

NON CONFIDENTIAL

Invitation for Public Submissions on Discussion
Paper Gas Distribution:
Monitoring Service Quality

SECTION 2.2: Features of a Service Quality Regime

Minimum Versus Average Service Quality Measures

Q: *The particular aspects of service quality that are of value to users and how best to collect information on these measures.*

As mentioned, the particular aspects of service quality that are of value to users include the reliability and quality of gas supply, customer service quality and efficiency. Customer surveys (or reports) both written and possibly verbal via telephone or interview could be some ways in collecting this information. Electronic format would seem more feasible considering the postage or telephone costs involved.

Q: *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.*

Service quality measures should not be restricted to those directly under the control of the service provider as there is still uncertainty in defining the “extraneous events.” As mentioned the service provider should have a contingency plan in the event of any unplanned outages whether the fault was caused by third party or not. Customers will expect the service (gas supply) regardless of the cause of outage since the loss of gas supply over a period is highly expensive in productivity and finances compared to the effort to repair the fault/s. The “service provider” must exactly provide the service in which its name describes.

Measuring the response of the service provider to unplanned outages and extraneous events can be further beneficial in that implementation of an efficient contingency plan improves performance and customer satisfaction and preference for that particular provider.

Q: *The relative merits of adopting minimum or average service quality measures.*

As mentioned, there are definite merits in adopting minimum and average service quality measures. Minimum measures will produce more equitable outcomes compared to average measures since all customers at all areas are important, however average measures may encourage service providers to limit their service quality outcomes to specific customers with less costly requirements. Yet an average measure would display any variation around the average. At this stage there is agreement that both should be included and are useful for analysis in certain and specific parts of the reporting regime.

Q: *Any other matters that should be taken into account in designing a service quality monitoring regime.*

When choosing between a minimum or average level of monitoring service, the minimum measures assess when delivered services are below a specified level. Therefore the customers interpretation of “specified level” may vary depending on their personal gas quota / usage and will be influenced by the customers previous gas usage history. Broad agreement will be required from all (or majority) of customers to define what the “minimum specified level” will be.

Consistent and Comparable Data

Q: *Whether it should seek to adopt measures that are comparable with those collected in other jurisdictions.*

Although jurisdictions are individual, measures should be comparable with those collected in other jurisdictions to obtain some form of regulatory consistency so that information collected and interpreted will also be consistent and useful assessments made. Therefore the irregularity of regulatory arrangements across jurisdictions can also be addressed.

Q: *Whether it should seek to align service quality measures for gas with those already developed for electricity distribution.*

Some consideration should be given to align service quality measures for gas with those already developed for electricity distribution given the emergence of multi-utilities. Further benefits into aligning the two require more thought before adoption.

Data Collection Costs

Q: *The nature of service quality related information, if any, that is currently collected by service providers.*

Virtually nil, I believe there has been 1 customer survey in the last 10 years.

Q: *The possible data collection costs associated with the measures proposed in Appendix C.*

The possible data collection costs that would increase expenditure includes identifying the unaccounted for gas and determining the enquiries and complaints as these are more qualitative information rather than specific quantitative for measuring service quality.

SECTION 3.1: Reliability of Gas Supply

Q: *Which measures of reliability are relevant to the Queensland gas distribution networks.*

The six (6) measures of gas reliability listed in [Section 3.1](#) are adequate and seem relevant to the QLD gas distribution networks. These include planned and unplanned outages, the number of customers affected by outages, the number of minutes or hours off gas supply, gas leaks and unaccounted for gas.

However, the customer type and the scale of gas use may be included as major users (industrial and possibly commercial) would be more affected financially and through inconvenience than would small scale users (eg. Residential). Therefore the level of reliability will be perceived very differently between large and small-scale gas users or from customers in high, medium or low-pressure distribution networks.

(Note: By keeping relatively similar monitoring format as other states, it will form a solid template for further comparisons between states and to identify the overall national and international gas supply and service quality for researchers).

Q: *Whether there is a need to distinguish between the reliability of different pressure sections of the network.*

Yes, as explained above!

SECTION 3.2: Quality of Gas Supply

Q: *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.*

The three (3) measures of technical quality mentioned in Section 3.2 are sufficient to determine the gas quality supplied. i.e, Particularly the number of poor combustion / poor pressure incidents reported and the number and type of complaints made in respect of the detectability of gas by odour, or inadequate gas supply pressure.

SECTION 3.3: Customer Service

Q: *How users interact with network operators in relation to customer service.*

Currently interaction on Price and quality is communicated with the Area Representative which has worked very effectively. Communication on any gas leaks or equipment faults is put through the call centre.

Q: *Whether customer service is an aspect of service quality that should be included in a monitoring regime.*

Customer service should definitely be included in monitoring regime, as efficiency and responsiveness with price, reliability and quality of supply are all important in attaining high or acceptable levels of service quality.

Q: *What measures of customer service should be considered.*

The first seven (7) measures of customer service listed by The Australian Gas Association (2002) should be considered, as with any business or private usage the price and reliability and the quality of supply are key factors in customer satisfaction. The seventh measure, i.e. telephone response times (the proportion of calls answered within 20 seconds and proportion of calls abandoned) also has significance in assessing customer service, as the quicker the calls are taken for complaints or planned or unplanned outages, the sooner the faults can be fixed. This in turn relates to both higher short and long term customer satisfaction.

SECTION 5.1: Data Collection Format

Q: *The appropriateness of the information contained in the data collection outline (Appendix C) and associated definitions.*

I assume the Appendix C outline is a summary or collation of the total information. Therefore the definitions are sufficient and the data field is appropriate, although some inclusions (detailed below) may be useful.

Q: *Whether any additional information should be included.*

Possibly when identifying the reliability of supply, the identification could be more specific as the “number of customers” represented as a whole can be misleading in the sense that five (5) of those customers may be only small scale consumers in a particular distribution area and not representative of the whole customer base. Dividing the customers into large and small distribution customers in this data field may be more representative. This is due to the fact that large customer classes would be more reliant and financially dependent on uninterrupted supply than smaller users, given that larger gas users

may not have sufficient resources, systems (multi-utilities) or capital to have reliable backup for alternative fuel systems.

Further inclusion of the seven (7) measures of customer service listed in Section 3.3 should be included and arranged under “Reliability of Supply” with regards to the price of supply.

Q: *How often such information should be reported to the Authority.*

How often information should be reported can be dependent on the scale of gas use by the customer, their industry and whether the customer has reliable backup supply or a contingency plan. Large users of natural gas would be more dependent on reliable supply due to the inconvenience of changing to alternative fuels, particularly if they have no backup systems in place. Information supplied quarterly to establish the pool of data and half yearly thereafter seems adequate given the time and costs involved to organise and provide that information.

SECTION 5.2: Publication of Material

Q: *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.*

There is definite value in publishing service quality information as the information needs to be shared or available to others, particularly the customers, otherwise what is the point of researching or monitoring gas supply and withholding information, i.e. To be useful in improvement schemes or projects, information must be shared and available to all persons as it is an integral part of the understanding and learning process before long term improvements and benefits are made. If the service provider is of any quality, there should be no qualms about providing information publicly and in some cases it can be useful for marketing as excellent or improved track records are identified, i.e. It may identify strong gas providers and a strong gas supply market that reflects well on Queensland’s and the national economy and may improve customer preference for natural gas as opposed to alternative fuels.

SECTION 5.3: Information Quality

Q: *The quality of information that should be provided for service quality monitoring purposes.*

Reliability, verifiability and comparability seem sufficient in achieving quality and useful information. Another concern is the clarity and availability of information produced which must be understandable to a variety of readers or assessors and whether the amount or quantity of information collected is representative of actual situations and/or groups.

SECTION 6.2: Incentive Design

Q: *Whether there is a need to go beyond service quality monitoring and consider implementing a service quality incentive regime for gas distribution.*

Implementing a service quality incentive regime for gas distribution should be considered, particularly the publication of service quality outcomes or comparative performance monitoring, minimum service standards and customer empowerment. Preferably asymmetric incentives are favoured over symmetric incentives as customers may not be prepared to pay for additional service quality improvements since supply costs are already high and paying for extra incentives seem too sympathetic given the standards the service providers should have supplied originally! Competition and customer education and communication are believed to be three key components that can improve the service provided.