



**Draft Decision**

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

**August 2009**

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## SUBMISSIONS

Public involvement is an important element of the Authority's decision-making processes. Therefore, submissions are invited from interested parties concerning this Draft Report on amendments proposed to the Electricity Industry Code (the Code) regarding the process that applies when customers make claims for Guaranteed Service Level (GSL) payments. The Authority will take account of all submissions received by the due date.

Written submissions should be sent to the address below. While the Authority does not necessarily require submissions in any particular format, it would be appreciated if a printed copy is provided together with an electronic version (Microsoft Word format). Submissions, comments or inquiries regarding this paper should be directed to:

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The **closing date** for submissions is **Friday, 11 September 2009**.

### Confidentiality

In the interests of transparency and to promote informed discussion, the Authority would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of these submissions (i.e. the complete version and another excising confidential information) could be provided. Again, it would be appreciated if each version could be provided on disk. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

While the Authority will endeavour to identify and protect material claimed as confidential as well as exempt documents (within the meaning of the *Freedom of Information (FOI) Act 1989*), it cannot guarantee that submissions will not be made publicly available. As stated in s187 of the *Queensland Competition Authority Act 1997* (the QCA Act), the Authority must take all reasonable steps to ensure the information is not disclosed without the person's consent, provided the Authority is satisfied that the person's belief is justified and that the disclosure of the information would not be in the public interest. Notwithstanding this, there is a possibility that the Authority may be required to reveal confidential information as a result of an FOI request.

### Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office of the Authority, or on its website at [www.qca.org.au](http://www.qca.org.au). If you experience any difficulty gaining access to documents please contact the office (07) 3222 0555.

Information about the role and current activities of the Authority, including copies of reports, papers and submissions can also be found on the Authority's website.

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## 1. BACKGROUND

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

The GSLs 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 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.

In its 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.

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.

### 1.2 The current review

In the above Final Decision, the Authority noted that there were two remaining proposals for change which it considered had merit but which had not been subject to the required level of consultation as they had only been raised in the latter stages of the review.

Rather than delay the announcement of the MSS and GSL arrangements that will apply from 1 July 2010, the Authority opted to process these two remaining matters separately.

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

Four submissions were received by the Authority in response to the Discussion Paper.

As the issues considered in the Discussion Paper followed directly from those already discussed and decided in the Authority's review of the MSS and GSL, the Authority initially considered that it was unnecessary to conduct more than one additional round of public consultation on the proposals outlined.

However, due to the number of issues raised in submissions, and the technical nature of some of those issues, the Authority has decided to conduct an additional, final round of consultation in relation to the proposed Code amendments. In particular, the Authority was cognisant of concerns raised in two submissions regarding the need for further consultation on one particular issue – the requirement for all types of GSL payments to be made automatically – which had not been separately discussed in the Authority's review of the MSS and GSL.

Chapter 3 of this Draft Decision outlines the Authority's consideration of the submissions received and the other matters relevant to this review. **Annexure 1** to this Draft Decision contains the draft Code amendments that the Authority is proposing to make to give effect to the proposals outlined in this Draft Decision.

**Submissions in response to this Draft Decision are due by the close of business on Friday, 11 September 2009.**

The Authority expects to release its Final Decision in October 2009. Prior to any proposed Code amendments taking effect, the Authority is also 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.

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)<sup>1</sup></i>	<i>GSL payment amount (from 1 July 2010)<sup>2</sup></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

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

<sup>2</sup> *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 Regulation 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 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 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 on time or 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 upon a distributor to use their best endeavours to automatically give GSL payments to these customers. No change is proposed in relation to this clause.

Clause 2.5.14 of the Code requires that a distributor must process “promptly” a GSL claim received from a customer. No further guidance is provided in the Code as to what is likely to be considered “prompt” for the purposes of processing a GSL claim.

Once the eligibility of a customer to a GSL payment is confirmed, clause 2.5.12 of the Code requires a distributor to use its best endeavours to make the GSL payment by cheque, electronic funds transfer or any other means agreed with the small customer.

### **2.3 The proposals for change**

In response to the Authority’s Draft Decision on its review of the MSS and GSL arrangements to apply in Queensland from 1 July 2010, the Queensland Council of Social Service (QCOSS) made a number of recommendations for changes to the MSS and GSL arrangements. The QCOSS submission, dated February 2009, is accessible from the Authority’s website.

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 customers 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 distributors one month (or 20 business days) after receipt of a customer GSL claim in which to assess that claim.

On the second issue, 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 is a lack of awareness among customers as to the existence of GSL payments or the criteria for eligibility to such payments.

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 noted that this suggestion was in line with the time limits applying in the Australian Capital Territory.

### 3. DRAFT DECISION

#### 3.1 Submissions received

Four further submissions were received in response to the Discussion Paper, from Energex, QCOSS, Ergon Energy and the Financial Counsellors' Association of Queensland (FCAQ).

##### *Energex's submission*

In its submission, Energex was supportive of the proposals to clarify the time in which a distributor must process a customer GSL claim and to align the periods of time a customer has to lodge claims for various types of GSL payments. Energex stated its appreciation of the importance of GSL and its understanding of the need to improve the GSL claim process.

However, Energex expressed concern about the proposal to require distributors to automatically provide GSL payments to eligible customers for all types of GSL.

Specifically, Energex was concerned that, for some GSL types, such as planned interruptions, its current market systems do not allow it to confidently or automatically identify the particular customer(s) affected. Energex stated that distributors are reliant upon retailers for the provision of timely and accurate customer data, which can take up to eight weeks or longer. Further, Energex was concerned that the cost that may be involved in integrating its market systems with its network outage and planned interruption systems would exceed the benefit to consumers.

Energex noted that the system integration required to implement this proposal was not envisaged at the time that the industry was transitioning to full retail competition. Energex also noted that, in the two other jurisdictions that have an express GSL for planned interruptions, Western Australia and the Australian Capital Territory, the onus remains on the customer to make a claim for a GSL payment.

Energex suggested a number of changes to the Code amendments proposed in the Authority's Discussion Paper:

Firstly, regarding the proposed requirement for a distributor to process a customer GSL claim within one month, Energex suggested this should be amended so that a distributor is required to use its 'best endeavours' to process a claim within one month. Energex suggested that this change was needed to account for the fact that distributors are reliant upon retailers for customer information, and sometimes had to wait eight weeks or more to receive that information.

Secondly, regarding the GSL for the frequency of interruptions under clause 2.5.9(a)(ii) of the Code, Energex expressed concern that the current definition of the GSL does not make it clear enough that the GSL is determined having regard to a single premises. Energex suggested that a number of amendments should be made to clause 2.5.9(a)(ii) to reiterate that a customer cannot aggregate interruptions that affect different premises owned or managed by that customer..

##### *QCOSS' submission*

In its submission, QCOSS reiterated the concerns it raised in its submission to the Authority's review of the MSS and GSL, namely that the one month time limit for customers lodging GSL claims was insufficient and that there was no time limit for distributors to process claims.

QCOSS therefore generally supported the proposed Code amendments to allow three months for customers to lodge claims and to clarify the time in which a distributor must process a claim.

It also stated its support for the proposed requirement for distributors to use their best endeavours to automatically make all types of GSL payments to eligible customers.

However, QCOSS did not support the proposal to apply a time limit for customers to lodge a claim for the types of GSL where no time limit currently applies. It stated that, so long as there was a lack of awareness of GSL payments amongst customers, any tightening in any area of the rules governing eligibility for GSL payments would not be justified.

QCOSS also expressed concern that the proposed amendments would not affect the eligibility for GSL payments of customers with card operated meters.

Finally, QCOSS reiterated the suggestions it had made in its submission to the Authority's initial review of the MSS and GSL, regarding the annual cap on the amount an individual can receive via GSL payments. QCOSS noted that the existence of the cap restricted the ability of the GSL to act as an effective disincentive for poor service and it therefore recommended that the cap be removed. Similarly, QCOSS reiterated its call for the GSL payment amounts to increase annually, rather than remaining fixed over each regulatory period.

#### *Ergon Energy's submission*

In its submission, Ergon Energy stated that it has systems in place that could be modified to support the Code amendments proposed in the Authority's Discussion Paper. This included the proposed standardisation of the time in which customers can lodge claims, the one month time limit for processing claims and the proposed requirement for distributors to use best endeavours to automatically give GSL payments to eligible customers.

However, Ergon Energy suggested that the Authority conduct a more thorough cost-benefit analysis of the proposals, in particular the requirement to automatically give GSL payments to eligible customers.

Ergon Energy also suggested that the Authority should consider amending clause 2.5.9(a)(ii) of the Code, regarding the GSL that applies to the frequency of interruptions. Ergon Energy proposed that the eligibility of customers to this GSL payment should be assessed and paid within three months of the end of each financial year, rather than on an ongoing basis depending on the timing of the individual events that trigger their eligibility.

#### *FCAQ's submission*

In its submission, FCAQ supported the Code amendments proposed in the Authority's Discussion Paper. However, FCAQ raised concerns regarding the ability of eligible customers to access the GSL claim process, especially when customers do not have access to the internet.

Similar to the views expressed by QCOSS, FCAQ believed that a majority of consumers remain unaware of the GSL or their potential eligibility for GSL payments. It suggested a number of possible initiatives to raise consumers' awareness of the GSL.

### **3.2 The Authority's position**

#### *The Authority's Discussion Paper*

In its Discussion Paper, the Authority noted its acceptance of the relevant points raised by QCOSS in its submission to the Authority's previous review of the MSS and GSL. 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.

Together with the proposals above, the Authority also proposed to simplify and standardise the current claims process so that, for all types of GSL payments, a distributor must use its best endeavours to automatically give a GSL payment to eligible small customers. The Authority considered that there were administrative benefits in simplifying and standardising the claims process (currently three slightly different processes apply, depending on the GSL type). More importantly, the Authority 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.

#### *Three month time limit for lodging claims*

The submissions received from interested parties in response to the Discussion Paper were almost universally in favour of allowing small customers a time limit of three (3) months in which to lodge a GSL claim. The Authority therefore proposes to retain this proposal in its current form.

The Authority notes that QCOSS expressed concerns about introducing a time limit for lodging claims for the types of GSL where no time limit currently applies. However, the Authority believes that it is reasonable to standardise the time limit for lodging claims, including by introducing a time limit for the GSL where no time limit currently applies (these include the GSL for wrongful disconnections, late connections, late reconnections and missed hot water supply appointments). The extension of the time limit for all other GSL types is being 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 therefore considers that the three month time limit for lodging claims is appropriate for all GSL types. If interested parties provide compelling reasons or evidence that some other time limit is appropriate for some or all GSL types, the Authority will consider those in preparing its Final Decision.

#### *Consumer awareness of GSL payments*

The Authority notes that several submissions, particularly QCOSS and FCAQ, expressed concerns about the level of awareness amongst consumers as to the existence of GSL. Rather than adopt the suggestions to impose new requirements on retailers to advertise the existence of GSL, the Authority considers that the proposal to require distributors to make all GSL payments automatically should substantially overcome any lack of awareness of the GSL.

The Authority acknowledges that the requirement for all types of GSL payments to be paid automatically may not ensure that 100% of eligible customers receive their GSL payments automatically, but it should ensure that a high percentage of eligible customers do receive their GSL payments automatically.

Furthermore, the Authority is of the view that, as more customers receive GSL payments automatically, that in itself will foster a growing awareness of the existence of the GSL amongst consumers.

*One month time limit for processing claims*

The submissions received from interested parties were also universally in favour of specifying a time limit of one month in which distributors must process a GSL claim lodged by a customer.

In its submission, Energex explained how distributors are reliant upon retailers for customer information before they can finalise their assessment of customers' GSL claims and suggested that the proposed time limit should be amended so that a distributor is required to use its 'best endeavours' to process a claim within a month.

The use of the phrase 'best endeavours' would clearly save a distributor from contravening the Code in circumstances where they are dependent on the actions of retailers or other third parties. The Authority believes that there is merit in adopting this suggestion. Apart from adding the 'best endeavours' proviso, the Authority proposes to retain this proposal in essentially the same form as was proposed in its Discussion Paper.

*All types of GSL payments to be made automatically*

There was less agreement in submissions regarding the proposed requirement for all types of GSL payments to be made automatically. Broadly speaking, the consumer organisations were in favour of the proposal while the distributors expressed some concerns.

Both distributors agreed that they would be able to make the necessary modifications to their systems to support the proposals. However, they suggested that the Authority should give further consideration to the costs likely to be incurred in making these modifications. In particular, they believed that such costs should be measured against the potential benefits to consumers arising from the proposals. Energex stated its belief that the cost that may be involved in integrating its market systems with its network outage and planned interruption systems would likely exceed the benefit to consumers.

The Authority recognises that, under the current arrangements, the distributors follow different processes for different types of GSL. In relation to most GSL, where the distributor has direct contact with the customer at their premises (including the GSL for wrongful disconnections, late connections, late reconnections and missed hot water supply appointments), the distributors can use their direct knowledge of the relevant customers' details in order to identify and make payments to those customers who are eligible for a GSL payment. It is no coincidence that these are the same GSL where the distributors are already required to make GSL payments automatically (under clauses 2.5.3 to 2.5.6 of the Code).

Currently, the GSL for missed appointments (clause 2.5.7 of the Code) is the only one where the distributor has direct contact with the relevant customer but is not required to make GSL payments automatically. For this reason, there appears to be little controversy about extending the requirement for automatic GSL payments to the GSL for missed appointments.

For the other GSL, where the distributor does not necessarily have any direct contact with the relevant customer (essentially the GSL relating to interruptions, including the GSL for planned interruptions and both of the GSL applying to the reliability of supply), while the distributors can identify or take steps to identify the *premises* which are affected by the interruptions, they may not know for certain the identity or details of the individual customers who reside at those premises.

In its submission, Energex explained how, presently, the system it uses to manage interruptions is not linked to the systems it uses to manage the identities and contact details of individual customers. In order to comply with the proposed Code amendments, the distributors would therefore have to take steps to modify or link their existing systems, so that they are able to identify and pay those customers eligible for interruption-related GSL payments. In many cases, this will involve contact with the relevant retailer and making a request for the customers' details. It is crucial for a distributor to confirm the identity and contact details of the relevant customers, because GSL payments are generally paid by distributors directly to customers by way of cheque.

Accordingly, the Authority accepts Energex's concerns that distributors would be somewhat reliant upon retailers for the provision of timely and accurate customer data. The Authority also recognises that there are other risks or reasons for distributors being unable to confidently confirm contact details or eligibility for a small percentage of customers at the margins. For instance, Energex's meshed network can make it difficult to determine whether individual premises at crossover points are affected by certain outages.

The Authority considers that making the requirement for automatic GSL payments subject to a 'best endeavours' requirement, as per the proposal contained in the Discussion Paper, should substantially resolve distributors' concerns in this area.

#### *Cost-benefit analysis of proposals*

Both Energex and Ergon Energy suggested that the Authority should conduct a more thorough comparison of the costs and benefits to consumers likely to result from the proposed Code amendments. However, to date, neither of the distributors has provided the Authority with estimates of the costs they are likely to incur.

Furthermore, the Authority notes that the distributors (particularly Energex) were provided with significant funding prior to the commencement of full retail competition, for the purposes of updating and modernising their IT systems. While it was not necessarily envisaged at that time that all types of GSL may be required to be made automatically, the electricity industry was known to be undergoing a period of reform and a modernised IT system should be capable of adapting to changes of this kind.

However, while the Authority considers that the existing IT systems of the distributors should be capable of adapting to new requirements such as those proposed, it will certainly assess any estimates of likely costs provided by the distributors prior to making its Final Decision.

The Authority considers that simplifying and standardising the process that applies when a customer lodges a GSL claim will yield significant benefits, including by reducing the long term administrative costs of distributors in having to manage GSL claims. There are presently three different processes that govern GSL claims, with different time limits and conditions for eligibility, depending on the GSL type in question. Under the proposed amendments, there would be one process to govern all GSL claims, with standard time limits applying.

The Authority also considers that there are significant benefits to consumers in terms of increasing the existing level of community awareness of the GSL and GSL payments. The costs associated with making GSL claims automatic are likely to be favourable compared to, for instance, the costs of some of the proposals put forward by consumer organisations for increasing community awareness of the GSL.

Furthermore, the Authority notes that the GSL are 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. To the extent that the number of GSL

payments might increase as a result of automating the system, or as a result of increased consumer awareness of the GSL, the Authority considers that there is considerable benefit to consumers if the GSL send a stronger signal in terms of encouraging greater levels of service quality compliance from distributors.

In addition, the need for GSL payments only arises when the distributor fails to meet minimum service standards.

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

Both Energex and Ergon Energy suggested making amendments 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.

Firstly, it was suggested by Energex that changes be made so that the definition of the GSL reiterates that a customer cannot aggregate interruptions that affect different premises owned or managed by that customer. While Energex raised this issue in the context of this review, it appears to the Authority that this concern might exist regardless of whether the proposed Code amendments are made or not.

The Authority agrees that the interruption frequency GSL is not intended to allow customers to add together the outages that have affected different premises owned or occupied by a single customer. The GSL is clearly intended to apply only when the requisite number of interruptions have affected a single premises occupied by an individual customer. However, in the absence of any evidence to the contrary, the Authority considers that the current wording of clause 2.5.9(a)(ii) is sufficient to properly achieve this aim.

Secondly, it was suggested that the Authority should consider amending clause 2.5.9(a)(ii) so that the eligibility of customers to this GSL payment is 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.

The Authority considers that there is some merit in this suggestion. In the interests of keeping administrative costs low, and given that a customer cannot receive more than a single GSL payment under this clause in any financial year, there would appear to be some merit in allowing distributors make a single assessment, once every financial year, of any customers that might be eligible. The alternative is that the distributors be required to engage in ongoing assessments throughout the year, following every interruption that occurs, to determine whether each interruption caused any individual customers to cross the requisite threshold on that particular occasion. For each interruption that occurs, the distributor would presumably have to identify all of the customers affected, and then rule out individual customers who were not yet deemed eligible or who had already received the GSL payment in that year. That alternative may entail a large degree of unnecessary duplication.

The Authority therefore proposes to make a minor amendment to clause 2.5.9(a)(ii) to reflect this suggestion. The form of this amendment is contained in Annexure 1 to this Draft Decision.

*Card operated meters*

QCOSS expressed concern that the proposed amendments would not extend to the eligibility for GSL payments of customers with card operated meters.

The Authority considers that there are valid reasons why a different process is applied to customers with card operated meters. Since card operated meters switch on and off in

accordance with the amount of credit stored in the meter, the distributor is generally not in a position to determine whether the relevant premises has been affected by interruptions or other relevant events. In these circumstances, it remains appropriate for the customer to have responsibility for lodging a claim to alert the distributor that they may be eligible for a GSL payment.

Furthermore, because a customer on a card operated meter uses a credit system to pay their retail electricity services, the usual quarterly billing cycle is not relevant in prompting them to attend to their electricity-related affairs.

For these reasons, the Authority does not propose to make any changes to clause 2.5.13, which governs how the GSL apply to customers on card operated meters.

#### *Other suggestions*

QCOSS reiterated its previous calls for the abolishment of the annual cap on individuals' entitlements to GSL payments and for GSL payment amounts to increase annually, rather than remaining fixed over each regulatory period. The Authority considered these issues in its review of the MSS and GSL and does not propose to re-examine them again in this review.

## ANNEXURE 1 - PROPOSED AMENDMENTS TO THE CODE

This Annexure contains the amendments that the Authority is proposing to make 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.

This Annexure is a “draft of the proposed code amendments” for the purposes of section 222L(2)(b) of the Electricity Regulation 2006.

The following paragraphs contain the amendments to the Code proposed 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”.
- (ii) 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:-

- (iii) 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
- (iv) 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 “within one month”.

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* within one month.

**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 the moment during a *financial year* that a *small customer* becomes eligible for a *GSL payment* under this *interruption frequency GSL*, the *distribution entity* may make the *GSL payment* to the eligible *small customer* at the end of the *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 the moment during a *financial year* that a *small customer* becomes eligible for a *GSL payment* under this *interruption frequency GSL*, the *distribution entity* may make the *GSL payment* to the eligible *small customer* at the end of the *financial year*.