



Final Decision

Proposed amendments to the Electricity Industry Code regarding customer claims for Guaranteed Service Level (GSL) payments

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1. BACKGROUND

The Queensland Electricity Industry Code (the Code) sets Guaranteed Service Levels (GSL) that the electricity distributors, Energex and Ergon Energy, must meet in relation to the quality of service received by individual customers.

The GSL relate to various aspects of the services received by customers including the duration and frequency of outages, the timeliness of connections and reconnections, providing notices of planned outages, and whether appointments are attended on time.

If a distributor breaches a GSL, they are required to make a GSL payment to the affected customer. GSL payment amounts vary according to the type of service involved. There is also an annual cap on the amount (excluding payments for wrongful disconnections) that an individual customer may receive.

1.1 The Authority's recent review of MSS and GSL

The Authority recently reviewed the Minimum Service Standards (MSS) and GSL that will apply to the distributors from the beginning of the next regulatory period, which commences on 1 July 2010.

The Authority's Final Decision – *Review of Electricity Distribution Network Minimum Service Standards and Guaranteed Service Levels to apply in Queensland from 1 July 2010* – was released on 30 April 2009 and can be accessed from the Authority's website at www.qca.org.au.

In that Final Decision, the Authority decided to retain the current set of GSL arrangements, but to increase the level of GSL payment amounts in the Code by approximately 30% to maintain their real deterrent value by accounting for the effects of inflation over the relevant period. This current review was also foreshadowed in that Final Decision.

1.2 The current review

In the latter stages of the previous review, two proposals were made for changes to the GSL claim process which the Authority considered had merit. However, since the proposals were raised in the latter stages of the review, they had not been subject to the required level of consultation for a Code change to be implemented. Rather than delay the announcement of the MSS and GSL arrangements to apply from 1 July 2010, the Authority opted to process these two remaining matters separately in this current review.

On 22 May 2009, the Authority issued a Consultation Paper to assist interested parties in making submissions in relation to proposed changes to the process that applies when customers are eligible for GSL payments from distributors. The GSL claim process is contained in clauses 2.5.11 to 2.5.14 of the Code.

The Authority received four submissions in response to the Discussion Paper. These can be obtained from the Authority's website at www.qca.org.au.

On 21 August 2009, the Authority issued its Draft Decision proposing a standardised and simplified claim process to apply across all types of GSL. The Draft Decision also notified interested parties of the amendments to the Code that would be required to give effect to the Authority's proposed changes. Comments were sought from interested parties on the proposals contained in the Draft Decision, as well as the proposed amendments to the Code.

The Authority received five submissions in response to the Draft Decision. These can also be obtained from the Authority's website at www.qca.org.au.

1.3 Final Decision

This Final Decision confirms the Draft Decision to establish a new process governing customer claims for GSL payments from distributors under clauses 2.5.11 to 2.5.14 of the Code.

Chapter 3 of this Final Decision outlines the Authority's consideration of the submissions received in response to the Draft Decision.

Annexure 1 to this Final Decision contains the Code amendments that it is proposed will be made to give effect to this Final Decision. Prior to the Code amendments taking effect, the Authority is required under the *Electricity Act 1994* to seek Ministerial approval of the proposed Code amendments and, if granted, publish the amendments in the Queensland Government Gazette.

2. GSL CLAIM PROCESS

2.1 The current GSL arrangements

The existing GSL arrangements are contained in version 4 of the Code (version 5 of the Code, which increases the GSL payment amounts from 1 July 2010, is yet to be gazetted). The current version of the Code can be accessed from the Authority's website at www.qca.org.au.

There are currently eight GSL applying to distributors in Queensland. The existing GSL arrangements are outlined in Table 1.

Table 1 – GSL and GSL payment scheme

<i>Electricity Industry Code</i>	<i>GSL</i>	<i>GSL payment amount (until 30 June 2010)¹</i>	<i>GSL payment amount (from 1 July 2010)²</i>
Clause 2.5.3	Wrongful disconnection	\$100	\$130
Clause 2.5.4	Connection not provided by the agreed date	\$40 per day	\$52 per day
Clause 2.5.5	Reconnection not provided by the agreed date	\$40 per day	\$52 per day
Clause 2.5.6	Failure to attend to customer's premises within the time required concerning loss of hot water supply	\$40 per day	\$52 per day
Clause 2.5.7	Failure to attend appointments on time	\$40	\$52
Clause 2.5.8	Notice to planned interruption to supply not given	\$20 (small residential customers); and \$50 (small business customers)	\$26 (small residential customers); and \$65 (small business customers)
Clause 2.5.9	Interruption duration exceeding specified limits	\$80	\$104
Clause 2.5.9	Interruption frequency exceeding specified limits	\$80	\$104

¹ *GSL payments are payable subject to the terms and conditions contained in their respective clauses under the Code.*

² *The GSL payments to apply from 1 July 2010 do not become effective until they published in the Queensland Government Gazette.*

The GSL arrangements only apply to *small* customers, which are defined in section 300 of the Electricity Regulation 2006 as those consuming 100MWh or less of electricity annually.

2.2 The current GSL claim process

Clauses 2.5.11 to 2.5.14 of the Code prescribe the process that applies when a small customer makes a claim for a GSL payment from a distributor.

The process essentially divides the eight different GSL measures into three groups, and a slightly different process applies to each group.

Under clause 2.5.11(a), a distributor must use their "best endeavours" to automatically give a GSL payment to a customer who is eligible for it under clauses 2.5.3 to 2.5.6. This includes GSL payments for wrongful disconnections, late connections, late reconnections and failures to attend appointments relating to hot water supply on time. For these GSL, the customer also retains an express right to make a claim for a GSL payment from the distributor where one has not been paid. No time limit is specified for the making of such claims.

Clause 2.5.11(b) applies to GSL payments for failures to attend appointments (other than relating to hot water supply) on time and failures to provide proper notice of a planned supply

outage. There is no requirement for a distributor to use their best endeavours to automatically give these GSL payments. Rather, an affected customer must make a claim. A time limit applies – one month from the event giving rise to the claim – in which a claim must be lodged. A claim is not valid if it is made outside that timeframe.

Clause 2.5.11(c) applies to GSL payments relating to the reliability of supply. Reliability is measured in two ways: the number or frequency of outages and the duration of outages. The acceptable limits of reliability are specified in clause 2.5.9 of the Code.

Again, there is no requirement for a distributor to use their best endeavours to automatically make these GSL payments to customers. Rather, an affected customer must make a claim from the distributor. In the case of GSL payments for the duration of outages, the claim must be made within one month of the relevant interruption. In the case of GSL payments for the frequency of outages, as frequency is measured per year, the claim must be made within three months of the end of the relevant financial year. Any claim made outside of these timeframes will not be valid.

A slightly different process applies under clause 2.5.13 of the Code to customers with card operated meters. These are a minority of customers whose meters contain control equipment that switches on and off in accordance with the amount of credit stored in the meter. For these customers, a time limit of one month applies to making claims for all types of GSL payments. There is no requirement for a distributor to use their best endeavours to automatically give GSL payments to these customers. No change is proposed in relation to this clause.

Once a claim has been lodged by a customer, clause 2.5.14 of the Code requires that a distributor must process it “promptly”. No further guidance is provided in the Code as to what is likely to be considered “promptly” for these purposes.

2.3 The proposals for change

In the latter stages of the Authority’s review of the MSS and GSL arrangements to apply in Queensland from 1 July 2010, the Queensland Council of Social Service (QCOSS) suggested a number of changes to the MSS and GSL arrangements. The QCOSS submission, dated February 2009, is accessible from the Authority’s website at www.qca.org.au.

In its submission, QCOSS expressed concerns about two aspects of the current GSL claim process, namely:

- (a) that clause 2.5.14 of the Code does not specify a strict timeframe within which a distributor must assess a customer’s GSL claim; and
- (b) that the timeframes in clause 2.5.11 of the Code may unreasonably restrict a customer’s opportunity to lodge their own claim for a GSL payment.

In relation to the first issue, QCOSS recommended that a definitive timeframe should be introduced giving a distributor one month (or 20 business days) after receipt of a customer GSL claim in which to assess that claim.

On the second issue, QCOSS suggested that any time limits restricting the ability of customers to make GSL claims should be extended to three months or 60 business days (whichever is the longer). QCOSS stated that, while it supported the requirement for distributors to use their best endeavours to make GSL payments automatically, customers were not sufficiently aware of their rights to claim GSL payments in cases where a GSL payment has not been paid automatically.

QCOSS was concerned that, under the current arrangements, a significant proportion of customers would likely fail to make a claim altogether, or would only become aware of the need to make a claim well past the time limits that currently apply. The Queensland Consumers Association also endorsed this view. Both QCOSS and the Queensland Consumers Association stated that there was a lack of awareness among customers as to the existence of GSL payments or the criteria for eligibility to such payments.

In its Discussion Paper, the Authority noted its acceptance of the relevant points raised by QCOSS. The Authority agreed with QCOSS that it was reasonable to set a time limit within which distributors must process GSL lodged by customers. In the Authority's view, this would provide some certainty for customers regarding the process to be followed and require distributors to ensure that GSL claims are addressed in a timely fashion.

The Authority also noted the apparent inconsistency between the quarterly billing cycle followed by most retailers and the current limit of one month in which customers can lodge claims. While the Authority acknowledged that there is no necessary connection between bills received and the source of the GSL claims, it considered that customers may only be prompted to attend to their electricity-related matters when bills arrive every three months. In the Authority's view, this could lead to a situation where customers may (unsuccessfully) seek to lodge a GSL claim only after receiving their next quarterly bill for retail electricity services.

The Authority therefore proposed that:

- (a) a definitive timeframe of one month be introduced in which distributors must process GSL claims lodged by small customers;
- (b) the different processes that currently apply for claims for different GSL types be simplified and standardised, so that:
 - (i) for all types of GSL payments, a distributor must use its best endeavours to automatically give a GSL payment to an eligible small customer; and
 - (ii) for all types of GSL payments, a small customer has a time limit of three months within which to lodge a GSL claim.

The Authority was of the view that there should be administrative benefits from simplifying and standardising the claims process (currently three slightly different processes apply, depending on the GSL type). The Authority also considered that the requirement for all GSL payments to be made "automatically" should substantially resolve those concerns expressed regarding the level of consumer awareness of the existence of the GSL and their potential eligibility for GSL payments.

2.4 The Draft Decision

The Authority's Draft Decision essentially retained the proposals made in the Discussion Paper, but outlined two adjustments to those proposals.

First, the Draft Decision adopted a suggestion made by Energex to include a 'best endeavours' proviso on the requirement to process GSL claims within one month. Energex was particularly concerned that distributors are often reliant upon retailers for customer information before they can finalise their assessment of a customers' GSL claim. This meant that distributors sometimes may have to wait eight weeks or more to receive the necessary information from retailers. Inserting the phrase 'best endeavours' would save a distributor from contravening the Code in circumstances where they take longer than one month to process a claim due to their dependence on the actions of third parties.

Second, the Draft Decision adopted a suggestion made by Ergon Energy to make a minor amendment to the definition of the interruption frequency GSL in clause 2.5.9(a)(ii) of the Code. Under that clause, customers become eligible for a GSL if the number of interruptions that affect their premises crosses a certain threshold in any given financial year. Customers are entitled to receive only one GSL payment per financial year under this GSL. Ergon Energy suggested that it would reduce administrative costs for the distributors if the eligibility of customers could be assessed and paid within three months of the end of each financial year, rather than on an ongoing basis throughout the year, following the timing of individual events that trigger their eligibility.

Given that a customer cannot receive more than a single GSL payment under this clause in any financial year, the Authority adopted this suggestion in the interests of keeping administrative costs low. The Authority considered that the alternative would require the distributor to engage in ongoing assessments throughout the year, following every interruption that occurs, to determine whether each interruption caused any individual customer to cross the requisite threshold on that particular occasion. That alternative would entail a large degree of unnecessary duplication of effort.

The Authority's Draft Decision considered but rejected a number of other concerns. These included:

- (a) concerns raised by the distributors that the potential benefits of requiring them to make all types of GSL payments automatically to eligible customers could be outweighed by the associated costs;
- (b) a suggestion that the proposed, standardised process for GSL claims be applied to customers with card operated meters (under clause 2.5.13 of the Code);
- (c) concerns that consumers' awareness of the GSL claim process and their rights to make claims would continue to be low without further or other actions being taken; and
- (d) other suggestions for amendments to be made to the conditions for eligibility for various types of GSL payments, and the suggested abolishment of the annual cap on an individual customer's entitlements to GSL payments.

2.5 Submissions in response to the Draft Decision

Submissions were received from Energex, Ergon Energy, the Financial Counsellors' Association of Queensland (FCAQ), QCOSS and the Queensland Consumers Association in response to the Draft Decision.

Energex

Energex indicated that it supported the importance of GSL in driving a greater level of customer service. However, it reiterated its previous concerns about the cost and resource requirements of the proposed requirement for distributors to make all types of GSL payments automatically. Energex repeated its suggestion for a comprehensive cost-benefit analysis of the proposals to be undertaken. It further suggested that other options for educating consumers about the existence of the GSL scheme may prove more cost effective.

In relation to clause 2.5.8 of the Code, that requires customers to be given prior notice of planned interruptions, Energex noted that while its existing systems could accommodate the proposal to make this GSL automatic, data constraints would require it to retain its current process for identifying the customers likely to be affected by planned outages. As a result, there

may be no difference in the outcomes achieved in practice. Energex also suggested that there was little evidence to indicate that customers were at all concerned with the existing arrangements for this GSL.

Finally, Energex stated that the distributors would need sufficient lead time to implement the proposals. It estimated that it would require around 12 months to make the necessary changes to its IT systems. In explaining this delay, Energex noted that the distributors are somewhat restricted in making major changes to their network systems during the summer storm season.

Ergon Energy

Ergon Energy accepted the Authority's reasoning concerning the potential benefits of the proposed changes to the GSL claim process. Ergon Energy noted that neither of the distributors had provided the Authority with an estimate of the likely costs to be incurred in implementing the proposed changes. However, it reminded the Authority that the proposals were not costless.

Like Energex, Ergon Energy indicated its preference for sufficient lead time to be provided in which it could modify its IT systems and suggested a start date of 1 July 2010, which would mean the changes would take effect at the beginning of the next regulatory period. This would align with the start date of other changes the Authority is making to the Code following the previous review of the MSS and GSL arrangements to apply in the next regulatory period.

FCAQ

FCAQ supported the proposals for distributors to use their best endeavours to process GSL claims within one month and for all types of GSL payments to be made automatically.

FCAQ expressed some disappointment that the Authority had rejected options for improving consumer awareness of the GSL such as commercial advertising, education campaigns run by community agencies or placing new requirements on retailers to provide advice on their websites, in contracts and in customer bills. FCAQ expressed doubt that customers would receive GSL payments automatically and was of the view that other initiatives aimed at increasing consumer awareness would remain necessary. FCAQ suggested that, at the very least, more effort be made to ensure that the relevant community organisations had a better awareness of the GSL. FCAQ also suggested that a financial penalty be introduced for occasions when a distributor failed to make a GSL payment to an eligible customer.

Queensland Consumers Association

The Queensland Consumers Association supported the proposed requirement for distributors to use their best endeavours to process GSL claims within one month. It also supported the proposal for all types of GSL payments to be made automatically. However, it suggested that the Authority consider auditing distributors to ensure that they comply with the new GSL claim process.

The Queensland Consumers Association also supported the three month time limit on customers lodging a GSL claim, at least in circumstances where a shorter time limit currently applied. However, it opposed the three month time limit being applied to the types of GSL to which no time limit currently applied. The Association suggested that the introduction of these limits would increase the need for consumers to be sufficiently aware of their rights to claim GSL.

QCOSS

QCOSS reiterated its support of the proposal to extend the time limit for customers to lodge a GSL claim. However, like Queensland Consumers Association, QCOSS expressed concern that the current proposal would involve a time limit being imposed for claiming some types of GSL for which no time limit currently existed. QCOSS felt this would increase the importance of ensuring that customers were sufficient aware of the GSL.

QCOSS also expressed doubts that the requirement for automatic payment of all types of GSL would overcome a lack of awareness of the GSL amongst consumers. It stated that the GSL could only successfully influence the level of service provided by distributors if customers were able to individually hold distributors to account. QCOSS believed that the current level of consumer awareness was inadequate to achieve this result. QCOSS therefore supported suggestions by FCAQ and the Queensland Consumers Association that retailers be required to provide information about the GSL on their websites and in customers' bills. QCOSS also noted that the distributors' customer charters were an important source of information about the GSL. QCOSS suggested that the Authority should consider the circumstances under which consumers received customer charters.

QCOSS supported the proposed inclusion of a 'best endeavours' proviso on the requirement for distributors to process GSL claims within one month. However, it expressed concern at the claims by Energex that retailers sometimes took eight weeks or longer to provide necessary data to distributors. It suggested that the Authority consider introducing new reporting arrangements and penalty regimes to monitor and respond to any lengthy delays by retailers in providing data.

QCOSS also supported the proposal to require distributors to make all types of GSL payments automatically. However, it suggested that a specific timeframe be introduced to limit the time that a distributor can take to proactively identify eligible customers and make GSL payments. QCOSS was concerned that a lack of clarity around the timing of automatic payments could lead to confusion for consumers looking at lodging a claim and make it difficult for the Authority to monitor distributors' compliance.

QCOSS suggested that new reporting arrangements be introduced requiring distributors to indicate the time taken to identify eligible customers and make the GSL payments. QCOSS also suggested that the Authority consider auditing distributors to ensure that they comply with the new GSL claim process.

QCOSS supported the proposal to amend clause 2.5.9(a)(ii) of the Code to allow distributors to make interruption frequency GSL payments at the end of each financial year. However, it similarly expressed concern that, without a specific time limit for distributors to proactively make automatic GSL payments, there could be confusion for consumers looking at lodging their own claim.

Finally, QCOSS repeated its previous suggestion that a three month time limit for lodging GSL claims should be applied to customers with card operated meters.

3. FINAL DECISION

The issues raised in the submissions received in response to the Draft Decision and the Authority's Final Decision are discussed below.

3.1 Three month time limit for lodging claims

The submissions received in response to the Draft Decision raised no new issues regarding the proposal to allow small customers a time limit of three months in which to lodge GSL claims.

The only relevant comments were concerns expressed by the consumer organisations about introducing this time limit for the types of GSL where no time limit currently applies.

The Authority addressed these concerns in its Draft Decision. At that time, the Authority explained that the three month time limit was initially proposed on the basis that customers are likely to attend to their electricity-related matters when they receive their next (quarterly) retail electricity bill.

The Authority also notes that many of the key benefits of this review will stem from the standardisation and simplification of the GSL claim process across all types of GSL. Any proposal to have different times limits imposed on different types of GSL would not achieve this objective and would detract from these benefits.

The Authority remains of the view that a standard three month time limit for lodging claims remains appropriate.

The Authority has retained this proposal in the same form as was contained in the Draft Decision.

3.2 One month time limit for processing claims

None of the submissions received in response to the Draft Decision objected to the introduction of a time limit of one month in which distributors must process customer GSL claims, subject to the inclusion of a 'best endeavours' proviso on this requirement to save a distributor from contravening the Code in circumstances where they are dependent on the actions of retailers or other third parties.

The Authority has therefore retained this proposal in a similar form to that contained in the Draft Decision. However, some changes have been made to the proposed amendments to clause 2.5.14 of the Code to clarify the operation of time limits on processing claims.

3.3 All types of GSL payments to be made automatically

Submissions received in response to the Draft Decision did not oppose the proposal for all types of GSL payments to be made automatically.

Initially, both distributors had stated that they would be able to make the necessary modifications to their systems to support the proposed changes, but expressed concerns about the likely costs to be incurred in making these modifications. Both distributors had also suggested that the Authority conduct a more comprehensive cost-benefit analysis of the proposals.

In its Draft Decision, the Authority accepted that the proposed changes to the GSL claim process would involve some costs for distributors, particularly the requirement to extend

automatic payment to the remaining four types of GSL. The Authority invited the distributors to provide estimates of the costs likely to be incurred in making the necessary modifications to their systems.

The Authority also provided a more detailed explanation of the potential benefits it believed would flow from the proposed changes, including:

- (a) benefits from simplifying and standardising the process, including a reduction in the long term administrative costs of distributors in having to manage GSL claims. A single, standard process to govern all types of GSL (presently there are three different processes, with different time limits and conditions for eligibility, depending on the GSL type in question) should be simpler to administer;
- (b) benefits to consumers in terms of increasing the level of community awareness of the GSL scheme as payments are automated; and
- (c) benefits to consumers if the automated GSL requirement produced a stronger signal for distributors in terms of encouraging improved service quality compliance. The GSL are, after all, intended to encourage distributors to maintain a minimum and guaranteed level of service to individual customers rather than merely acting to provide compensation for poor service. This disincentive would be strengthened to the extent that the number of GSL payments might increase as a result of automating the payment process or as a result of increased consumer awareness of the GSL.

In response to the Draft Decision, neither distributor provided estimates of the costs likely to be incurred in making system modifications to support the proposed changes. The Authority has therefore been unable to conduct any deeper cost-benefit analysis. In any event, having regard to the majority of submissions received in response to the Draft Decision, the Authority's explanation of the benefits of the changes appears to have been substantively accepted by distributors.

Moreover, the Authority considered that the concerns expressed by distributors generally failed to recognise the potential relief offered by the best endeavours proviso already placed on this requirement.

As discussed below, the Authority has also accepted suggestions from the distributors regarding provision of some lead time for these changes to come into affect so that the distributors will have time to implement necessary changes. This provision also goes towards addressing the distributors remaining concerns discussed above.

Automatic GSL payments for a failure to give notice of planned interruptions

As noted previously, Energex raised some specific concerns in its submission regarding the automation of the GSL requiring prior notice of planned interruptions (clause 2.5.8 of the Code).

The Authority has discussed this issue further with Energex. The Authority is satisfied that, with minimal changes, Energex's existing processes for notifying customers of planned interruptions will enable it to comply with the requirement to use its best endeavours to automatically make GSL payments to customers who are not provided with adequate notice of a planned interruption. While there may be little practical difference as a result of the proposed changes to this GSL, this outcome is mostly due to the success of Energex's current systems in ensuring that customers receive proper notice of planned interruptions in the first place which should make it relatively easy for Energex to comply with this requirement. However, that is

not a reason to not make the proposed change to this GSL as this will ensure that compliance continues into the future.

Proposed time limit for distributors to automatically make GSL payments

In its submission, QCOSS suggested that a provision be introduced limiting the time that a distributor can take to proactively identify eligible customers and make automatic GSL payments. QCOSS was concerned that a lack of clarity around the timing of automatic payments could lead to confusion for consumers who were looking at lodging their own claim.

The Authority notes that four of the eight current types of GSL are already subject to a requirement for the distributors to make eligible payments automatically, while still being able to be claimed by individual customers. This does not appear to have created any significant issues with respect to those GSL.

There should be no potential conflict between the customer claim process and the distributors having automatic payment processes. Should a customer lodge a claim for a GSL that is already being processed automatically by the distributor, they will be informed that the distributor is already assessing their eligibility. Otherwise, their claim will be assessed on its merits.

Having regard to the above, the Authority has retained the proposal to require distributors to make GSL payments automatically, in the same form as was contained in the Draft Decision.

3.4 Consumer awareness of GSL payments

The Authority notes that several submissions, particularly that of FCAQ, expressed concern about the level of awareness amongst consumers as to the existence of GSL scheme.

At the time of its Draft Decision, the Authority was of the view that the proposed requirement for distributors to make all GSL payments automatically should substantially overcome any lack of awareness of the GSL. The Authority also noted that, as more customers receive GSL payments automatically, there was likely to be a growing awareness of the existence of the GSL amongst consumers.

The submissions received in response to the Draft Decision appear to mostly accept those points. However, FCAQ suggested that further safeguards and measures should be considered to ensure that consumer awareness is improved via alternative means. For example, it suggested new requirements be placed on retailers to provide information about the GSL on their websites, in contracts and in customer bills. QCOSS supported this view and further suggested that the Authority should consider the circumstances under which consumers received customer charters from distributors (which contain information about the GSL). FCAQ also suggested commercial advertising, education campaigns run by community agencies and a financial penalty for distributors who fail to comply.

The Authority considers that the new automation requirements should ensure that a high percentage of eligible customers receive their GSL payments and that this is the simplest and most effective way to address any lack of consumer awareness of the GSL arrangements.

Other measures suggested would place additional costs on retailers or distributors and ultimately these costs will be passed on to consumers. The Authority is vested with enforcement powers to ensure that distributors comply with their obligations under the Code and the Authority will take appropriate enforcement action if any evidence of non-compliance arises. This includes non-compliance with the new GSL claim process and non-compliance with the existing obligations governing customer charters.

The Authority has therefore not included any additional provisions aimed solely at fostering community awareness of GSL schemes.

3.5 The interruption frequency GSL – clause 2.5.9(a)(ii)

The submissions received in response to the Draft Decision agreed with the proposed change to the current wording of clause 2.5.9(a)(ii) of the Code, which provides the definition and eligibility criteria for the interruption frequency GSL.

The intention of this change is to allow distributors to make a single assessment, once every financial year, of any customers that might be eligible for this GSL. Since a customer cannot receive more than a single GSL payment under this clause in any financial year, this change will help to reduce administrative costs by saving distributors the need to make ongoing assessments throughout the year in the wake of every interruption that occurs.

QCOSS expressed a concern that, without a specific time limit for distributors to proactively make automatic GSL payments, there could be confusion for consumers looking at lodging their own claim. The Authority has addressed this issue in its discussion (above) on a time limit for making automatic GSL payments.

The Authority has therefore retained this proposal, in much the same form as it appeared in the Draft Decision. Two minor changes have been made to the proposed amendments to clause 2.5.9(a)(ii) of the Code to clarify the operation of time limits on processing claims.

3.6 Card operated meters

In its submission, QCOSS repeated its previous suggestion that a three month time limit for lodging GSL claims should be applied to customers with card operated meters. The Authority addressed this issue in its Draft Decision.

Essentially, the three month time limit for other customers to lodge GSL claims was chosen specifically because it accorded with the quarterly billing cycle followed by most electricity retailers. Customers on card operated meters do not receive quarterly bills. Rather, they purchase prepaid credit for electricity on an ad hoc basis. As such, the quarterly billing cycle plays no role in determining when they are likely to be prompted about their electricity-related financial affairs.

For these reasons, the Authority confirms its Draft Decision to make no changes to clause 2.5.13, which governs how the GSL apply to customers on card operated meters.

3.7 Timing of the proposed changes

Energex and Ergon Energy suggested that the distributors would need sufficient lead time to implement the proposed changes. Energex estimated that it would require 12 months to make the necessary changes to its IT systems, while Ergon Energy nominated a start date of 1 July 2010.

The Authority acknowledges that some time needs to be provided for the necessary changes to be implemented. The suggestion by Ergon Energy for the changes to commence on 1 July 2010, coinciding with the beginning of a new financial year and a new regulatory period, seems appropriate.

The Code changes proposed in this Final Decision will therefore come into effect on 1 July 2010.

3.8 Concluding remarks

The Authority's Final Decision broadly confirms its Draft Decision. The proposed Code amendments have also been retained in essentially the form that they existed in Annexure 1 of the Draft Decision and are reproduced as Annexure 1 to this Final Decision.

ANNEXURE 1 – AMENDMENTS TO THE CODE

This Annexure contains the amendments that the Authority is making to the Electricity Industry Code (the Code) to give effect to the process that will apply when a customer makes a claim for a GSL payment under Part 2.5 of the Code, to come into effect on 1 July 2010.

This Annexure is a “final version of the proposed amendments to the Code” for the purposes of section 222O(b) of the Electricity Regulation 2006.

The following paragraphs contain the amendments to the Code being made by the Authority:

A.1 Clause 2.5.11 Claiming a *GSL payment*

In sub-clause 2.5.11(a) of the Code:-

- (i) Replace “2.5.6” with “2.5.8”.
- (iii) After “may make a claim for a *GSL payment*”, insert “within three months of the event giving rise to the claim”.

Delete sub-clause 2.5.11(b) of the Code.

Re-name sub-clause 2.5.11(c) of the Code “2.5.11(b)” and:-

- (iv) Replace “A *small customer* must make a claim from the *distribution entity* to be entitled to a *GSL payment* under clause 2.5.9” with “A *distribution entity* must use best endeavours to automatically give a *GSL payment* to a *small customer* eligible for it under clause 2.5.9. However, a *small customer* may make a claim for a *GSL payment* where a *distribution entity* has not done so”; and
- (v) In paragraph (i) of that sub-clause, replace “one month” with “three months”.

Following these changes, clause 2.5.11 will read as follows:

2.5.11 Claiming a *GSL payment*

- (a) A *distribution entity* must use best endeavours to automatically give a *GSL payment* to a *small customer* eligible for it under clauses 2.5.3 to 2.5.8. However, a *small customer* may make a claim for a *GSL payment* within three months of the event giving rise to the claim where a *distribution entity* has not done so.
- (b) A *distribution entity* must use best endeavours to automatically give a *GSL payment* to a *small customer* eligible for it under clause 2.5.9. However, a *small customer* may make a claim for a *GSL payment* where a *distribution entity* has not done so:
 - (i) within three months of the relevant *interruption* for an *interruption duration GSL*; and
 - (ii) within three months of the end of the relevant *financial year* for an *interruption frequency GSL*.

A.2 Clause 2.5.14 Processing claims

In clause 2.5.14 of the Code:-

- (i) After “A *distribution entity* must”, insert “use best endeavours to”; and
- (ii) Replace “promptly” with a semi-colon and the following two sub-clauses:
 - “(a) within one month after receiving a claim under clauses 2.5.11(a) and 2.5.11(b)(i); and
 - “(b) in respect of a claim for an *interruption frequency GSL* under clause 2.5.11(b)(ii), within one month after the end of the *financial year* or one month after receiving a claim, whichever is the later.”

Following these changes, clause 2.5.14 will read as follows:

2.5.14 Processing claims

A *distribution entity* must use best endeavours to process a claim for a *GSL payment*:

- (a) within one month after receiving a claim under clauses 2.5.11(a) and 2.5.11(b)(i); and
- (b) in respect of a claim for an *interruption frequency GSL* under clause 2.5.11(b)(ii), within one month after the end of the *financial year* or one month after receiving a claim, whichever is the later.

A.3 Clause 2.5.9(a)(ii) Reliability – interruption frequency GSL

In clause 2.5.9(a)(ii) of the Code:-

- (i) After “(“*interruption frequency GSL*”).”, insert “Irrespective of when during a *financial year* that a *small customer* becomes eligible for a *GSL payment* under this *interruption frequency GSL*, the *distribution entity* is only required to assess the eligibility of a *small customer* to a *GSL payment* (including an automatic payment under clause 2.5.11(b)) after the end of that *financial year*.”

Following these changes, clause 2.5.9(a)(ii) will read as follows:

- (ii) once that *small customer* experiences the relevant number of *interruptions* at its *premises* in a *financial year* as set out in the following table (“*interruption frequency GSL*”). Irrespective of when during a *financial year* that a *small customer* becomes eligible for a *GSL payment* under this *interruption frequency GSL*, the *distribution entity* is only required to assess the eligibility of a *small customer* to a *GSL payment* (including an automatic payment under clause 2.5.11(b)) after the end of that *financial year*.