

Information Reporting

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## Small Electricity Customer Disconnection, Hardship and Complaints Statistics - March Quarter 2015

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June 2015

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## INTRODUCTION

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Clause 8.5.1 of the Electricity Industry Code (the Electricity Code) requires that the Queensland Competition Authority (QCA) monitor and publish information on the number of small electricity customer<sup>1</sup> disconnections and complaints.

This is the QCA's final issue of disconnections and complaints information. From 1 July 2015, the Australian Energy Regulator (AER) will collect and publish this information.

As at 31 March 2015, there were three distributors (Energex, Ergon Energy and Essential Energy) servicing 16 retailers that actively supplied electricity to small customers.<sup>2</sup>

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<sup>1</sup> Small customers are defined as those consuming less than 100 MWh of electricity per year and include small residential customers and small business customers.

<sup>2</sup> Some of these retailers hold more than one licence.

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## DISCONNECTIONS

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### Customer disconnections

The QCA defines disconnections as all instances where the flow of energy to a small customer's premises is terminated. This includes all disconnections irrespective of the reason for and method of disconnection.

### Retailer initiated disconnections

Clause 8.5.3 of the Electricity Code requires that electricity retailers provide information for the previous quarter relating to:

- (a) the total number of small business and residential customers who were disconnected
- (b) the number of small business and residential customers who were disconnected due to non-payment
- (c) the number of pensioners or concession card holders who were disconnected due to non-payment.

Clause 8.5.6 of the Electricity Code requires that distributors provide quarterly reports on the total number of small customer disconnections and the number of disconnections due to non-payment (separated into business and residential customers) that the distributor performed at the request of each retailer.

Retailer and distributor information on the number of small customers disconnected is provided in Table 1.

Overall, retailers reported 174 (or 0.5%) more disconnections than did distributors. Retailers advised that part of the difference is due to timing variances between when retailers and distributors become aware that service order requests for disconnections have been completed.

Ergon Energy (Ergon) recorded a 53.5% (or 3,132) increase in disconnections from the December quarter 2014 to the March quarter 2015. Ergon's residential customers accounted for 94.6% (or 2,964) of this increase. Further, 39.5% (or 1,172) of the increase in disconnections for Ergon's residential customers was as a result of non-payment.

Ergon has indicated that this increase was a result of the following:

- From 18 December 2014 there was a two week moratorium where no disconnections were actioned over the Christmas period. This contributed to increased disconnection activity once the moratorium was lifted.
- Summer bills are traditionally higher and a customer's capacity to pay can be impacted due to higher expenditure over the Christmas holiday period resulting in increased disconnections.
- The distribution business implemented a Central Dispatch which has improved service order processing (i.e. processing of retailer initiated requests for disconnections), which contributed to reducing the number of these orders outstanding during the March 2015 quarter.

**Table 1 Small customer disconnections**

<i>Retail entity</i>	<i>Business customers</i>		<i>Residential customers</i>		<i>Total</i>	
	<i>Retailer data</i>	<i>Distributor data</i>	<i>Retailer data</i>	<i>Distributor data</i>	<i>Retailer data</i>	<i>Distributor data</i>
AGL Sales <sup>a</sup>	412	620	8,177	7,082	8,589	7,702
Click Energy	33	87	1,165	1,111	1,198	1,198
CS Energy	0	0	0	0	0	0
Diamond Energy	0	4	3	5	3	9
Dodo Power and Gas	0	0	13	13	13	13
EnergyAustralia <sup>b</sup>	86	192	2,139	2,020	2,225	2,212
Ergon Energy Queensland	1,162	1,153	7,821	7,831	8,983	8,984
ERM Power Retail	0	3	0	0	0	3
GoEnergy <sup>c</sup>	0	0	0	0	0	0
Lumo Energy	24	45	1,509	1,492	1,533	1,537
Momentum Energy	0	0	0	0	0	0
Origin Energy <sup>d</sup>	956	1,541	13,103	13,199	14,059	14,740
OzGen Retail	0	0	0	0	0	0
Powerdirect	112	122	269	262	381	384
Qenergy	80	89	48	66	128	155
Red Energy	0	1	0	0	0	1
Sanctuary Energy	0	3	5	2	5	5
Simply Energy	0	0	16	16	16	16
Stanwell	0	0	0	0	0	0
<b>Total</b>	<b>2,865</b>	<b>3,860</b>	<b>34,268</b>	<b>33,099</b>	<b>37,133</b>	<b>36,959</b>

a. Includes data for AGL Sales (Queensland Electricity)

b. Includes data for EnergyAustralia Yallourn.

c. Was previously COZero.

d. Includes data for Sun Retail.

Information from retailers and distributors related to disconnections for non-payment is presented in Table 2. Retailers reported 2.5% (or 225) fewer disconnections for non-payment than did distributors. These discrepancies occur as a result of timing variances between when retailers and distributors become aware that service order requests for disconnections have been completed.

**Table 2 Small customer disconnections due to non-payment**

<i>Retail entity</i>	<i>Business customers</i>		<i>Residential customers</i>				<i>Total</i>	
	<i>Retailer data</i>	<i>Distributor data</i>	<i>Retailer data</i>			<i>Distributor data</i>	<i>Retailer data</i>	<i>Distributor data</i>
			<i>Pensioner/ Concession card holder</i>	<i>Other</i>	<i>Total</i>			
AGL Sales <sup>a</sup>	119	159	392	1,012	1,404	1,361	1,523	1,520
Click Energy	11	23	50	154	204	192	215	215
CS Energy	0	0	0	0	0	0	0	0
Diamond Energy	0	0	2	1	3	3	3	3
Dodo Power and Gas	0	0	3	10	13	13	13	13
EnergyAustralia <sup>b</sup>	2	35	3	104	107	166	109	201
Ergon Energy Queensland	199	199	832	2,949	3,781	3,781	3,980	3,980
ERM Power Retail	0	0	0	0	0	0	0	0
GoEnergy <sup>c</sup>	0	0	0	0	0	0	0	0
Lumo Energy	7	7	5	145	150	151	157	158
Momentum Energy	0	0	0	0	0	0	0	0
Origin Energy <sup>d</sup>	170	252	522	2,086	2,608	2,653	2,778	2,905
OzGen Retail	0	0	0	0	0	0	0	0
Powerdirect	17	19	21	63	84	82	101	101
Qenergy	15	24	0	17	17	16	32	40
Red Energy	0	0	0	0	0	0	0	0
Sanctuary Energy	0	2	0	3	3	1	3	3
Simply Energy	0	0	0	1	1	1	1	1
Stanwell	0	0	0	0	0	0	0	0
<b>Total</b>	<b>540</b>	<b>720</b>	<b>1,830</b>	<b>6,545</b>	<b>8,375</b>	<b>8,420</b>	<b>8,915</b>	<b>9,140</b>

a. Includes data for AGL Sales (Queensland Electricity)

b. Includes data for EnergyAustralia Yallourn.

c. Was previously COZero.

d. Includes data for Sun Retail.

## Disconnections performed at the instigation of distributors

Clause 8.5.6 of the Electricity Code requires that all distributors provide information for the previous quarter relating to:

- (a) the total number of small business and residential customers who were disconnected at the instigation of the distributor
- (b) the total number of small business and residential customers who were disconnected at the instigation of the distributor due to non-payment of bills, safety reasons and 'other' reasons.

This information is shown in Table 3.

**Table 3 Small customer disconnections performed at the instigation of the distributor**

<i>Distribution entity</i>	<i>Due to non-payment</i>		<i>Safety reasons</i>		<i>Other reasons</i>		<i>Total</i>
	<i>Business customers</i>	<i>Residential customers</i>	<i>Business customers</i>	<i>Residential customers</i>	<i>Business customers</i>	<i>Residential customers</i>	
Energex	0	0	163	673	17	40	893
Ergon Energy	0	0	9	54	0	0	63
Essential Energy	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>172</b>	<b>727</b>	<b>17</b>	<b>40</b>	<b>956</b>

## Customer reconnections

Clause 8.5.3 of the Electricity Code requires that all electricity retailers provide information for the previous quarter relating to:

- (a) the total number of small business and residential customers who were reconnected with the same name at the premises after being disconnected due to non-payment
- (b) the total number of small business and residential customers who were reconnected within seven days with the same name at the premises after being disconnected due to non-payment
- (c) the number of pensioner or concession card holders who were reconnected with the same name at the premises after being disconnected due to on-payment.

Reconnections occur when the flow of electricity to a small customer's premises has been restored after a disconnection. The measure includes service orders for reconnections completed in the quarter.

This information is shown in Table 4.

**Table 4 Small customer reconnections, after being disconnected due to non-payment**

<i>Retail entity</i>	<i>Reconnections within 7 days</i>			<i>Total reconnections</i>			
	<i>Business customers</i>	<i>Residential customers</i>	<i>Total</i>	<i>Business customers</i>	<i>Residential customers</i>		<i>Total</i>
					<i>Pensioner/ Concession card holder</i>	<i>Other</i>	
AGL Sales <sup>a</sup>	15	495	510	33	151	653	837
Click Energy	1	84	85	1	22	64	87
CS Energy	0	0	0	0	0	0	0
Diamond Energy	0	3	3	0	2	1	3
Dodo Power and Gas	0	4	4	0	2	2	4
EnergyAustralia <sup>b</sup>	0	2	2	0	1	1	2
Ergon Energy Queensland	92	1,889	1,981	100	466	1,542	2,108
ERM Power Retail	0	0	0	0	0	0	0
GoEnergy <sup>c</sup>	0	0	0	0	0	0	0
Lumo Energy	1	15	16	1	1	15	17
Momentum Energy	0	0	0	0	0	0	0
Origin Energy <sup>d</sup>	23	516	539	26	57	556	639
OzGen Retail	0	0	0	0	0	0	0
Powerdirect	4	42	46	4	13	29	46
Qenergy	9	3	12	6	0	9	15
Red Energy	0	0	0	0	0	0	0
Sanctuary Energy	0	2	2	0	0	3	3
Simply Energy	0	0	0	0	0	0	0
Stanwell	0	0	0	0	0	0	0
<b>Total</b>	<b>145</b>	<b>3,055</b>	<b>3,200</b>	<b>171</b>	<b>715</b>	<b>2,875</b>	<b>3,761</b>

a. Includes data for AGL Sales (Queensland Electricity)

b. Includes data for EnergyAustralia Yallourn.

c. Was previously COZero.

d. Includes data for Sun Retail.

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## HARDSHIP PROGRAM PARTICIPATION BY SMALL RESIDENTIAL CUSTOMERS

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Clause 8.5.3 of the Electricity Code requires that retailers provide information on the level of hardship program participation by small residential customers for the previous quarter. A hardship program allows for a customer with payment difficulties to be removed from a retailer's normal debt collection activity, and allows extended payment arrangements.

The number of customers participating in a hardship program provides an indication of the level of energy affordability in the electricity market. This measure also reflects the effectiveness of retailers' programs to identify customers experiencing payment difficulties and retailers' general debt collection practices. In this case, "debt" is defined as the dollar amount which has been outstanding to the retailer for the sale or supply of electricity for a period of 90 days or more.

Retailers reported that a total of 14,438 residential customers were participating in a hardship program during the quarter. The average level of debt upon entry into a hardship program varied amongst retailers from \$160 to \$1,558 per customer. The average period of participation ranged from 39 to 364 days.

Retailers also reported a total of 5,842 residential customers exiting a hardship program during the quarter. This figure may include instances where the customer completed or exited the program and returned to the normal billing cycles, or where the customer has moved from the program for non-compliance, or where the customer is no longer a customer of that retailer.

This information is shown in Table 5.

There was a 41% increase in the number of Ergon Energy customers entering into a hardship program in the March Quarter 2015. Ergon indicated that this was as a result of the following reasons:

- Ergon has instigated a proactive process of contacting customers who are pending disconnection and who may be potential hardship customers. This has contributed to the increased number of customers entering the program.
- Ergon rolled out an internal Hardship Awareness Education Program in February 2015 to all front line staff to ensure customer hardship indicators were being identified. This awareness program resulted in higher number of referrals to the Hardship Team and ultimately contributed to an increased number of customers entering the program.
- Approximately 200 customers suffering financial difficulty from the impacts of Tropical Cyclone Marcia were provided access to the hardship program during the quarter.
- The effect of the higher fixed daily charge component in the retail tariff is impacting customers who cannot reduce their consumption any further to reduce their bills.



**Table 5 Hardship program uptake by small customers**

<i>Retail entity</i>	<i>Participating in a hardship program (#)</i>	<i>Denied access to a hardship program (#)</i>	<i>Exited a hardship program (#)</i>	<i>Average debt on entry to a retailer hardship program (\$)</i>	<i>Average length of time a customer remained in a hardship program (days)</i>
AGL Sales <sup>a</sup>	2,283	13	628	525	287
Click Energy	333	0	338	488	39
CS Energy	0	0	0	0	0
Diamond Energy	7	0	2	445	156
Dodo Power and Gas	167	0	27	1,558	155
EnergyAustralia <sup>b</sup>	1,373	0	5	548	192
Ergon Energy Queensland	5,087	0	2,975	365	154
ERM Power Retail	0	0	0	0	0
GoEnergy <sup>c</sup>	0	0	0	0	0
Lumo Energy	282	0	109	331	255
Momentum Energy	0	0	0	0	0
Origin Energy <sup>d</sup>	4,791	0	1,749	1,011	236
OzGen Retail	0	0	0	0	0
Powerdirect	78	0	6	845	245
Qenergy	32	0	0	1,088	364
Red Energy	0	0	0	0	0
Sanctuary Energy	2	0	3	160	90
Simply Energy	3	0	0	0	189
Stanwell	0	0	0	0	0
<b>Total</b>	<b>14,438</b>	<b>13</b>	<b>5,842</b>	<b>n/a</b>	<b>n/a</b>

a. Includes data for AGL Sales (Queensland Electricity)

b. Includes data for EnergyAustralia Yallourn.

c. Was previously COZero.

d. Includes data for Sun Retail.

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## CUSTOMER COMPLAINTS

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Clause 8.5.4 of the Electricity Code requires that all electricity retailers provide quarterly information on the number of complaints received from their small business and residential customers in respect of their actions or omissions as a retailer for the following categories:

- (a) total complaints
- (b) billing or account complaints
- (c) marketing complaints
- (d) other complaints.

Complaints are defined as a written or verbal expression of dissatisfaction about an action, or a failure to act, or in respect of a product or service offered or provided by an electricity entity.

This information is shown in Table 6.

Origin Energy (Origin) reported a significant increase in complaints in calendar year 2014 as a result of a change in its internal policy in November 2013 to capture more information from customers to improve its customer service.

In the March quarter 2015, however, Origin's reported residential complaints stabilised relative to the December quarter 2014 with all complaints categories registering declines except for the category of 'other' which saw an increase of 12.4%. Origin indicated that, on average, 65% of 'other' complaints are closed on the first call and require no further action and they escalate the remaining complaints and only close them when resolved.

Origin's reported business complaints increased by 49% in the March quarter 2015. Origin indicated that complaints in relation to high bills and related customer service issues typically peak in the third quarter of the year as a result of additional electricity demand in summer.

Origin noted that it is making enhancements to its sales and service operating model to allow its consultants to better identify and resolve the needs of their customers. The rollout of the new model has commenced, with training to be completed over the coming months. A keystone of this initiative is improving leadership through coaching and capability development of their consultants. Origin anticipates that this program will reduce the number of customer service complaints over time.

**Table 6 Complaints received from small customers**

<i>Retail entity</i>	<i>Billing/ account complaints</i>		<i>Marketing complaints</i>		<i>Other complaints</i>		<i>Total</i>	
	<i>Business customers</i>	<i>Residential customers</i>	<i>Business customers</i>	<i>Residential customers</i>	<i>Business customers</i>	<i>Residential customers</i>	<i>Business customers</i>	<i>Residential customers</i>
AGL Sales <sup>a</sup>	297	2,917	23	200	263	3,129	583	6,246
Click Energy	1	20	0	1	0	40	1	61
CS Energy	0	0	0	0	0	0	0	0
Diamond Energy	0	2	0	0	0	3	0	5
Dodo Power and Gas	0	65	0	1	0	19	0	85
EnergyAustralia <sup>b</sup>	72	582	2	33	25	342	99	957
Ergon Energy Queensland	67	408	0	5	28	416	95	829
ERM Power Retail	0	0	0	0	0	0	0	0
GoEnergy <sup>c</sup>	0	0	0	0	0	0	0	0
Lumo Energy	0	202	0	20	3	202	3	424
Momentum Energy	0	0	0	0	0	0	0	0
Origin Energy <sup>d</sup>	627	12,413	50	1,004	762	11,358	1,439	24,775
OzGen Retail	0	0	0	0	0	0	0	0
Powerdirect	248	387	1	3	204	301	453	691
Qenergy	8	4	0	0	0	0	8	4
Red Energy	0	0	0	0	0	0	0	0
Sanctuary Energy	0	0	0	0	0	47	0	47
Simply Energy	0	5	0	0	0	1	0	6
Stanwell	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,320</b>	<b>17,005</b>	<b>76</b>	<b>1,267</b>	<b>1,285</b>	<b>15,858</b>	<b>2,681</b>	<b>34,130</b>

a. Includes data for AGL Sales (Queensland Electricity)

b. Includes data for EnergyAustralia Yallourn.

c. Was previously COZero.

d. Includes data for Sun Retail.