



**Allgas Energy Ltd.**  
ACN 009 656 446

***SUBMISSION***

***TO THE***

***QUEENSLAND COMPETITION AUTHORITY:***

***DISCUSSION PAPER ON GAS DISTRIBUTION:  
MONITORING SERVICE QUALITY***

**January 2003**

**Contact Person:** Trevor Lee, Group Manager, Regulatory Affairs  
ENERGEX Limited  
150 Charlotte Street  
BRISBANE QLD 4000

**Telephone:** 3404 1825

## **TABLE OF CONTENTS**

<b>TABLE OF CONTENTS .....</b>	<b>2</b>
<b>1. GENERAL COMMENTS ON MONITORING OF GAS SERVICE QUALITY .....</b>	<b>3</b>
1.1 INTRODUCTION.....	3
1.2 OVERALL POSITION .....	3
1.3 PRICE-SERVICE APPROACH TO ENSURING APPROPRIATE SERVICE QUALITY.....	3
1.4 BACKGROUND FOR A GAS SERVICE QUALITY REGIME.....	4
<b>2. ANSWERS TO QUESTIONS RAISED IN DISCUSSION PAPER .....</b>	<b>5</b>
2.1 PARTICULAR ASPECTS OF SERVICE QUALITY THAT ARE OF VALUE TO USERS AND HOW BEST TO COLLECT INFORMATION ON THESE MEASURES .....	5
2.2 SHOULD SERVICE QUALITY MEASURES BE RESTRICTED TO THOSE DIRECTLY UNDER THE CONTROL OF THE SERVICE PROVIDER AND SHOULD SELECTED MEASURES BE QUALIFIED TO EXCLUDE EXTRANEIOUS EVENTS, AND HOW MIGHT THESE BE DEFINED .....	5
2.3 RELATIVE MERITS OF ADOPTING MINIMUM OR AVERAGE SERVICE QUALITY MEASURES .....	6
2.4 OTHER MATTERS THAT SHOULD BE TAKEN INTO ACCOUNT IN DESIGNING A SERVICE QUALITY MONITORING REGIME.....	6
2.5 SHOULD THE QCA SEEK TO ADOPT MEASURES THAT ARE COMPAREABLE WITH THOSE COLLECTED IN OTHER JURISDICTIONS .....	7
2.6 SHOULD THE QCA SEEK TO ALIGN SERVICE QUALITY MEASURES FOR GAS WITH THOSE ALREADY DEVELOPED FOR ELECTRICITY DISTRIBUTION .....	7
2.7 NATURE OF SERVICE QUALITY RELATED INFORMATION, IF ANY, CURRENTLY COLLECTED BY SERVICE PROVIDERS .....	7
2.8 POSSIBLE DATA COLLECTION COSTS ASSOCIATED WITH THE MEASURES PROPOSED IN APPENDIX C .....	8
2.9 MEASURES OF RELIABILITY WHICH ARE RELEVANT TO THE QUEENSLAND GAS DISTRIBUTION NETWORKS.....	9
2.10 THE NEED TO DISTINGUISH BETWEEN THE RELIABILITY OF DIFFERENT PRESSURE SECTIONS OF THE NETWORK.....	9
2.11 WHETHER TECHNICAL QUALITY COULD USEFULLY BE INCLUDED IN THE MONITORING REGIME, AND IF SO, WHAT MEASURES ARE MOST APPROPRIATE .....	9
2.12 HOW USERS INTERACT WITH NETWORK OPERATORS IN RELATION TO CUSTOMER SERVICE.....	10
2.13 CUSTOMER SERVICE AS AN ASPECT OF SERVICE QUALITY THAT SHOULD BE INCLUDED IN A MONITORING REGIME.....	10
2.14 WHAT MEASURES OF CUSTOMER SERVICE SHOULD BE CONSIDERED.....	10
2.15 APPROPRIATENESS OF THE INFORMATION CONTAINED IN THE DATA COLLECTION OUTLINE (APPENDIX C) AND ASSOCIATED DEFINITIONS.....	11
2.16 SHOULD ANY ADDITIONAL INFORMATION BE INCLUDED.....	15
2.17 HOW OFTEN SHOULD SUCH INFORMATION BE REPORTED TO THE AUTHORITY .....	15
2.18 VALUE OF PUBLISHING SERVICE QUALITY INFORMATION AND WHETHER ANY INFORMATION SOUGHT IN APPENDIX C IS LIKELY TO BE COMMERCIALY SENSITIVE.....	15
2.19 QUALITY OF THE INFORMATION PROVIDED FOR SERVICE QUALITY MONITORING PURPOSES .....	16
2.20 NEED TO GO BEYOND SERVICE QUALITY MONITORING AND IMPLEMENT A SERVICE QUALITY INCENTIVE REGIME FOR GAS DISTRIBUTION.....	16
<b>3. CONCLUSION .....</b>	<b>16</b>

## 1. **GENERAL COMMENTS ON MONITORING OF GAS SERVICE QUALITY**

### 1.1 **Introduction**

The Queensland Competition Authority (QCA) is seeking to implement a service quality monitoring regime for gas distribution services in Queensland. The QCA's Final Decision on access arrangements for gas distribution networks flagged that the QCA intended to review the issue of service quality over the course of the first access arrangement period. It has released a discussion paper which calls for responses on a number of questions, and outlines possible service quality information requirements at Appendix C.

This submission is made jointly by Allgas Energy Ltd as asset owner and ENERGEX Limited as asset manager of Allgas' gas distribution system (hereafter referred to as Allgas).

### 1.2 **Overall position**

Allgas supports the introduction of a service quality incentive and reporting regime by the QCA which emulates the outcomes of a workably competitive market. A service quality regime will better inform the customer of the quality of service they are receiving from their gas distribution provider, and allow the service provider to better understand and respond to customer needs.

Allgas argues that any service quality information collected should be:

- driven by customer needs;
- meaningful in terms of customer requirements and expectations;
- an accurate reflection of performance;
- cost-effective to collect; and
- useful for diagnosing and addressing problems with service quality.

Allgas advocates a simpler approach to reporting systems for gas supply compared to electricity, particularly with regard to loss of supply and reliability issues, given the comparative size of the industry and given service quality issues are generally less significant for gas customers compared to electricity customers. The gas distribution network experiences minimal loss of supply, and the reasons for loss of supply are generally limited and well known in the absence of extensive reporting systems. Extensive monitoring and reporting of loss of supply and reliability is therefore unlikely to be justified on a cost-benefit basis.

### 1.3 **Price-service approach to ensuring appropriate service quality**

Service quality is part of a broader issue of ensuring good outcomes for consumers on both price and service quality aspects of gas distribution. Allgas believes the key to ensuring good outcomes for customers is to allow customer choice in the selection of a particular trade-off point between service quality and price.

In this context, the Allgas agrees with the view expressed in the QCA's discussion paper that an effective way to match customer demands to particular service quality levels is to link prices to customers' willingness to pay for particular service quality levels. This should provide signals to gas distribution service providers to improve service quality until the costs of doing so exceed the benefits.

In relation to electricity, ENERGEX has proposed a price-service approach as the best way to discover information concerning this link between customer demand and price-service outcomes. This approach was described in ENERGEX's December 2002 submission to the QCA in respect of the form of regulation for electricity distribution. The price-service approach relies on offering a range of packages of services built on customer surveys and consultation, benchmarking exercises, and willingness to supply exercises, with the favoured package to form the baseline price and service outcome to be provided to customers under a regulatory contract. Allgas recommends consideration of this approach for gas distribution services for the next regulatory period.

## 1.4 **Background for a gas service quality regime**

Gas distribution in Queensland is currently administered under the provisions of:

- the *Gas Act 1965* and associated Gas Regulations 1989; and
- the *Gas Pipelines Access (Queensland) Act 1998* (the Gas Pipelines Access Act) and the *National Third Party Access Code for Natural Gas Pipeline Systems* (the Gas Code).

In addition, the Australian Gas Association (AGA) has developed a voluntary code dealing with customer service, including service quality issues.

The *Gas Act 1965* and regulations provide the legislative framework for the technical operation of the gas distribution network. The Act provides for maintenance of the distribution system through prescription of standards dealing with matters such as: installation; alteration; repair; and safety requirements. While the Act deals with some aspects of customer service, such as safety, it does not specifically refer to customer service quality.

Under the *Gas Act*, Allgas reports to the Office of Energy in respect of market development issues such as retail pricing and quantity of gas supply, and to the Gas Examiner at the Department of Natural Resources and Mines in respect of technical and safety matters.

The Queensland Government is considering replacing the *Gas Act 1965* with the *Gas Supply Bill* and the *Petroleum and Gas (Production and Safety) Bill*. Draft exposures of these Bills have been released for public comment. The *Gas Supply Bill* aims to promote retail competition and protect consumer interests, and implement nationally agreed licensing and franchising principles for natural gas pipeline systems. It confers power on the Office on Energy to prescribe standards of quality of gas distribution and retailing services, and to direct the QCA to investigate, monitor, and report on compliance with these standards. The *Petroleum and Gas (Production and Safety) Bill* deals with technical standards and safety measures.

The Gas Pipelines Access Act and the Gas Code deal with access to gas pipelines in Queensland. They do not explicitly address service standards for gas distribution networks. However, the Code contemplates that the distribution service provider will provide reasonable service quality, and will provide information on service provision as part of access arrangements that could encompass service quality indicators.

The AGA has developed a voluntary Code addressing customer service arrangements including service quality issues (*Natural Gas Customer Service Code AG 755-1998*). As a member of the AGA, Allgas is expected to use its best endeavours to comply with the AGA's voluntary Code. The Code relates to the operations of member gas distribution companies. It covers such service quality matters as information provision on the use of natural gas, privacy and confidentiality, complaints and dispute resolution, new connections, quality of gas supply, safety of supply, reliability of supply, and metering. It adopts the standards set under State legislation and industry-based Codes in areas such as reliability, quality, and safety of supply. Allgas' internal benchmarks are more challenging in some instances than those under the Code (eg time taken to make new connections).

In other jurisdictions, gas service quality is generally administered under distribution licensing conditions imposed under legislation and associated regulations rather than the Gas Code or equivalent *Gas Pipelines Access Act*. This legislation is often the responsibility of a technical regulator, but in some States is the responsibility of the economic regulator equivalent to the QCA (eg NSW, Victoria).

Given the explicit recognition of service quality matters in the proposed *Gas Supply Bill*, Allgas suggests it will be important for the QCA and the Office of Energy to work closely together in the establishment of a service quality regime to ensure a consistent approach to service quality matters.

## 2. **ANSWERS TO QUESTIONS RAISED IN DISCUSSION PAPER**

The Authority seeks comments on:

- the particular aspects of service quality that are of value to users and how best to collect information on these measures;
- whether service quality measures should be restricted to those directly under the control of the service provider and whether selected measures should be qualified to exclude extraneous events, and how these might be defined;
- the relative merits of adopting minimum or average service quality measures; and
- any other matters that should be taken into account in designing a service quality monitoring regime.

### 2.1 **Particular aspects of service quality that are of value to users and how best to collect information on these measures**

On the basis of its experience in dealing with customers, Allgas considers that customers place value on the following aspects of gas distribution service quality:

- response time to reports of emergencies;
- time taken to connect new customers;
- reliability of supply;
- gas pressure; and
- customer service (measured, for example, in terms of the volume of calls to the call centre and the number of complaints received concerning service).

Customer valuation of particular service quality aspects could be usefully verified through customer surveys employing techniques such as contingent valuation or conjoint analysis, and through valuation of lost load techniques.

### 2.2 **Should service quality measures be restricted to those directly under the control of the service provider and should selected measures be qualified to exclude extraneous events, and how might these be defined**

Allgas considers it is important to take proper account of factors that are not under the control of the service provider in the design of a service quality regime. Some service quality indicators are not worth reporting at all as the gas distribution service provider has little influence over them; in other cases, it may be worthwhile for Allgas to report indicators to the QCA in the context that the QCA would place appropriate limits on their use.

Factors that Allgas has little control over include:

- quality of gas supply;
- gas pressure; and
- unplanned interruptions to supply caused by third party dig-ins.

Allgas does not support monitoring of quality of gas supply as part of a distribution service quality regime because the quality of gas entering Allgas' system is largely determined by which gas field from which it is extracted and the gas producer's gas refinement and blending processes. Gas quality is the responsibility of parties, such as the gas retailer, that hold contracts to use the Allgas network. Gas quality specifications are contained in section 11 of the Access Arrangement Information, and are a requirement of holding an access contract under clause 6 of the terms and conditions. Allgas provides further comments on this issue in section 2.11 below.

Allgas does not support reporting gas pressure as it is governed by upstream supply.

While Allgas does support monitoring of reliability of supply, it should be recognised that a major cause of interruptions, namely, third party dig-ins, is not directly under Allgas' control. Allgas already takes a number of reasonable and cost-effective steps to minimise third party dig-ins, including:

- burying new pipes to a depth of 750 mm minimum and laying them in a 100 mm bed of sand;
- using colour-coded pipes;
- burying warning tape 300 to 400 mm above all new pipes laid;
- placing above-ground markers over pipelines;
- educating the community through dial-before-you-dig programs; and
- conducting planned patrols over high pressure pipes to check if anyone is digging near them.

Thus, it would be appropriate to exclude third party dig-ins from published reliability of supply data and from any future service quality incentive regime.

### 2.3 **Relative merits of adopting minimum or average service quality measures**

Minimum standards regimes exhibit some drawbacks. Service standards naturally fluctuate, making it relatively easier to measure average performance than the specific level of performance delivered to every customer. Setting a minimum standard may result in some instances of service quality falling short of the standard through particular or unique circumstances, even though at the same time the service provider is providing average service delivery well above the minimum standard.

It would be difficult for the service provider to predict and control the costs of providing minimum levels of service to every customer in the network. This might discourage the service provider from extending its network to new customers where it could not anticipate with confidence the costs of meeting the minimum service standard. It could also make it more difficult to introduce a service quality incentive regime, as rewards and penalties under the regime may be unpredictable.

Having said that, some aspects of the operation of Allgas' gas distribution network are regulated on a minimum standards basis under current legislation, eg safety requirements. This reflects the overall public interest in minimising dangers in gas supply.

Allgas proposes that the service quality indicators which naturally fluctuate and where specific minimum standards are difficult to guarantee at acceptable cost, should be regulated on an average standards basis, while indicators which are more under Allgas' direct control at reasonable cost, could be regulated on a minimum standards basis. On this basis, service quality indicators such as unaccounted for gas, reliability of supply, calls resulting in actionable work, and complaints are best regulated on an average standards basis, while indicators such as response times to emergencies, and on-time connections for new customers might be dealt with on a minimum standards basis, where specific time thresholds are set for Allgas to provide such services.

### 2.4 **Other matters that should be taken into account in designing a service quality monitoring regime**

In its general comments at the start of this submission, Allgas advocated that the service quality regime should be customer-driven, meaningful to customers, an accurate reflection of performance, cost-effective, and useful in diagnosing and treating service quality problems. Allgas believes these should be the criteria for determining the choice of service quality indicators, and the extent to which they are reported against.

One point worth emphasising here is that, ideally, the service quality indicators should align with internal management indicators, as this will minimise the reporting costs associated with the service quality regime and avoid reporting on service quality measures that are not considered important in the management of the gas distribution network.

**The Authority seeks comments on whether:**

- **it should seek to adopt measures that are comparable with those collected in other jurisdictions; and**
- **it should seek to align service quality measures for gas with those already developed for electricity distribution.**

## 2.5 **Should the QCA seek to adopt measures that are comparable with those collected in other jurisdictions**

The task of aligning service quality measures is complicated by the fact that there is no common set of service quality performance indicators agreed among jurisdictions, and service quality indicators differ markedly from jurisdiction to jurisdiction. National alignment is only likely to be achievable under a nationally coordinated process where all jurisdictions examine their indicators with a view to possible change.

Allgas believes that the driving priority in establishing a gas distribution service quality monitoring regime should be to select measures that provide an accurate picture of service quality performance. Adopting the same measures as other jurisdictions, for example in order to determine national performance league tables, is a lower order priority. In view of the relative size and costs and benefits of reporting particular indicators, it may be sensible for Queensland to set different indicators to other jurisdictions.

Allgas therefore supports the adoption of service quality reporting measures that are comparable with those of other jurisdictions, to the extent they also meet the criteria specified in section 1.2 above.

## 2.6 **Should the QCA seek to align service quality measures for gas with those already developed for electricity distribution**

Allgas does not consider that it would be worthwhile to align service quality measures for gas and electricity, since electricity and gas distribution networks differ significantly and are not sensibly comparable. Both the physical and economic characteristics of electricity and gas supply are very different. These differences impact significantly on the design of service quality regimes. Aligning service quality measures might lead to misleading performance comparisons.

For example, as noted above, gas supply is subject to significantly less interruptions than electricity supply and interruptions data is generally less useful in indicating areas requiring attention. This alters the comparative value of designing complex systems to monitor reliability of supply.

Many of the specific electricity service quality measures clearly have no application in the gas industry (eg street light maintenance, voltage quality). It would be possible to align broader categories such as reliability of supply, but this might not enable meaningful analysis of the comparative performance of electricity and gas (for example, how a SAIDI of 160 minutes off supply in the electricity industry compares with a specific reliability of supply outcome in the gas industry) due to the different operating and economic drivers of the two industry. The more important comparisons are the over-time trend comparisons eg whether the number of complaints concerning gas supply is falling or rising over time.

### **The Authority seeks comments on:**

- the nature of service quality related information, if any, that is currently collected by service providers; and
- the possible data collection costs associated with the measures proposed in Appendix C.

## 2.7 **Nature of service quality related information, if any, currently collected by service providers**

Allgas currently collects information on the following gas distribution service quality indicators:

- unaccounted for gas;
- unplanned loss of supply (measured by customer reports of loss of supply);
- response times to emergencies;
- on-time connections for new customers;
- calls to contact centre; and
- complaints.

Allgas would be happy to report on these indicators to the QCA as part of a service quality monitoring regime.

## 2.8 **Possible data collection costs associated with the measures proposed in Appendix C**

Appendix C proposes that Allgas report reliability information for planned customer interruptions (total number of hours lost, and total number of planned customer interruptions due to mains and services renewal work only) and unplanned interruptions (numbers of interruptions, number of customers affected, and number of hours lost for all outages affected five or more customers). Allgas does not currently collect this reliability information. At present, Allgas collects reliability information on unplanned interruptions measured by the number of customer reports of loss of supply.

There would be significant costs in collecting reliability information in the form proposed in Appendix C. For example, to collect the information on unplanned outages would require significant additional time for field crews to collect information about all customers affected and the interruption period. Allgas would require additional clerical support to assist in determining all affected customers, collecting information from customers and field crews, and collating reports. Due to the complexity of the gas distribution system, in some situations experienced engineers with extensive knowledge of the gas distribution system would be required to assist.

There would be some doubts about the accuracy of the information, given it would be a manual process requiring creation of a new form and continuous supply of completed forms from a number of work crews. At least some of the information on the form would be likely to be estimated (eg how many customers might have been interrupted by a fault to the extent this cannot be verified by checking with customers). The process would be heavily dependent on how meticulous crews were in submitting forms.

Further, Allgas would not be likely to use the information to address customer reliability of supply issues. This is because Allgas is familiar with the major causes of loss of supply (water entering low pressure pipes, third party dig-ins) and is already addressing these causes. The problem of water entering low pressure pipes is being addressed in the long-term by the pipeline replacement program. The problem of third party dig-ins is being addressed through the range of precautionary measures discussed previously. Thus, it is unclear that collection of additional reliability information will contribute significantly to improving reliability as it might do in electricity supply, eg by allowing Allgas to target poorly performing areas or devise specific remedies to address specific causes of poor reliability.

Finally, and most importantly, instances of loss of supply appear minimal in gas supply, meaning that complex reporting systems would be difficult to justify. Each year, typically fewer than one per cent of customers report an experience of loss of supply (around 500 hundred reports out of a customer base of 60,500). Moreover, most of these complaints relate to single customer outages. By contrast, electricity reports of loss of supply are much more common, and generally relate to loss of supply to multiple customers. Finally, Allgas is typically able to minimise the impact of unplanned outages by setting up temporary bypass measures to ensure continuous gas flow while carrying out restoration work.

Allgas does not support reporting service quality indicators by operating region. First, Allgas does not generally keep information by operating region. Secondly, it is unclear that the additional detail would provide significant benefits in identifying and managing problem areas as Allgas' experience is that problem areas are rare, are generally the result of the older, cast-iron pipelines in use in those areas, and are being dealt with already under the network renewal program. Finally, it is possible that disaggregation may permit third parties to determine usage by particular large users where there are few other large users in an operating region.

Table 1 in section 2.15 provides further comments on the costs associated with collecting information on the service quality indicators nominated in Appendix C.

**The Authority seeks comments on:**

- **which measures of reliability are relevant to the Queensland gas distribution networks; and**
- **whether there is a need to distinguish between the reliability of different pressure sections of the network.**

## **2.9 Measures of reliability which are relevant to the Queensland gas distribution networks**

At present, Allgas collects information on unplanned outages based on the number of customer complaints of loss of supply, but does not collect information on the number of customers affected by outages, or the length of outages. Allgas collects limited information on planned outages.

Allgas considers that unplanned outages measured by customer reports of loss of supply provide sufficient information to guide management in identifying and responding to reliability of supply problems. Allgas presently operates the distribution system on this basis.

Measuring the impact of outages by the number of customers affected can be problematic. This is because it is difficult to estimate the number of customers affected by a pipeline outage due to the interconnected nature of the gas distribution system under which customers are supplied from more than one direction.

Measuring outages by the number of hours of gas supply lost can also be problematic. This is because it may be unclear when customers are not able to obtain gas supply, since residual gas remains in interrupted parts of the network for a period of time. Further, this measure may be inappropriate to the extent that it does not account for the relative costliness of interruptions among customers (eg glassworks compared to domestic customers). Allgas tends to prioritise maintenance calls so as to restore supply first to those customers who place the highest value on gas supply, and in accordance with the priority listing in section 12.3 of the Allgas access arrangement. Adopting this measure might cause conflict in attempting to prioritise both in accordance with access arrangement requirements, and to ensure minimum loss of hours of gas supply.

In relation to planned outages, Allgas would propose to report planned outages by the number of hours of supply lost. Generally, planned outages result from the network renewal program, a 10 year, \$40m program to replace the aged cast-iron pipelines in Allgas' network with more reliable plastic pipelines, although occasionally, new connections will result in planned outages. Once the network renewal program is completed, the number of planned outages will be minimal.

## **2.10 The need to distinguish between the reliability of different pressure sections of the network**

There is no demonstrated need to report reliability for different pressure sections of the network. Reporting on this measure would require the creation of a new database, and staff training. As performance across the network varies relatively little among different pressure sections of the network, it is not clear that reporting on this measure would provide significant benefits to customers or Allgas.

**The Authority seeks comments on whether measures of technical quality could usefully be included in the monitoring regime and, if so, what measures would be most appropriate.**

## **2.11 Whether technical quality could usefully be included in the monitoring regime, and if so, what measures are most appropriate**

At present, gas quality is measured both upstream of and at the citygate where gas enters Allgas' distribution network, but is not measured past this point. Queensland does not have prescribed standards for gas quality (although Australian Standards for gas quality of supply exist). Allgas is responsible for adding odourant at gate stations and must maintain minimum required levels of odourant in all parts of the distributed network as specified in the *Gas Act* and regulations.

Allgas does not support monitoring quality of gas supply because:

- as discussed previously, gas quality is the responsibility of parties holding contracts to use the Allgas network, and is outside the control of the distribution service provider;
- there is no history of problems with quality of supply, or indication that customers are dissatisfied with the quality of gas supplied;
- historically, the variations in quality of supply at the citygate have been marginal, indicating that the quality of gas supplied to Allgas' network has not varied much over time;
- due to the fact that Allgas' network is pressurised, the quality of gas entering the system at the citygate is very similar to the quality of gas leaving it at customers' premises;
- the costs of monitoring quality of supply past the citygate would be very high. Allgas would need to install expensive monitoring equipment and send samples for laboratory analysis. To achieve confidence about gas quality outcomes, tests would need to be repeated frequently; and
- there is no evidence at this point that users would be prepared to pay the costs of monitoring service quality.

**The Authority seeks comments on:**

- **how users interact with network operators in relation to customer service;**
- **whether customer service is an aspect of service quality that should be included in a monitoring regime; and, if so,**
- **what measures of customer service should be considered.**

## 2.12 **How users interact with network operators in relation to customer service**

Customers generally interact with network operators through telephone calls to Allgas' general enquiries and emergencies/loss of supply phone numbers. Calls are logged and information dispatched to Asset Services for action. Occasionally, customers telephone Asset Services directly, though this is not encouraged.

Customers calling to the general enquiries number are offered a number of telephone options, including a gas option. Calls are further streamed into general gas enquiries and LPG cylinder exchange enquiries, and dealt with by staff specialising in these two areas.

Customers calling the emergency/loss of supply number are offered a gas option, and then the further option of emergency or gas loss of supply before being dealt with by relevant staff.

## 2.13 **Customer service as an aspect of service quality that should be included in a monitoring regime**

Allgas supports monitoring of customer service measures in the service quality monitoring regime.

## 2.14 **What measures of customer service should be considered**

Allgas supports the reporting of 'calls resulting in actionable work' and 'complaints' measures (with slightly modified definitions as discussed in Table 1 in section 2.15) nominated in Appendix C. In addition, Allgas suggests the inclusion of two further indicators, namely:

- response times to emergencies; and
- on-time connections for new customers.

Allgas considers that these two additional service quality indicators are ideal for reporting purposes, since they measure matters that are both under Allgas' direct control and are highly valued by customers.

**The Authority seeks comments on:**

- **the appropriateness of the information contained in the data collection outline (Appendix C) and associated definitions;**
- **whether any additional information should be included; and**
- **how often such information should be reported to the Authority.**

## 2.15 Appropriateness of the information contained in the data collection outline (Appendix C) and associated definitions

Table 1 summarises Allgas' views on the appropriateness of the service quality indicators proposed in Appendix C and associated definitions, and also summarises the two additional service quality indicators proposed by Allgas, 'response time to emergencies', and 'on time connections for new customers'. Allgas considers that the information currently collected is appropriate in form and definition for reporting purposes.

Allgas would propose to provide the background information once a year around mid-September as part of its wider reporting processes. It would propose to report unaccounted for gas as a percentage of gas transported as this is consistent with the access arrangements and targets.

Allgas would propose to report customer numbers on the basis of the number of connection points used in calculating distribution-use-of-system charges. Allgas Retail have information on the consumption volumes of distribution customers.

*Table 1: Service quality indicators*

<b>Data field</b>	<b>QCA Proposed definition</b>	<b>Availability</b>
<b>Background</b>		
Start date	First day of reporting period.	Available.
End date	Last day of reporting period.	Available.
Supply area	By operating regions.	Not available by operating region. Information is not in general collected by operating region.
Distribution customers – total	Distribution customer is defined as any supply point through which gas is delivered from a distribution network identified as a separate account for billing purposes.	Available as the number of connection points used in calculating distribution-use-of-system charges. Requires manual extraction from database. Retail have information on the number of end-use customers, but this information is ring-fenced from distribution services.
Distribution customers – small (<10 TJ pa)	All customers subject to small customer class price constraint in access arrangement.	Retail have information on the consumption volumes of end-use customers, but this information is ring-fenced from distribution services.
Distribution customers – large (>10 TJ pa)	All customers subject to large customer class price constraint in access arrangement.	Retail have information on the consumption volumes of end-use customers, but this information is ring-fenced from distribution services.
Length of distribution mains (km)	For entire licence area.	Available but only updated periodically.
Gas consumption – small customer class (TJ)	Amount of gas distributed over reporting period calculated from first to last date of reporting.	Available. Requires manual extraction from database. Can be reported on a residual basis by subtracting usage by large customer class from total usage over reporting period. Held by retail under ring-fencing arrangements.



---

Gas consumption – large customer class (TJ)	Amount of gas distributed over reporting period calculated from first to last date of reporting.	Available. Requires manual extraction from database. Held by retail under ring-fencing arrangements.
---	--	--

Unaccounted for gas (TJ)	Difference between total measurements of gas injected into and withdrawn from the distribution network (pipeline system), with correction for changes in quantity of gas stored in pipeline over measurement period.	Available. Propose to report as a percentage of gas transported.
<b>Reliability of supply</b>		
Planned customer interruptions	Reported as: <ul style="list-style-type: none"> <li>total number of hours lost from planned customer interruptions; and</li> <li>total number of planned customer interruptions due to mains and services renewal work only.</li> </ul>	Not currently collected as discussed in section 2.9 above.  Propose to report the number of hours lost from planned interruptions.
Number of unplanned outages	Any unplanned outage affecting 5+ customers.	Available. Measured by customer reports of loss of supply.  Nearly all interruptions would cover loss of supply to a single customer, in particular caused to water entering low pressure pipes at the siphon to a domestic customer's meter-point.  It would be possible to remove single customer incidents of loss of supply from customer reports of loss of supply.
Number of customers affected by unplanned outages	Any unplanned outage affecting 5+ customers.	Not currently collected.  Note that nearly all outages affect fewer than 5 customers.
Number of hours of gas supply lost through unplanned outages	Any unplanned outage affecting 5+ customers.	Not currently collected.
<b>Enquiries and complaints</b>		
Calls to call centre fault line	Total number of calls to centre dispatched actionable calls allocated to distribution company by postcode.	Available in the form of the number of work requests completed by Asset Services.  Allgas would propose to report this information rather than calls to the call centre fault line, which include LPG-related calls, inquiries not resulting in action, and would not include a small number of calls made directly to Asset Services.  Do not record postcode origin of gas-related calls. This is because the origin of a gas-related call may not reflect the place where the problem has occurred.

Complaints – number and nature	Complaint defined as any expression of dissatisfaction with a product or service offered or provided.	<p>Available.</p> <p>Record numbers of complaints and complaint type. Currently only recording complaints from small customers (under 10 TJ pa). From April 2003 will also include complaints from large customers (over 10 TJ pa).</p> <p>The following complaint types are used across natural gas and LPG services:</p> <ul style="list-style-type: none"> <li>• meter reading access/estimates;</li> <li>• cylinder related (LPG-related only);</li> <li>• debt (retail-related);</li> <li>• facilities fee (LPG-related only);</li> <li>• high consumption (retail-related);</li> <li>• meter reader behaviour (retail-related); and</li> <li>• general.</li> </ul> <p>At present, complaints include complaints about natural gas and LPG services, and retail-related complaints. Due to the small number of complaints across natural gas and LPG (under 10 per month), it would currently be possible for minimal cost to use manual processes to report on natural gas, distribution-related complaints.</p> <p>“Complaint” is defined for Allgas recording purposes as:</p> <p><i>A communication from an external customer that requirements or expectations have not been met. This could be by telephone, written communication or verbal, and may be offered in a hostile or non-hostile manner. A complaint does not include reports of system failures ... where the report is advice only for [Allgas] to action and is not delivered as a complaint.</i></p> <p>To collect complaint statistics according to some other definition of complaint would add costs due to the need for retraining and computer system reprogramming.</p>
<b>Safety and Customer Service</b>		
Response times to emergencies	Measured from time of report of emergency to when site is made safe. ‘Emergencies’ cover all reports of gas escape.	Available.

<p>On-time connections for new customers</p>	<p>Connection within 10 business days<sup>1</sup> after lodgment of proper paperwork and payment of customer contribution (if required) where suitable gas mains run down the new customer's street. This is more stringent than the AGA Natural Gas Customer Service Code standard of 20 business days.</p> <p>Would exclude customer-related delays such as early applications made well before new connection is required.</p>	<p>Available.</p>
--	---	-------------------

## 2.16 **Should any additional information be included**

As discussed above, Allgas nominates two additional service quality indicators for reporting, 'response time to emergencies' and 'on-time connections for new customers', to those listed in Appendix C.

## 2.17 **How often should such information be reported to the Authority**

Allgas supports annual reporting of data. More frequent reporting, such as quarterly or six monthly reporting, is difficult to justify for a number of reasons. First, much of the reporting data would be collected manually, so more frequent reporting would carry higher costs. Secondly, some information (eg length of distribution mains) is not updated frequently. Thirdly, much of the information changes little over the course of the year, for example the background information on numbers of customers, length of distribution mains, gas consumption by customer class, and unaccounted for gas. Finally, annual reporting may give a more accurate picture of overall trends than more frequent reporting, since there may be significant volatility or statistical noise in shorter term reporting periods.

**The Authority seeks comments on whether there is value in publishing service quality information reported by service providers and if any of the information sought in Appendix C is likely to be commercially sensitive.**

## 2.18 **Value of publishing service quality information and whether any information sought in Appendix C is likely to be commercially sensitive**

Allgas supports publication of aggregated whole-of-network data. More disaggregated data may allow readers to draw inferences concerning usage by large users.

Further, as noted in section 2.2, it would be important to exclude third party dig-ins from published reliability of supply information to give an accurate picture of Allgas' performance.

<sup>1</sup> Could change under the *Gas Supply Bill*.

**The Authority seeks comments on the quality of the information that should be provided for service quality monitoring purposes.**

## 2.19 **Quality of the information provided for service quality monitoring purposes**

Allgas considers that the quality of the information collected should reflect its costs of collection relative to its usefulness to customers and management.

Allgas considers it is appropriate to monitor reliability of supply according to customer reports of loss of supply in view of the fact that more elaborate monitoring systems would:

- not be likely to be supported in terms of customer demand;
- be of limited usefulness in driving maintenance and operation of the gas distribution system; and
- be costly and only partially accurate.

**The Authority seeks comment on whether there is a need to go beyond service quality monitoring and consider implementing a service quality incentive regime for gas distribution.**

## 2.20 **Need to go beyond service quality monitoring and implement a service quality incentive regime for gas distribution**

Allgas supports the establishment of a service quality incentive regime to reward good performance and penalise poor performance. As noted above, it would be important in the design of a service quality incentive scheme to allow for indirect third party impacts on service quality indicators, such as third party dig-ins. Such a regime could be introduced when agreement has been reached on appropriate service quality indicators.

Allgas considers that it is crucial that this regime is based on customer willingness to pay as measured through surveys, and on distribution service provider willingness to supply. A price-service approach similar to that advocated by ENERGEX in its submission on the form of regulation for electricity distribution would be the best way to provide the parameters for such a regime. This approach would ensure that the parameters for the incentive regime were based on market valuations of particular aspects of service quality.

## 3. **CONCLUSION**

Allgas supports the introduction of gas service quality monitoring arrangements consistent with the principles enunciated in section 1.2 of this submission. Allgas looks forward to working cooperatively with the QCA on the development of service quality indicators with a view to progression towards an incentive regime.

