

28 March 2018

Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

www.qca.org.au/submissions

Re: Consultation paper – Review of Guaranteed Service Levels to apply in Queensland from 1 July 2020

Thank you for the opportunity to make a submission on the Queensland Competition Authority's (QCA) Review of Guaranteed Service Levels (GSL) to apply in Queensland from 1 July 2020 (the Review).

Background to EWOQ

The Energy and Water Ombudsman Queensland (EWOQ) provides a free, fair and independent dispute resolution service for small electricity and gas customers across Queensland and water customers in south east Queensland who are unable to resolve a dispute with their supplier.

In our submission, we have only provided responses to the questions based on our experience as an external dispute resolution scheme dealing with residential and small business energy customer complaints in Queensland.

One of our key objectives is to contribute to improved service delivery in Queensland's energy and water sector by collaborating with scheme participants including distributors to improve their customer service delivery. For this reason we strongly support the QCA's review of the appropriateness of the current GSL arrangements applying to Energex and Ergon Energy and whether any changes should apply from 1 July 2020.

In response to the issues for comment, we advise as follows:

(1) Are the current GSL arrangements suitable for use in the next regulatory control period? What reason(s), if any, are there for changing the current GSLs in the Code for 2020 – 25?

We believe the current GSL scheme is achieving its stated objectives. We endorse the QCA's current role in monitoring and reporting distributor's performance around GSLs because it promotes transparency, gives accountability to customers regarding the level of service provided and identifies areas for improvement. Although we acknowledge that GSLs are not intended to provide a strong economic incentive for the distributors to improve reliability and customer service performance or to provide full compensation for impacted customers, we support their role in providing some financial recognition to individual customers who have received poor reliability or customer service from their distributor.

We also agree in principle that GSL schemes acknowledge that in many cases, it is more efficient for a distributor to incur some level of GSL liability than to try and completely avoid instances of poor service and reliability which would be prohibitively costly and inefficient.

With regards to competition and related services referred to in the Review, we encourage that the QCA should continue to consult with relevant stakeholders to monitor whether or not there is any evidence that supports amending the Electricity Distribution Network Code (the Code) to extend the GSL requirement to the newly introduced retailer-initiated interruption. In principle, we believe that ultimately customers should be eligible for a GSL payment where, like a distributor, a retailer fails to provide adequate customer service to an individual or small business.

(2) Are the threshold triggers for payment of GSLs still appropriate?

We agree the current threshold triggers for payment of GSLs are appropriate and fulfilling their purpose to provide some financial recognition of poor service experienced by customers. We support the QCA's view that while there are different GSLs in other jurisdictions, the way the GSL requirements are applied and the value of the payments are very similar across the board. Queensland's GSLs are comprehensive and, as per most other jurisdictions, they focus on connection performance, timeliness of services and provision of adequate notice. We also recommend that the QCA continue to consider regional variation in reliability when determining these thresholds.

(3) Are the values of GSL payments still appropriate for the next regulatory period or should they be adjusted? If so, how should they be adjusted?

We recommend that the GSL payments be adjusted for the next regulatory period so that they are in line with the Consumer Price Index. We support the process the QCA has used in the past which escalates the payment levels to account for the effect of inflation up until the middle of the next regulatory period which ensures that customers, on average will receive the nominal GSL amount equal to the real value as envisaged in the original Code (as at 1 January 2005).

(4) Is the annual cap on GSLs for individual customers still appropriate or should it be adjusted? If so, how should it be adjusted?

Currently in Queensland, if a distributor breaches a GSL they are required to pay the GSL amount which has remained fixed since 2015 to the customers up to the annual limit or cap of \$416 per customer per year excluding GSLs paid for wrongful disconnection. We consider that the consumer price index remains the most appropriate escalator to restore the real value of the cap for GSL payments for the next regulatory period.

Although we acknowledge the QCA does not wish to significantly increase the GSL payment amounts, in an environment where high electricity prices are affecting all consumers particularly those who are vulnerable and experiencing hardship, we suggest that the QCA consider increasing GSL payment amounts and the cap to more closely reflect 'real' increases in electricity prices since they were first determined.

Since the initial GSL arrangements were determined, the energy environment in Queensland has undergone and continues to undergo significant changes in the areas of technology, legislation and regulation, generation and storage and price. This dynamic environment presents new challenges and opportunities for distributors and we encourage the QCA to take these factors into consideration when consulting on future reviews. We also recommend the QCA develop guidelines around how distributors increase customer awareness and education around the provision of GSLs, how they are administered and their role in the enhancement of customer service and network reliability.

Thank you for the opportunity to contribute to this consultation paper. If you require any further information regarding this matter please contact Ms Ilona Cenefels, General Manager – Reporting, Policy and Research on 07 3087 9455.

Yours sincerely,



Jane Pires

Energy and Water Ombudsman