ELECTRICITY DISTRIBUTION – SERVICE QUALITY PERFORMANCE FOR THE DECEMBER QUARTER 2007

Introduction

The Authority's *Electricity Distribution: Service Quality Reporting Guidelines* require Distribution Network Service Providers (DNSPs) to provide data on service quality measures quarterly and annually. The Guidelines can be obtained from the Authority's website at www.qca.org.au.

The Authority commenced publishing the DNSPs' reports on its website with the September quarter 2002 reports. In August 2005, the Authority revised its Guidelines to strengthen the reporting and to facilitate nationally consistent reporting. The DNSPs commenced reporting against the revised Guidelines with the September quarter 2005 reports.

For the quarterly reports, the Authority provides a brief overview of the measures reported by the DNSPs. For the annual reports, the Authority provides a more detailed review of the DNSPs' performance. Reports of the distributors' annual financial and service quality performance are available on the Authority's website.

The Nature of the Data

The service quality measures that the DNSPs are required to report against, fall into three groups.

Reliability measures provide information about interruptions to electricity supply. Interruptions can occur because of problems with generation, transmission or distribution. Distribution interruptions may be planned or unplanned, and unplanned interruptions will at times be due to events that are beyond the control of the DNSPs, such as severe storms.

Quality of supply measures are intended to indicate problems with the nature of electricity supply, such as low or high voltage levels, based on customers reporting symptoms that are typically associated with such problems.

Customer service measures provide information about how customers' problems, enquiries and requests for services are handled by the DNSPs.

A Cautionary Note

The service quality measures collected by the Authority are not intended to allow comparison of the DNSPs with each other. This is because Energex and Ergon Energy operate in very different environments. Energex operates a distribution network that is located in the urban area of South East Queensland whereas Ergon Energy operates a distribution network spread across the remainder of the state. As a result, it is to be expected that the distributors' performance will vary significantly on a number of service quality measures.

In addition, a number of measures reported by the distributors are subject to detailed qualifications. In some cases, this relates to the consistency of measures over time. Readers should consult the distributors' reports to ensure correct interpretation of the data.

ENERGEX

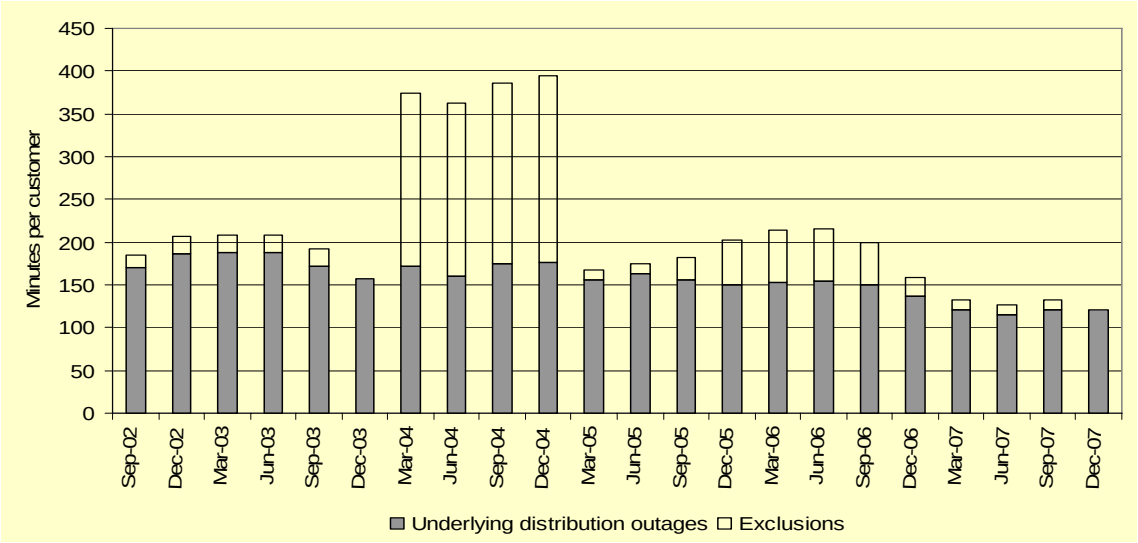
1. Reliability Measures

- ***Underlying reliability remained constant.***

The average duration of distribution related outages increased from around 28.8 minutes in the September quarter 2007 to around 39.2 minutes in the December quarter 2007. The December quarter traditionally marks the beginning "storm season". However, Energex reported no unusual events during this quarter. The December quarter 2007 result was only marginally higher than that experienced during the December quarter 2006.

For the 12 months to end December 2007, Energex customers experienced on average 1.44 distribution related interruptions leaving them without power for a total of 121 minutes. As shown in Figure 1, underlying distribution related outages (shaded) for the December quarter 2007 was in line with that recorded for the 12 months to end September 2007.

Figure 1 Average duration of outages per customer for the 12 months to end of quarter



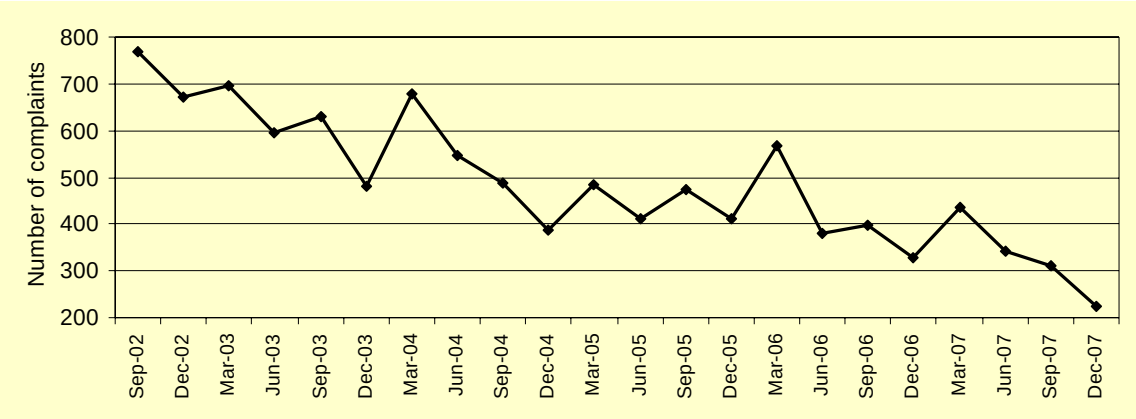
The total number of customer reliability complaints dropped significantly from 139 complaints in the September quarter 2007 to 58 complaints during the December quarter 2007. However, the average time taken to resolve reliability of supply complaints increased from 2.0 days in the previous quarter to 3.2 days in the December quarter 2007. Energex attributed the increase in the time taken to resolve complaints to the complexity of the individual complaints received during the quarter. For example, Energex reported a number of complaints that took more than 15 days to resolve due to their complexity.

Quality of Supply Measures

- ***Technical quality of supply complaints at record best.***

Total quality of supply complaints continued to improve from 310 complaints in the September quarter 2007 to 223 complaints during the December quarter 2007 (equating to 1.85 complaints for every 10,000 customers) as shown in Figure 2. This is the best result on record.

Figure 2 Total number of quality of supply complaints



The average time taken to fix technical supply faults during the December quarter 2007 was 23.8 days, which is the best result for this measure in the last three years.

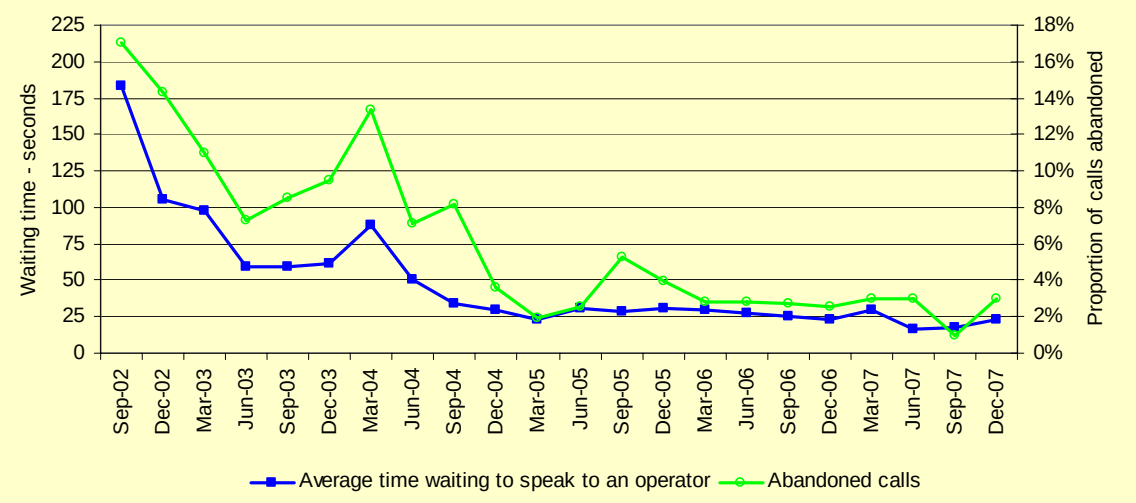
Customer Service Measures

- ***Call centre performance and the timeliness of connections deteriorated marginally, while customer service complaints decreased.***

On average, Energex customers had to wait 23 seconds to speak to an operator when calling the call centre during the December quarter 2007, which is longer than the 18 seconds recorded in the previous quarter. However, this result is still an improvement on preceding years as shown in Figure 3.

The percentage of calls abandoned increased from 1.0 per cent in the previous quarter to 3.0 per cent in the December quarter 2007. Energex advised that the result for the previous quarter was probably lower than normal due to the additional staff employed by Energex to deal with enquiries regarding the commencement of Full Retail Competition (FRC). A number of these staff have since been released as enquiries regarding FRC have reduced. The result is otherwise consistent with recent quarterly results for this measure.

Figure 3 Waiting time to speak to an operator and abandoned calls

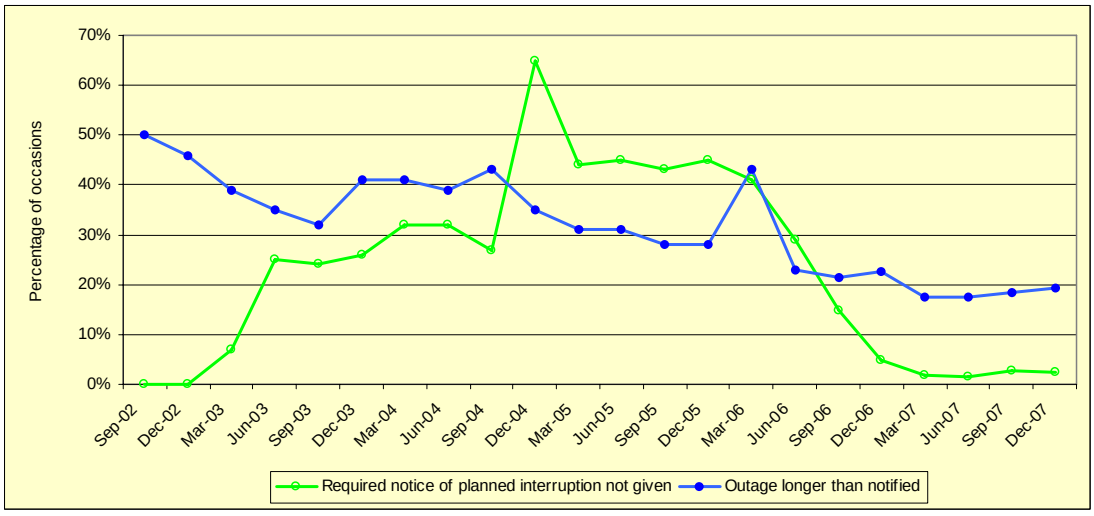


The percentage of new connections not made on the agreed date increased to 4.3 per cent in the December quarter 2007 from 3.3 per cent in the September quarter 2007. Energex attributed the increased delays to process issues related to the introduction of FRC (including computer system failures experienced by both Energex and its retailers) and the effect of increased new connections for the December quarter 2007, which were 11 per cent higher than in the previous quarter. The average time taken for new connections increased marginally from 4.1 hours during the previous quarter to 4.3 hours during the December quarter 2007.

The average time taken for re-connections remained close to the long term trend level of around 4 hours during the December quarter 2007.

As shown in Figure 4, occasions on which Energex did not provide the required notice of a planned interruption increased slightly from 2.8 per cent in the September quarter 2007 to 3.0 per cent during the December quarter 2007. The proportion of planned interruptions that exceeded the time specified in the notification also increased slightly from a record best of 18.5 per cent in the last quarter to 19.3 per cent for the December quarter 2007.

Figure 4 Insufficient notification of planned interruptions



Customer service complaints decreased from 3,662 complaints in the previous quarter to 3,153 complaints in the December quarter 2007. The improvement was mainly due to a lower number of complaints related to meter reading and timeliness of service delivery.

The average time taken to resolve customer service complaints increased marginally from a record low of 1.7 days during the previous quarter to 1.9 days in the December quarter 2007. Energex attributed this increase to delays in receiving responses from the third parties (for example, contractors) involved in the complaint.

ERGON ENERGY

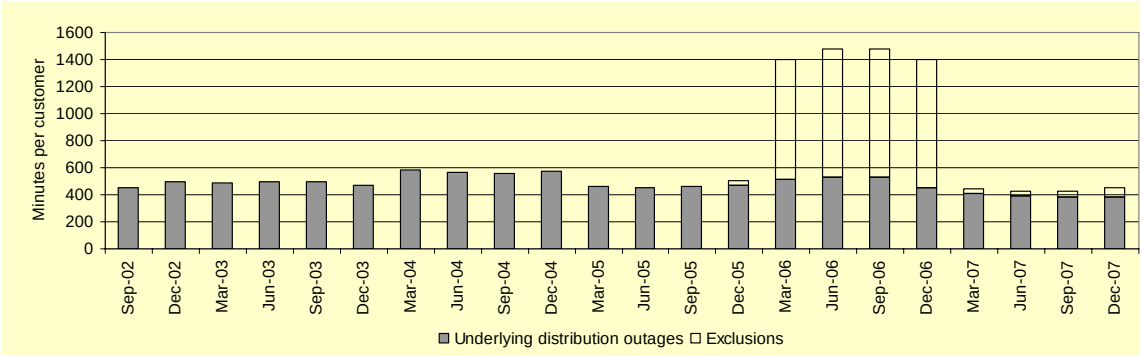
1. Reliability Measures

- ***Underlying reliability deteriorated marginally.***

The average duration of distribution related outages increased significantly to 170 minutes during the December quarter 2007, almost double the duration recorded for the previous quarter of 86 minutes. Ergon Energy advised that this result was in line with the normal trend experienced during the storm season (December and March quarters). Four major storms were experienced across the central and southern regions of Ergon Energy's network during this quarter, causing widespread damage and outages.

During the 12 months to end December 2007, Ergon Energy customers experienced, on average, 3.4 distribution-related interruptions leaving them without power for a total of 454 minutes, as shown in Figure 5. Removing the effect of exclusion events, the underlying duration of distribution related outages (shaded area in Figure 5) deteriorated, albeit marginally, from 383.7 minutes for the 12 months to the end September 2007 to 386.2 minutes for the 12 months to end December 2007. The high level of exclusions for 2006 was the result of Cyclone Larry in March 2006.

Figure 5 Average duration of outages per customer for the 12 months to end of quarter



The number of reliability complaints received from Ergon Energy customers increased from 258 complaints in the September quarter 2007 to 430 complaints in the December quarter 2007. Reliability complaints typically follow a seasonal pattern with a peak in complaints commonly observed during the December and March quarters ("the storm season").

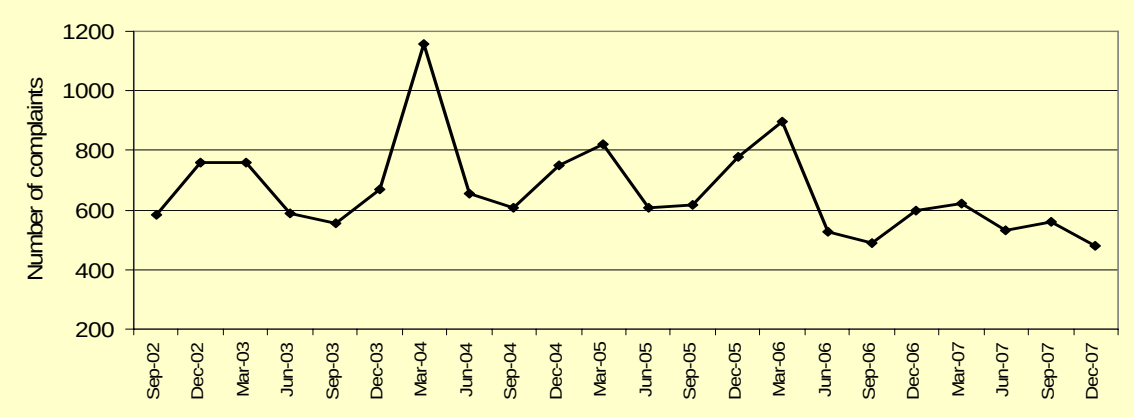
Despite the increased number of complaints, the average time taken to resolve a reliability complaint was 1.7 days during the December quarter 2007, down from 1.9 days recorded for the previous quarter.

2. Quality of Supply Measures

Technical quality of supply complaints at record best, although the time taken to fix faults increased.

The total number of technical quality of supply complaints dropped by 17.1 per cent from 562 complaints in the previous quarter to 480 complaints during the December quarter 2007, as shown in Figure 6. This result is the best on record.

Figure 6 Total number of quality of supply complaints



The average time taken to fix technical supply faults deteriorated from 54 days in the September quarter 2007 to 66 days during the December quarter 2007. However, this result is still better than the 74 days recorded for the December quarter 2006.

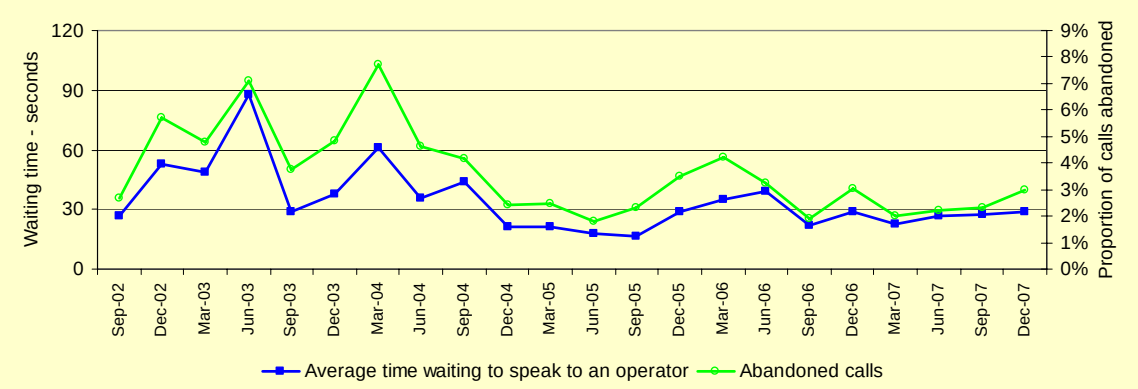
3. Customer Service Measures

Call centre performance deteriorated and time taken to resolve customer service complaints increased significantly.

The average length of time customers had to wait to speak to an operator increased marginally from 27 seconds in the September quarter 2007 to 29 seconds during the December quarter 2007, as shown in Figure 7.

Similarly, the percentage of calls abandoned increased from 2.3 per cent during the previous quarter to 3.0 per cent during the December quarter 2007. Ergon Energy attributed this result to a substantial increase in the total number of calls to the call centre, particularly fault calls for loss of supply during the quarter. The result was in line with that for the December quarter 2006.

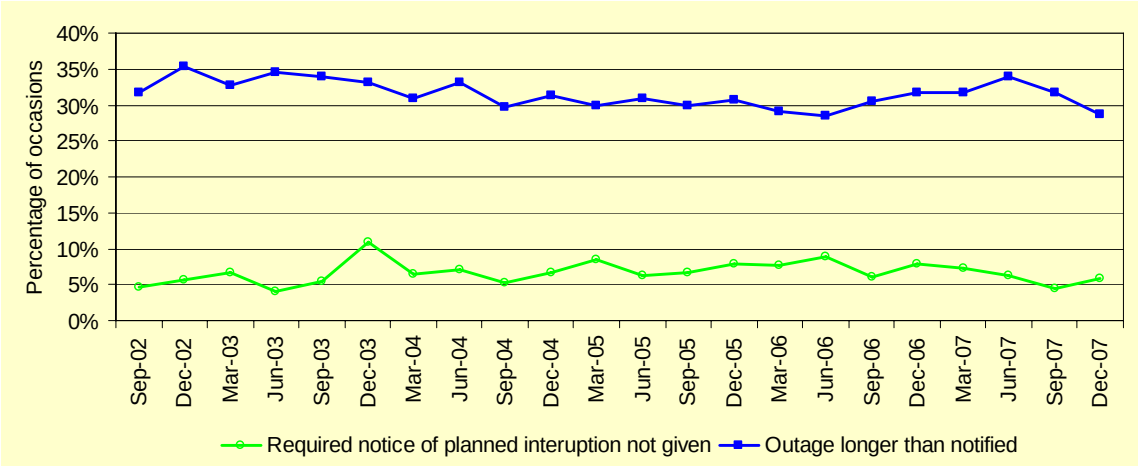
Figure 7 Waiting time to speak to an operator and abandoned calls



The average time taken for re-connections and new connections during the December quarter 2007 remained close to their long term trend levels of 1 day and 2 days respectively.

Occasions on which Ergon Energy did not provide the required notice of a planned interruption rose from 4.4 per cent in the previous quarter to 5.9 per cent in the December quarter 2007, as shown in Figure 8. The proportion of planned interruptions that exceeded the time specified in the notification decreased from 32.0 per cent during the previous quarter to 28.7 per cent in the December quarter 2007.

Figure 8 Insufficient notification of planned interruptions



The number of customer service complaints increased marginally from 948 complaints in the previous quarter to 951 complaints in the December quarter 2007. This result was driven by increased complaints related to meter reading, field activity and metering/technical issues during the December quarter 2007, more than offsetting falls in complaints relating to the national contact centre, vegetation management, streetlights, infrastructures, and other miscellaneous events. This result was the largest number of customer service complaints for a quarter since the March quarter 2006 when Cyclone Larry struck northern Queensland.

The average time taken to resolve these complaints increased significantly from 3.3 days in the previous quarter to 9.7 days during the December quarter 2007. This result reflected a broad range of complaints relating to line clearances, national contact centre, environmental issues, field activity and suspected compliance failures.