

9 December 2011
Our ref: C/11/35617

Mr Iain Graham
CEO
Red Energy
2 William St
East Richmond 3121

Dear Mr Graham

PERFORMANCE INDICATORS FOR CUSTOMER SERVICE

During preparation of the 2010-11 Energy Retailers Comparative Performance Report – Customer Service, the Essential Services Commission (the Commission) was concerned by Red Energy's performance for the following indicators.

- Electricity disconnections increased to 1.22 disconnections per 100 customers, up from 1.01 in 2009-10 and above the state average of 0.77. Reconnections were also above average at 0.61 per 100 customers. Disconnections and reconnections of customers on a concession card were also above average. Similar results were reported for gas disconnections and reconnections.
- Direct debit defaults for electricity customers increased in 2010-11 to 0.62 per cent of monthly transactions. This is above the state average of 0.33. Gas results were similar with 0.54 per cent, above the state average of 0.27.
- While the Commission does not set a standard for customer service indicators, we are concerned that the number of calls answered within 30 seconds declined to 42 per cent from 67 per cent, well below the state average of 59 per cent. Of calls forwarded to an operator, 13 per cent were abandoned; the state average was 8 per cent. Wait times also increased from 56 seconds in 2009-10 to 137 seconds in 2010-11. The state average was 101 seconds.
- Electricity complaints increased by 84 per cent in 2010-11, with the majority of these in the Billing category.

We seek your explanation for the following.

1. Disconnections and reconnections for electricity and gas have increased, and disconnections and reconnections of concession card holders are above average.
2. Direct debit defaults have increased
3. Call centre performance has decreased
4. Complaints have increased overall.

Further, we seek your assurance that Red Energy has been or will be addressing these issues. Red Energy should provide written details of any corrective actions completed or planned to address these matters. We recognise that some of this information is related to the current audit process and this should be taken into account when responding to these indicator issues. Please provide this information by Friday 27 January 2012.

The Commission will monitor retailer's performance against these indicators while the Commission retains responsibility for retail energy matters and will consider further action on specific retailers, if warranted, to ensure retailers are complying with their obligations.

This letter and your response will be published on our website along with the Energy Retailers Comparative Performance Report 2010-11.

Yours sincerely

A handwritten signature in black ink, consisting of several overlapping horizontal strokes followed by a curved line that loops back to the right.

Dr Ron Ben-David