

11 September 2009

Mr EJ Hall
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001



Dear Mr Hall

Draft Decision - Proposed amendments to the Electricity Industry Code regarding customer claims for GSL payments

ENERGEX Limited (ENERGEX) welcomes the opportunity to respond to the Queensland Competition Authority's (Authority) Draft Decision in relation to the proposed amendments to the Electricity Industry Code regarding customer claims for Guaranteed Service Level (GSL) payments.

ENERGEX supports the importance of GSLs in driving a greater level of service to customers. ENERGEX is also supportive of the Authority's intention to conduct a cost benefit analysis on the impact of the proposed changes to the Electricity Industry Code before the Authority makes a Final Decision.

IT system upgrades required to support full automation of GSLs and provide an enhanced real time data capability will require significant resource allocation. ENERGEX has conducted an initial assessment of the expected IT system and resource impacts from the proposed amendments and would be pleased to work with the Authority on any cost benefit analysis.

A matter for consideration in the analysis is whether the most cost effective approach is through the full automation of GSL payments or rather improvements in educating customers about their GSL options through more frequent communication.

ENERGEX commented that only Western Australia and Australian Capital Territory currently apply an explicit GSL for planned interruptions with the onus being on the customer to claim the GSL rather than being an automatic GSL. It is not apparent that customers are concerned about the current planned interruption GSL claim process and it should be recognised that customers will continue to have the ability to initiate a GSL claim.

ENERGEX currently relies on network data management systems to identify customers affected by planned outages and to provide the required prior notifications. However, ENERGEX's system is dynamic, particularly in the current environment where the network configuration is changing regularly as a result of augmentation and maintenance on the distribution network. In processing an automated planned interruption GSL, ENERGEX would continue to be limited to the same dataset and limitations around recording of

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dynamic and short term changes as that which was used to generate the planned outage notification in the first instance. As such, it is difficult to see where customers would receive any additional benefits through automation of planned interruption GSLs.

The Authority has noted in the Draft Decision that ENERGEX was provided with significant funding prior to the commencement of full retail competition (FRC) for the purposes of updating and modernising IT systems.¹ However, the IT system changes that will be required to accommodate the proposed GSL changes are network outage systems and are not related to the customer transfer systems which were acquired for FRC.

ENERGEX did undergo limited GSL-related IT system changes prior to FRC that were based on the GSL regime at that time. At no time prior to or since FRC, has ENERGEX had the capacity to fund, design or build a fully automated GSL payment process. However, ENERGEX's current network outage systems are capable of adapting to the new requirements proposed, but it should be recognised that such changes will have cost, timing and resource implications.

The Draft Decision is silent on the implementation date of the proposed amendments. ENERGEX has estimated that to re-engineer the mechanism used to process GSLs will require approximately a 12 month timeframe. This is to enable full end-to-end management of GSLs in an automated fashion by implementing workflow, improved user interfaces, tracking and management reports.

Importantly, ENERGEX wishes for the Authority to note that any IT system changes affecting the network are restricted during or in the lead up to the summer storm season. As such, ENERGEX recommends that the implementation start date should allow ENERGEX adequate time to make the necessary IT changes as well as manage the upcoming storm seasons.

As a point to note, the comment is raised in the Draft decision that a GSL payment only arises when the distributor fails to meet minimum service standards.² However, it should be recognised that not all GSL payments are due to a distributor failing to meet minimum service standards, but rather a distributor is obligated to make a GSL payment even though a retail entity may have caused the event giving rise to the GSL payment.

Should the Authority have any questions regarding this response, please do not hesitate to contact either Rachel Leaver (07) 3405 2924 or myself.

Yours sincerely



Louise Dwyer
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