

Ms Kerri Heron
Essential Services Commission Victoria
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

Dear Kerri

REVIEW OF ENERGY RETAIL PERFORMANCE INDICATORS SIMPLY ENERGY RESPONSE – JANUARY 2013

Simply Energy appreciates the opportunity to respond to the ESCV's *REVIEW OF ENERGY RETAIL PERFORMANCE INDICATORS, DECEMBER 2012*. Simply Energy welcomes the Commission seeking to align their performance indicators to those under the National Energy Customer Framework (NECF) Rules.

Simply Energy generally supports what the ESC has proposed but has the following specific comments:

- Preference for full adoption of the NECF key performance Indicators;
- July to December 2012 reporting period; and
- New templates from the ESCV

We have also provided comment against specific KPI's in the attached template.

Preference for full adoption of the NECF key performance Indicators

Simply Energy would like to see full alignment with the NECF key performance indicator requirements. South Australia will be applying the NECF performance indicators from 1 February 2013. An expansion of requirements to Victoria is easier to implement and less prone to error than having to devise further separate reporting requirements and their reporting periods.

However, in the event that the ESCV determine that they wish to pursue the proposed changes to their key performance indicators, we would like to note that there are various differences to the performance indicators under the NECF Rules that require careful consideration. Attached is a table drawn from the Commission's consultation paper with an additional column representing Simply Energy's response.

If the expectation is that these performance indicators are to be operational from 1 July 2013 and Victoria goes to NECF under law by 1 January 2014 as previously stated by the State, it would be more efficient and cost effective for Simply Energy to report against the AER KPI's than implement changes for the six month period (1 July-31 December 2013).

July to December 2012 reporting period

In terms of using information from the July to December 2012 period, post the implementation of all outcomes of this review, using a new set of key performance indicators would not be appropriate for effective performance measurement.

We believe the Commission should still accept and allow submissions of the July-December 2012 reporting period using the current templates and KPI definitions. From a regulatory perspective, this would be a reasonable approach given the information streams, data sets and reporting are primarily geared around those KPI requirements and those current templates.

Simply Energy cannot apply any new templates from March 2013 retrospectively and specifically to any data within the July-December 2012 reporting period. What concerns Simply Energy more is that if the Commission does this, the information for the July-December 2012 period as advised was still derived using the current definitions and templates and simply cannot be reversed for any new templates. A lack of data would prevent us from applying data retrospectively.

New ESCV templates to be introduced

Any implementation of new templates will require significant engineering of our own information systems in order to collect the correct data. From a commercial position Simply Energy will make the required changes when these new templates and requirements are finalised.

In order to appropriately implement variations or new performance indicators, Simply Energy need the opportunity to review and apply these indicators to our systems in order for us to confirm that we can effectively report our results in accordance with the requirements.

We propose the following agenda and solution:

- Data for the 2012-2013 financial year be treated as two separate 6 month periods using the 2 different sets of templates;
- Allowing submissions of the July-December 2012 reporting period using the current templates and KPI definitions;
- Simply Energy then applies the new templates to the January - June 2013 reporting period (not to the July-December 2012 period).

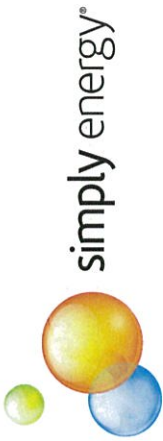
We look forward to working with the Commission on the above issues raised and if you have any questions raised please do not hesitate to contact Alan Love on (03) 8807 5113.

Yours sincerely

Dianne Shields
Senior Regulatory Manager

SCHEDULE 1

ESC Indicator	AER Reference	ESC Recommendation	Simply Energy Response
2 BACKGROUND INDICATORS (CUSTOMER NUMBERS) SECTION 2.4			
Retail Electricity Customers – Residential	S2.1.a.i S2.2.a.i	Align our indicator to the AER by separating into two indicators: 'Residential Electricity Customers on standard retail contracts' 'Residential Electricity Customers on market retail contracts'	Agree
Customers – Non-residential <40 MWh p.a.	S2.1.a.ii S2.2.a.ii	Align our indicator to the AER by separating into two indicators, while incorporating the new consumption threshold classification for business customers: 'Retail Electricity Small Market Offer Customers on standard retail contracts' (less than 40 MWh p.a.) 'Retail Electricity Small Market Offer Customers on market retail contracts' (less than 40 MWh p.a.)	Agree
Customers – Non-residential 40-160MWh p.a.	S2.1.a.ii S2.2.a.ii-iii	Align our indicator to the AER by separating into two indicators, while incorporating the new consumption threshold classification for business customers: 'Retail Electricity Small Market Offer Customers on standard retail contracts' (40-100 MWh p.a.) 'Retail Electricity Small Market Offer Customers on market retail contracts' (40-100 MWh p.a.)	Agree
Customers – non-residential 160-750 MWh p.a. Customers – non-residential > 750 MWh p.a.	S2.2.a.iii	Align our indicator to the AER, while also incorporating the changes to consumption threshold classifications for business customers, by merging into one indicator: 'Large Retail Electricity Customers' (more than 100MWh)	Agree

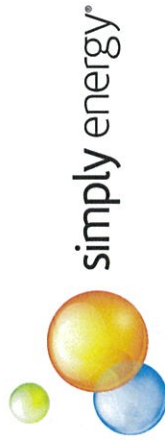


Retail Gas Customers – Residential	S2.1.b.i S2.2.b.i	Align our indicator to the AER by separating into two indicators. Also, provide a definition specific to gas: <i>‘Residential Gas Customers on standard retail contracts’</i> <i>‘Residential Gas Customers on market retail contracts’</i>	Agree
Retail Gas Customers – Business	2.1.b.ii 2.2.b.ii-iii	Align our indicator to the AER while incorporating the new consumption threshold classifications for business customers, by introducing a number of disaggregated indicators as follows: <i>‘Small Business Retail Gas Customers on standard retail contracts’</i> (<400 GJ p.a.) <i>‘Small Business Retail Gas Customers on market retail contracts’</i> (<400 GJ p.a.) <i>‘Retail Gas Small Market Offer Customers on standard retail contracts’</i> (consume between 400-1000 GJ p.a.) <i>‘Retail Gas Small Market Offer Customers on market retail contracts’</i> (consume between 400-1000 GJ p.a.) <i>‘Large Retail Gas Customers’</i> (> 1000 GJ p.a.)	Agree
3 AFFORDABILITY INDICATORS (BILLING, DISCONNECTIONS, RECONNECTIONS) SECTION 3.4 Estimated Accounts	-	New definition: <i>The number of estimated bills issued during the reporting period; for example, where a customer’s meter was not accessible on the day of a scheduled meter read. If a retailer has obtained explicit and informed consent from a customer to use estimated accounts, for example, for the purpose of monthly billing (bill-smoothing), these bills are not counted.</i> We also need to consider the role of the estimated accounts indicator given the roll-out of electricity smart meters in recent	Simply Energy’s understanding of this requirement is that Total Estimated Accounts – Estimated Accounts without EIC = Total Estimated Accounts with EIC Simply Energy agrees to provide the ESCV with this figure but we are very

		years. Retain the estimated accounts indicator, with the definition amended as proposed above, and monitor future data reported to ascertain whether this change has improved clarity for retailers. Undertake stakeholder consultation with regard to the indicator's application to smart meters.	unclear on the wording of the definition and what the main point of collecting this data is.
Refundable Advances	S3.28 S3.29	Align our definition to the AER, while improving clarity: 'Refundable advances – number' 'Refundable advances – amount'	Agree
Budget Instalment Plans	S3.13	Align our definition and terminology to the AER by changing the indicator to: ' Instalment Payment Plans '. (must involve 3 instalments is a new requirement)	Agree
Refundable Advances – number and amount	S3.28 S3.29	Align our definition to the AER, while improving clarity: 'Refundable advances – number' 'Refundable advances – amount'	Agree
Direct debit customers	-	Introduce the following definition and monitor the data reported going forward to ascertain whether this results in clear, consistent and meaningful data: <i>The number of customers with direct debit arrangements in place on the last day of each month within the reporting period. This includes Centrepay arrangements.</i> <i>Note: The number of direct debit transactions processed during the month is not to be reported under this indicator.</i>	Centrepay should not be included in this performance indicator. The AER are correct to separate Centrepay from direct debit payment methods. Centrepay is only a method of payment for those customers who are receiving an entitlement from Centrelink. Centrepay is not widely available to the general customer base and therefore cannot be considered a direct debit method in the same

<p>context as Visa, cheque or bank transfer.</p> <p>The question being asked is how many customers by choice use a direct debit facility to pay their bills on time. Centrepay is not such a facility.</p> <p>Customers using Centrepay are captured in the AER performance indicator 3.12 separately and should be adopted accordingly.</p>		<p>The ESCV's assumption that a default on such a plan is an indicator of financial stress is not correct. This consideration assumes that the bank is absolved from error, or that other human error including that from the customer has not occurred.</p> <p>Various reasons as to why such a plan can default and terminate includes but is not limited to the following:</p> <ul style="list-style-type: none"> • Human error; the bank, energy retailer, customer; • Personal preference from the customer; and • Debit card expiry dates affecting a transaction.
<p>Direct Debit Plan terminations</p>	<p>-</p>	<p>The termination of a direct debit payment arrangement is considered an unambiguous indication of financial stress. The fact that the retailer has cancelled the arrangement due to non-payment indicates that a serious situation has occurred.</p> <p>Change indicator to: 'Direct debit cancellations – as a result of defaults' defined as:</p> <p><i>The number of direct debit arrangements cancelled within the reporting period due to direct debit payments being rejected for processing by the customer's bank.</i></p>

			Simply Energy should not be held to account for the errors or actions of other institutions. Referring to our response to the above performance indicator 'Direct debit customers', the removal of any Centrepay references from this indicator is appropriate. Only a full removal of this indicator or an indicator that provides categories as to 'why' (reasons listed above) terminations occur is appropriate.
Disconnections	S3.24.a S3.24.b	Change our definition to align with the AER and improve clarity. <i>Note: Premises that are vacant at the time of disconnection should be excluded. Only completed disconnections should be recorded. That is, where a disconnection has been requested by a retailer but not completed within the reporting period, it should not be counted in the total for that period.</i>	Simply Energy agrees with the decision alignment to the NECF equivalent performance indicator. However the ESCV will need to determine or define as to what context 'vacant' means within the note opposite. For example does this performance indicator include occupant accounts?
Reconnection within 7 days	S3.25.a S3.25.b	Change our definition to align with the AER and improve clarity: '7 days including day of disconnection and weekends' 'If we amend our definition to align with the AER, any comparison with historical data will need to come with a warning of possible inaccuracies.'	Agree
Disconnections previously on a budget instalment plan	S3.24.e	Adopt new term 'instalment payment plan' in the title and clarify	Agree Simply Energy notes that it will need to be made clear that in all use of this data (such performance reporting) that



		<p>the definition, though not aligned with the AER:</p> <p><i>'Disconnections previously on an instalment payment plan' defined as:</i> <i>The number of residential customers disconnected for non-payment during the reporting period that were on an instalment payment plan in the previous 24 months.</i> <i>Note: If a customer is disconnected twice in the same reporting period, this is counted as two disconnections</i></p>	<p>comparison(s) cannot and should not be directly made.</p>
<p>Disconnections in the same name and address within past 24 months</p>	<p>S3.24.f</p>	<p>Simplify the title of our indicator to: <i>'Disconnection on more than one occasion'</i> and clarify our definition:</p> <p><i>'The number of residential customers disconnected for non-payment during the reporting period who have been disconnected at least once before in the previous 24 months.</i> <i>Note: If a customer is disconnected twice in the same reporting period, this is counted as two disconnections.'</i></p>	<p>Agree</p>
<p>Disconnections of Concession Cardholders</p>	<p>S3.24.d</p>	<p>Change our indicator to align with the AER: <i>'Disconnections of energy concession customers'</i></p>	<p>Agree</p>
<p>Reconnections previously on a budget instalment plan</p>	<p>S3.25.e</p>	<p>Adopt new term 'instalment payment plan' in the title and clarify our definition, though not aligned with the AER: <i>'Reconnections previously on an instalment payment plan'</i></p>	<p>Agree</p>
<p>Reconnections in the same name and address in the previous 24 months</p>	<p>-</p>	<p>Simplify our indicator to: <i>'Reconnections on more than one occasion'</i> and clarify our definition: <i>The number of residential customers reconnected during the reporting period within 7 days of being disconnected for non-payment, who had been disconnected on at least one other occasion.</i> <i>Note: If a customer is reconnected twice in the same reporting period, this is counted as two reconnections.</i></p>	<p>We do not agree that 'within 7 days' should remain within the ESCV indicator and needs to be aligned with the AER indicator. The ESCV performance indicator excludes reconnections for longer than 7 days. Such delays are often outside Simply Energy's control.</p> <p>Such reasons include:</p>

	<ul style="list-style-type: none"> • Friday and weekend time restrictions; • After hour costs more expensive; • Access to meter issues; • Dependent on proof of payment; and • The main switch is left on with no one at home). <p>The AER measurement can highlight to industry any areas of the reconnection process for industry to improve upon.</p>		<p>The benefits of adopting the AER performance indicator (S3.26) include and are not limited to:</p> <ul style="list-style-type: none"> • Allowing Simply Energy to align its disconnection to reconnection ratios (a <7 day > ledger); • Gives industry information on why and where delays may be occurring; • Provides greater efficiency of performance reporting by removing the stipulation for only those reconections 'within 7 days'.
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<p>Reconnections of Concession Cardholders</p>	<p>S3.25.d</p>	<p>Change our indicator to align with the AER: 'Reconnections of energy concession customers' <i>'The number of energy concession customers reconnected in the same name and at the same address during the reporting period within 7 days of being disconnected for nonpayment. Note: An energy concession customer is a residential customer that is recorded by the retailer as being entitled to receive an energy concession, where the concession is administered by the retailer.'</i></p>	<p>Simply Energy recommends the ESCV adopt the AER performance indicator S3.26 in full. Simply Energy agree subject to the removal of the 'within 7 day 'threshold, consistent with our response to the above indicator.</p>
<p>SECTION 4 FINANCIAL HARDSHIP PROGRAM INDICATORS 4.2</p>	<p><i>We request retailers to report data under a single 'Energy' customer category, while the AER requests separate data for electricity customers and gas customers. Presumably under the AER method of reporting 'hardship program' data, a customer who purchases both their electricity and gas supply from the same energy retailer would be counted twice (once in each energy category) yet they are likely to be just one person to that retailer's Hardship team. We will continue single category reporting.</i></p>	<p>The ESCV need to advise why it believes that reporting under a single 'energy' category is accurate and appropriate for the performance indicator. Simply Energy does not agree with this methodology because a gas only customer that is eligible for a hardship program would not be visible to the ESCV's statistics, making the data flawed in analysis. Continuing with single category reporting does not provide a true</p>	<p>The ESCV need to advise why it believes that reporting under a single 'energy' category is accurate and appropriate for the performance indicator. Simply Energy does not agree with this methodology because a gas only customer that is eligible for a hardship program would not be visible to the ESCV's statistics, making the data flawed in analysis. Continuing with single category reporting does not provide a true</p>

<p>reflection of the market and industry and how it can operate for a customer with both fuels.</p> <p>The ESCV's assumption that they are 'just one person to that retailer's Hardship team' is also not correct. A person can have both fuels under 2 different contracts.</p> <p>For the above reasons Simply Energy recommends adopting the AER methodology of reporting between electricity or gas.</p>			
<p>Simply Energy agrees with this definition however as with section 4.2 above we cannot accept a single 'energy' category as outlined above in our response.</p> <p>Agree</p> <p>Agree</p> <p>Agree</p>			
<p>4.4</p> <p>Hardship Program participants</p>	<p>S4.1</p> <p>We propose a minor change to the definition to provide guidance to retailers: <i>'The number of current participants in a retailer's hardship program as at the last day of each month within the reporting period, reported under a single 'Energy' category.</i> Note: <i>No. of participants reported in the previous month + new entrants into the program - total exits from the program = No. of participants reported as at the end of the current month'</i> Change our indicator to align with the AER: <i>'Hardship program participants receiving energy concessions'</i> Align our indicator with the AER: <i>'Customers denied access to a retailer's hardship program'</i> We propose to introduce the following indicator:</p>		
<p>Hardship program participants who are concession cardholders</p>	<p>S4.2</p>		
<p>Customers denied access to a retailer's hardship program during the period</p>	<p>S4.3</p>		
<p>NEW PROPOSED by ESC</p>	<p>-</p>		

New entrants into a retailer's hardship program		<p>'New entrants into a retailer's hardship program' defined as: The number of customers accepted into a retailer's hardship program during each month within the reporting period.</p> <p>Align our indicator with AER reporting requirements:</p> <p><i>'The average debt (amount outstanding for over ninety days) of those customers entering a retailer's hardship program during each month within the reporting period.'</i></p> <p>Introduce debt categories in line with AER reporting requirements as follows: <i>The number of customers entering a retailer's hardship program during each month within the reporting period with a debt that was:</i> (a) <i>Between \$0 and \$500</i> (b) <i>Over \$500 but less than \$1,500</i> (c) <i>Over \$1,500 but less than \$2,500</i> (d) <i>\$2,500 or more'</i></p>	Simply Energy does not see the benefit of monthly reporting of this data. In the event that Victoria goes to NECF on 1 January 2014 then the data is collected for 6 months only for the period of 1 July to 31 December 2013. We recommend that the AER performance indicator be adopted in full.
Average debt upon exit from a hardship program	-	We propose a material change to this indicator to align with AER reporting requirements:	Agree
Average length of participation for customers in a hardship program at the end of the period	-	'Average debt of hardship program customers' We propose to retain this indicator but simplify title to: 'Average length of participation for customers in a hardship program'	Agree
Participants exiting a hardship program by agreement with the retailer	S4.9.a	Amend definition to align with AER on all indicators relating to hardship program exit numbers. Also introduce the following indicator to align with AER reporting requirements:	Agree

			<i>'Hardship program exits due to switching, transferring or leaving the retailer'</i>	
Hardship program participants excluded for not complying with requirements	S4.9.b		Amend definition to align with AER for all indicators relating to hardship program exit numbers.	Agree
Disconnections of previous hardship program participants within 12 months	S4.10		Amend the title of our indicator and the definition, without changing the intent, to highlight its difference from the similar AER indicator.	Simply Energy agrees but can see no reason as to why the ESCV need to be different to the AER indicator. We recommend the ESCV adopt the AER performance indicator (S4.10) in full.
Reconnections of previous hardship program participants within 12 months	S4.11		Amend the title of our indicator and the definition, without changing the intent, to highlight its difference from the similar AER indicator.	Simply Energy agrees but can see no reason as to why the ESCV need to be different to the AER indicator. We recommend the ESCV adopt the AER performance indicator (S4.11) in full.
Energy field audits provided at no cost to customer	-		Simplify title of indicator only:	Agree
Energy field audits provided at partial cost to customer	-		<i>'Energy field Audits provided at no cost'</i> Simplify title of indicator only:	Agree
Average cost contributed by contributors where a partial contribution was required	-		<i>'Energy field Audits provided at partial cost'</i> Amend title of indicator only for clarification:	Agree
Appliances provided under a hardship program	S4.12		<i>'Average cost contributed to an energy field audit where a customer contribution was required'</i> Tighten the definition to exclude light globes as an 'appliance' to ensure consistent reporting by retailers and consider requesting	The ESCV need to explain exactly what this quantitative data is measuring and

		retailers to provide commentary alongside their data.	how reporting the information will be of benefit to customers and retailers. Simply Energy believes that AER performance indicators (4.12 and 4.13) are more relevant indicators to use. They ask which appliances are being sought by customers (qualitative). Such analysis can lead to further industry research and investigation to benefit customers as opposed to purely a number of appliances per retailer.
5 CALL CENTRE ENQUIRIES AND COMPLAINTS INDICATORS			
5.3			
Calls to an operator	S3.1	Align to AER definition with regard to the inclusion of both sales calls and abandoned calls to provide clarity to retailers around which calls to include in the data set.	Agree
Calls to an operator responded to within 30 seconds	S3.2	Align our definition with the AER, with the added reference to excluding all abandoned calls	Agree
Average waiting time	S3.3	Change our indicator as defined below to provide clarity: <i>The average time in seconds waited by callers before an operator answered their call;</i> <i>reported under a single 'energy' category and calculated as follows: total time waited by callers during the reporting period total number of calls to an operator during the reporting period</i> This indicator requires a retailer to report on the time waited by callers before a call is answered and so only answered calls are relevant. <i>This indicator should not include abandoned calls, nor include the</i>	Agree

	<p>average waiting time before a call is abandoned. Where an IVR system operates, it is not appropriate to regard the call as answered as soon as the IVR system accepts the call.</p> <p>Only calls from Victorian retail customers (residential and business) should be counted. Regulated entities with only large customers and no IVR telephone system in place are not obliged to report on this indicator.</p>		
<p>Abandoned calls</p>	<p>S3.4</p> <p>Change our indicator as defined below to provide clarity: <i>The total number of calls abandoned during each month within the reporting period while awaiting operator response after being forwarded to an operator, reported under a single 'energy' category. For retailers with an IVR telephone system, only those calls where the customer had already selected the operator option before abandoning the call are counted.</i></p> <p><i>Only calls from Victorian retail customers (residential and business) should be reported.</i></p> <p><i>Regulated entities with only large customers and no IVR telephone system in place are not obliged to report on this indicator.</i></p>	<p>Agree</p>	
<p>Complaints Indicators</p>	<p>Page 35-36</p> <p>We consider this further guidance provided by the AER clarifies the meaning of a complaint and will include it in our general definition of a complaint, with the addition of the following to enable retailers to accurately report complaint numbers:</p> <ul style="list-style-type: none"> • <i>More than one complaint can be made per customer/call.</i> • <i>For example, if a customer makes a billing complaint and then makes a marketing complaint during the same call then two complaints should be recorded.</i> • <i>Each individual customer contact that is a complaint should be recorded and categorised as a complaint, irrespective of</i> 	<p>Simply Energy is concerned that by counting the various issues a customer may have within one phone call that this will distort the amount of customers actually making a complaint. The first bullet point also contradicts the measurement required under bullet point 2, which requires one definitive figure per customer</p> <p>A customer typically calls with one root cause issue in mind. This is why we have the four categories of</p>	

	<p><i>the number of times the caller has made contact with a retailer on an issue.</i></p>	<p>complaints. It makes it easier to identify what a customer's root issue was when they complain (be it billing, transfer, marketing or other). To try and decipher if 2 or all 4 of those categories were applicable makes the performance indicator too subjective.</p> <p>Simply Energy cannot agree to the last paragraph requesting customers that are both on gas and electricity to call it an electricity complaint.</p> <p>Whilst it may seem easier to record, it is inaccurate as a measure because there would be a lopsided result pertaining to more electricity complaints being received than gas.</p> <p>That may not necessarily be the case and therefore potentially masking issue that may be prevalent for gas and dual fuel customers.</p> <p>Simply Energy recommends adopting the AER performance indicator (S3.5) in full.</p>
<p>Complaints – billing / credit</p>	<p>S3.5</p> <p>Change indicator to 'Complaints –billing' defined as:</p> <p><i>'The number of complaints received each month during the reporting period, reported separately for electricity and gas*, including (but not limited to) those regarding:</i></p> <ul style="list-style-type: none"> • <i>Prices</i> • <i>Overcharging</i> • <i>high bills</i> • <i>billing errors</i> • <i>payment terms and methods</i> • <i>failure to receive government rebates</i> • <i>debt recovery practices</i> • <i>imminent and actual disconnection.</i> <p><i>* If a customer has both electricity and gas accounts with a retailer and makes a single billing complaint of a general nature (for example, relating to the retailer's debt recovery practices), this should be counted as an electricity complaint.'</i></p>	<p>As above for 'Complaints – billing / credit'</p>
<p>Complaints – Marketing</p>	<p>S3.6</p>	<p>As above for 'Complaints – billing / credit'</p>
<p>Complaints – transfers</p>	<p>S3.7</p>	<p>As above for 'Complaints – billing / credit'</p>

Complaints – other	S3.8	As above for 'Complaints – billing / credit'	As above for 'Complaints – billing / credit' and adopt AER performance indicator (S3.8) in full.
6 WRONGFUL DISCONNECTION COMPLAINT INDICATORS			
6.4	-	<p>We propose to remove the wrongful disconnection complaint indicators from the performance monitoring framework to ease the regulatory burden on retailers of reporting WDP and associated complaints.</p> <p>Compliance reporting will continue to provide the necessary information to enable monitoring of wrongful disconnections.</p> <p>We will consult with EWOV regarding the possibility of including supplementary wrongful disconnection complaints data in their report to the Commission.</p>	Agree

