

**ELECTRICITY RETAIL LICENCE
PERFORMANCE REPORT 2008/2009**



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1. EXECUTIVE SUMMARY

Synergy is required, under the Code of Conduct for the Supply of Electricity to Small Use Customers 2008¹ (**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 2008 to 30 June 2009 (**2008/09**). Synergy has performed strongly to provide its customers with a quality service and achieved the objectives of the Customer Service Code to provide customer protection and meeting the standards required of retailers.

Synergy is Western Australia's largest energy retailer. As at 30 June 2009, Synergy had almost one million customers, received about 1.8 million telephone calls and processed more than six million electricity transactions.

Synergy's small use customers faced a number of significant challenges in 2008/2009 including, for the first time in many years, double digit tariff increases as the government commenced transitioning electricity prices to cost reflective levels coupled with the global financial crisis resulting in economic downturn in Western Australia.

Synergy appreciates the very important role it plays in assisting its customers to manage these significant changes by:

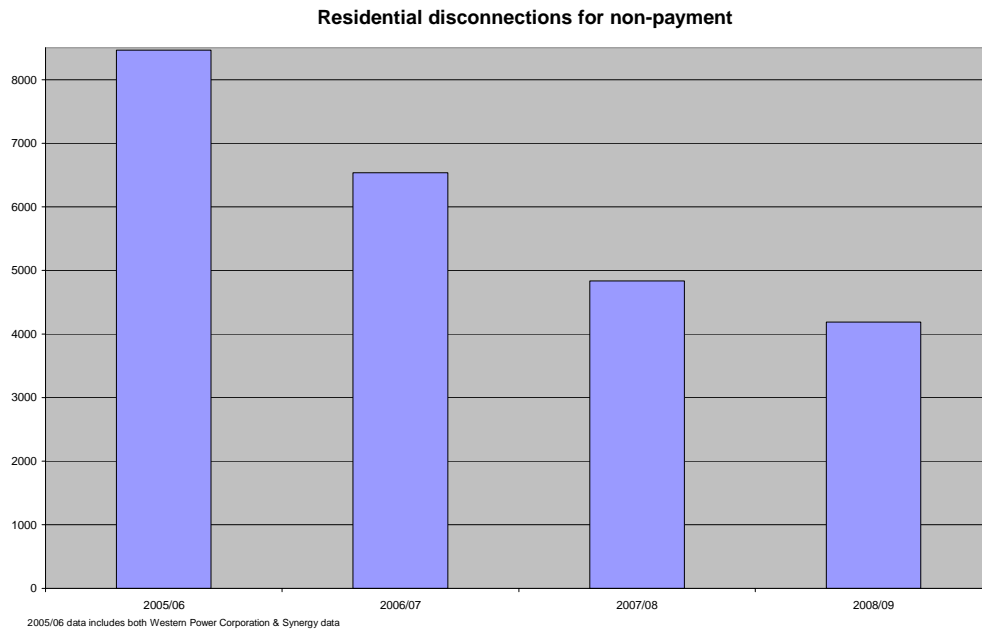
- Keeping customers connected.
- Providing customers with additional time to pay their bill.
- Managing and promoting concessions and hardship programs.
- Assisting customers to reduce energy consumption and hence their bill.

Synergy is committed to maximising the experience of its customers. In 2008/09 Synergy achieved a number of significant milestones and implemented a number of new initiatives.

Disconnections

- Synergy reduced residential disconnections for non-payment by 13.4% in 2008/09, the third consecutive year disconnections for non-payment has fallen since Synergy's creation on 1 April 2006.
- Synergy has reduced residential customer disconnections for non-payment by more than 63% since 2005/06.

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



Customer service

- Synergy maintained a very high level of customer service during the year evidenced by its on-line customer satisfaction survey of 92%.

Telephone calls

- The percentage of the 919,948 telephone calls responded to by a Synergy operator within 30 seconds was 79%, comparable to last year's performance of 80%. In addition, Synergy dealt with more than 230,900 telephone calls through its interactive voice recognition system. Reflective of the tariff increases effective 1 April 2009, calls for the period April to June 2009 increased by 31%, compared to the same period in 2008 when call volumes decreased by 9.6%.

Payment difficulties and financial hardship

- A review of Synergy's "Keeping Connected" financial hardship policy was conducted in the second half of 2008/09 which resulted in positive policy changes including broadening of the hardship assessment criteria and the establishment of an appropriate referral mechanism to qualified providers for customers in need of additional support services.
- The number of customers assessed as experiencing financial hardship increased to 4,535 in 2008/09 from 3,139 in 2007/08 reflecting the changed economic circumstances during the year and Synergy's widespread promotion of the scheme.
- Synergy has case managers to provide dedicated expertise, support and assistance to customers experiencing severe financial hardship. During the year Synergy appointed an additional case manager, bringing the number of case managers to three. The one-on-one work undertaken by case managers is having a positive impact on financial hardship customers in managing their electricity bills and keeping connected. During 2008/09 Synergy's case managers assisted 512 customers on a one-on-one basis.

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- Synergy established a Customer Advocacy Committee in July 2007, consisting of representatives from a range of key representative customer advocacy groups as well as senior Synergy staff. Four meetings were held during the year and discussed and considered a wide range of customer issues, and provided vital input to Synergy with respect to various issues impacting residential customers.

Complaints

- Synergy received 2,030 complaints in 2008/09. Although complaints increased during the year, due to a new definition of complaint encapsulating more transactions, coupled with the first residential tariff increase since 1997, Synergy's complaints are still historically low when compared to eastern state retailers.

Direct debit

- Direct debit provides a convenient and easy means for customers to pay their bills. Over 25,300 customers elected to pay their bills by direct debit in 2008/09, compared to 21,800 the previous year. Synergy expects this uptake to increase in future years, with the introduction of EvenPay, a program that allows a customer to spread its total cost of annual energy use over regular monthly or fortnightly amounts.

Customer initiatives

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

- The "switch off" advertising campaign was one of a variety of communications tools used by Synergy to promote energy efficiency and the switching off of appliances to reduce standby power consumption.. The results of this campaign exceeded targets in all areas.
- A review of Synergy's electricity customer service charter was undertaken during the year, which included external stakeholder consultation.
- Synergy commenced the development of an advanced metering proof of concept study, which will involve the use of time of use meters, with an in-home display, to measure the effectiveness of advanced meters and time-of-use pricing in driving behavioural change to reduce electricity consumption and ultimately the amount households spend on power.
- In partnership with Fieldforce, energy audits for both residential and business customers have been undertaken to provide a detailed assessment of customers' energy consumption to enable them to understand their energy costs and make changes to consume less energy and reduce their bills.

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. This Code repealed and replaced the former Customer Service Code which existed during the period 2004-2008.

The new 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 in previous years. Only in situations where current and historical reporting criteria are the same can meaningful comparisons be drawn.

Furthermore, it should also be noted that although the Customer Service Code requires retail performance metrics to be calculated on the basis of customers, the ERA has requested retailers to report on the basis of customer accounts as at 30 June 2009. Therefore, caution should be exercised when comparing the data contained in this report to Synergy's 2007/08 performance report.

3. AFFORDABILITY AND ACCESS

Synergy achieved a 13.4% reduction in the number of disconnections in 2008/09 and has reduced residential customer disconnections by more than 63% since 2005/06. The decreased disconnections during 2008/2009 can be attributed to:

- The effectiveness of Synergy's industry best practice financial hardship policy, "Keeping Connected".
- Synergy has case managers to provide dedicated expertise, support and assistance to customers experiencing severe financial hardship. During the year, Synergy appointed an additional case manager, bringing the number of case managers to three. The one-on-one work undertaken by case managers is having a positive impact on financial hardship customers in managing their electricity bills and keeping connected.
- Implementation of further training to increase staff awareness of the factors impacting Synergy's customers in hardship, and to improve assessment practices.
- A reassessment of Synergy's field based, customer facing operations and the methods of contact used when customers have outstanding accounts, resulted in changes in process. Synergy is now able to contact more customers at an earlier time in the collections cycle. Earlier intervention means the amounts outstanding are generally smaller and more manageable for the customer when discussing payment arrangements.
- Synergy was a strong advocate of the introduction of the Hardship Utility Grant Scheme (**HUGS**), which was introduced in September 2008. Funded by the state government, the HUGS provides financial assistance to customers, by way of a payment against their electricity account, when they are assessed as being in financial hardship. More than 2,500 Synergy customers received over \$900,000 in financial assistance, as well as further financial assistance advice from financial counsellors.
- The implementation of the Hardship Efficiency Program (HEP) in December 2008. HEP is an audit-based program administered by Synergy and funded through Office of Energy, aimed at reducing the energy consumption (and associated financial costs) of customers deemed to be in financial hardship. An efficiency audit is conducted on customer residences, and reports provided highlighting key areas where changes to behaviour will have the greatest impact on overall energy consumption and expenditure. Customers also receive energy efficient products as part of the audits, including compact fluorescent lightbulbs, showerheads, weather stripping and door seals. To date 357 HEP audits have been conducted.
- Synergy introduced an outbound customer calling team focused on contacting customers in arrears and assessing the customer's suitability for the Keeping Connected program, HUGS, HEPS and other avenues of support including the case managers. The increase in focus on reaching a customer earlier has had a positive impact on assisting customers experiencing financial hardship to receive support.

As a result of improving access to customers to friendlier time-to-pay arrangements, the number of residential customers who have been granted additional time to pay a bill increased by 26% from 54,102 in 2007/08 to 68,158 in 2008/09. The number of

residential customers the subject of an instalment plan increased by 5% from 20,267 in 2007/08 to 21,314 in 2008/09.

The improvements to accessing extra time to pay arrangements have come through:

- Customers being able to easily access payment extensions via Synergy's interactive voice response system.
- Synergy increased the timeframes our customer service representatives are permitted to grant a customer time to pay and through training increased their awareness and ability to assess when customers are experiencing payment difficulties and financial hardship.
- The focus on contacting customers earlier in their debt cycle has resulted in customers with less accumulated debt, allowing a greater opportunity for instalment plans.

In 2008/09, 42% of residential customers were reconnected at the same supply address and in the same name following disconnection within 7 days of disconnection. This does not imply 58% of customers who were disconnected remained at the premises and were still without power after 7 days, as this measure does not reflect:

- The number of properties that were vacated by the occupant before Synergy arranged disconnection, and without having contacted Synergy to close the account, despite moving out.
- Premises that remain vacant e.g. the "account holder" (i.e. the person who has a supply contract with Synergy) has moved out following disconnection.
- New "accounts" established in a different name (i.e. the former "account holder" remains at the premise but the name of the person having the supply contract with Synergy has changed).
- New "accounts" (i.e. supply contracts) established at the address in a different name e.g. because new tenants have moved in.

Table 1 - Affordability and access: residential customers

Code reference	Affordability	Number of customers	Percentage
13.2(1)(a)	Total number of residential customers	848,312	100%
13.2(1)(a)(i)	Total number of, and percentage of its residential customers who are subject to an instalment plan	21,314	2.51%
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	68,158	8.03%
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	4,188	0.49%

Code reference	Affordability	Number of customers	Percentage
	Conduct) for failure to pay a bill		
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	882	0.10%
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	550	0.65%
13.2(1)(a)(vii)	Total number of, and percentage of residential customers who have been disconnected while receiving a concession	805	0.09%
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	1,773	0.21%
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	445	0.05%
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	133	0.02%
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	530	0.06%
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	202	0.02%

Table 2 - Affordability and access: non-residential customers (\leq 160 MWh)

Code Reference	Affordability	Number of Customers	Percentage
13.2(1)(b)	Total number of non-residential small use customers	84,315	100%
13.2(1)(b)(i)	Total number of, and percentage of non-residential customers who are subject to an instalment plan	881	1.04%
13.2(1)(b)(ii)	Total number of, and percentage of non-residential customers who have been granted additional time to pay their bill	2,131	2.53%

Code Reference	Affordability	Number of Customers	Percentage
	under Part 6 {of the Code of Conduct}		
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	165	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	39	0.05%
13.2(1)(b)(vi)	Total number of, and percentage of non-residential customers who have lodged security deposits	51	0.06%
13.2(1)(b)(vii)	Total number of, and percentage of non-residential customers who have had direct debit plans terminated	8	0.01%

Table 2 above indicates the relative number of non-residential customers who required payment assistance was very low relative to the total customer base.

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.

The role of the Office of the Customer Advocate within Synergy was developed to ensure customers have a strong and independent voice and representation within Synergy. The Office established the Customer Advocacy Committee in July 2007, with representatives from a range of key representative customer advocacy groups as well as senior Synergy staff. Four meetings were held 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.

The number of customer complaints received by Synergy in 2008/09 is once again historically low compared to electricity retailers in other jurisdictions, notwithstanding a new definition of complaint encapsulating more transactions, coupled with the first residential tariff increases since 1997:

- As at 30 June 2009, Synergy supplied electricity to residential customers who held 843,468 accounts, processed more than six million transactions and received about 1.8 million telephone calls.
- For every 100,000 transactions processed, 3.4 complaints were received.
- Complaints per 100 residential small use customers was 0.2 per 100 customers, the same amount reported by the ERA in the 2007/08 Electricity Retailer Annual Performance Report.
- Complaints per 100 non-residential small use customers was 0.2. This compares to 0.1 as reported by the ERA in the 2007/08 Electricity Retailer Annual Performance Report.
- The average time taken to conclude a complaint during 2008/09 was 2.9 days, a 22% improvement on the average time of 3.7 days in 2007/08.
- In terms of complaint classifications the percentage of billing complaints (84%) remained relatively constant, marketing complaints declined from 16% to 8% and "other" complaints that include privacy, refunds, delays in customer responses and Synergy's processes increased from 0% to 8%.

During 2008/09, the total number of complaints increased from 1,570 to 2,030. Factors contributing to the rise in complaints include:

- In October 2008, the ERA established a mandatory complaints guideline that sought to clarify the difference between a customer complaint and a customer query. In doing so, the guideline has led to an increase in the number of customer contacts being recorded by Synergy as a complaint. Whereas in the past a number of customer contacts would have been treated as a customer enquiry with the customer's request managed and resolved at the initial contact, many such contacts are now deemed a complaint by virtue of the definition change. For example a customer seeking a payment extension would be an enquiry, whereas a customer seeking a payment extension because the customer considered their bill was too high would be recorded as a complaint under the guideline.

- Following a report by the Office of Energy which found retail tariffs did not reflect the true costs of supplying electricity, the state government increased residential tariffs by 10% on 1 April 2009. This was the first increase in residential tariffs since 1997. (84% of customer complaints were billing related, for example "my bill is wrong, it's higher than normal".)
- In April 2009, Synergy relinquished the responsibilities associated with re-energisation of properties for non-payment in the metropolitan area. When Synergy performed this function, typically a customer's supply was restored in a shorter timeframe than the Code requirement. Re-energisation requests are now managed by Western Power and although they are performing restoration in accordance with Code requirements, this has led to the increase in customer complaints being received by Synergy.
- Although consistent with retail practice, the introduction of the merchant service fee for credit card payments on 1 July 2008 also contributed to the increase in complaints during 2008/09. Some customers were unhappy with the application of the new fee. Many affected customers could however successfully receive exemption from the fee due to their Seniors Card or Veterans Affairs Card concession status.
- Synergy has increased the channels through which a complaint may be lodged including in writing, telephone, web and email. Synergy continues to widely promote the existence of the Energy Ombudsman and the Synergy Customer Advocate on a range of communications with customers. During 2008/09 the number of complaints forwarded to Synergy from the Energy Ombudsman was consistent with the number of complaints forwarded in 2007/08.

The increase in customer complaints in 2008/09 also needs to be placed in context as the increase over the last 12 months has occurred from a low complaints base. By Australian energy retailer standards, Synergy's complaint numbers are historically low.

Table 3 - Complaints: residential customers

Code Reference	Complaints	Number of Complaints	Percentage
13.3(1)(a)	Total number of complaints received from residential customers	1,903	
13.3(1)(b)(i)	The percentage of total complaints from residential customers that relate to billing/credit complaints	1,594	83.76%
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)	162	8.51%
13.3(1)(b)(iv)	The percentage of total complaints from residential customers that relate to other complaints	147	7.72%
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 2.9 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	127	100%
13.3(1)(b)(i)	The percentage of total complaints from non-residential customers that relate to billing/credit complaints	119	93.70%
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	1	0.79%
13.3(1)(b)(iv)	The percentage of total complaints from non-residential customers that relate to other complaints	7	5.51%
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 2.9 days	NA

5. COMPENSATION PAYMENTS

In 2008/09, Synergy made 19 compensation payments as required under the Customer Service Code, compared to 41 the previous year.

Synergy also provides service standard payments to customers in instances where it is considered services were not delivered to Synergy's usual high standard. A total of 99 service standard payments were issued in 2008/09, averaging \$130.

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	12
13.4(b)	Total number of payments made under clause 14.2 { of the Code of Conduct} Wrongful Disconnections	4
13.4(c)	Total number of payments made under clause 14.3 { of the Code of Conduct} Customer Service	3

6. CALL CENTRE PERFORMANCE

Synergy maintained a very high level of customer service during the year evidenced by its (voluntary) on-line customer satisfaction survey of 92%, which was a slight increase on last year's result of 91%.

The number and percentage of telephone calls to an operator responded to within 30 seconds was 79%, relatively constant from last year's result of 80%. Synergy's call centre service delivery remained steady despite significant challenges faced throughout the year, including:

- Migration of fault call responsibilities to Western Power which resulted in a significant number of experienced personnel exiting the business.
- The pending implementation of a new customer billing and CRM system has impacted the contact centre and associated business processes, resulting in significant staff movement as contact centre staff have been required to be utilised in other areas to ensure business continuance.
- Staff have also been heavily involved throughout the customer billing and CRM project:
 - Reviewing and updating process documentation.
 - User acceptance testing of the new system.
 - Writing, reviewing, delivering and undertaking training.

Over the past 12 months Synergy has continued to focus on improving the quality of the customer service interaction and first-call resolution. It has implemented an accredited staff training program, the Certificate III in Customer Contact. Currently 58 staff are enrolled, with the first graduates expected before the end of the year.

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	919,948	
13.5(b)	Number of and percentage of telephone calls to an operator responded to within 30 seconds	723,813	78.68%
13.5(c)	Average duration (in seconds) before call answered by operator	23	
13.5(d)	Percentage of calls that were unanswered	22,220	2.42%

7. CUSTOMER ACCOUNTS

- Residential customer accounts increased by 2.3% compared to 2007/08.
- Business customer accounts increased by 0.9% compared to 2007/08.

Table 7 – Customer accounts

Code Reference	Customer Accounts	Number of accounts
13.6(1)(a)	Total number of residential accounts held by contestable customers	4,844
13.6(1)(b)	Total number of residential accounts held by non-contestable customers	843,468
Total residential accounts		848,312
13.6(1)(c)	Total number of business accounts held by contestable customers	12,213
13.6(1)(d)	Total number of business accounts held by non-contestable customers	72,102
Total business customer accounts		84,315

8. PRE-PAYMENT METERS

In 2008/09, Synergy did not have any pre-payment meter customers.

Table 8 – Pre-payment meters

Code Reference	Pre-payment meters	Numbers
13.7(a)	Total number of pre-payment customers	0
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	NA
13.7(d)	The time taken for the appropriate procedures for dealing with the complaint to be concluded	NA