



queensland council of social service inc  
WORKING FOR A FAIR QUEENSLAND

15 August 2008

Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4001

[electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Sir / Madam

**RE: Discussion Paper: "Review of Electricity distribution network minimum service standards and guaranteed service levels in Queensland from 1 July 2010."**

Thank you for the opportunity to respond to the above mentioned Queensland Competition Authority discussion paper.

The Queensland Council of Social Services (QCOSS) is the peak body for over 700 welfare and community sector organisations in Queensland. For 50 years QCOSS has worked to promote social justice and exists to provide a voice for and with Queenslanders affected by poverty and inequality. We act as a Statewide Council that leads on issues of significance to the social, community, and health sectors. We work for a Fair Queensland and develop and advocate socially, economically and environmentally responsible public policy and action by community, government and business.

We note that the current minimum service standards (MSS) and limits and payments associated with guaranteed service levels (GSL) are included in the Electricity Industry Code (the Code), and as of 1 July 2010 the Australian Energy Regulator (AER) will be responsible for setting the economic regulatory arrangements.

From the three review options available QCOSS would recommend an intermediate review be undertaken. Given that the Department of Mines and Energy only reviewed the Code (and the MSS and GSL standards contained in the Code) in early 2007 a comprehensive review with significant revision may not result in the best financial interest of customers. Currently, the Code provides an important test against which the potential range of MSS and GSL options must be assessed. For example, significantly improved service reliability may be desirable, but not if the cost of improvement outweighs the benefits to customers. It is such customer benefit protections that QCOSS would like to see retained in this review process.

Conducting an intermediate review for MSS and GSL and amending the indicative MSS and GSL limits and penalties will allow for changes in benchmarking against recent distributor performance and with other jurisdictional performance. For instance, New South Wales (NSW) the Independent Pricing and Regulatory Tribunal (IPART) considered the finding of several customer surveys (2004) which indicated that customers generally attach higher priority to network reliability and access to supply than other aspects of service quality. On this basis, IPART set high payments for breaches of the guaranteed customer service standards for network reliability and timely provision of service.

The Essential Services Commission of Victoria (ESCV) found that the majority of customers are satisfied with their existing level of supply reliability and are unwilling to pay more for improved reliability. Based on Queensland's historical data for MSS and GSL, Ergon Energy and ENERGEN's reliability is generally within its proper limits, so it would be safe to say that Queensland customers are generally satisfied and would not be willing to pay more for improved reliability.

Although reliability limits are gradually improved each year, the payment scheme for GSL penalties has not been reviewed in Queensland's since the initial set up on 1 January 2005. Having a higher penalty for GSL breaches, similar to that of NSW, will motivate distributor reliability without outweighing benefits to customers.

We look forward to continuing to participate in the process for the Review of Electricity distribution network minimum service standards and guaranteed service levels in Queensland from 1 July 2010. If you would like any further information or to clarify any aspect of this submission, please feel free to contact me on 3004 6900.

Yours sincerely

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Jill Lang  
**Director**

Cc. Hon. Geoff Wilson, MP. Minister for Mines and Energy