

28 February 2017

Review Secretariat
Department of Environment, Land, Water and Planning
PO Box 500
MELBOURNE VIC 8002

Via email: energymarket.review@delwp.vic.gov.au

Re: Review of Electricity and Gas Retail Markets in Victoria

To Whom It May Concern:

Australian Gas Networks Limited (AGN) is one of Australia's largest natural gas distribution companies. AGN owns approximately 23,000 kilometres of natural gas distribution networks and 1,100 kilometres of transmission pipelines, serving 1.25 million customers in Victoria, South Australia, Queensland, New South Wales and the Northern Territory.

AGN welcomes the opportunity to make a submission to the Department of Environment, Land, Water and Planning (the Department) regarding its Discussion Paper on the 'Review of Electricity and Gas Retail Markets in Victoria' (the Paper). We understand that the objective of the review is to:

"...examine the operation of the Victorian electricity and gas retail markets and provide options that would improve outcomes for consumers."¹

In particular, the scope of the review is focused on residential and small business customers in order to allow for greater customer protection to be applied to smaller customers. This is largely because larger customers are likely to be better placed to negotiate and manage their own supply needs.

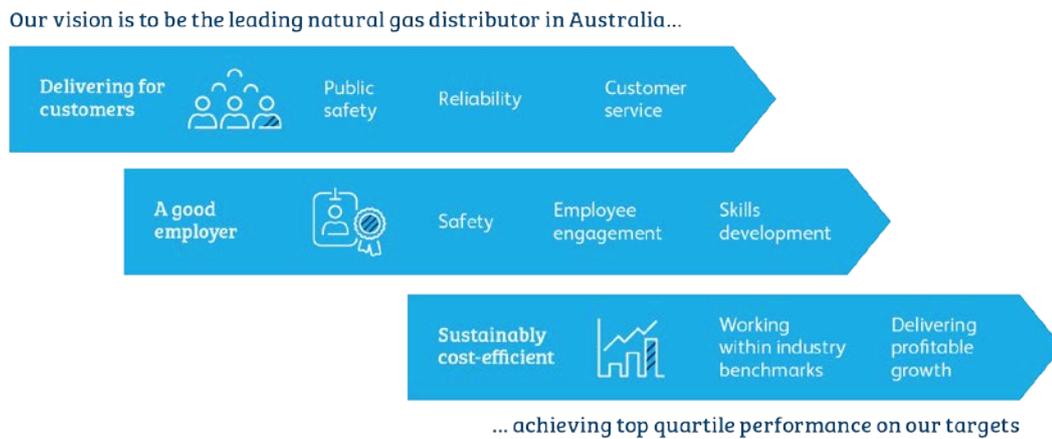
We understand that the Department is seeking feedback on the questions posed throughout the Paper in order to elicit evidence-based submissions from stakeholders to inform the review. The Department will use the feedback received in the development of its final report.

Consequently, our submission incorporates results relating to how we measure customer satisfaction and our internal processes to continuously improve the service levels we provide to our customers.

Customer service is a key part of our Vision and as such, is a key focus area for our business.

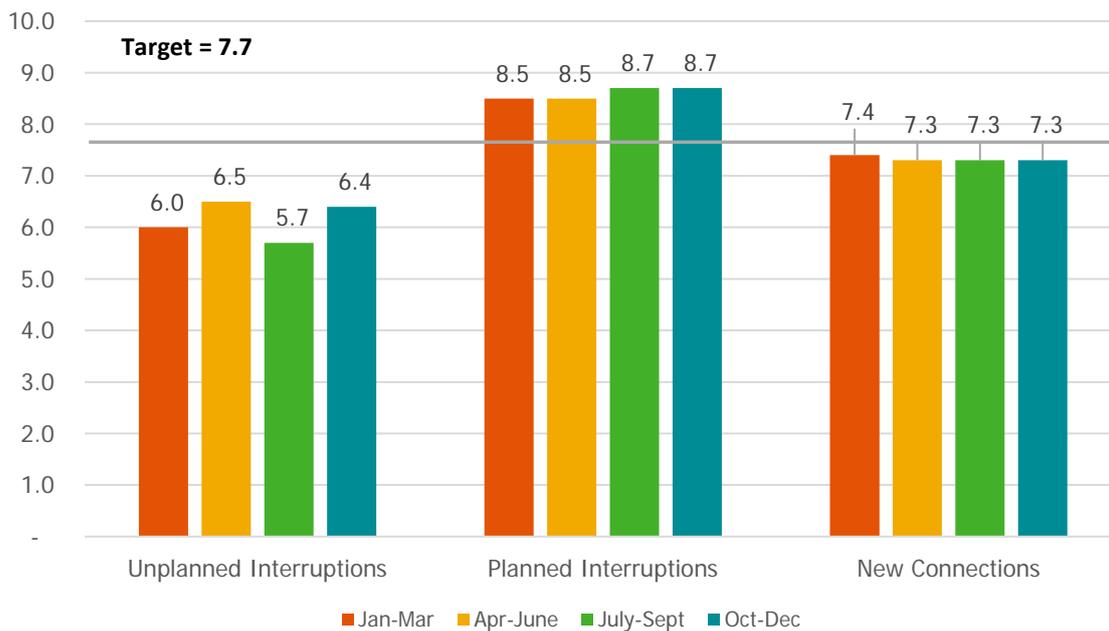
¹ Department of Environment, Land, Water and Planning, 'Terms of Reference', http://www.delwp.vic.gov.au/_data/assets/pdf_file/0004/363730/Review-of-electricity-and-gas-retail_R.pdf, page 1.

Figure 1: AGN's Vision



In 2016, we commenced measuring our customer service performance by conducting a monthly survey across our three key touch points with customers (i.e. new connections, planned interruptions and unplanned interruptions). The results of these surveys are provided in Figure 2.

Figure 2: 2016 Customer Satisfaction Survey Results



Additionally, in 2017, we have set a customer service target as a corporate Key Performance Indicator (KPI) in order to continue to drive improvements in customer service across the business.

As we have explained earlier, we operate across multiple jurisdictions in Australia, with operations in South Australia and Queensland where the National Energy Customer Framework (NECF) applies.

As a business focused on customer service, we consider that having NECF implemented in these states has assisted us in achieving customer service improvements in line with our Vision. We consider this is primarily because NECF establishes a direct relationship between ourselves and our customers which is important given the significant role we play in the gas supply chain.

Our key customer service-related corporate KPI relates to overall customer satisfaction with the service we provide. We measure our performance relating to this KPI by combining our average satisfaction score for planned and unplanned interruptions as well as new connections into an "overall customer satisfaction score".

Importantly, we note that our performance against this metric in January 2017 (the first month of our new corporate KPI reporting), shows that our customer satisfaction scores are relatively higher in South Australia and Queensland where we have a direct relationship with our customers.

Table 1: Customer Satisfaction Scores, January 2017

State	Customer Satisfaction Score
Victoria	7.1
Queensland	8.1
South Australia	7.8

We consider that our direct contact with customers in Queensland and South Australia allows us to more directly influence the level of customer service our customers receive in relation to their gas supply. We also consider that maintaining a high level of customer service is of critical importance to the domestic gas industry, given that gas is a fuel of choice for the majority of small customers.

We encourage the Department to consider this in their review and in particular, consider the potential benefits to customers of enabling a more direct relationship between gas distributors and their end customers.

Please contact either Ashley Muldrew (08 8418 1115) or myself (08 8418 1129) if you would like to discuss the matters raised in this submission further.

Yours sincerely,



Craig de Laine
General Manager – Strategy and Regulation