



GAS DISTRIBUTION SERVICE QUALITY
ANNUAL REPORT
JULY 2003 TO JUNE 2004

ALLGAS ENERGY PTY LTD

September 2004

For Media Inquiries, please contact ENERGEX Corporate Communication on (07) 3407 4420

Introduction

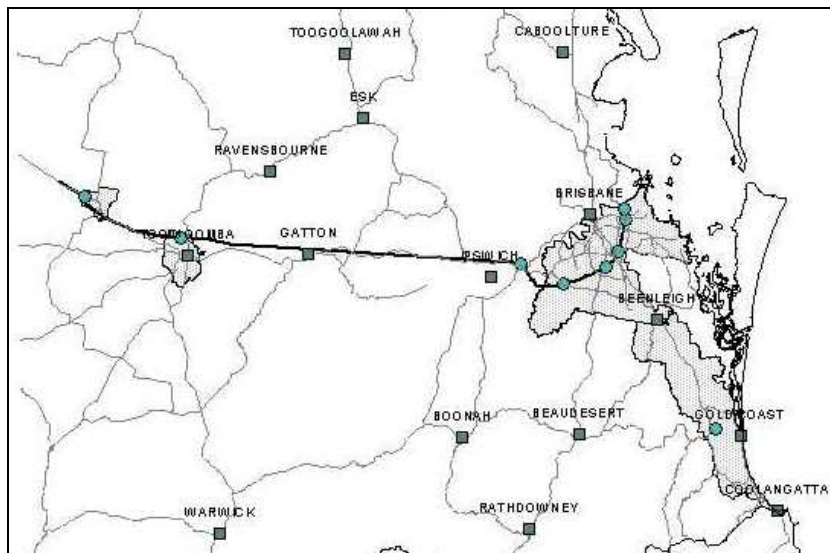
This is Allgas Energy Pty Ltd's inaugural Annual Report on gas distribution service quality to the Queensland Competition Authority (QCA) as required by Allgas Energy Pty Ltd's approved Access Arrangement, which applies until 30 June 2006.

About Allgas Energy Pty Ltd's gas distribution network

This report provides information on the quality of the performance of Allgas Energy Pty Ltd's natural gas distribution network during the period from July 2003 to June 2004.

Allgas Energy Pty Ltd supplies natural gas through a network of over 2,204 kilometres of distribution mains to around 60,000 residential, commercial, and industrial customers.

Map of Allgas Energy Pty Ltd's gas distribution network



Allgas' supply area is Brisbane (south of the Brisbane River), the Gold Coast (including small parts of New South Wales), Oakey, and Toowoomba.

Allgas is committed to the progressive upgrading of the older parts of the distribution network over the next 10 years through the network renewal program. Through this program, Allgas plans to renew over 400 kilometres of mains by 2012 including Toowoomba, Kangaroo Point, East Brisbane, Coorparoo, South Brisbane, Highgate Hill, Woolloongabba, Balmoral, Morningside, Camp Hill, Greenslopes, Mansfield, Mt Gravatt, Holland Park, Moorooka, Tarragindi, Yeronga, and Yeerongpilly.

In addition, Allgas is engaging in a major expansion of the network in the Gold Coast region to meet new demand.

Measuring Allgas Energy Pty Ltd's distribution network performance

This report focuses on the quality of Allgas Energy Pty Ltd's performance in two areas:

- *reliability of supply* (how often gas supply is interrupted, and for how long); and
- *customer service* (for example, response times to emergencies, number of complaints, and time taken to connect new customers or reconnect existing connections).

These measures are described more fully below. In addition, there are explanatory notes attached to the tables that describe some of the measures in more detail, and discuss how Allgas records and reports the measures.

Reliability of supply

A key measure of the quality of Allgas' performance is the reliability of its supply to customers.

This report provides statistics on planned and unplanned interruptions.

In general, it is quite rare for gas supply to be interrupted. This is because Allgas (like other gas networks) operates an underground gas distribution network. However, interruptions can occur, from causes such as: third parties accidentally digging into the underground network while excavating (known as third party dig-ins), water entering the network, low pressure associated with older networks, and failure of pipes and fittings.

Allgas is taking a range of measures to minimise these causes of interruptions. For example, a wide range of measures are being taken to reduce third party dig-ins:

- burying new pipes to specified minimum depths depending on pressure class, type of main or service and location;
- using colour-coded pipes;
- burying warning tape 300 to 400 mm above new pipes laid in trenches;
- placing above-ground markers over pipes;
- educating the community through dial-before-you-dig programs; and
- conducting regular patrols over high-pressure steel pipes to check if anyone is digging near them.

Allgas is also addressing the problem of water entering pipelines through the network renewal program described above. In addition, location and repair of material failure is facilitated by a rigorous network leakage survey program.

Customer service

Allgas takes good quality customer service very seriously.

This report provides information on actionable calls from customers, complaints, response times to emergencies, and the time taken for new connections and reconnections:

- *Actionable calls* reflect work orders raised by the asset manager arising from inputs into the Allgas Customer Information System (ACIS) by retailers, end users, and the asset manager relating to: supply investigations; new connections; customer enquiries; low pressure; removal of meters; change of meters; replacement of meters; removal of service; reconnection of service; and relocation of service;
- *Complaints* relate customer expressions of dissatisfaction regarding the operation of the distribution network categorised in four areas: metering; connections/disconnections; reliability; and 'other distribution';
- *Response times to emergencies* capture Allgas' response time from the time a possible emergency is reported until it is investigated and any immediate dangers are dealt with; and
- *On-time connections* reports the time taken to connect new customers, and reconnect customers with existing pipes following prior disconnection.

Summary of Allgas' Performance

Key performance elements identified in the report include:

- the 2 unplanned outages during 2003-04 affected 107 customers and lost 130 hours of supply;
- there were 22 complaints relating to customer service, which included 13 complaints categorised as a

connection/reconnection issue, and 8 defined as other distribution-related issue for the financial year; and

- average response times to all emergencies was 28 minutes, while the response time for the slowest 10% was 59 minutes and 45 minutes for the slowest 25% for the financial year.

As the first Annual Report on the Service Quality performance of the gas distribution network there is no history against which performance can be assessed. Accordingly, in this section Allgas has provided a higher level analysis of its service quality performance by:

- providing details on unplanned service interruptions which affected more than 5 customers; and
- comparing performance against other gas distribution businesses subject to regulation.

The comparison with other gas distributors is provided for illustrative purposes only and is designed to facilitate discussion and highlight Allgas' service quality performance.

Unplanned interruptions

Allgas experienced two (2) unplanned interruptions during the reporting period. The details of these incidents are:

- 2 October 2003 – result of mains damage at Forest Lake where 23 customers were affected for 2 hours; and
- 10 October 2003 – result of a district regulator failure at Coomera where 84 customers were affected for 1 hour.

Comparison of performance

In this report, Allgas' service quality performance is compared to the most recent (2003) reported service quality performance of the regulated Victorian gas distributors, which consist of: Multinet, TXU and Envestra. These gas distributors provide service quality

performance reports as part of their approved access arrangements with the Essential Services Commission (ESC).

It is important to note that the Victorian gas distributors' approach to reporting service quality measures differs from Allgas' approach of reporting to the QCA. In our illustrative comparison presented in table 1, Allgas' performance for 'unplanned interruptions' is compared against the Victorian gas distributors on the most recent reported performance using the System Average Interruption Duration Index (SAIDI) method for unplanned interruptions. Additionally, we have compared our performance on customer complaints per 1,000 customers.

Table 1 – Allgas 2003-04 compared to Victorian gas distributors 2003 Service Quality Performance

| Distributors | Allgas 2003-2004 | Victorian Gas Distributors for 2003 |
|------------------------------------------------------------------------------------------|------------------|-------------------------------------|
| Average minutes off supply per customer – unplanned interruptions affecting 5+ customers | 0.124 minutes | Average - 1.78 minutes |
| Number of complaints per 1,000 customers | 0.349 | Minimum c.0.405 Maximum c.1.270 |

Source: ESC (August 2004) "Gas Distribution Businesses Comparative Performance Report for the Calendar Year 2003".

As highlighted, Allgas' service quality performance compares favourably to the Victorian distributors against the constructed indicators. Allgas expects that this type of comparison along with the creation of a time-series of our performance will demonstrate Allgas' ongoing commitment to delivering high quality services to its customers.

Background Data

| Measure | Descriptor | Value |
|---------------------------------------------------------------------------------------|-------------------------|-----------------------|
| Distribution Network Service Provider | name | Allgas Energy Pty Ltd |
| First day of reporting period | date | 01-7-2003 |
| Last day of reporting period | date | 30-06-2004 |
| Supply area ^a | square kilometres | 2,030 |
| Distribution customers – total ^b | number | 63,031 |
| Distribution customers – small (using less than 10 terajoules per annum) ^c | number | 62,917 |
| Distribution customers – large (using 10 or more terajoules per annum) | number | 114 |
| Gas Consumption – customers using less than 10 terajoules per annum | terajoules ^c | 2,578 |
| Gas Consumption – customers using 10 or more terajoules per annum | terajoules ^c | 7,183 |
| Unaccounted for gas ^d | terajoules ^c | 383 |
| Length of distribution mains | kilometres | 2,204 |

- ^a Reports the overall area within which pipelines are laid. Includes the small part of the distribution network located in NSW (approximately 10 square kilometres).
- ^b A distribution customer is defined as a point at which gas is supplied from the distribution network and which is identified as a separate account for billing purposes.
- ^c A terajoule is a standard measure of the heating capacity of gas equivalent to $1 * 10^{12}$ joules.
- ^d Unaccounted for gas represents the difference between the gas injected into the network and the gas withdrawn from the network, adjusting for any changes in the gas stored in the network over the measurement period. This figure is reported on the moving average of the previous 12 months.

Reliability of supply

| Measure | Descriptor | Value |
|---------------------------------------------------------------------------------|---------------|-------|
| Planned customer interruptions ^e | hours | 0 |
| Planned mains and renewal interruptions ^f | hours | 5,096 |
| Meter exchanges ^g | number | 2,129 |
| Number of unplanned outages ^h | number | 2 |
| Number of customers affected by unplanned outages ⁱ | number | 107 |
| Total number of hours of gas supply lost through unplanned outages ^j | hours | 130 |
| Duration of unplanned outages | | |
| Worst 10 per cent | hours:minutes | 2:00 |
| Worst 25 per cent | hours:minutes | 2:00 |
| Average | hours:minutes | 1:21 |

^e Total number of hours of interruption to supply due to planned outages. Excludes any interruptions due to mains and renewal and exchange or replacement of meters.

^f The total hours of mains and renewal interruptions is based on the number of customers affected by the interruption multiplied by the duration of the interruption as measured in hours. The duration of the mains and renewal interruption was estimated to be 8 hours.

^g Meter exchanges typically take around 10 minutes.

^h Number of unplanned outages affecting 5+ customers. The causes of the unplanned outages are as follows:

2 October 2003: Damage to mains affected 23 customers in Forest Lake for 2 hours.

10 October 2003: Equipment failure affected 84 customers in Coomera for 1 hour.

ⁱ Based on estimate of customers affected by unplanned outages (affecting 5+ customers).

^j Based on time from time of report of outage to restoration of supply for unplanned outages affecting 5+ customers.

Customer service

| Measure | Descriptor | Value |
|--------------------------------------------------------------------|------------|--------|
| Actionable calls ^k | number | 22,253 |
| Percentage of actionable calls – internally generated ^l | percentage | 12 |
| Complaints – total ^m | number | 22 |
| Metering | number | 1 |
| Connections/Disconnections | number | 13 |
| Reliability | number | 0 |
| Other distribution-related | number | 8 |
| Compliments ⁿ | | 8 |
| Response times to emergencies ^o | | |
| Average of all response times | minutes | 28 |
| Response time for slowest 10 per cent | minutes | 59 |
| Response time for slowest 25 per cent | minutes | 45 |

^k Actionable calls estimated based on the work orders raised by the asset manager arising from inputs into ACIS by retailers, end users, and the asset manager relating to: supply investigations; new connections; customer enquiries; low pressure; removal of meters; change of meters; replacement of meters; removal of service; reconnection of service; and relocation of service. ACIS does not have the capability to determine whether the work orders were generated from an internal order or from an external customer request.

^l The percentage of actionable calls generated internally is based on an estimate. The estimate was prepared by the Asset Manager by reviewing a reasonable sized sample of total actionable calls to identify those actionable calls which were internally generated.

^m Complaint is defined as a communication from an external customer indicating that requirements or expectations have not been met. Complaints do not include reports of system failures.

ⁿ Compliment is defined as a communication from an external customer indicating that expectations of service quality have been exceeded.

| Measure | Descriptor | Value |
|-------------------------------------------------|------------|-------|
| On-time connections | | |
| Total number of new connections ^p | number | 2,258 |
| New connections on-time ^q | percentage | 79 |
| Total number of reconnections | number | 4,277 |
| Reconnections on-time ^r | percentage | 96 |
| Connection times – new connections ^s | | |
| Slowest 10 per cent | days | 95 |
| Slowest 25 per cent | days | 62 |
| Average | days | 23 |
| Connection times – reconnections ^t | | |
| Slowest 10 per cent | days | 2.04 |
| Slowest 25 per cent | days | 1.25 |
| Average | days | 0.31 |

- ^o Emergencies cover all reports of possible gas leaks. Response time is measured from a time of recording of a report of a possible emergency until emergency site is made safe. 'Made safe' means that any immediate hazard has been eliminated (including staff arrival, danger assessment, and (as necessary) action to cordon off dangerous areas, erect warning signs, and remove ignition sources).
- ^p New connections cover situations where a new pipeline connection is laid to a customer's supply point following a request lodged by the customer and where suitable existing gas mains run down the customer's street. The time starts counting from when the customer lodges all necessary paperwork and pays any relevant customer contribution fee.
- ^q Reported by contractor based on number of jobs completed by target date. The percentage reported is against Allgas' internal target for on-time connection of new customers of 10 days after excluding delays such as customer-related delays or delays in receipt of dial before you dig information.
- ^r Reconnections cover situations where an existing gas connection to a supply point is restored, eg following a period of vacancy. Reported against Allgas' internal target for on-time reconnection of existing customers of 1 day.

- ^s Reported as the average for new connections, including delays such as customer-related delays or delays in receipt of dial before you dig information. Customer-related delays can be significant, and typically arise where a site is not ready for connection on the target date initially set. Ellipse reports currently have insufficient data to determine and remove customer-related delays.
- ^t A result under 1 for a particular job represents same-day service, while a result of 1 means next business day service.