken by a retailer to address a complaint	Refer text below	
13.3(1)(d)	The time taken for the appropriate procedures for dealing with the complaint to be concluded	On average 8.33 days	

To provide a satisfactory conclusion to customer disputes, Synergy’s internal dispute resolution process typically involves the following steps:

1. Complaint received via pro-forma, letter, email or phone.
2. Synergy acknowledges complaint and if required, seeks further clarification / information from the customer.
3. Synergy commences complaint investigation and initiates action which may involve third party involvement such as Western Power for meter testing.
4. Synergy liaises with the customer providing results of investigation and confirming resolution.
5. Conclude complaint.

Table 4 – Complaints: non residential customers

Code Reference	Complaints	Number of Complaints	Percentage
13.3(1)(a)	Total number of complaints received from non-residential customers	832	100%
13.3(1)(b)(i)	The percentage of total complaints from non-residential customers that relate to billing/credit complaints	735	63.22%
13.3(1)(b)(ii)	The percentage of total complaints from non-residential customers that relate to transfer complaints	0	0.00%
13.3(1)(b)(iii)	The percentage of total complaints from non-residential customers that relate to marketing complaints	9	1.08%
13.3(1)(b)(iv)	The percentage of total complaints from non-residential customers that relate to other complaints	88	10.58%
13.3(1)(c)	The action taken by a retailer to address a complaint	Refer earlier text	NA
13.3(1)(d)	The time taken for the appropriate procedures for dealing with the complaint to be concluded	On average 8.33 days	NA

5. COMPENSATION PAYMENTS

No customer requested a service standard payment during 2009/10 as provided for under the Customer Service Code. Consequently, Synergy provided no such payments to customers compared to 19 the previous year.

Synergy however makes voluntary goodwill payments to customers in instances where Synergy considers it did not provide services to its usual high standard. A total of 162 service standard payments were issued in 2009/10 with an average value of \$98.

Table 5 – Compensation payments

Code Reference	Compensation Payments	Number
13.4(a)	Total number of payments made under clause 14.1 {of the Code of Conduct} Reconnections	0
13.4(b)	Total number of payments made under clause 14.2 { of the Code of Conduct} Wrongful Disconnections	0
13.4(c)	Total number of payments made under clause 14.3 { of the Code of Conduct} Customer Service	0

6. CALL CENTRE PERFORMANCE

Results from Synergy’s on-line customer feedback survey demonstrated that of those who responded 93% of customers assisted by Synergy and 79% of customers assisted by Synergy’s customer service partner, Stellar were satisfied with the service received. Combined survey customer satisfaction for both Synergy and Stellar was measured at an average of 85% for the year. Notwithstanding the survey results, Synergy recognises its customer service dipped during 2009/10 in relation to billing and complaints management. Synergy is committed to improving its customer service in 2010 /2011.

The percentage of the 1,257,153 telephone calls responded to by a Synergy operator within 30 seconds was 72%, compared to the previous year’s performance of 79%. In addition, Synergy dealt with more than 365,789 telephone calls through its interactive voice response system.

The percentage of telephone calls that were unanswered increased from 2.42% to 3.63% during the year. Over the corresponding period the average duration (in seconds) before a call is answered by an operator increased from 23 seconds to 52 seconds.

Table 6 – Call Centre Performance

Code Reference	Call Centre Performance	Number of calls / duration	Percentage
13.5(a)	Total number of telephone calls to an operator	1,257,153	
13.5(b)	Number of and percentage of telephone calls to an operator responded to within 30 seconds	905,603	72.04%
13.5(c)	Average duration (in seconds) before call answered by operator	52	
13.5(d)	Percentage of calls that were unanswered		3.63%

7. CUSTOMER ACCOUNTS

Residential and business² customer accounts increased by 0.3% and 27% respectively compared to 2008/09.

Table 7 – Customer accounts

Code Reference	Customer Accounts	Number of accounts
13.6(1)(a)	Total number of residential accounts held by contestable customers	4,227
13.6(1)(b)	Total number of residential accounts held by non-contestable customers	846,563
Total residential accounts		850,790
13.6(1)(c)	Total number of business accounts held by contestable customers	9,032
13.6(1)(d)	Total number of business accounts held by non-contestable customers	82,334
Total business customer accounts		91,366

² A K class tariff customer which uses electricity for both residential and non-residential purposes is classified as a business customer for reporting purposes.

8. PRE-PAYMENT METERS

During 2009/10 Synergy facilitated the installation and operation of 17 pre-payment meters at the Ninga Mia aboriginal community, Kalgoorlie in response to community requests to obtain and use pre-payment meters.

Table 8 – Pre-payment meters

Code Reference	Pre-payment meters	Numbers
13.7(a)	Total number of pre-payment customers	17
13.7(b)	Total number of complaints, other than those complaints specified in clause 13.13(a), relating to a pre-payment meter customer	0
13.7(c)	The action taken by a retailer to address a complaint	N/A
13.7(d)	The time taken for the appropriate procedures for dealing with the complaint to be concluded	N/A