

Queensland Competition Authority

Final Decision

Review of Guaranteed Service Levels to apply to Energex and Ergon Energy from July 2020

March 2019

We wish to acknowledge the contribution of the following staff to this report:

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OVERVIEW

The GSL scheme

The Electricity Distribution Network Code (the Code) requires Energex and Ergon Energy (the distributors) to make guaranteed service level (GSL) payments to small customers when the GSL levels specified in the Code are not met. The Code also requires the QCA to review the GSL measures, thresholds and payments before each five-year regulatory period. The next regulatory period runs from 1 July 2020 to 30 June 2025.

Since the GSL scheme's inception in 2005, there has been a lack of clarity over the purpose of GSL payments. The objective of the Code—to promote efficient investment in, and efficient use of, electricity services—does not adequately describe the purpose of GSL payments. Accordingly we consider that the Code should be amended to state that GSL payments acknowledge the inconvenience a customer experiences when a distributor does not meet a GSL.

GSL measures, thresholds and payments

Most of the existing GSL measures remain appropriate for the 2020–25 regulatory period. The only significant change we propose is the removal of the GSL for hot water supply as it is no longer required. As in our previous (two) reviews, we recommend that the GSL payments, including the annual cap on entitlements, be escalated by the consumer price index to maintain the real value of the payments.

The following table summarises our recommended changes to the existing GSL measures and the corresponding GSL payments for the 2020–25 regulatory period.

<i>GSL measure</i>	<i>Recommended changes</i>	<i>GSL payment</i>
Wrongful disconnection	No change	\$155
Connection	No change	\$62 per day
Reconnection	No change	\$62 per day
Hot water supply	Due to the low number and dollar value of the payments in the past, we recommend removing this GSL from the scheme.	—
Appointments	No change	\$62
Planned interruption—Business	No change	\$77
Planned interruption—Residential	No change	\$31
Reliability—Interruption duration	No change	\$124
Reliability—Interruption frequency	We propose that all customers in Queensland on the same feeder type should have the same thresholds to provide geographic equity. The thresholds in the Energex distribution area for urban feeders should be increased from 10 to 13 interruptions per year and for short rural feeders from 16 to 21 (as in the Ergon Energy distribution area).	\$124
<i>Annual cap</i>	<i>No change</i>	<i>\$496</i>

The requirements for claiming, making and processing GSL payments are still appropriate. However, the Code should be amended so that eligible customers with card-operated meters have three months to make a GSL claim, just like other network-connected customers, rather than only one month as the Code currently provides.

Related issues

A number of stakeholders raised issues that were related to, but not part of, the GSL scheme. Some of these related issues are the subject of regulatory reviews at the national level. To respond to arguments made in the submissions, we provide summaries of the national reviews to the extent they relate to the GSL scheme. Where appropriate, we also offer our views on policy and regulatory solutions.

Microgrids

Microgrids are stand-alone power systems that generate and supply electricity to multiple customers. Stand-alone power systems are increasingly becoming an efficient alternative to the existing grid supply, and could potentially improve reliability for customers in more remote areas. Ergon Energy's 33 isolated networks, and the Mount Isa–Cloncurry network to which the GSL scheme does apply, could be considered microgrids. Some stakeholders recommended that the GSL scheme be extended to microgrids to provide uniformity in consumer protections and customer service expectations.

The Australian Energy Market Commission (AEMC) is in the process of reviewing the regulatory frameworks for stand-alone power systems. Our view is that equivalent principles—though not necessarily measures, thresholds or payments—should apply to setting GSL payments for customers if a distributor moves them from standard grid supply to a microgrid. However, as the AEMC has not completed its review, we have not recommended any amendments to the GSL scheme in relation to microgrids.

Retailer GSLs

The GSL scheme is only applicable to distributors and does not cover retailer-initiated interruptions or wrongful disconnections by retailers. However, we do not recommend extending the GSL scheme to retailers. Particularly in the Energex area where competition incentivises retailers to provide a high quality service, it is open to retailers to make 'GSL-type' payments to customers who receive poor service. We also consider that our decision to not recommend the GSL scheme be extended to retailers supports the Queensland Government's decision to adopt the National Energy Customer Framework from July 2015, thereby transferring (the vast majority of) retail electricity regulation to the national level.

On-supply arrangements (embedded networks)

In apartment blocks, caravan parks or other types of residential complexes, electricity may be provided through an embedded network. In an embedded network, the building or site has a single connection point to the electricity grid. The site owner (or the building manager) owns and runs this network. Electricity is generally bought in bulk (typically at a lower cost than would be available to individual small customers) from an electricity retailer and then on-sold to occupants using the site's internal network.

The distributors are only required to make one GSL payment per electricity account for each GSL event, regardless of the number of account holders or premises listed on the account. As a result, customers in on-supply arrangements do not receive GSL payments.

The AEMC is currently updating the national regulatory framework for embedded networks. The QCA agrees with the AEMC that embedded network customers should have similar access to consumer protections as a standard supply customer. However, a number of issues—particularly the absence of reliability standards for embedded networks—need to be addressed before any changes to the GSL scheme could be proposed to extend eligibility for GSL payments to embedded network customers.

Major event days

A major event is a 'catastrophic event' that exceeds the capacity of the electricity network to avoid significant power interruptions. Major event days (MEDs) are days on which a major event occurs and are generally associated with storms that do not lead to declarations of a 'natural disaster'. MEDs led to a significant increase in GSL payments for supply interruptions in 2017–18. Energy Queensland submitted that, on MEDs, the distributors should not be liable for interruption GSL payments, as the distributors cannot control these weather events.

We accept that MEDs are beyond the control of the distributors, and that power outages on MEDs should not be characterised as 'poor service' or 'poor reliability'. However, as our proposed purpose of GSL payments is to acknowledge the inconvenience a customer experiences when a distributor does not meet a GSL, we consider that GSL payments should continue to be made when thresholds are breached on MEDs. We also note that, while MEDs are excluded from the national GSL scheme offered by the Australian Energy Regulator (AER), no state or territory in the National Electricity Market has adopted the AER's scheme. Accordingly, approaches to excluding MEDs from jurisdictions' GSL schemes vary considerably.

Reporting requirements

The Code requires Energex and Ergon Energy to monitor and report to the QCA quarterly on their compliance with GSLs. These reports are due within two months of the end of each quarter and are published on the QCA website.

We recommend that responsibility for publishing quarterly reports transfer from the QCA to Energex and Ergon Energy, and that some additional reporting measures be placed on the distributors. In particular, we recommend that Energex and Ergon Energy report on the number of customers who reach the annual cap on GSL payment entitlements each quarter. Our view is that information on the number of customers reaching the cap would provide some information on the extent to which GSL payments are made to customers who receive lower service levels than other customers.

Direct public reporting will improve the distributors' accountability for GSL scheme compliance. Further, publishing GSL scheme quarterly reports would complement the regulatory and performance information both Energex and Ergon Energy currently publish.

We also acknowledge the value of independent reporting on the GSL scheme. Accordingly, we recommend that the QCA's publication of annual reports on the GSL scheme be established as a requirement in the Code. The annual reports would be due within three months of the end of each financial year.

Proposed distribution network code

In Appendix B of this final decision, and on our website, we have detailed our final decision in terms of changes we recommend to the Code. Stakeholders should note that a distribution network code made by the QCA has no effect unless it is approved by the Minister with responsibility for electricity (see *Electricity Act 1994* (Qld), section 120F(2)).

THE ROLE OF THE QCA—TASK, PROCESS AND CONTACT

The Queensland Competition Authority (QCA) is an independent statutory body which promotes competition as the basis for enhancing efficiency and growth in the Queensland economy.

Task

The Electricity Distribution Network Code requires the QCA to review guaranteed service levels (GSLs) and related payments to apply to Energex and Ergon Energy at the start of each five-year regulatory control period. The next regulatory control period runs from 1 July 2020 to 30 June 2025.

This final decision is a final report about the material issues for the proposed distribution network code as required by section 222O(a) of the *Electricity Regulation 2006* (Qld).

Process

- The GSL review began in February 2018 with the release of a [consultation paper](#) on the GSLs to apply in Queensland from 1 July 2020. Submissions were due by late March 2018.
- The QCA reviewed the [submissions](#) and identified eight key topics for which it needed further information from stakeholders to inform its draft decision. A [consultation notice](#) in April 2018 invited stakeholders to comment on these topics by late June 2018.
- The QCA used a broad evidence base, including the 15 stakeholder submissions it had received and various other sources, to reach a [draft decision](#). The draft decision was published in October 2018 and submissions were invited from interested parties by late December 2018.
- On 26 November 2018, the QCA facilitated a public workshop at its office in Brisbane to discuss the key recommendations and issues of the draft decision. Stakeholders were encouraged at the workshop to support the positions they advance in their submissions on the draft decision with clear arguments and, where possible, verifiable evidence.
- This final decision takes into account the 20 submissions to this review—a [list of all the submissions](#) is included in Appendix D—as well as new information and reviews published since the draft decision.

The QCA appreciates the valuable contributions that stakeholders made during the review process through their submissions and participation in the workshop. Each of the submissions, external sources, recent developments and the QCA's own analysis provided an input to this final decision, and the QCA carefully evaluated the content and evidence of all of these inputs.

Where appropriate and relevant, specific arguments made in the submissions are mentioned in the draft and/or the final decision, using either direct quotes or references to arguments or themes. While not all arguments are referred to in this final decision, the QCA carefully considered the issues raised by stakeholders. If certain arguments or statements are not referenced, it does not mean that these were not taken into account when reaching this final decision. While the QCA did not adopt all of the positions in the various submissions, the relevant issues and the competing viewpoints of all submissions were considered.

Contact

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Contact: www.qca.org.au/Contact-us

1 THE GSL SCHEME

The guaranteed service level scheme requires Energex and Ergon Energy to make payments to residential and small business customers when certain service levels are not achieved. However, a lack of clarity over the purpose of the scheme has developed since the scheme's inception in 2005. We consider that the purpose of GSL payments should be formally established as acknowledging the inconvenience customers experience when guaranteed service levels are not met.

1.1 Background

Energex and Ergon Energy (the distributors) are subject to the Electricity Distribution Network Code in Queensland (the Code), which requires them to make guaranteed service level (GSL) payments to small customers where the GSLs are not met.¹ Small customers are defined as customers who consume less than 100 megawatt hours annually.²

The payments relate to, for instance, the duration and frequency of customer outages, wrongful disconnection, the timeliness of connections and reconnections, and notices of planned interruptions.

The Code requires the QCA to review the GSL measures, thresholds and payment amounts that will apply at the beginning of each regulatory control period.³ The regulatory control periods coincide with the regulatory periods for the distributors' revenue determinations by the Australian Energy Regulator (AER); the next period will run from 1 July 2020 to 30 June 2025.⁴

Details of the history of the GSL scheme are available in our previous decisions on the GSL and minimum service standards (MSS) frameworks.⁵

1.1.1 Current GSLs

The current Queensland GSL measures, thresholds and payments are set out in Table 1.

¹ Electricity Distribution Network Code, clause 1.1.2(a).

² National Energy Retail Law, section 5; National Energy Retail Regulations, section 7.

³ Electricity Distribution Network Code, clause 2.3.19.

⁴ AER website, [Energex – Determination 2020–25](#) and [Ergon Energy – Determination 2020–25](#).

⁵ QCA website, [Review of GSLs](#).

Table 1 Queensland GSLs, thresholds and payments, 2015–20

<i>GSL</i>	<i>Threshold</i>	<i>GSL payment</i>
Wrongful disconnection	Disconnection wrongful under the electricity legislation ⁶	\$142
Connection	Connection not provided by the agreed date	\$57 per day
Reconnection	Reconnection not provided within the required time ⁷	\$57 per day
Hot water supply	Failure to attend to customer's premises within the time required	\$57 per day
Appointments	Failure to attend appointments on time	\$57
Planned interruption—Business	Notice of a planned interruption to supply not given	\$71
Planned interruption—Residential	Notice of a planned interruption to supply not given	\$28
Reliability—Interruption duration	CBD feeder: duration >8 hours Urban or short rural feeder: duration >18 hours Long rural or isolated feeder: duration >24 hours ^(a)	\$114
Reliability—Interruption frequency	Number of interruptions in a financial year (a customer is not entitled to more than one interruption frequency GSL payment in a financial year): <ul style="list-style-type: none"> • Energex—CBD and urban feeders: 10; short rural feeder: 16 • Ergon Energy—urban feeder: 13; short rural, long rural and isolated feeders: 21 	\$114

(a) Feeder definitions are at [Appendix A](#).

Note: Amounts include GST (if any is payable).

Source: Electricity Distribution Network Code, clauses 2.3.3 to 2.3.9.

Total payments are subject to an annual cap (currently \$454 per customer), although this limit does not include GSL payments for wrongful disconnections. The Code also requires the distributors to use best endeavours to automatically pay customers when a GSL event occurs.⁸

Details of each GSL are provided in [Appendix A](#).

⁶ 'Electricity legislation' is defined under the Electricity Distribution Network Code, chapter 6 (definitions), as meaning the *Electricity Act 1994* (Qld), *Electrical Safety Act 2002* (Qld), *Electricity – National Electricity Scheme (Queensland) Act 1997* (Qld), *National Energy Retail Law (Queensland) Act 2014* (Qld), and regulations, standards, codes, protocols and rules made under those Acts.

⁷ The reconnection time thresholds in the Ergon Energy distribution area are set by feeder type, while those in the Energex distribution area have historically been set by location (premises other than those in excluded locations and premises in excluded locations) as shown in [Appendix A](#). QCOSS suggested that GSLs did not apply in these excluded locations and that no explanation was provided for their exclusion (QCOSS, sub. 20, page 2). However, small customers in the excluded locations are eligible for GSL payments; the only difference is that the time triggers for a GSL payment are different for customers in excluded locations. We acknowledge that the term 'excluded locations' may cause confusion and propose to amend this term in the Code to 'other locations' to avoid any doubt about the inclusion of these locations in the GSL scheme.

⁸ Electricity Distribution Network Code, clauses 2.3.15 and 2.3.12.

Historical payments

In 2013–14 total payments were \$652,847. This increased to \$1,673,259 by 2015–16. After a decrease in 2016–17, total payments jumped to \$7,594,955 in 2017–18, nearly eight times as much as in 2016–17 (Table 2). The large increase in GSL payments in 2017–18 was primarily attributed by Energy Queensland to severe weather events over the summer months.⁹

Table 2 Total Queensland distributor GSL payments, 2013–14 to 2017–18

<i>GSL payment type</i>	<i>2013–14</i>	<i>2014–15</i>	<i>2015–16</i>	<i>2016–17</i>	<i>2017–18</i>
Wrongful disconnection	\$42,640	\$59,020	\$32,940	\$23,856	\$14,342
Connection	\$12,948	\$40,040	\$13,196	\$127,949	\$91,542
Reconnection	\$23,764	\$35,672	\$19,519	\$7,197	\$8,774
Hot water supply	\$312	\$520	\$228	\$57	\$57
Appointments	\$44,200	\$83,980	\$65,057	\$20,748	\$18,810
Planned interruption—Business	\$25,415	\$34,905	\$26,932	\$28,878	\$23,998
Planned interruption—Residential	\$121,888	\$100,464	\$89,287	\$58,441	\$66,192
Reliability—Interruption duration	\$320,944	\$948,129	\$1,419,488	\$668,040	\$7,364,742
Reliability—Interruption frequency	\$60,736	\$30,108	\$6,612	\$16,302	\$6,498
Total	\$652,847	\$1,332,838	\$1,673,259	\$951,468	\$7,594,955

Sources: *Energex and Ergon Energy GSL compliance reports*. These reports are available on the QCA website, [Guaranteed Service Level payments](#).

Regulatory treatment of GSL payments

GSL payments are included in the operating expenses for revenue determinations made by the AER. We noted in our draft decision that we understood that there was no reconciliation or 'true up' between the distributors' forecast and actual GSL payments.

Energy Queensland confirmed in its submission on the draft decision that there are no adjustments between forecast and actual GSL expenditure. Energy Queensland stated that Energex and Ergon Energy use a positive balance—if actual GSL payments are lower than the forecast—to offset other budget expenditures, while any shortfall—if GSL payments exceed the forecast—is funded from within the business (not from customers).¹⁰

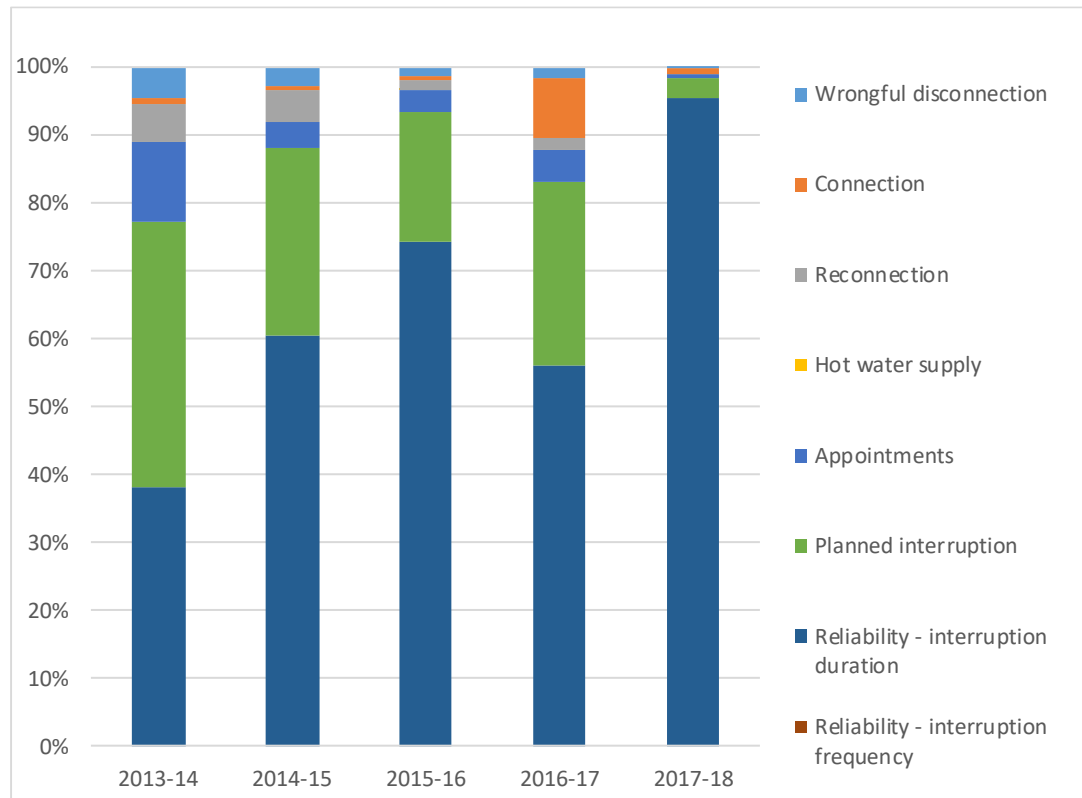
⁹ Ergon Energy 2018a; Energex 2018a (both available on the QCA website, [Guaranteed Service Level payments](#)).

¹⁰ Energy Queensland, sub. 16, page 9. More detail on Energy Queensland's proposed treatment of GSL scheme costs for the 2020–25 regulatory period is available in Energy Queensland's draft plans for the determination (Energy Queensland 2018, sections 11.7 (Table 9) and 21.7 (Table 15)).

1.1.2 Performance—Energex

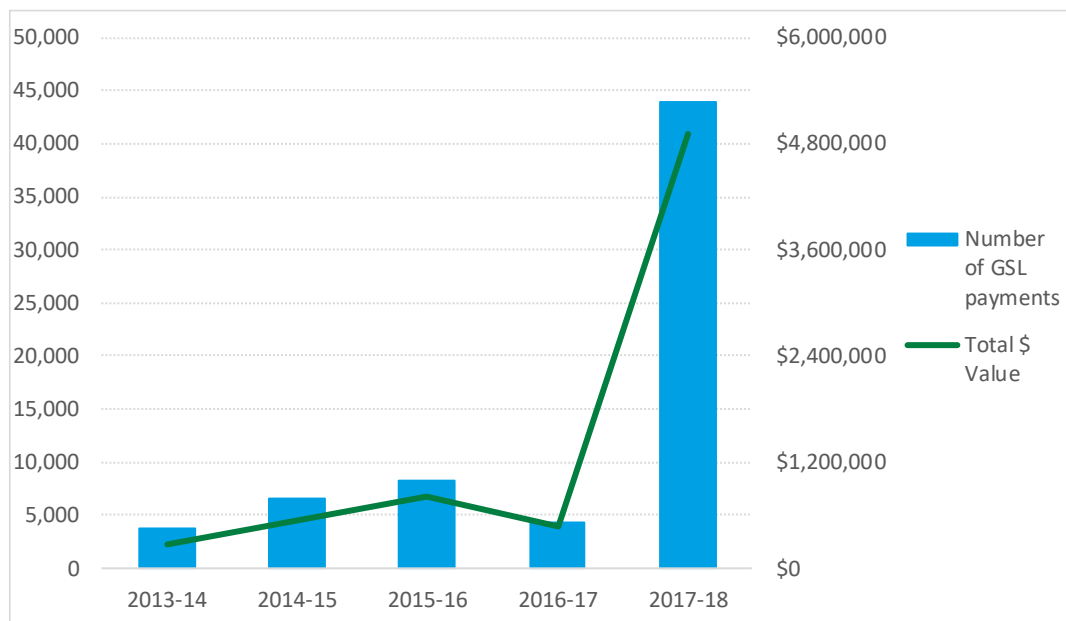
From 2013–14 to 2017–18, Energex made 66,829 GSL payments to customers at a total cost of \$6.97 million (Figure 1 and Figure 2). Most of these payments were for interruption duration (84%).

Figure 1 Energex GSL payments by category, 2013–14 to 2017–18 (%)



Sources: Energex GSL compliance reports; QCA analysis.

Figure 2 Energex total GSL payments, 2013–14 to 2017–18

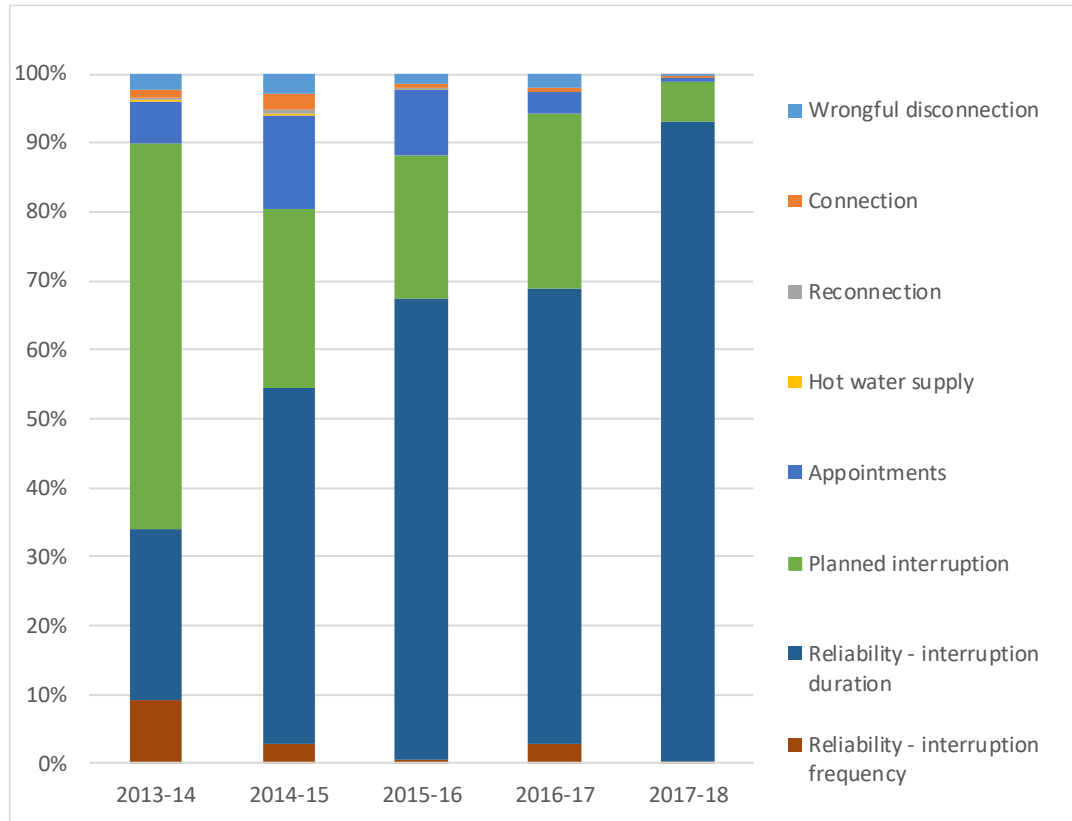


Sources: Energex GSL compliance reports; QCA analysis.

1.1.3 Performance—Ergon Energy

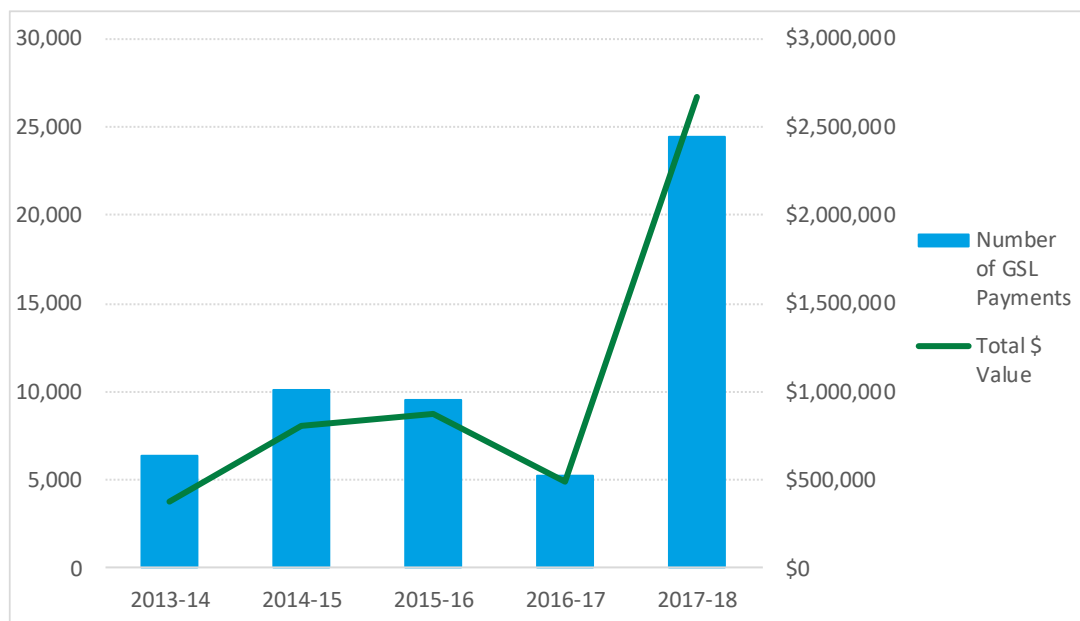
From 2013–14 to 2017–18, Ergon Energy made 55,565 GSL payments at a total cost of \$5.23 million (Figure 3 and Figure 4). Most of these payments were for interruption duration (71%) and insufficient notice of planned interruptions (19%).

Figure 3 Ergon Energy GSL payments by category, 2013–14 to 2017–18 (%)



Source: Ergon Energy GSL compliance reports; QCA analysis.

Figure 4 Ergon Energy total GSL payments, 2013–14 to 2017–18



Source: Ergon Energy GSL compliance reports; QCA analysis.

1.2 Distribution reliability and service framework

The GSL scheme is part of a broader distribution reliability and service framework that includes MSS.¹¹ Amongst other things, Energex and Ergon Energy are required to meet minimum network reliability standards:

- System Average Interruption Duration Index (SAIDI), which indicates the average duration of customer interruptions
- System Average Interruption Frequency Index (SAIFI), which indicates the average frequency of interruptions.¹²

These provide minimum levels of reliability that Energex and Ergon Energy must aim to achieve.

Distributors are also encouraged to offer customers tailored solutions that improve reliability in individual areas where there is little economic incentive to do so. This includes the Worst Performing Feeder Improvement Program.¹³

Unlike the GSL scheme, these arrangements are not standards that individual customers can enforce against the distributors.

1.3 National GSL scheme

Queensland operates its own GSL scheme, rather than adopting the national GSL scheme that is available under the AER's Service Target Performance Incentive Scheme (STPIS).¹⁴ The GSL scheme under the STPIS applies if a jurisdiction does not have its own GSL scheme in place.¹⁵ Table 3 compares the national and Queensland GSL schemes.

Table 3 Comparison of national (AER) and Queensland GSL schemes

<i>Measure</i>	<i>National GSL scheme</i>	<i>Queensland GSL scheme</i>
Total duration of interruptions	Level 1—20 hours (\$100) Level 2—30 hours (\$150) Level 3—60 hours (\$300)	—
Duration of interruptions	\$80 payment for all feeder types: CBD and urban feeders—12 hours Rural (short and long) feeders—18 hours	\$114 payment for all feeder types: CBD feeder—more than 8 hours Urban or short rural feeder—more than 18 hours Long rural or isolated feeder—longer than 24 hours
Frequency of interruptions	\$80 payment for all feeder types: CBD and urban feeders—9 interruptions	\$114 payment for all feeder types: Energex*—CBD feeder (10), urban feeder (10), short rural feeder (16)

¹¹ We also note that clause 7.1 of the Distribution Authorities requires the distributors to comply with the GSL regime notified by the regulator under the Electricity Act. The Distribution Authorities are available on the Business Queensland website, [Minimum service standards reporting](#).

¹² Distribution Authorities, clause 9.

¹³ Energy Queensland, sub. 10, section 2.4. A long rural feeder means a feeder which is not a CBD feeder, urban feeder or isolated feeder with a total feeder route length greater than 200 km (Electricity Distribution Network Code, chapter 6 (definitions)).

¹⁴ AER 2018a, chapter 6.

¹⁵ We consider that any decision for Queensland to adopt the national GSL scheme is a matter for the Queensland Government, and is outside the scope of this review. No state or territory in the National Electricity Market has adopted the national GSL scheme.

Measure	National GSL scheme	Queensland GSL scheme
	Rural (short and long) feeders—15 interruptions	Ergon*—urban feeder (13), short rural, long rural and isolated feeder (each 21)
Notice of planned interruptions	4 business days' notice (\$50)	4 business days' notice Residential (\$28) Small business (\$71)
Appointments	—	Not at specified time or within the specified time period (\$57) Energex—5 hours Ergon Energy—1 day
New connections	Not by agreed date (\$50 per day to a maximum of \$300)	Not by agreed date (\$57 per day)
Reconnection	—	Not by agreed date (\$57 per day)
Wrongful disconnection	—	\$142
Streetlight repair	Not within 5 days (\$25)	—
Hot water supply	—	Not within time required to attend (\$57 per day) Long rural/isolated feeders—by agreed day All other feeders—within one business day, or agreed day

* Number of interruptions in a financial year in brackets.

Notes: Amounts include GST, if applicable or any is payable. A dash (—) indicates a GSL measure is not applicable.

Sources: Electricity Distribution Network Code, clause 2.3; AER 2018a, chapter 6.

Under the national scheme, the application of GSL parameters is open to negotiation between the AER and distributors during AER revenue determinations.¹⁶

1.4 Our approach to the review

1.4.1 Guiding principles

In addition to the general requirements of the Code, our most recent review of the GSL scheme (in 2014) considered the following factors:

- the performance of Energex and Ergon Energy against the GSL requirements
- GSL arrangements in other jurisdictions
- the relevance of the existing GSL parameters and whether there was a need for additional, or different, measures of performance
- any other matters considered relevant in recommending GSL arrangements to apply to Energex and Ergon Energy for the next regulatory period.¹⁷

We believe these guiding principles remain appropriate for this review of the GSL arrangements to apply from 1 July 2020.

¹⁶ AER 2018a, section 6.2(b).

¹⁷ QCA 2014b, section 1.4.

1.4.2 Scope

The Code does not limit the scope of the review; it refers only to the need for the review to be completed prior to the next regulatory control period.¹⁸

In a narrow sense, the review is about determining if the current GSLs measures and their thresholds and payment levels continue to be appropriate. Of course, such an assessment is enhanced if it is able to take into account related issues that impact Energex, Ergon Energy and electricity consumers in Queensland. A number of stakeholders noted that the energy industry continues to evolve and that this is relevant to the GSL scheme. The Queensland Council of Social Service (QCOSS), for example, stated that since the last review of GSLs there have been significant changes to the energy market that have impacted on complexity, service delivery and consumer expectations.¹⁹

Stakeholders raised a number of matters that involve consideration of broader issues, including:

- exempting the distributors from liability for supply interruptions for extreme weather events
- extending GSL arrangements to include supply from microgrids
- applying GSLs to retailers
- providing equity between GSL arrangements in the Energex and Ergon Energy distribution areas.

Some of these related issues are currently being considered at a national level, and are discussed in this final decision. Timing of, and uncertainty around, policy resolution at the national level add to the complexity; on this basis, the QCA has taken a two-tiered approach to the draft and final decisions.

First, we review existing GSLs and assess what changes, if any, should be made. This process adopts a relatively narrow scope, only making recommendations where we believe there is clear justification. The outcome of this review is presented in Chapter 2.

Second, we address the related issues that have the potential to warrant significant changes to the GSL scheme itself. Chapter 3 examines, in particular, whether to extend GSLs to microgrids, retailers and on-supply arrangements.

Chapter 4 considers Energy Queensland's submission that major event days (MEDs) be excluded from reliability-based GSLs.

Chapter 5 analyses reporting and monitoring requirements for the distributors and the QCA.

The remainder of the chapter considers the purpose of the GSL scheme.

¹⁸ Electricity Distribution Network Code, clause 2.3.19.

¹⁹ QCOSS, sub. 6, page 1; Queensland Consumers Association, sub. 5, page 1; EWOQ, sub. 2, page 2.

1.5 Purpose of the GSL scheme

In our consultation paper, we stated that GSL payments provide some financial recognition to customers who have received poor reliability or service from their distributor.²⁰

In their initial submissions, stakeholders expressed or inferred several alternatives for the purpose of the scheme. In general terms, the suggestions included, for example, that the scheme's purpose is to recognise a failure in service, provide a rebate for inconvenience, compensate customers for loss, be a form of hardship assistance, or incentivise the distributors to improve service delivery for all customers, or those considered to be 'worst-served'.

1.5.1 Recent reviews of GSL schemes in other jurisdictions

ESCOSA

The Essential Services Commission of South Australia (ESCOSA) noted in its recent review of SA Power Networks' reliability standards that network reliability GSL payments (duration and frequency) acknowledge that 'some of the worst served customers are unlikely to receive future service improvements due to the high costs of improving their supply'.²¹ ESCOSA found it necessary, when consulting with stakeholders on the value of customer reliability, to clarify the purpose of duration payments:

GSL payments are not insurance, and not intended to be compensatory. GSL payments are also not hardship payments. They are not directed to customers who may need hardship payments.²²

ESCOSA stated that 'the GSL scheme acknowledges the inconvenience customers experience when SA Power Networks does not meet its service obligations'. Consistent with the draft decision of its review, ESCOSA emphasised in its final decision that 'GSL payments do not provide compensation for individual loss or damage that a customer may suffer, nor are they hardship payments'.²³

ICRC

In November 2018, the Independent Competition and Regulatory Commission (ICRC) published an issues paper on the Consumer Protection Code Review in the Australian Capital Territory (ACT). This code sets the minimum service levels expected of utilities and provides that customers receive a financial payment (rebate) if these levels are not met. The ICRC noted that the rebate scheme allows utilities customers 'to receive financial recognition of service failings without the cost, time or complexity of a court or tribunal process' and that the rebate scheme under the code was intended 'to offer an accessible, effective and efficient resolution for consumers, whilst providing an incentive for utilities to meet key performance standards'.²⁴

ESC Victoria

The Essential Services Commission (ESC) sought to clarify the purpose of GSLs during its 2015 review of Victorian GSL payments. The ESC stated in its final decision that its GSL scheme was

²⁰ QCA 2018a, section 1.1.

²¹ ESCOSA 2018a, section 3.1; ESCOSA 2019, section 4.

²² ESCOSA 2018a, section 3.1.1. Also note, SA Power Networks has a separate compensation scheme that may apply to customers who have incurred economic loss as a result of its negligence. See the SA Power Networks website, [Claims for power variations or interruptions](#).

²³ ESCOSA 2018a, Overview and section 3; ESCOSA 2019, section 4.

²⁴ ICRC 2018, section 3.1. The ACT code primarily applies to water and sewerage services, but some sections also apply to electricity and gas retailers and distributors.

designed so that reliability-based payments would go to the worst-served one per cent of Victorian small customers who experienced interruptions. The commission noted that the existence of a 'long tail' of customers experiencing significantly longer periods off supply indicated that there continued to be areas where it was not economically efficient to reduce the minutes of off supply.²⁵

The ESC suggested its GSL scheme provided a reliability incentive when the STPIS may not:

Reliability improvements for the worst served customers may not be prioritised under the service incentive factor. This may be because there are few customers on the feeder and so any actions to improve reliability have an immaterial impact on the average reliability. Alternatively, there may be characteristics associated with that feeder which require relatively high cost actions to improve reliability.

The GSL payments scheme therefore provides an additional incentive for electricity distributors to improve the reliability for the worst served customers.²⁶

The ESC also recognised that:

it may not be efficient to improve the reliability for particular customers as the cost incurred to improve reliability for these customers is higher than the value of customer reliability.²⁷

AER

The role of the STPIS is to provide incentives for distributors to maintain and improve service performance.²⁸ In the explanatory statement to the final decision of its recent review of the STPIS, the AER stated that the scheme 'rewards distributors where they exceed their reliability targets' and that they 'receive a financial reward only if they improve reliability'.²⁹ It is important to note that the STPIS comprises four components—reliability of supply, quality of supply, customer service and a GSL scheme. However, the AER only assesses the first three components when deciding whether to increase or decrease a distributor's revenue based on changes in service performance; the GSL component is not included.³⁰

The STPIS states (in its current as well as in previous versions) that 'GSL payments are not intended to compensate customers for loss suffered as a result of poor service. GSL payments are intended to be an acknowledgement of poor service'.³¹

In its issues paper for the recent review of the STPIS, the AER said that the GSL payments scheme in the STPIS provided 'payments directly to the worst served customers (in the case of reliability) or where certain levels of service are not met'. Given that reliability improvements for worst-served customers may not be prioritised under the STPIS, the issues paper added that the 'GSL payments scheme provides an additional incentive for electricity distributors to improve the reliability for the worst served customers', and 'more importantly provides direct compensation to these customers'.³²

The revised STPIS, published in November 2018, does not refer to or define worst-served customers. The AER noted in its explanatory statement that due to varying network

²⁵ ESC 2015, section 3.1.

²⁶ ESC 2015, section 2.3.

²⁷ ESC 2015, section 2.3.

²⁸ AER 2018a, section 1.4(a).

²⁹ AER 2018d, section 2.1.

³⁰ AER 2018a, section 2.3(c).

³¹ AER 2009, section 6.3.3(a); AER 2017a, section 6.3.3(a); AER 2018a, section 6.3.3(a).

³² AER 2017b, section 6.6.

characteristics in Australia, ranging from localised urban networks to physically diverse and geographically large networks, '[t]here cannot be a single threshold SAIDI and SAIFI criterion that can identify who is worst served'.³³

Productivity Commission

The Productivity Commission offered two definitions of GSLs in its 2013 inquiry report on electricity network regulation:

- Minimum levels of service requirements that should be provided to individual customers within a distribution network.
- 'Worst served' requirements protecting customers who experience significantly poorer reliability outcomes than the average.³⁴

1.5.2 Previous QCA review

In our 2014 review of the GSL scheme and MSS, we stated that GSLs were designed to provide recognition of poor performance experienced by worst-served individual customers.³⁵ We also said that GSLs are intended to encourage distributors to maintain a minimum and guaranteed level of service to individual customers.³⁶

1.5.3 Lack of clarity over the purpose of the GSL scheme

In the draft decision we stated that, largely as a function of history, the GSL scheme recognised both:

- failures in the reliability or the physical supply of electricity (as reflected in duration and frequency interruptions measures)
- poor customer service.

However, we also stated that the GSL scheme lacked a clear purpose. Since it is part of the Code, the scheme's objective could reasonably be inferred to follow those of the Code, namely to promote efficient investment in, and efficient use of, electricity services for the long-term interests of Queensland customers about:

- (a) price, quality, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the Queensland electricity system.³⁷

The Code was made under section 120B of the *Electricity Act 1994* (Qld) (Electricity Act). The Code objective reflects the first listed object of the Electricity Act, which is to set a framework for all electricity industry participants that promotes efficient, economical and environmentally sound electricity supply and use.³⁸

The Code objective is also almost identical to the National Electricity Objective which states that the purpose of the National Electricity Law (NEL) is to promote efficient investment in, and

³³ AER 2018d, sections 6.2.1 and C.10.

³⁴ Productivity Commission 2013, section 15.3.

³⁵ QCA 2014a, section 3.2.3; QCA 2014b, section 2.2.3.

³⁶ QCA 2014b, section 2.2.3.

³⁷ Electricity Distribution Network Code, section 1.1.1; Electricity Act, section 120G(1).

³⁸ Electricity Act, section 3(a).

efficient operation and use of, electricity services for the long-term interests of consumers of electricity with respect to:

- (a) price, quality, safety, reliability and security of supply of electricity; and
- (b) the reliability, safety and security of the national electricity system.³⁹

We believe two broad factors may have contributed to the lack of clarity over the purpose of the GSL scheme:

- (1) The objective of the Code itself is set at a very high level. There is no 'step down' from the Code objective to help guide what the GSL scheme aims to achieve for customers.⁴⁰
- (2) The scheme operates in isolation from other elements of the broader distribution reliability and service framework, which are not administered by the QCA.

The nature of GSL schemes is to 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 as doing so would be prohibitively costly and inefficient. However, we do not consider that this equates to promoting efficient investment in, and efficient use of, electricity services, as per the Code objective, particularly for the non-reliability GSLs.

We stated in our draft decision that the GSL scheme should have a purpose that is separate from the objective of the Code. We formalised our draft decision by suggesting clause 2.3 of the Code state that 'the purpose of the GSL scheme is to provide financial recognition of poor reliability and customer service delivered to small customers'.

Submissions on the draft decision

Energy Queensland accepted our draft decision that the GSL scheme should have a purpose that is separate from the objective of the Code. Energy Queensland did not expect a separate objective to have any practical impact on the way Energex and Ergon Energy deliver network services that are subject to the GSL scheme. However, Energy Queensland expressed concerns that a separate purpose could lead to significant changes to the purpose and scope of the GSL scheme and change how GSLs are set and GSL payments are determined. Energy Queensland therefore requested that the QCA consult further on such a change before a final decision.⁴¹

QCOSS noted that the purpose of GSLs needs to be clear, aligned with the objective of the Code and more easily communicable to all stakeholders. It also considered that GSLs should be part of a larger suite of measures to guide network investment and service improvements.⁴²

³⁹ National Electricity Law, section 7.

⁴⁰ As part of the AER's New Reg project, AusNet Services (a Victorian distributor) published the interim engagement report of its customer forum in February 2019. We note that the forum commented in its report that the National Electricity Objective fails to explicitly mention customer service. The forum therefore questioned whether Australia's regulatory framework had assumed efficient investment, operation and use of electricity services with respect to price, quality, safety, reliability and security of supply will automatically ensure a satisfactory level of customer service (AusNet Services Customer Forum 2019, section 4). For more information on the New Reg project, see the AER website, [Consultation on the New Reg process](#) and AusNet Services' website, [AusNet seeks customers' views on network plans](#).

⁴¹ Energy Queensland, sub. 16, page 10.

⁴² QCOSS, sub. 20, pages 1–2.

Final decision analysis

We remain of the view that the objective of the Code—to promote efficient investment in, and efficient use of, electricity services—does not adequately describe the purpose of GSL payments.

The following three subsections analyse the extent to which the purpose of the GSL scheme should:

- incentivise the distributors to improve service levels (section 1.5.4)
- focus on worst-served customers (section 1.5.5)
- serve as recognition or acknowledgement of poor service or reliability (section 1.5.6).

1.5.4 GSLs as an incentive

Initial submissions

The Energy and Water Ombudsman Queensland (EWOQ) said that the current GSL scheme was achieving its stated objective. EWOQ accepted that GSLs are not intended to provide a strong economic incentive for distributors to improve reliability and customer service performance, or to provide full compensation for impacted customers. EWOQ noted that it is often 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, but supported the scheme providing some financial recognition for poor reliability or customer service.⁴³

The Queensland Consumers Association suggested we use a definition from the final report of our 2009 review where we said that GSL payments are 'intended to provide a financial incentive for distributors to maintain appropriate levels of service quality'.⁴⁴ QCOSS pointed out that this statement is at odds with the consultation paper to this review, which stated that 'GSLs are not intended to provide an economic incentive for networks to improve reliability and customer service performance'.⁴⁵ QCOSS sought clarification of this matter, so that the scheme could have a clear focus on better outcomes for customers.⁴⁶

The Queensland Farmers' Federation (QFF) acknowledged the GSL scheme provides limited financial recognition of poor reliability or service, and that it is not to provide economic incentive for networks to improve reliability or customer service performance. However, it also noted the financial and associated costs of interruptions and poor quality power supply to some agricultural businesses are increasingly not covered by insurance and associated schemes.⁴⁷

Draft decision

We agreed with QCOSS and the Queensland Consumers Association that the statement in the final decision of our 2009 review—that GSL payments are intended to provide a financial incentive for distributors to maintain appropriate levels of service quality—conflicted with our more recent statements regarding the purpose of the scheme.

We acknowledged that it had been suggested that the GSL scheme provides a financial or economic incentive for the distributor to improve reliability and/or service. In this case, payments would aim to address concerns that distributors, due to their natural monopoly characteristics,

⁴³ EWOQ, sub. 2, page 1.

⁴⁴ Queensland Consumers Association, sub. 5, page 1. See also QCA 2009, section 3.0.

⁴⁵ QCA 2018a, section 2.0.

⁴⁶ QCOSS, sub. 6, section 1.

⁴⁷ QFF, sub. 7, page 2.

were not sufficiently responsive to customer needs. However, in our draft decision we stated that we did not believe that GSLs provided a *strong* financial incentive, given that:

- it was generally accepted that the GSL scheme did not, and was not intended to, incentivise Energex and Ergon Energy to invest in supply or service solutions to reduce GSL payments.
- if the purpose of the scheme was concerned with worst-served customers in areas where it was not economical to improve the conditions of supply, it would logically follow that reliability-based GSLs would have no role to play in improving distributor performance.

Submissions on the draft decision

Energy Queensland recognised that some stakeholders questioned if the GSL scheme acted as an incentive to drive better performance. Energy Queensland responded that it sees the GSL scheme as a fundamental part of Energex's and Ergon Energy's commitment to customers to provide safe, secure and reliable electricity supply as cost-effectively as possible, and that the distributors will continue to use GSL payments as important indicators of their performance.⁴⁸

QCOSS agreed with the position we expressed in our draft decision that GSL payments do not provide a strong financial incentive for Energex and Ergon Energy to invest in order to reduce GSL payments. QCOSS reasoned that as long as higher frequencies and longer durations of outages were needed for worst-served customers, it would easily remain more economical for distributors to make GSL payments than to fix the reliability problems. QCOSS argued that GSL payments then become a cost of doing business that can be passed through to customers in network charges.⁴⁹

The Queensland Consumers Association 'strongly' disagreed with our proposed purpose and argued that the GSL scheme and GSL payments 'can and do provide incentives ... to improve service quality' and recommended that this be included in the Code, along with the financial recognition of poor service. The association also referred to the AER's STPIS, which provides incentives (and may include targets) for distributors to maintain and improve performance.⁵⁰

The association did recognise though that 'the ability of GSL schemes and GSL payments to provide significant incentives for improved performance may, especially on their own, vary between products and services'. The association suggested that the quality of service provision could be positively impacted if GSL events and GSL payments were part of the key performance indicators (KPIs) of managers in the distribution businesses.⁵¹

Final decision analysis

In our 2014 review we argued that, although GSLs may provide distributors with some operational incentives to avoid delivering poor service and reliability, in practice these are likely to be weak due to the limited financial impact of GSL liabilities relative to the distributors' total revenues. We stated that the Queensland GSL scheme, like other jurisdictional GSL schemes, was not designed to be a high-powered incentive mechanism to drive performance improvements.⁵² In terms of responding to the Queensland Consumers Association's argument that the GSL scheme can be an effective incentive for service quality improvement, we consider that the statements made in our 2014 review remain relevant and appropriate to the current review.

⁴⁸ Energy Queensland, sub. 16, page 9.

⁴⁹ QCOSS, sub. 20, page 2.

⁵⁰ Queensland Consumers Association, sub. 19, page 2.

⁵¹ Queensland Consumers Association, sub. 19, page 2.

⁵² QCA 2014a, sections 1.2.1 and 3.2.4; QCA 2014b, section 2.2.4.

The association's suggestion regarding managers' KPIs may have some merits for GSL events, particularly other than for reliability GSLs. However, we take the view that performance management of Energex's and Ergon Energy's staff is a matter for Energy Queensland, not the QCA, to consider.

We acknowledge the Queensland Consumers Association's point that the STPIS aims to incentivise distributors to maintain and improve service performance. However, as outlined above, the AER only assesses three of the four components of the STPIS—reliability of supply, quality of supply, and customer service—to adjust a distributor's revenue based on changes in service performance. The GSL component is not included in the AER's assessment.⁵³

This, combined with the fact that the GSL scheme in the STPIS has a stated purpose—acknowledgement of poor service—that is distinguishable from the overall purpose of the STPIS— incentivising distributors to maintain and improve service performance—suggests to us that the purpose of the GSL scheme in the STPIS is not the same as the purpose of the STPIS as a whole. Therefore, we are not convinced that the purpose of the GSL scheme in the STPIS is to provide incentives to distributors to improve service performance.

Finally, both Energex and Ergon Energy have information on their websites regarding the ability of customers to seek compensation for loss or damage caused by either distributor's actions.⁵⁴ Compared to making GSL payments, we consider that the risk of receiving compensation claims from customers acts as a more appropriate incentive for the distributors to maintain high standards of service.

Based on these considerations, we maintain our view that the GSL scheme is not intended to provide a strong financial or economic incentive for distributors to invest in reliability or service improvements.

1.5.5 Emphasis on worst-served customers

Initial submissions

We did not receive any initial submissions on whether the scheme should focus on worst-served customers.

Draft decision

The Code does not define reliability in a way that targets any particular group of customers. Other jurisdictions place an emphasis on directing GSL payments towards customers who are worst-served in terms of reliability. As discussed above, the final decision of ESCOSA's review resulted in changes that better target GSL payments to customers with ongoing and persistent reliability issues.

The QCA does not have access to data to assess what proportion of GSL payments in Queensland go to customers who may be defined as 'worst-served'. Additional work would need to be undertaken to determine if the current measures, thresholds and payments are consistent with reliability-based GSL payments being directed toward worst-served customers. We noted in our draft decision that this work would ideally be integrated with other elements of Queensland's distribution reliability and service framework. Stakeholders were encouraged to comment in their

⁵³ AER 2018a, sections 2.3(c) and 6.3.3.

⁵⁴ See Energex website, [Claims](#), viewed February 2019; Ergon Energy website, [Claims](#), viewed February 2019.

submissions on the draft decision on the costs and benefits of the GSL scheme focusing on worst-served customers.

Submissions on the draft decision

QCOSS recommended that GSLs should have a clear focus on better outcomes for worst-served customers. QCOSS argued that if a scheme works for the worst-served customers, it will work for all customers.⁵⁵

Energy Queensland emphasised that Energex and Ergon Energy are committed to improving the level of network service for customers who experience reliability below the prescribed levels. It referred to Ergon Energy's long rural feeder network, where solutions are deployed to reduce the average duration and frequency of outages, and the Worst Performing Feeder Improvement Program which targets attention and investment to areas of the network with little economic incentive to improve reliability.⁵⁶

Energy Queensland emphasised that guidance would be required on what constitutes worst-served customers to inform a discussion on refocusing the GSL scheme on worst-served customers. Such guidance should, as Energy Queensland elaborated, include criteria to refine the analysis to specific aspects of the network and also indicate what parts of the existing GSL scheme would be changed or removed for a revised emphasis on worst-served customers.⁵⁷

For example, Energy Queensland raised the question of whether the entire GSL scheme would be refocused to target worst-served customers, or whether it would become an additional liability measure on top of existing GSL measures. Energy Queensland was of the view that an assessment of the costs and benefits of such an approach could only be undertaken once the QCA provided this detailed information. Energy Queensland noted that this assessment should include any additional cost to customers via increased network charges.⁵⁸

Final decision analysis

We agree with Energy Queensland that further work would be necessary to structure the GSL scheme in such a way as to target worst-served customers. We expect that this work would take a significant amount of time and resources to complete. However, we do not consider that stakeholders' submissions have presented a clear case, supported by evidence, that the benefits of recalibrating the scheme to target worst-served customers justifies the work that would be required to do so. Stakeholders have also not demonstrated that the scheme in its existing form is failing to deliver appropriate acknowledgement to worst-served customers.

We are also mindful that the work required to restructure the scheme to target worst-served customers would require Energy Queensland to incur costs to provide the necessary data, analysis and advice to the QCA and other stakeholders.⁵⁹

In Chapter 5 we recommend that Energex and Ergon Energy report on the number of customers who reach the annual cap on GSL payment entitlements each quarter (see section 5.6). Our view is that this would provide some information on the extent to which GSL payments are made to customers who receive lower service levels than other customers. If our recommendation is

⁵⁵ QCOSS, sub. 20, pages 1–2.

⁵⁶ Energy Queensland, sub. 16, page 8.

⁵⁷ Energy Queensland, sub. 16, page 8.

⁵⁸ Energy Queensland, sub. 16, page 8.

⁵⁹ The QCA is also required to monitor and report on the prudence and efficiency of its own costs. For more information on the QCA's performance framework, see the QCA website, [Performance Framework](#).

endorsed by the Minister,⁶⁰ we intend to monitor the number of customers who reach the cap each quarter, as reported by the distributors. Based on this information, it would be open to us to require Energex and/or Ergon Energy to provide further detail on the customers who reach the GSL payments cap; in turn, this may help us assess (in future) whether there is a case for refocusing the scheme on worst-served customers.⁶¹

1.5.6 GSLs as a financial recognition or acknowledgement of poor service or reliability

Initial submissions

AGL acknowledged that GSL payments provide some financial recognition to customers who have received poor reliability or service from distributors, but noted that the 'main function' of the payments is to provide a compliance cost for those who do not meet a certain standard.⁶²

In its first submission to this review, Energy Queensland stated that it supported GSLs as a means to ensure that customers are compensated when Energy Queensland does not meet its obligations.⁶³ In its second submission, Energy Queensland stated, in more definitive terms, that GSL payments are intended to be a financial acknowledgement of inconvenience to customers for the distributor not meeting expected service levels. They are not, stated Energy Queensland, compensation for loss.⁶⁴

Draft decision

We were of the view that the definition in our consultation paper—that GSL payments provide some financial recognition to customers who have received poor reliability or service from their distributor—appropriately described what the GSL scheme seeks to achieve.

Submissions on the draft decision

Energy Queensland pointed out that the GSL scheme can be split into two parts—customer service standards and reliability. Regarding reliability GSLs, Energy Queensland contended that unplanned interruptions caused by severe weather events cannot be categorised as 'poor reliability', and that 'financial penalties' for major event days (MEDs) are inappropriate, as they are beyond the control of the distributor.⁶⁵

QCOSS said that GSLs should be designed to provide financial recognition of poor reliability and customer service delivered to small customers, and also stated that the role of GSLs is limited to financial recognition of service failures. It argued that all Queensland customers contributed to the cost of running the distributor networks through government majority ownership, so all customers should have the same GSL and receive the same financial recognition when distributor networks do not deliver the service levels in the GSL scheme.⁶⁶

⁶⁰ A distribution network code made by the QCA has no effect unless it is approved by the Minister (Electricity Act, section 120F(2)).

⁶¹ The Electricity Distribution Network Code, clause 2.4.2(b) requires the distributors to provide any other further reports reasonably required by the QCA in respect to GSLs from time to time.

⁶² AGL, sub. 8, page 1.

⁶³ Energy Queensland, sub. 3, section 2.

⁶⁴ Energy Queensland, sub. 10, section 2.1.

⁶⁵ Energy Queensland, sub. 16, pages 1, 5, 7–8.

⁶⁶ QCOSS, sub. 20, page 1.

The Queensland Consumers Association 'strongly' disagreed with our draft decision that the purpose of the GSL scheme is only to provide financial recognition of poor reliability and customer service, as it believed that the scheme should also provide incentives to improve service quality.⁶⁷

Final decision analysis

Stakeholders generally agreed that the purpose of the GSL scheme should be to provide financial recognition of poor reliability and customer service to small customers. We are aware though that certain events (such as outages on MEDs) are beyond the control of the distributors and agree with Energy Queensland that these should not be described as poor service or poor reliability. In our draft decision, we did not intend to imply that Energex or Ergon Energy provided poor service to small customers during MEDs.

We do not believe that the GSL scheme can or should provide strong financial or economic incentives to distributors to invest in reliability or service improvements. We have revised our draft decision, as we believe that the purpose of GSL payments should centre on the customer. We consider that GSL payments should be a recognition of a customer's inconvenience when a GSL threshold is breached.

Further, we take the view that our proposed purpose of GSL payments meets QCOSS's objective that the purpose of GSL payments be clear and more easily communicable to all stakeholders.

1.5.7 Final decision

GSL payments should be an acknowledgement to customers for the inconvenience customers experience when a GSL is not met. We consider that the GSL payments clause (2.3.10) of the Code should include the purpose of GSL payments.

We note that such an amendment would be similar to the way in which the AER identifies the purpose of GSL payments in the national GSL scheme. That is, in the GSL payment amount clause in the STPIS, the AER states that GSL payments are intended to be an acknowledgement of poor service.

We consider that our proposed purpose of GSL payments merely clarifies what the GSL scheme achieves, and does not lead to any material changes in the way the scheme operates. We therefore do not consider that further consultation is required.

Box 1: Purpose of GSL payments—final decision

The purpose of a GSL payment is to acknowledge the inconvenience small customers experience when a distributor does not meet a GSL.

⁶⁷ Queensland Consumers Association, sub. 19, page 2.

2 GSL MEASURES, THRESHOLDS AND PAYMENTS

Most of the existing GSL measures remain appropriate for the 2020–25 regulatory period. The only change we recommend to the existing measures is the repeal of the hot water supply measure as it is no longer relevant. We also recommend that payments be escalated by the consumer price index, including the annual cap on entitlements, and that customers with card-operated meters be given three months to make GSL claims. The current requirements for claiming, making and processing GSL payments remain appropriate for the 2020–25 regulatory period.

2.1 Wrongful disconnections

2.1.1 Code requirements

The distributors are required to make a GSL payment of \$142 to a customer if they disconnect the customer without being entitled to do so under the electricity legislation, or if they disconnect the wrong premises.⁶⁸

The distributors must also pay \$142 to a customer if they wrongfully disconnect the customer at the request of a retailer, and:

- the wrong premises is disconnected due to an error in the retailer's request, or
- the retailer does not give the customer a disconnection warning notice where required in accordance with the electricity legislation.

Wrongful disconnection payments are not included in the annual cap on GSL payments.⁶⁹

2.1.2 Lawful disconnection

An example of lawful disconnection is the power of an 'electricity officer' employed by a distributor to enter a premises to disconnect supply. In disconnecting the supply, the officer must take all reasonable steps to minimise inconvenience and damage to the customer. A customer who incurs loss or expense because of the exercise or purported exercise of the disconnection may claim compensation, via court proceeding.⁷⁰

2.1.3 Initial submissions

With regard to life support customers, QCOSS proposed lowering threshold triggers and increasing wrongful disconnection payments to recognise the importance of reliability of energy for these customers. QCOSS commented that distributors are regularly fined for breaching their obligations to users listed on the life support register, mainly for disconnecting such users without providing four business days' written notice before planned maintenance. QCOSS believed there was a need for distributors and retailers to improve their data systems, exchange of information

⁶⁸ Electricity legislation is defined under the Code as meaning the Electricity Act, *Electrical Safety Act 2002* (Qld), *Electricity – National Electricity Scheme (Queensland) Act 1997* (Qld), *National Energy Retail Law (Queensland) Act 2014* (Qld), and regulations, standards, codes, protocols and rules made under those Acts (Electricity Distribution Network Code, chapter 6 (definitions)).

⁶⁹ Electricity Distribution Network Code, clause 2.3.3.

⁷⁰ Electricity Act, sections 139, 141A and 143. Note that the distributor's obligations and the customer's rights are described in general, not specific legal, terms in this example.

and metering coordination services to better protect all customers against wrongful disconnections.⁷¹

Energy Queensland acknowledged the responsibility of Energex and Ergon Energy to enable and maintain connection of customers' electricity supply, and to ensure that customers are not wrongfully disconnected, but did not support significant changes to the wrongful disconnection GSL. Energy Queensland noted that the \$142 payment for wrongful disconnection is 27 times the average daily cost of electricity for residential customers.⁷²

Energy Queensland suggested that 'given the role of human error in many wrongful disconnections', an increase in GSL payments was unlikely to avoid all wrongful disconnections. Rather, in Energy Queensland's view, a higher payment would simply increase the distributors' GSL liability, which may be recovered from all customers via network charges.⁷³

2.1.4 Life support obligations (distributors and retailers)

The National Energy Retail Rules (NERR) detail the obligations on distributors and retailers with respect to customers with life support equipment.⁷⁴ The life support rules require retailers and distributors to register premises as having life support equipment. Retailers and distributors are required to share information about premises on their registers. Further, a distributor or retailer wanting to interrupt the energy supply to premises at which life support equipment is required, must give the customer at least four business days' written notice of the planned interruption to supply at the premises.⁷⁵ The life support obligations in the NERR are civil penalty provisions.⁷⁶

In 2016–17, the AER issued 12 infringement notices to distributors for breaching life support obligations; of these notices, two were issued to Energex and one was issued to Ergon Energy. Infringement notice penalties are \$20,000 per notice. In reporting on the breaches, the AER commented that '[t]hese breaches have the potential to be catastrophic and businesses need to have robust systems and processes in place to minimise the risk of breaching life support obligations'.⁷⁷ In late 2017, the AER issued another three infringement notices to Energex after the distributor allegedly left life support customers unexpectedly without power on three occasions.⁷⁸

In mid-2018, the AER issued three more infringement notices to Energex (and four to TasNetworks) in relation to incidents where customers known to require life support equipment unexpectedly lost electricity supply. The AER also announced that Energex would be required to undertake an independent audit of its systems and processes in relation to distributor planned interruptions.⁷⁹

We further note that in early 2019, the AER published a life support registration guide on the new rules to strengthen the protections for customers relying on life support equipment. The new rules, which commenced in February 2019, allocate responsibilities between retailers and distributors to ensure the life support registers are accurate and up to date. The guide also

⁷¹ QCOSS, sub. 6, section 4.

⁷² Energy Queensland, sub. 10, section 2.6.

⁷³ Energy Queensland, sub. 10, section 2.6.

⁷⁴ NERR, part 7. Life support equipment is defined in the definitions in part 1 of the NERR.

⁷⁵ AEMC 2017a, section 1.2.

⁷⁶ NERR, part 7.

⁷⁷ AER 2017c, section 4.2.2.

⁷⁸ AER 2018c.

⁷⁹ AER 2018b.

emphasises that a failure to meet the life support obligations is a breach of the NERR and that a court may order a penalty of up to \$100,000 for a corporation and \$20,000 for individuals per contravention. In addition, the AER may issue an infringement notice, with a penalty payable for corporations of \$20,000.⁸⁰

2.1.5 Draft decision

Our draft decision was that the current GSL measure for wrongful disconnections was appropriate. While we acknowledged the importance of reliability to life support customers, we considered that the GSL payment provided appropriate recognition of a wrongful disconnection by Energex or Ergon Energy.

In our view, Energy Queensland's argument against an increase in GSL payments, on the grounds that it was unlikely to avoid all wrongful disconnections, misunderstood the purpose of the wrongful disconnection GSL. We noted that the purpose of the GSL was to provide financial recognition of the failure in customer service, and human error does not reduce the distributors' liability.

We also commented that Energy Queensland's statement that an increase in the GSL payment would only increase the distributors' recoverable GSL payments added weight to our argument that the wrongful disconnection GSL was not an incentive for the distributors to avoid wrongful disconnections.

2.1.6 Submissions on the draft decision

Energy Queensland supported our draft decision.⁸¹

QCOSS accepted Energy Queensland's assertion that, as in most other service level breaches, human error plays a large role in wrongful disconnection. However, QCOSS argued that due to the serious implications of any loss of supply to customers with life support equipment, a wrongful disconnection of their electricity supply is a more serious breach.⁸²

The Queensland Consumers Association was of the view that the current situation could be greatly improved through a substantially higher wrongful disconnection GSL payment. The association cited Victoria as an example, where a GSL payment for a wrongful disconnection by retailers is \$500 per day. The association considered that this would better recognise the 'substantial detriments likely for many customers' and provide a greater incentive for distributors to achieve and maintain high levels of compliance.⁸³

2.1.7 Final decision analysis

The Queensland Consumers Association correctly pointed out that customers in Victoria are entitled to \$500 per day from a retailer for a wrongful disconnection. However, as we stated in our 2014 GSL review, the Victorian scheme is intended to provide monetary compensation to customers for their disruption arising from wrongful disconnection caused by retailers, whereas the Queensland GSL scheme is not compensatory in nature.⁸⁴

⁸⁰ AER 2019a, page 10.

⁸¹ Energy Queensland, sub. 16, page 10.

⁸² QCOSS, sub. 20, page 3.

⁸³ Queensland Consumers Association, sub. 19, page 3.

⁸⁴ QCA 2014b, section 2.2.4.

The value of the Victorian payment was increased in 2015 from \$250 to \$500. We understand that the increase followed concerns from:

- the ESC that wrongful disconnections were increasing
- the Victorian Government that the \$250 payment was not providing adequate incentive to retailers to follow the correct procedure before disconnecting customers.⁸⁵

By contrast, wrongful disconnection GSL payments have decreased in Queensland in recent years (see Table 2), which suggests improved performance by the distributors against this GSL. In our view, the basis for the increase in the Victorian payment is not a valid argument for an increase in the Queensland GSL scheme payment.

Western Australia is the only other jurisdiction to include a wrongful disconnection measure in a GSL-type scheme. Under Western Australia's Code of Conduct for the Supply of Electricity to Small Use Customers, if a distributor wrongfully disconnects a customer, other than as authorised by the code or a retailer, the distributor must pay the customer \$100 for every day of the wrongful disconnection.⁸⁶ The purpose of the payment is described in the *Electricity Industry Act 2004 (WA)* as providing *compensation*; however, we note that the Economic Regulation Authority said in 2009 that the payment should be sufficient to provide an *incentive* to ensure wrongful disconnection does not occur.⁸⁷

Therefore, given the proposed purpose of the Queensland GSL payments is to provide acknowledgement of the inconvenience experienced by a customer when a GSL is not met, we consider that the existing wrongful disconnection GSL is appropriate.

In terms of life support customers specifically, the new rules to strengthen the protections for customers relying on life support equipment, together with the NERR and its substantial infringement notice penalties, should provide the required incentives for distributors (and retailers) to avoid wrongful disconnections of life support customers.

Finally, we consider that liability for compensation payments to all customers is an appropriate incentive for distributors to avoid wrongfully disconnecting customers. We have identified one example from the Electricity Act where the distributors may exercise a (broad) power of disconnection, and noted that compensation is available to customers if the distributor does not meet its obligations regarding the disconnection. As the GSL scheme does not aim to provide compensation to customers when a GSL is not met, we do not consider that the scheme should also be used to incentivise distributors not to wrongfully disconnect customers.

⁸⁵ *Energy Legislation Amendment (Consumer Protection) Act 2015 (Vic)*, section 9; *Electricity Industry Act 2000 (Vic)*, section 40B; State Development, Infrastructure and Industry Committee 2014, section 2.4.

⁸⁶ Western Australian Government 2018, clauses 14.5 and 14.6.

⁸⁷ *Electricity Industry Act 2004 (WA)*, section 79(2)(c) (emphasis added); ERA 2009, para 27 (emphasis added).

2.1.8 Final decision

The current GSL measure for wrongful disconnections in clause 2.3.3 of the Code is appropriate.

Box 2: Wrongful disconnections—final decision

No change to the current GSL measure for wrongful disconnections is recommended.

2.2 Connections

2.2.1 Code requirements

If a customer is entitled to have their premises connected, and has taken all necessary steps, the distributor must pay the customer \$57 for each day the customer remains not connected after the agreed date.⁸⁸

2.2.2 Initial submissions

Energy Queensland noted that Energex and Ergon Energy were already bound by connection (and reconnection) service timeframes and were subject to penalties for delays, which are payable to the customer. Energy Queensland added that these timeframes were reasonable and that GSL payments were not intended to fully compensate customers for loss, but were an acknowledgement that this service parameter was not met.⁸⁹

According to some submissions—most notably from Master Electricians Australia (MEA)—customers have experienced significant meter installation and alteration delays since the introduction of the Power of Choice (competition in metering rule) changes in December 2017.⁹⁰ Energy Queensland acknowledged the challenges that had arisen since the introduction of the competition in metering rule, and said the distributors had been working with retailers, metering businesses and other stakeholders to streamline connection processes and minimise disruptions to customers. Energy Queensland suggested that it was premature to propose an increased penalty for what it considered to be transitional issues.⁹¹

2.2.3 Draft decision

Our draft decision was that the current GSL measure for connections was appropriate.

We considered that it was important to distinguish between the roles and responsibilities of distributors, who are obliged to perform duties under the Code, and those of retailers and metering coordinators. Since 1 December 2017, retailers have been responsible for appointing a metering coordinator to carry out installations of new meters.⁹² However, we believed it was important to note that delays in meter installations were separate from the issue of the current connection GSL timeframes within the Code.

⁸⁸ Electricity Distribution Network Code, clause 2.3.4. The Code does not define the 'necessary steps' a customer is to take.

⁸⁹ Energy Queensland, sub. 10, section 2.6. Connection service timeframes are set out in chapter 3 of the Electricity Distribution Network Code.

⁹⁰ MEA, sub. 4, page 2.

⁹¹ Energy Queensland, sub. 10, section 2.6.

⁹² AEMC 2015.

2.2.4 Submissions on the draft decision

Energy Queensland supported our draft decision.⁹³ QCOSS acknowledged the challenges faced by distribution networks since Power of Choice was introduced and agreed that the connection GSL was adequate during this transitional period.⁹⁴

2.2.5 AEMC metering installation timeframes

The AEMC published its final rule on metering installation timeframes in late 2018. The rule requires retailers to provide small customers with new or replacement electricity meters within set timeframes, or face penalties. The rule commenced on 1 February 2019.⁹⁵

2.2.6 ESCOSA review

In its final decision in January 2019, ESCOSA decided to continue the GSL payment for the timeliness of new connections. However, ESCOSA noted that since retailers had been responsible for metering services, many customers had experienced delays with installations. ESCOSA emphasised the importance for SA Power Networks to continue to provide infrastructure to enable the connection of a customer's new supply address in a timely manner, but wished to clarify SA Power Networks' role.⁹⁶

ESCOSA stated that it is SA Power Networks' responsibility to bring power to the connection point (meter isolator), the boundary of the distribution network, regardless of whether a meter is installed and operating. Accordingly, ESCOSA changed the current wording in the code from 'connect a customer's new supply address' to 'provide infrastructure to enable a connection for a customer's new supply address'.⁹⁷

2.2.7 Final decision analysis

We believe that the AEMC's final rule on metering installation timeframes should address the concerns stakeholders expressed during our review of the GSL scheme, and that these concerns do not need to be addressed through changes to the Code. We therefore confirm our draft decision that the current GSL measure for connections is still appropriate.

In light of ESCOSA's change to its connections GSL to accommodate changes in metering responsibilities, we suggest that the Department of Natural Resources, Mines and Energy (DNRME or the department) and Energy Queensland consider whether similar changes are required for the Code.

⁹³ Energy Queensland, sub. 16, page 10.

⁹⁴ QCOSS, sub. 20, page 4.

⁹⁵ AEMC 2018a, Summary (Box 1).

⁹⁶ ESCOSA 2019, section 4.3.

⁹⁷ ESCOSA 2019, Overview (Table 1) and section 4.3.

2.2.8 Final decision

The current GSL measure for connections in clause 2.3.4 of the Code is appropriate.

Box 3: Connections—final decision

No change to the current GSL measure for connections is recommended.

2.3 Reconnection

2.3.1 Code requirements

If a customer's premises has been disconnected and the customer is entitled to be reconnected within specified timeframes, and has taken all necessary steps, the distributor must pay \$57 per day if the reconnection is made after the agreed date.

In Energex's distribution area, reconnection is generally required on or one business day after the customer's request for reconnection. The same applies for Ergon Energy, except where the premises is supplied by a long rural feeder. In this case, the reconnection is due within 10 business days, or as agreed with the customer.⁹⁸

2.3.2 Initial submissions

As stated above, Energy Queensland noted that Energex and Ergon Energy were already bound by reconnection (and connection) service timeframes and were subject to penalties for delays, which were payable to the customer. Energy Queensland added that these timeframes were reasonable and that GSL payments were not intended to fully compensate customers for loss, but were an acknowledgement that this service parameter was not met.⁹⁹

2.3.3 Draft decision

Our draft decision was that the current GSL measure for reconnection was appropriate.

2.3.4 Submissions on the draft decision

Energy Queensland supported our draft decision.¹⁰⁰

2.3.5 Final decision

The current GSL measure for reconnection in clause 2.3.5 of the Code is appropriate.

Box 4: Reconnections—final decision

No change to the current GSL measure for reconnection is recommended.

⁹⁸ Electricity Distribution Network Code, clause 2.3.5. The Code does not define the 'necessary steps' a customer is to take.

⁹⁹ Energy Queensland, sub. 10, section 2.6. Reconnection service timeframes are set out in chapter 3 of the Electricity Distribution Network Code.

¹⁰⁰ Energy Queensland, sub. 16, page 11.

2.4 Hot water supply

2.4.1 Code requirements

If a customer (or the customer's retailer) contacts the distributor about a loss of hot water supply, the distributor must pay \$57 per day if the distributor is late in attending the appointment to investigate the issue (Table 4). However, the distributor does not need to attend the premises if it considers the issue to be unrelated to its own supply network (for example, a faulty water heater or faulty internal wiring), or a result of an outage.¹⁰¹

Table 4 Time allowed to attend to a hot water supply issue

<i>Feeder supplying premise</i>	<i>Timeframe</i>
Long rural or isolated feeder	By the business day agreed with the customer or its retailer.
All other feeders (CBD, urban, short rural)	Within one business day or as otherwise agreed with the customer or its retailer.

Source: *Electricity Distribution Network Code, clause 2.3.6.*

2.4.2 Initial submissions

We did not receive any initial submissions concerning the GSL for hot water supply.

2.4.3 Draft decision

Our draft decision was that the current GSL measure for hot water supply was no longer relevant and should be removed from the scheme.

This GSL represents a very low number and dollar value of payments, both in absolute terms and relative to the scheme as a whole. We noted that in both 2016–17 and 2017–18 only one payment was made. This suggested that systems were in place to mitigate the risk of hot water supply service levels not being met. Further, neither the national GSL scheme in the STPIS, nor any other jurisdictional GSL scheme, has a hot water supply measure. Therefore, we considered that the hot water supply measure was no longer relevant and that it should be removed from the scheme.

2.4.4 Submissions on the draft decision

Energy Queensland supported our draft decision and stated that it would continue to maintain the current levels of performance for this service.¹⁰²

¹⁰¹ Electricity Distribution Network Code, clause 2.3.6.

¹⁰² Energy Queensland, sub. 16, page 11.

2.4.5 Final decision

The current GSL measure for hot water supply should no longer be included in the scheme and clause 2.3.6 of the Code should be deleted.

Box 5: Hot water supply—final decision

The GSL measure for hot water supply should be removed from the GSL scheme.

2.5 Appointments

2.5.1 Code requirements

If a distributor commits to attending a customer's premises within an agreed timeframe, for the purpose of meter-related or electrical-related activities, and is late or does not attend, it must pay \$57 to the customer.

Energex must specify a five-hour window and Ergon Energy a specific day in which the appointment will occur. However, the distributor is not liable for a GSL payment if it informs the customer one day in advance of its inability to meet at the agreed appointment time.¹⁰³

2.5.2 Initial submissions

We did not receive any initial submissions concerning the appointment timeframe GSL.

2.5.3 Draft decision

Our draft decision was that the current GSL measure for appointments was appropriate.

2.5.4 Submissions on the draft decision

Energy Queensland supported our draft decision.¹⁰⁴

2.5.5 Final decision

The current GSL measure for appointments in clause 2.3.7 of the Code is appropriate.¹⁰⁵

Box 6: Appointments—final decision

No change to the current GSL measure for appointments is recommended.

¹⁰³ Electricity Distribution Network Code, clause 2.3.7.

¹⁰⁴ Energy Queensland, sub. 16, page 11.

¹⁰⁵ We note that, in the final decision of its review of SA Power Networks' reliability standards, ESCOSA removed the GSL for late attendance of appointments due to the low number of payments made in recent years (one in 2016–17 and two in 2015–16) (ESCOSA 2019, section 4.2). In Queensland, the appointments GSL payments made up only 4 per cent of all GSL payments for Energex, and 5 per cent for Ergon Energy, on average between 2010–11 and 2017–18. In 2017–18, despite a substantially lower number of appointments GSL payments than in previous years, Energex made 170 and Ergon Energy 160 such payments.

2.6 Planned interruptions

2.6.1 Code requirements

If a distributor does not give at least four business days' notice (or as agreed upon with the customer) for a planned interruption to a customer's electricity supply, it must pay \$28 to residential customers and \$71 to small business customers who are affected. This obligation does not apply if the interruption to supply is caused by an emergency situation.¹⁰⁶

2.6.2 Initial submissions

We did not receive any initial submissions on the notice for planned interruptions GSL.

2.6.3 Draft decision

Our draft decision was that the current GSL measure for planned interruptions was appropriate.

2.6.4 Submissions on the draft decision

Energy Queensland supported our draft decision.¹⁰⁷

2.6.5 Final decision

The current GSL measure for notice of planned interruptions in clause 2.3.8 of the Code is appropriate.

Box 7: Planned interruptions—final decision

No change to the current GSL measure for notice of planned interruptions is recommended.

2.7 Reliability

2.7.1 Code requirements

A customer is eligible for a single-event interruption duration GSL payment of \$114 from the distributor if the premises is connected to a:

- CBD feeder and experiences an outage of greater than 8 hours
- urban or short rural feeder and experiences an outage of greater than 18 hours
- long rural or isolated feeder and experiences an outage of greater than 24 hours.¹⁰⁸

A customer is also eligible for an interruption frequency GSL payment of \$114 from the distributor if the premises experiences a certain number of outages within one financial year.¹⁰⁹ The thresholds are shown in Table 5.

¹⁰⁶ Electricity Distribution Network Code, clause 2.3.8; *National Energy Retail Law (Queensland) Regulation 2014 (Qld)*, section 4 of schedule 5 (adding new rule 90A to the NERR).

¹⁰⁷ Energy Queensland, sub. 16, page 11.

¹⁰⁸ Electricity Distribution Network Code, clause 2.3.9(a)(i).

¹⁰⁹ Electricity Distribution Network Code, clause 2.3.9(a)(ii).

Table 5 Interruption frequency GSL thresholds

<i>Distributor</i>	<i>Feeder type connecting customer's premises</i>	<i>Number of interruptions per year</i>
Energex	CBD feeder	10
	Urban feeder	10
	Short rural feeder	16
Ergon Energy	Urban feeder	13
	Short rural feeder	21
	Long rural feeder	21
	Isolated feeder	21
A customer is eligible for only one payment per financial year for interruption frequency.		

Source: Electricity Distribution Network Code, clause 2.3.9(a)(ii).

Various types of interruptions are excluded from this GSL, including:

- an interruption of one minute or less in duration
- a planned interruption
- an interruption requested or initiated by the customer
- an interruption in a region in which a natural disaster has occurred, where the Queensland Government has notified the Australian Government of the occurrence of an eligible disaster under the Natural Disaster Relief and Recovery Arrangements (NDRRA), and the interruption occurred during the period for which the NDRRA have been notified.¹¹⁰

2.7.2 Initial submissions

QCOSS claimed that the different thresholds of the reliability GSLs across Queensland meant that customers in small regional communities were 'categorised into a lower class of customer' who should expect lower standards of service and reliability. QCOSS cited the case of a regional town (Woorabinda) where residents did not receive a GSL payment on the basis that an outage lasted only 23 hours and 40 minutes. To address this perceived shortcoming, QCOSS recommended uniform interruption frequency and duration triggers across Queensland. It contended that as regional customers rely more on power supply than urban users, they are, in effect, more inconvenienced by outages. QCOSS also raised the issue of 'smeared' network charges. QCOSS argued that it is reasonable for a customer who pays the same amount for a service to expect the same level of service, regardless of where they live.¹¹¹

In response, Energy Queensland suggested that QCOSS's example demonstrated 'the challenges of operating a network in sparsely populated and geographically remote areas'. Energy Queensland explained that the closest Ergon Energy depots are around a 1.5 hours' drive from Woorabinda, which is often cut off by flooding, and identification of line faults is difficult due to long feeders with few interconnectors. In Energy Queensland's view, less stringent GSL

¹¹⁰ Electricity Distribution Network Code, clause 2.3.9(b). See [Appendix A](#) for the full list of exclusions for the interruption GSL. The NDRRA was replaced by new Disaster Recovery Funding Arrangements (DRFA) in November 2018.

¹¹¹ QCOSS, sub. 6, section 3.

parameters for regional areas balanced customer expectations and the practicality and cost of service delivery.¹¹²

Energy Queensland observed that an alternative interpretation of QCOSS's proposal would be to align GSL reliability thresholds with no extra expenditure on networks. According to Energy Queensland, this would increase Ergon Energy's GSL liabilities by 'tens of millions of dollars per year with little prospect of service improvement'.¹¹³

Energy Queensland also noted that Energex and Ergon Energy are both subject to MSS for network reliability, with performance thresholds set by the Minister responsible for Energy.¹¹⁴ It cited MSS data collected over the past five years, which indicated that Energex and Ergon Energy had exceeded performance thresholds for all but one feeder class in one year. Energy Queensland acknowledged that while the MSS data did not reflect the performance of individual areas, it was targeting efforts towards improving reliability to worst-performing feeders, where there was little economic incentive to improve reliability.¹¹⁵

QCOSS also recommended that GSL payments for interruption frequency be paid out as soon as the threshold is crossed, rather than at the end of the financial year. Energy Queensland stated that this was already the practice for both Energex and Ergon Energy.¹¹⁶

EWOQ recommended that the QCA continue to consider regional variation in reliability when determining threshold triggers.¹¹⁷

2.7.3 Draft decision

Our draft decision was that the current GSL measures for reliability, both duration and frequency of interruption, were appropriate.

We commented that it is likely that regional and remote customers experience a higher degree of inconvenience when they endure a power outage. We did not believe, however, that uniform interruption frequency and duration triggers in the GSL scheme across Queensland was an effective response. Though we did not have the opportunity to test the claim by Energy Queensland, it seemed plausible that such uniformity could result in GSL payments increasing by tens of millions of dollars per year. This sizable increase would then have the potential to flow on to higher network charges for all users.

In our draft decision, we were not in a position to propose changes to the current reliability measures, given the need to determine if it would be appropriate to adopt a worst-served emphasis and how this might integrate with other elements of the distribution reliability and service framework in Queensland.

¹¹² Energy Queensland, sub. 10, section 2.4.

¹¹³ Energy Queensland, sub. 10, section 2.4.

¹¹⁴ In its draft plans for the AER's revenue determination for 2020–25, Energy Queensland indicated its understanding that the Queensland Government was considering the MSS targets for the next regulatory control period (Energy Queensland 2018, section 7.2). In February 2019, the QCA received a direction notice from the Minister for Natural Resources, Mines and Energy to provide a report on recommended network reliability standards for Energex and Ergon Energy's electricity distribution networks for the period 1 July 2020 until 30 June 2025. For more information, see the QCA website, [Distribution Network Reliability Standards 2020–25](#).

¹¹⁵ Energy Queensland, sub. 10, section 2.4.

¹¹⁶ Energy Queensland, sub. 10, section 2.9; QCOSS, sub. 6, section 7.

¹¹⁷ EWOQ, sub. 2, page 2.

2.7.4 Submissions on the draft decision

Energy Queensland supported our draft decision and emphasised the distributors' commitment to customers. Energy Queensland noted the potential for the interruption GSL to be targeted to customers who experience the lowest levels of reliability. However, Energy Queensland suggested that the application of reliability GSLs should be reviewed for consistency with other reliability-based performance schemes.¹¹⁸

QCOSS maintained that worst-served customers should receive the same financial recognition for the same duration and frequency of outages all across Queensland, even if it resulted in more GSL payments. QCOSS reiterated that the 'geographic inequity' in terms of duration and frequency would continue to divide customers into classes of higher and lower service expectations, even though electricity is an essential service that should be reliable, accessible and affordable for all Queenslanders, regardless of their geographic location. QCOSS noted that these inequities contradicted other features of the Queensland Government's energy policies, including the uniform tariff policy and the customer service obligation, which seek to provide equity in electricity supply to all Queenslanders despite their geographic location.¹¹⁹

In QCOSS's view, the reliability achieved in the Brisbane CBD through 'massive expenditure on the network' should make GSL events less likely, and if they occur, they should be likely to be resolved quicker than in Ergon Energy's networks. QCOSS therefore suggested that CBD duration thresholds and outage frequency triggers could be increased to match those currently applied to Ergon Energy's worst-served customers on long rural and isolated feeders. Alternatively, GSL triggers in both networks could match Ergon Energy's urban or short rural feeders. QCOSS believed that uniform triggers and GSL payments would not only lead to geographic equity, but also provide network savings that could then be used for worst-performing feeder line improvement programs.¹²⁰

QCOSS acknowledged Energy Queensland's argument that equal GSL triggers for outage duration and frequency across Queensland would lead to increased payments to worst-served customers and that the increased network costs would simply be passed through to network customers. Although QCOSS agreed that increased network costs were not a desirable outcome, it believed that if worst-performing feeder line improvements were implemented effectively, the number of customers who receive GSL payments would decrease.¹²¹

2.7.5 Final decision analysis

We remain concerned at the potential for changes to the thresholds for the reliability GSLs—particularly the interruption duration GSL—to result in a major increase in the distributors' payments. We also note that the application of different thresholds to different segments of distribution zones is a well-established principle of GSL schemes, including the national GSL scheme in the STPIS.¹²²

¹¹⁸ Energy Queensland, sub. 16, page 11.

¹¹⁹ QCOSS, sub. 20, page 2. The Queensland Government subsidises regional electricity bills under the uniform tariff policy to ensure regional customers pay equivalent prices to south east Queensland customers. In 2018-19, this subsidy totalled almost \$500 million. The subsidy is required as regional electricity prices are significantly less than the cost of supply (Minister for Natural Resources, Mines and Energy 2019).

¹²⁰ QCOSS, sub. 20, pages 2–3.

¹²¹ QCOSS, sub. 20, page 3.

¹²² AER 2018a, clause 6.2(d).

The current interruption duration GSL thresholds are segmented by feeder type, and for the interruption frequency GSL also by geographic area. Moreover, in some instances, the same feeder type currently has a different (higher) threshold in the Ergon Energy distribution area than in the Energex distribution area. We concede that such differences *could* be interpreted as discrimination against customers in regional Queensland.

A simple way to create geographic equity in the interruption frequency GSL, without increasing the cost of the GSL scheme relative to its current design, is to equalise the number of interruptions per financial year for all customers on the same feeder type. Accordingly, we propose lifting the threshold for urban feeders in the Energex distribution area from 10 to 13 interruptions per year, and for short rural feeders from 16 to 21 interruptions per year (Table 6), to match the thresholds for the equivalent feeder types in Ergon Energy's distribution zone.

Table 6 Proposed interruption frequency GSL thresholds, Energex

<i>Feeder type connecting customers' premises</i>	<i>Current number of interruptions per financial year</i>	<i>Proposed number of interruptions per financial year</i>
CBD feeder	10	10
Urban feeder	10	13
Short rural feeder	16	21

Given Energex has made no interruption frequency GSL payments the last three financial years (to 2017–18), and only one to date in 2018–19,¹²³ we do not expect our recommendation to impact on the overall cost of the GSL scheme.

In terms of equalising the interruption duration thresholds across feeder types, we do not have sufficient data available to make an informed recommendation on an appropriate threshold. Therefore, we do not make any recommendation to change the interruption duration thresholds in this final decision. In considering our final decision, it is open to the Minister to request (or direct) the QCA, Energy Queensland and the department investigate options for a common interruption duration threshold across Queensland. We anticipate that a process of making changes to the interruption duration thresholds would not require the same level of analysis, particularly from Energy Queensland, as re-calibrating the scheme to target worst-served customers would involve.

2.7.6 Final decision

To provide some geographic equity for customers all across Queensland, the interruption frequency GSL thresholds should be the same in the Energex and Ergon Energy distribution areas for customers on the same feeder type and the table in clause 2.3.9(a)(ii) of the Code should be amended to reflect the changes proposed above.

¹²³ See the QCA website, [MSS and GSL annual reports](#).

Box 8: Reliability—final decision

We recommend increasing the interruption frequency threshold for urban feeders in the Energex distribution area from 10 to 13 interruptions per year.

We recommend increasing the interruption frequency threshold for short rural feeders in the Energex distribution area from 16 to 21 interruptions per year.

2.8 Amount of GSL payment

2.8.1 Code requirements

The Code specifies the current GSL payment levels as per the table below.

Table 7 GSL payment amounts

<i>GSL measure</i>	<i>Payment (1 July 2015 – 30 June 2020)</i>
Wrongful disconnections	\$142
Connection	\$57 per day
Reconnection	\$57 per day
Hot water supply	\$57 per day
Appointments	\$57
Planned interruption—Business	\$71
Planned interruption—Residential	\$28
Interruption—Duration	\$114
Interruption—Frequency	\$114

Source: *Electricity Distribution Network Code, clause 2.3.10.*

2.8.2 Initial submissions

Initial submissions raised two issues with regard to GSL payments:

- payment levels
- escalation method.

Payment levels

Energy Queensland acknowledged the unique circumstances of some regional customers who are located in areas where levels of service do not consistently meet their expectations. However, Energy Queensland commented that GSL payments are not intended to compensate customers for loss, and that increasing GSL payments for customers in regional Queensland would create a higher GSL liability for Ergon Energy with 'little likelihood of better reliability outcomes for customers'.¹²⁴

The MEA suggested GSL payment amounts should be varied to ensure that the penalty acts as a deterrent to poor performance and reduced service delivery. It recommended connection and

¹²⁴ Energy Queensland, sub. 10, section 2.1.

reconnection timeframe GSL payments be increased to equal the wrongful disconnection GSL payment of \$142 per day.¹²⁵

QCOSS submitted that the payment amounts for interruption duration GSL events should be higher for regional and remote customers. QCOSS reasoned this would more fairly reflect the more significant impact of poor reliability and service on these customers.¹²⁶

Escalation method

We received a number of proposed methodologies for escalating GSL payments. Several stakeholders supported a simple consumer price index (CPI) escalation.

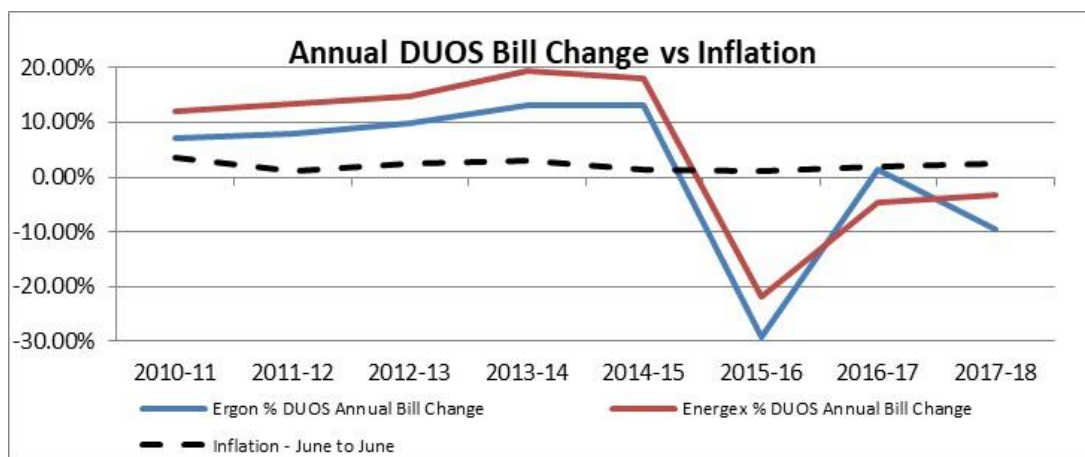
Energy Queensland considered the most appropriate escalation method for GSL payments to be the CPI, stating that it accepted that an adjustment may be required to ensure the GSL payments keep pace with inflation, and suggested any changes to GSL payments be kept in line with CPI and maintained for the duration of the 2020–25 regulatory period.¹²⁷

Energy Queensland did not support stakeholder comments suggesting GSL payments be linked to network costs, or that payment levels be higher for regional customers. In regard to linking GSL payments to network costs, Energy Queensland stated that:

- the approach would be a significant departure from the approach used for the 2015–20 regulatory control period
- there is no relationship between how network expenditure is determined, approved and recovered, and what GSLs are intended to address.¹²⁸

Energy Queensland also suggested that linking GSL payment levels to network costs for 2020–25 would result in lower payment levels than if they are pegged to inflation (Figure 5).¹²⁹

Figure 5 Energy Queensland comparison of network charges and inflation



DUOS: distribution use of system.

Source: Energy Queensland, sub. 10, section 2.1 (Figure 1).

EWOQ supported the process the QCA had used in past GSL reviews, which escalated the GSL payment levels by CPI to the middle of the next regulatory period, stating that 'customers, on

¹²⁵ MEA, sub. 4, page 4.

¹²⁶ QCOSS, sub. 6, section 3; QCOSS, sub. 15, page 2.

¹²⁷ Energy Queensland, sub. 3, page 7.

¹²⁸ Energy Queensland, sub. 10, section 2.1.

¹²⁹ Energy Queensland, sub. 10, section 2.1.

average will receive the nominal GSL amount equal to the real value as envisaged in the original Code'. However, EWOQ also suggested we consider increasing GSL payments to more closely reflect increases in electricity prices.¹³⁰

The MEA recommended escalating GSL payments in line with the increases in Queensland penalty points, or pre-calculated to increase by the average price rise of power during the previous five years, compounded.¹³¹

Powershop supported 'fair and equitable service for customers', proposing a GSL escalation methodology that used a combination of CPI and network charges.¹³² Powershop did not, however, elaborate on how this would be calculated.

QCOSS commented that network charges paid by customers during the 2015–20 regulatory period had increased substantially more than inflation, while GSL payments had remained constant. QCOSS asserted that the distributors had received these higher network charges on the basis that they would result in higher reliability of service. It therefore recommended GSL payments be linked to increases in network charges rather than inflation.¹³³

While the QFF considered the existing GSL payment levels were 'too low', it also stated that increased payments translate into higher network costs. The QFF stated it 'does not support significant increases in GSL payments that result in notable impacts on the cost of electricity to Queenslanders, given that these prices are already at unsustainable levels'. In light of this, the QFF recommended an increase in GSL payment levels in line with a minimum of CPI for the last five-year period.¹³⁴

2.8.3 Draft decision

Our draft decision was that payment levels should be the same across Queensland, and that the CPI escalation method is the most appropriate means of escalating GSL payments.

Payment levels

We did not agree with the MEA's suggestion that connection and reconnection timeframe GSL payments should be varied to ensure that the penalty acts as a deterrent to poor performance and reduced service delivery. We argued that the purpose of GSL payments was to recognise poor service, not penalise the distributors for failures in service delivery. Further, we commented that customers in regional Queensland benefit through the Queensland Government's Uniform Tariff Policy, which subsidises electricity prices.

Escalation method

Using distribution use of system (DUOS) charge data from Energex's and Ergon Energy's annual pricing proposals to the AER, we were able to validate the general trend outlined by Energy Queensland in its submission. The notable decrease in DUOS charges for both distributors in 2015–16 is attributable to the AER's decision to reduce allowable revenue over the 2015–20 regulatory period by 21.7 per cent (Energex) and 23.6 per cent (Ergon Energy) compared to what was initially proposed by each distributor. The AER noted the key driver of this outcome was lower expected financing costs over the course of the 2015–20 regulatory period when compared

¹³⁰ EWOQ, sub. 2, page 2.

¹³¹ MEA, sub. 11, page 4.

¹³² Powershop, sub. 14, page 1.

¹³³ QCOSS, sub. 6, section 5.

¹³⁴ QFF, sub. 7, page 2.

to the high network costs resulting from stringent reliability standards, rising peak demand, population growth and rising costs of finance during the 2010–15 regulatory period.¹³⁵

During our 2014 review, we concluded that increases in line with the CPI to the middle of the next regulatory period was the best method for escalating GSL payments.¹³⁶ We considered that using the CPI escalation method would ensure that the nominal GSL amounts maintained the real value envisaged in the original Code (as at 1 January 2005). Moreover, the method is administratively simple and transparent.

We did not support escalating GSL payments in line with Queensland penalty units. Penalty units are defined and set out under the *Penalties and Sentences Act 1992* (Qld). The purpose of that Act is, in general terms, to codify the powers of Queensland courts to sentence persons who have committed an offence.¹³⁷ We did not consider it to be an appropriate instrument under which GSL payments should be set, given the GSL scheme relates to supply of electricity to consumers.

We considered the MEA's suggestion that GSL payments be linked to electricity costs. In our 2014 GSL review, our analysis concluded that the value that a customer derives from supply reliability and customer service is not directly linked to the price of electricity.¹³⁸ We considered this analysis to remain relevant and applicable to our current review.

We concluded that linking GSL payments to networks costs, as suggested by QCOSS, would be inappropriate for a number of reasons:

- GSL payments are intended to provide recognition of poor reliability or service; this is a separate concept to the network charges in electricity prices.
- Network costs can be volatile, as they are influenced by a vast number of inputs and determined by the AER using principles of regulatory economics.

While we considered that the GSL payment amounts and annual cap should be increased to maintain their real value, we did not believe the GSL arrangements should aim to be a powerful financial incentive mechanism by significantly increasing the payment amounts as suggested by QCOSS. Further, we noted that the GSL payment amounts were broadly comparable to GSL schemes in other jurisdictions.¹³⁹

2.8.4 Submissions on the draft decision

Payment levels

Energy Queensland supported our draft decision that payment levels in regional and south east Queensland should be the same and noted that this aligned with its previous submission to our GSL review.¹⁴⁰

The Queensland Consumers Association recommended 'a substantial increase' in the GSL payment levels for all categories, especially for wrongful disconnections. The association was of the view that the current GSL scheme provided only limited incentives for improved distributor performance and gave customers 'inadequate levels of financial recognition' for the problems caused by a failure, even more so given the low value of the individual GSL payments and the

¹³⁵ AER 2015a, section 2; AER 2015b, section 2.

¹³⁶ QCA 2014b, section 2.2.4.

¹³⁷ See *Penalties and Sentences Act 1992* (Qld), section 3.

¹³⁸ QCA 2014a, section 3.2.4.

¹³⁹ See QCA 2018a, Appendix A.

¹⁴⁰ Energy Queensland, sub. 16, page 12.

annual cap (except for wrongful disconnection). The association also said that the reference to the Queensland Government's uniform tariff policy was irrelevant to the draft decision and should not be included in the final decision.¹⁴¹

Escalation method

Energy Queensland supported our draft decision that GSL payments for the 2020–25 regulatory control period should be escalated by the same CPI-based methodology used in previous reviews.¹⁴²

QCOSS reasoned that Energy Queensland's argument—that equal GSL triggers for outage duration and frequency all over Queensland would lead to increased payments and higher network costs that are passed through to network customers—could be put forward against any GSL increases, and indeed against the cost of the entire GSL scheme itself, until network revenue determination methodologies change. QCOSS noted though that our recommended GSL escalation 'across the board by CPI adjustment' indicated that a case for increases can be warranted in some circumstances.¹⁴³

2.8.5 Final decision analysis

Payment levels

In view of the intended purpose of GSL payments—to provide an acknowledgement of the inconvenience customers experience when distributors do not meet GSLs—we do not consider that a substantial increase in the GSL payment levels is required. We do accept the Queensland Consumers Association's point though that the subsidies to Ergon Energy to maintain the Uniform Tariff Policy is a topic that does not impact on the GSL scheme, and that it is not relevant in the determination of the GSL payment levels.

Escalation method

Stakeholders did not provide any new arguments, information or input to our draft decision on the escalation method. We therefore confirm our draft decision that a CPI-based methodology to escalate GSL payments is appropriate. To calculate the proposed new GSL payment levels, we followed the CPI escalation methodology we had outlined in our draft decision. The methodology incorporated the following steps:

- Start with the nominal values from 2005.
- Escalate by actual inflation to June 2018.
- Apply the mid-point of the Reserve Bank of Australia (RBA) target inflation band (2.5 per cent) up to December 2022, the middle of the next regulatory control period.¹⁴⁴

¹⁴¹ Queensland Consumers Association, sub. 19, pages 2–3.

¹⁴² Energy Queensland, sub. 16, page 12.

¹⁴³ QCOSS, sub. 20, page 3.

¹⁴⁴ See the RBA website, [Australia's Inflation Target](#), viewed February 2019.

Proposed GSL payments

The following table sets out the proposed GSL payments to apply for the regulatory control period from 1 July 2020 to 30 June 2025.

Table 8 Amount of GSL payments and cap

<i>GSL measure</i>	<i>Original GSL payment (1 January 2005)</i>	<i>Current GSL payments (2015–20)</i>	<i>Proposed GSL payments (2020–25)</i>
Wrongful disconnections	\$100	\$142	\$155
Connection	\$40 per day	\$57 per day	\$62 per day
Reconnection	\$40 per day	\$57 per day	\$62 per day
Appointments	\$40	\$57	\$62
Planned interruption— Business	\$50	\$71	\$77
Planned interruption— Residential	\$20	\$28	\$31
Interruption—Duration	\$80	\$114	\$124
Interruption—Frequency	\$80	\$114	\$124
<i>Annual cap</i>	<i>\$320</i>	<i>\$454</i>	<i>\$496</i>

Note: Our final decision regarding the cap is explained in section 2.11.5.

Source: Previous GSL reviews; QCA analysis.

Finally, we recommend that the purpose of GSL payments—to acknowledge the inconvenience a small customer experiences when a distributor does not meet a GSL—be added to the start of clause 2.3.10 of the Code, which will set out the amount of GSL payments proposed above.

2.8.6 Final decision

The relative payment levels are appropriate and should remain the same across Queensland. Our proposed CPI escalation method is the most appropriate way of escalating GSL payments.

Box 9: Amount of GSL payments—final decision

GSL payments for the 2020–25 regulatory control period should be escalated by the same CPI-based methodology used in previous reviews.

No further increases of the payment levels (in addition to the CPI-based escalation) are recommended.

Payment levels in regional and south east Queensland should remain the same.

The purpose of GSL payments should be added to the start of the GSL payments clause.

2.9 Claiming, making and processing GSL payments

2.9.1 Code requirements

Claiming a GSL payment

Energex and Ergon Energy must use best endeavours to automatically pay customers when a GSL event occurs. However, if this does not occur, a customer has three months from the date of the GSL event to lodge a claim, or three months from the end of the financial year for an interruption frequency GSL payment claim.¹⁴⁵

Payment methods

GSL payments can be made via cheque, electronic funds transfer or any means agreed to with the affected customer.¹⁴⁶

Processing a GSL claim

Energex and Ergon Energy must use best endeavours to process a GSL claim made by a customer within one month of receiving the claim for all GSLs, except interruption frequency GSLs.¹⁴⁷ For the interruption frequency GSL, the distributors must use best endeavours to process a GSL claim made by a customer within one month of the end of the financial year, or one month after receiving the claim, whichever is later.¹⁴⁸

2.9.2 Initial submissions

QCOSS proposed a 'more flexible' approach to GSL payment methods. It contended that information for customers about GSL payment methods was confusing, citing differing descriptions of GSL payment options across the distributors' fact sheets and websites, and the QCA's consultation paper. QCOSS recommended that customers should be able to nominate a preferred GSL payment method, with the default option being electronic funds transfer. If the customer remained at the address where the breach occurred, QCOSS considered that an automatic credit could be applied to the electricity account.¹⁴⁹

In response to these claims, Energy Queensland stated that:

- The Code allows distributors to use a variety of payment methods to make a GSL payment.
- It preferred payment by cheque, as it was less complex to administer relative to other methods.
- Offering choice could potentially add cost and delay to payments.
- The situation was further complicated by the fact the distributors no longer had the primary relationship with customers following the competition in metering rule change in December 2017.
- Each customer would have to provide and confirm banking details, which would add cost and time.

¹⁴⁵ Electricity Distribution Network Code, clause 2.3.11.

¹⁴⁶ Electricity Distribution Network Code, clause 2.3.12.

¹⁴⁷ Electricity Distribution Network Code, clause 2.3.14(a).

¹⁴⁸ Electricity Distribution Network Code, clause 2.3.14(b).

¹⁴⁹ QCOSS, sub. 6, section 6.

- It was prepared to engage with stakeholders to investigate and discuss the issue further.¹⁵⁰

2.9.3 Draft decision

Our draft decision was that the current requirements for claiming, making and processing GSL payments were appropriate.

Ergon Energy stated on its website that GSL payments would be made by cheque, electronic funds transfer or as otherwise agreed with the customer.¹⁵¹ In contrast, according to Energex's GSL fact sheet, customers 'receive a GSL payment automatically by cheque' if Energex fails to meet any of the GSLs.¹⁵²

Energy Queensland acknowledged that the Code obliged distributors to use their best endeavours to provide GSL payments to eligible customers by cheque, electronic funds transfer or any other means agreed with the customer. We considered that the content on both distributors' websites complied with the payment requirements and was not confusing in any way.

We endorsed Energy Queensland's stated willingness to engage with stakeholders to investigate and discuss payment issues further. We also considered that the payment provisions in the GSL scheme provided sufficient flexibility for the distributors to make payments in ways that meet customer needs.

Lastly, we acknowledged that the phrase 'automatic credit' we used in our consultation paper could be interpreted in more than one way. We meant it to reflect our understanding that customers' right to GSL payments is automatic when a GSL is payable.

2.9.4 Submissions on the draft decision

Energy Queensland supported our draft decision. Energy Queensland also noted that over 90 per cent of all GSL payments to eligible customers and 99 percent of reliability-related GSL payments were made automatically without the need for customers to submit a claim. Nonetheless, Energy Queensland reiterated its commitment to working with stakeholders to develop alternative arrangements for GSL payments.¹⁵³

QCOSS welcomed Energy Queensland's willingness to investigate other payment methods and to engage stakeholders in further discussions. QCOSS acknowledged that the current payment provisions in the Code already give distributors sufficient flexibility to make payments by means other than cheque and suggested that a good starting point would be to consider how the distributors prefer to receive their own payments.¹⁵⁴

As a test of the efficacy of payments by cheque, QCOSS suggested that the distributors' quarterly GSL payment reporting include both the ratio of un-presented to presented cheques and the time taken to present them. Moreover, it suggested that a breakdown of un-presented cheques by postcode might help identify barriers to successful GSL payments and improve the implementation of the existing payment provisions, using the most cost-efficient method.¹⁵⁵

¹⁵⁰ Energy Queensland, sub. 10, section 2.9.

¹⁵¹ Ergon Energy website, [Network Guaranteed Service Levels](#), viewed September 2018.

¹⁵² Energex website, Guaranteed Service Levels fact sheet, viewed September 2018. At the time of our final decision, we were unable to find the fact sheet (Energex 2015) on Energex's website. Payment (and other) information is available on the [GSLs](#) and [GSLs FAQs](#) pages on Energex's website.

¹⁵³ Energy Queensland, sub. 16, page 12.

¹⁵⁴ QCOSS, sub. 20, pages 2 and 4.

¹⁵⁵ QCOSS, sub. 20, page 3.

QCOSS disagreed that retailers could not apply GSL payments to customers' electricity accounts. QCOSS argued that network costs were already recouped through retailers in the daily supply charge, which proved that the technology existed to collect and transfer payments through a third party. QCOSS reasoned that GSL payment credits could simply be applied to the customer account attached to the affected National Meter Identifier (NMI).¹⁵⁶

The Queensland Consumers Association was of the view that increased customer awareness was required, both of customers' rights and the processes involved, to make additional payment claims for damage and other matters caused by or attributable to the distributor that did not meet a GSL requirement. The association therefore recommended an amendment to the Code, which would require distributors to advise customers in writing, when making a GSL payment, that a claim can also be made to the distributor for additional payments for detriment caused by the failure to meet the GSL requirement.¹⁵⁷

Similarly, QCOSS demanded more information for customers and recommended that networks provide the following information about GSLs to customers on their website or in printed form:

- clear statement on the purpose of GSLs
- schedule of GSL payments
- clear description of trigger events and eligibility
- search function for trigger events in previous six months by postcode or NMI
- flowchart showing both the automatic payment process and the manual application process, including payment timeframes and methods
- customer rights and EDRS process¹⁵⁸
- links to EWOQ
- manual application form
- contact details for queries including a telephone option.¹⁵⁹

2.9.5 Final decision analysis

The QCA does not have any empirical evidence to ascertain if payments by cheque are less effective than the other payment methods provided for in the Code, as may be implied by QCOSS. QCOSS also suggested that the distributors' quarterly GSL payments reports should include the ratio of un-presented cheques to presented cheques, a breakdown of un-presented cheques by postcode and the time taken to present the cheques. While such data would provide interesting insights, we note that it would not provide any conclusive evidence on whether cheques are the most cost-efficient or effective payment method.

In an earlier submission, Energy Queensland explained that cheque payments were less complex to administer relative to other methods, offering customers a choice of payment methods could potentially add cost and delay payments, and asking customers to provide and confirm banking details would also add cost and time to the process. While we acknowledge that some customers may prefer to receive GSL payments through an electronic funds transfer or have the amount

¹⁵⁶ QCOSS, sub. 20, page 4.

¹⁵⁷ Queensland Consumers Association, sub. 19, page 3.

¹⁵⁸ We assume the association's reference to 'EDRS' means external dispute resolution schemes.

¹⁵⁹ QCOSS, sub. 20, page 4.

applied to their electricity account as a credit, we do not have any evidence that the current payment methods used by Energex and Ergon Energy are inefficient.

We agree with the Queensland Consumers Association and QCOSS that customer awareness is important and that readily available information needs to be provided on the GSL scheme, customers' rights, payment claims, processes, and more. Both Energex and Ergon Energy have web pages dedicated to GSLs, which outline what GSLs are, which services/events are covered, how to claim a GSL payment, how to appeal a declined claim etc.¹⁶⁰ We are of the view that this information is easy to find and provides sufficient information to customers. However, we do encourage the distributors to review the suggestions made by QCOSS and the Queensland Consumers Association and to make changes if necessary. Subject to the Minister giving effect to our recommended purpose of GSL payments, we also encourage the distributors to include the purpose of the payments in their GSL scheme materials.

2.9.6 Final decision

The current requirements for claiming, making and processing GSL payments in clauses 2.3.11, 2.3.12 and 2.3.14 of the Code are appropriate.

Box 10: Claiming, making and processing payments—final decision

No change to claiming, making and processing GSL payments is recommended.

2.10 Customers with card-operated meters

Customers living in some remote communities in regional Queensland use power cards to add credit to their electricity meter.¹⁶¹

2.10.1 Code requirements

An eligible card-operated customer must make a GSL claim within one month of a GSL event occurring to receive a payment. The distributor is liable to only pay one GSL payment per card-operated meter and can pay via cheque, electronic funds transfer or any means agreed to with the affected customer.¹⁶²

2.10.2 Initial submissions

QCOSS considered the obligation on customers to manually lodge claims puts them at a 'distinct disadvantage' compared to customers who receive automatic GSL payments. It believed that after the recent introduction of smartcard-operated digital meters into discrete and remote communities, these customers should now automatically receive GSL payments.¹⁶³

Energy Queensland responded that while new smartcard technology for card-operated meters was superior to the technology it replaced, it did not record the details of individual occupants for the majority of premises. Without this information, Energy Queensland considered it was not possible to assign GSL payment credits to eligible individuals. However, Energy Queensland

¹⁶⁰ Energex website, [Guaranteed Service Levels](#), and Ergon Energy website, [Guaranteed Service Levels](#), both viewed January 2019.

¹⁶¹ Ergon Energy website, [Card-operated meter customers](#), viewed February 2019.

¹⁶² Electricity Distribution Network Code, clause 2.3.13.

¹⁶³ QCOSS, sub. 6, section 8.

committed to investigate opportunities to leverage new card-operated meter technology to improve customers' access to GSL payments.¹⁶⁴

2.10.3 Draft decision

Our draft decision was that customers with card-operated meters should have the same period of time (three months) to make claims as other network-connected customers.

We considered that the points made by QCOSS had some merit. Requiring customers with card-operated meters to manually lodge GSL claims is significantly more involved and requires a level of scheme awareness that is not required by other network-connected customers. In our view, it was reasonable to assume that some customers with card-operated meters did not receive the GSL payments they were entitled to.

However, we recognised that technological limitations may restrict Ergon Energy's ability to process automatic GSL payments to the majority of these customers.¹⁶⁵ We encouraged Energy Queensland to continue to explore solutions that offer customers with card-operated meters better outcomes.

2.10.4 Submissions on the draft decision

QCOSS welcomed our draft decision to extend the GSL claim period for customers with card-operated meters to three months. QCOSS also stated that it was looking forward to exploring ways to apply GSL payments automatically to customers with card-operated meters, including the application of a credit to the smartcard that is attached to the affected NMI.¹⁶⁶

Energy Queensland also supported our draft decision to align the GSL claim period for card-operated meter customers to ensure equity with other customers. Energy Queensland noted, however, that targeted customer engagement would be required to ensure that this decision is communicated to customers with card-operated meters.¹⁶⁷

2.10.5 Final decision analysis

We encourage Energy Queensland and retailers to engage with customers with card-operated meters to make them aware of the longer claim period. We also encourage Energy Queensland to work with stakeholders to explore solutions to directly assign GSL payment credits to customers and/or other automated payment options for customers with card-operated meters.

¹⁶⁴ Energy Queensland, sub. 10, section 2.8.

¹⁶⁵ This issue was also raised in our 2014 GSL review (QCA 2014b, section 2.2.3).

¹⁶⁶ QCOSS, sub. 20, pages 2 and 4.

¹⁶⁷ Energy Queensland, sub. 16, page 12.

2.10.6 Final decision

Customers with card-operated meters should have three months to make a GSL claim, the same as other network-connected customers, rather than only one month as the Code currently provides. This change should be reflected in clause 2.3.13(b) of the Code.

Box 11: Customers with card-operated meters—final decision

The Code should be amended to provide three months for customers with card-operated meters to make GSL claims.

2.11 Caps on entitlements

2.11.1 Code requirements

Customers are entitled to no more than \$454 worth of GSL payments per financial year and per electricity account. Wrongful disconnection payments do not count towards this annual cap.¹⁶⁸

2.11.2 Initial submissions

Energy Queensland commented that an annual cap on GSL payments for customers was still appropriate. To remain relevant, Energy Queensland stated that the cap should be amended in line with CPI over the 2020–25 regulatory period.¹⁶⁹

EWOQ submitted that the CPI remained the most appropriate escalator to the GSL payment cap for the next regulatory period. EWOQ also, however, suggested we consider increasing the cap to more closely reflect increases in electricity prices.¹⁷⁰

The MEA recommended increasing the cap, either in line with Queensland penalty points, or by pre-calculating it so that it increases by the average price rise of power during the previous five years, compounded.¹⁷¹

2.11.3 Draft decision

Our draft decision was that the annual payment cap should be increased using the CPI escalation methodology.

We did not believe the annual GSL cap should be increased using a methodology based on electricity prices or penalty points, for the same reasons discussed in our analysis of GSL payment levels (section 2.8.3).

2.11.4 Submissions on the draft decision

Energy Queensland supported our draft decision.¹⁷²

¹⁶⁸ Electricity Distribution Network Code, clause 2.3.15.

¹⁶⁹ Energy Queensland, sub. 3, page 8.

¹⁷⁰ EWOQ, sub. 2, page 2.

¹⁷¹ MEA, sub. 4, page 4.

¹⁷² Energy Queensland, sub. 16, page 12.

2.11.5 Final decision

The annual GSL payment cap should be increased using the CPI escalation methodology. As shown above, this increases the cap in clause 2.3.15(a) of the Code to \$496 (Table 8).

Box 12: Caps on entitlements—final decision

The annual GSL cap should be increased to \$496.

3 RELATED ISSUES

We propose that no changes be made to the GSL scheme to account for the emergence of microgrids, for retailer-planned interruptions or wrongful disconnections, or for on-supply arrangements. We consider there are more effective ways to regulate service delivery issues and changes in these areas, and that retail electricity regulation should generally be set at the national level. We do not recommend adding GSLs for telephone answering and time to respond, as some stakeholders suggested, because of a lack of evidence on the significance and the prevalence of the issues that these two GSL measures were expected to address.

3.1 Microgrids

3.1.1 Definition

The Australian Energy Market Commission (AEMC) defined a microgrid as a stand-alone power system that generates and supplies electricity to multiple customers. The AEMC has also observed that:

- This could include anything from a large town to two farms connected to each other.
- Power may be supplied by a mix of local generation and storage, or behind-the-meter generation and storage.
- Remote communities, island resorts and remote mining towns are often supplied by microgrids.¹⁷³

3.1.2 Initial submissions

The Clean Energy Council (CEC) submitted that:

- GSL arrangements should be changed to include GSLs for microgrid operations from Energex and Ergon Energy.
- Threshold triggers should be updated to reflect the inclusion of GSLs for microgrid operations.
- For the frequency of interruptions and duration of interruptions category, these triggers should be at least equal to those for a long rural feeder.¹⁷⁴

QCOSS supported the CEC's call for the GSL scheme to apply to microgrids to ensure 'uniformity in consumer protections and customer expectations of service and supply across all parts of the system'.¹⁷⁵ The MEA and Powershop also supported the views of the CEC.¹⁷⁶

Energy Queensland noted that Ergon Energy's 33 isolated networks, and the Mount Isa–Cloncurry network to which GSLs apply, may be considered microgrids. Energy Queensland considered that the issue of applying GSLs to microgrids was beyond the scope of the QCA's review of the GSL

¹⁷³ AEMC 2018b, section 1.1.

¹⁷⁴ CEC, sub. 1, page 1.

¹⁷⁵ QCOSS, sub. 15, page 2.

¹⁷⁶ MEA, sub. 11, page 5; Powershop, sub. 14, page 1.

scheme, and any consideration of broadening the application of GSLs to microgrids should be part of a separate consultation process.¹⁷⁷

3.1.3 Other reviews

Western Power rule change

In 2017, the AEMC considered a rule change request from Western Power (an electricity distributor in Western Australia), which sought to remove certain barriers to distributors deploying alternative technologies and methods of providing distribution services, such as transitioning customers to off-grid supply.¹⁷⁸

Some stakeholders submitted to the AEMC that it is essential that customers are provided with appropriate levels of reliability, comparable to what can be obtained through grid-connected supply.¹⁷⁹ Others advised the AEMC that the regulatory framework should include flexibility for customers to determine the level of service they are willing to accept and pay for—a customer may be willing to accept a lower reliability standard and pay a reduced charge.¹⁸⁰

Though the AEMC was supportive of enabling off-grid supply, it considered that a broader package of changes to laws, rules and jurisdictional instruments was required to protect consumers and properly implement the necessary regulatory reforms. Its final determination in December 2017 therefore declined the request from Western Power.¹⁸¹

ACCC retail electricity pricing inquiry

In June 2018, the Australian Competition and Consumer Commission (ACCC) recommended that immediate work be undertaken in relation to stand-alone power systems to allow distributors to develop off-grid supply arrangements for existing customers or new connections where efficient. It believed that these arrangements should, amongst other things, be adopted on a consistent basis across the National Electricity Market (NEM), replacing current state-based regulation of off-grid systems.¹⁸²

AEMC review of regulation of stand-alone power systems

The AEMC is undertaking a review of the regulatory arrangements for stand-alone power systems as requested by the Council of Australian Governments (COAG) Energy Council.¹⁸³

The AEMC has commented that the cost of stand-alone power systems had fallen significantly in recent years, in line with declining costs of distributed energy resources, such as solar photovoltaic and batteries. The AEMC also observed that, in some cases, it may be cheaper to provide off-grid supply than to maintain and replace long power lines linking remote customers to the grid. Further, these options may offer additional benefits such as improved reliability and reduced bushfire risks.¹⁸⁴

In December 2018, the AEMC published the draft report of its review. The AEMC considered it reasonable that, where a distributor chooses to transition the customer to a stand-alone power

¹⁷⁷ Energy Queensland, sub. 10, section 2.7.

¹⁷⁸ AEMC 2017b, Summary (page i).

¹⁷⁹ For example, Endeavour Energy 2017, pages 2 and 12.

¹⁸⁰ For example, EnergyAustralia 2017, page 2.

¹⁸¹ AEMC 2017b, Summary (page ii).

¹⁸² ACCC 2018, section 8.5 (Recommendation 23).

¹⁸³ AEMC 2018b, section 1.0.

¹⁸⁴ AEMC 2018b, section 1.0.

system, equivalent principles should apply for reliability, security and quality standards as apply to those for grid-connected customers. Although the standards and measures do not necessarily need to be exactly the same as those that apply to grid-connected customers, the AEMC suggested that reliability standards, GSL payments and the STPIS could be extended to distributor-led stand-alone power systems. The commission's draft position was not, however, to recommend additional reliability standards or targets for individual stand-alone power systems; rather, the commission said that customers in distributor-led stand-alone power systems should receive protections equivalent to grid-connected customers.¹⁸⁵

The AEMC also recommended in its draft report to extend jurisdictional GSLs for unplanned outages and jurisdictional reliability standards (including SAIDI and SAIFI) to cover distributor-led stand-alone power systems, and that the other GSL categories could be applied to distributor-led stand-alone power systems. The AEMC further recommended an extension of the national STPIS to include distributor-led stand-alone power systems in the calculation of distributors' targets. To give effect to these recommendations, changes to the reliability standards and GSL schemes in some jurisdictions would be required to broaden their application to cover customers under such distributor-led stand-alone power systems.¹⁸⁶

The AEMC noted that, if GSL thresholds were set by feeder categories, an additional category may need to be provided to accommodate off-grid supply. It suggested that Queensland's isolated feeder category may already apply to off-grid supply. The commission stated that Energy Queensland supported, in principle, the introduction of reliability standards and a GSL framework for distributor-led stand-alone power systems. However, the AEMC noted Energy Queensland's view that stand-alone power system technologies were still immature and subject to technology change. The AEMC admitted that, even though early trials in remote areas had shown greatly improved reliability compared to grid supply, it was uncertain how reliability levels might change as the systems age.¹⁸⁷

ESCOSA review of SA Power Networks reliability standards

ESCOSA considered it important to accommodate off-grid supply in jurisdictional reliability standards, as stated in the final decision of its review of SA Power Networks' reliability standards in January 2019. However, ESCOSA noted that the AEMC had yet to make the rule changes required to allow off-grid supply as an alternative to grid-supplied network services. ESCOSA therefore decided that it would await the AEMC's decisions on rule and law changes before adjusting the jurisdictional standards, if required.¹⁸⁸

3.1.4 Draft decision

Our draft decision was that the need for any amendments to the GSL scheme should be considered after the AEMC completes its review of the regulatory frameworks for stand-alone power systems.

We agreed with the statement made by the AEMC (in 2016) that the National Energy Customer Framework (NECF) would apply to microgrids in Queensland, as the legislation adopting the National Energy Retail Law (NERL) in Queensland does not limit the application of the NERL to

¹⁸⁵ AEMC 2018c, sections 5.4.3 and 5.4.4.

¹⁸⁶ AEMC 2018c, section 5.4.3.

¹⁸⁷ AEMC 2018c, section 5.4.3.

¹⁸⁸ ESCOSA 2019, Overview and section 3.3.5.

customers connected to the national electricity grid.¹⁸⁹ We also noted that some GSLs, notably the reliability measures, apply to isolated feeders in Ergon Energy's distribution area; the Code defines isolated feeders as feeders which are not connected to the national grid.¹⁹⁰

We did not necessarily agree with Energy Queensland that amendments to the GSL scheme for microgrids are beyond the scope of this review. However, given the application of the NECF to stand-alone power systems in Queensland, we said that the need for any amendments to the GSL scheme should be considered after the AEMC completed its review of the regulatory frameworks for stand-alone power systems.

3.1.5 Submissions on the draft decision

Energy Queensland supported our draft decision.¹⁹¹

3.1.6 Final decision analysis

Equivalent principles should apply to setting GSL payments to customers if a distributor moves them from standard grid supply to a microgrid. We consider that reliability standards would need to be set for microgrids—potentially at the individual microgrid level—before GSL thresholds and payments could be set.

The AEMC will provide a final report on its review of the regulatory frameworks for stand-alone power systems under the NEL, NERL and associated regulations to the COAG Energy Council by the end of May 2019. If a decision is then made to allow stand-alone power systems to be used as an alternative to standard grid supply, the required law and rule changes will need to be made at the national and at the state levels.

We consider that any further discussion of GSLs for microgrids in Queensland should take place once the AEMC completes its review.

3.1.7 Final decision

We do not recommend any changes to the GSL scheme to account for microgrids.

Box 13: Microgrids—final decision

No changes to the GSL scheme to account for microgrids are recommended.

¹⁸⁹ AEMC 2016, page 8. The *National Energy Retail Law (Queensland) Act 2014* (Qld) is the legislation that adopted the NERL in Queensland. For information on the NECF, see the AEMC [website](#).

¹⁹⁰ Electricity Distribution Network Code, chapter 6 (definitions). The definition explicitly excludes the Mount Isa–Cloncurry supply network.

¹⁹¹ Energy Queensland, sub. 16, page 13.

3.2 Retailer GSLs

3.2.1 Application of the Code to distributors and retailers

Section 120B of the Electricity Act allows the Minister to make a code to apply to electricity entities or retailers, or both.¹⁹² Electricity entities are defined as generation entities, transmission entities and distribution entities.¹⁹³ Section 120C provides that, without limiting section 120B, the Code may provide for any or all of:

- (a) the service levels to be provided by electricity entities to customers
- (b) payments by electricity entities to customers for failing to provide a stated service level
- (c) metering
- (d) public lighting.¹⁹⁴

Before the Queensland Government adopted the NECF in July 2015, the Electricity Industry Code applied to distributors and retailers.¹⁹⁵ Pursuant to the Electricity Act in force before the NECF was adopted, the Electricity Industry Code identified service levels (though not payments) provided by retailers as being in-scope for the code.¹⁹⁶

However, when the government adopted the NECF, the Electricity Industry Code was replaced by the Electricity Distribution Network Code. The explanatory notes to the Act that amended section 120C of the Electricity Act stated that the amendments reflected that retail activities would generally be a matter for the National Energy Retail Law (Queensland) rather than the Electricity Act or codes made under the Electricity Act. The explanatory notes added that distribution network codes would principally concern the activities of distribution network operators, but may contain provisions concerning retailers.¹⁹⁷

Most of the retail matters that the Electricity Industry Code once covered are now regulated by the AER, and the GSL scheme applies only to the distributors.

3.2.2 Power of Choice (competition in metering)

On 1 December 2017, the competition in metering services rule commenced across the NEM. The rule was introduced to facilitate a market-led deployment of advanced meters. The competition in metering rule involved significant amendments to the National Electricity Rules and the National Energy Retail Rules.¹⁹⁸ The rule transferred the metering-related roles and responsibilities previously held and carried out by distributors to a new registered participant, the metering coordinator. The introduction of a metering coordinator to offer, install, maintain and replace smart meters was designed to end the effective monopoly of distributors over metering arrangements.¹⁹⁹

¹⁹² Electricity Act, section 120B.

¹⁹³ Electricity Act, section 22.

¹⁹⁴ Electricity Act, section 120C.

¹⁹⁵ Versions of the Electricity Industry Code for the period July 2007 to July 2014 are available on the QCA website, [Electricity Distribution Network Code](#).

¹⁹⁶ Electricity Act, section 120C (as in force as at 2 July 2014).

¹⁹⁷ *Electricity Competition and Protection Legislation Amendment Act 2014* (Qld), explanatory notes, page 21.

¹⁹⁸ AEMC 2018d, section 2.1.

¹⁹⁹ AEMC 2018d, section 2.2.

In our consultation paper for this review, we commented on the change in roles and responsibilities for metering arising from the Power of Choice reforms. Specifically, we noted that:

- The Code retained the previous GSL obligation arising from a lack of notice for a planned interruption by a distributor, but did not extend this requirement to the newly-introduced retailer-initiated interruption.
- Customers would not be eligible for a GSL payment where a retailer fails to provide sufficient notice of a planned interruption.
- Extending the GSL requirement to retailers would impose some additional regulatory burden on retailers, and the QCA had no evidence at the time that the issue was significant enough to require regulation.²⁰⁰

Our consultation paper stated that one of the reasons we did not seek to extend the Code, in late 2017, to the new retailer-initiated interruption was a lack of evidence that the issue warranted regulation.²⁰¹

Stakeholders' initial submissions focused on two particular aspects of retailers' roles to which the GSL scheme could be extended:

- Retailer-initiated interruptions (section 3.2.3)
- Wrongful disconnection by retailers (section 3.2.4).

3.2.3 Retailer-initiated interruptions

Initial submissions

The MEA detailed what it described as 'extensive delays and cost overruns for the installation of new energy meters and installation alterations' since the introduction of the competition in metering rule.²⁰² This, according to MEA, had caused substantial financial loss and fracturing of relationships between builders, electrical contractors and customers. The MEA advised it had received feedback from its members claiming that metering was 'being drowned by the bureaucratic 'red tape' and lack of accountability'.²⁰³

Accordingly, the MEA proposed expediting the implementation of a retailer GSL, to come into effect before 2020. The MEA also commented that, while it was not within the QCA's 'purview' to introduce a GSL for retailers, the QCA should use this review to assist the Minister to implement a GSL on retailers through AEMC rules.²⁰⁴

QCOSS recommended that GSL requirements be extended to retailers, matching the distributors' payment amounts and thresholds for lack of notice of retailer-initiated planned interruptions and failure to meet agreed installation dates.²⁰⁵

²⁰⁰ QCA 2018a, section 2.3.

²⁰¹ QCA 2018a, section 2.3.

²⁰² MEA, sub. 4, pages 2–3. The MEA, applying what it described as conservative assumptions, estimated the additional cost of a new home in Queensland to \$2,000 as the time for a new connection increased from 5 days to between 8 and 21 days (MEA, sub. 12, pages 1–2).

²⁰³ MEA, sub. 4, page 2.

²⁰⁴ MEA, sub. 4, page 2. The MEA referred to 'AEM rules'; we assume this is meant to refer to AEMC rules.

²⁰⁵ QCOSS, sub. 6, section 7; QCOSS, sub. 15, page 2.

AGL and Origin Energy acknowledged there had been adverse impacts on customers in terms of metering service delivery since December 2017. Both retailers suggested that the QCA should not make a decision on extending the GSLs to retailers ahead of the AEMC completing its metering installation timeframes rule change process. AGL suggested that the QCA should run a separate consultation process if there was an 'appetite' to extend GSLs to retailers.²⁰⁶

EnergyAustralia stated its support for the principle of customers receiving a payment to offset the financial impacts of poor reliability or service where:

- this is found to be a necessary and appropriate regulatory response
- responsibility for the GSL can be clearly determined and paid by the entity who has delivered poor service.²⁰⁷

EnergyAustralia listed a number of aspects of the new metering arrangements that had led to meter installation delays. However, it noted that, unlike distributors, 'retailers operate in a competitive market and already have a strong incentive to provide a high level of service to retain customers'. EnergyAustralia also encouraged the QCA to wait until the AEMC had concluded its metering rule changes review before considering any extension of the GSL scheme to retailers. EnergyAustralia argued this would reduce the chance of duplicated and inconsistent regulations or a lack of alignment between the states.²⁰⁸

EnergyAustralia also noted that retailers are required to notify a customer by any appropriate means of a retailer-planned interruption, and that to date it had not received any customer complaints on this matter. EnergyAustralia acknowledged that a GSL obligation does not apply in the event a retailer gives insufficient notice of planned interruption, as opposed to a distributor, because 'retailers conduct individual customer outages for short periods of time for the purposes of metering works often at the requirement of the customer'.²⁰⁹

EnergyAustralia explained that it was working closely with other retailers and metering coordinators/providers to resolve metering issues at the industry level, and that a GSL would not fix the underlying causes of most of the metering installation delays.²¹⁰

Complex situations frequently arise in metering, and no party has ever been able to avoid a relatively high prevalence of customer facing issues. In many cases, these situations will be difficult

²⁰⁶ AGL, sub. 8, page 1; Origin Energy, sub. 13, page 2.

²⁰⁷ EnergyAustralia, sub. 9, page 1.

²⁰⁸ EnergyAustralia, sub. 9, page 1. A recent example of duplicated and inconsistent regulations at the national and state levels occurred in November 2017 when the AEMC made the end of a fixed benefit period notice rule change. The AEMC added rule 48A to the NERR, requiring retailers to give customers on market contracts notice at the end of benefit periods. At the time the rule was implemented, there was already a rule 48A in the NERR; it was a Queensland-specific rule requiring retailers to notify small customers when their fixed benefit period was due to expire. To minimise potential stakeholder confusion and ensure consistency with the national laws, in March 2018 the Queensland-specific rule 48A was amended to repeal sub-rules 48A(3)(a)–(e) and add new obligations in sub-rules 48A(3)(g)–(i). In January 2019, the Queensland Government stated that the Queensland-specific rule was no longer required and was proposed to be removed. For more information, see AEMC 2017c; NERR, rule 48A; *National Energy Retail Law (Queensland) Regulation 2014* (Qld), rule 48A as per section 9 of schedule 5 (as at 26 January 2018); *Electricity and Other Legislation (Price Determinations) Amendment Regulation 2018* (Qld) and the explanatory notes for the amendment regulation; Queensland Government 2019, page 13.

²⁰⁹ EnergyAustralia, sub. 9, page 2. See rule 59C(2) of the NERR.

²¹⁰ EnergyAustralia, sub. 9, page 3.

to trace through to determine where responsibilities lie, and also should be covered under a best endeavours clause meaning that no GSL or regulatory penalty is payable by any party.²¹¹

Origin Energy explained the delays with meter installations as follows:

The notification obligations under [Power of Choice] largely mirror those that applied to [Local Network Service Providers, LNSP] before the reforms commenced. However, the introduction of new market participants has created additional coordination obligations and interdependencies requiring retailers to adopt a number of new processes and procedures that previously did not apply to the LNSP. However, the timeframes associated with an interruption notification and meter replacement remain the same.²¹²

Origin Energy identified losing a customer to a competitor as a consequence of poor service as a greater incentive to improve service and resolve customer issues than a GSL payment would be. Origin Energy added that it had:

dedicated resources that work actively with customers to resolve metering and related issues. We believe this to be an effective alternative to a GSL framework because it provides the flexibility for Origin to resolve the issue in the best interests of each individual customer rather than apply a generic one size fit all payment response.²¹³

EWOQ encouraged the QCA to monitor if there was any evidence that the interruption GSL should be extended to retailers following the Power of Choice reforms. EWOQ considered that, in principle, customers should be eligible for a GSL payment where, like a distributor, a retailer fails to provide adequate customer service to a small customer.²¹⁴

AEMC metering installation timeframes rule change

In September 2018, the AEMC released its draft rule change on metering installation timeframes. The draft rule proposed that retailers are required to provide a meter installation for a new connection or a simple meter exchange on a date agreed with the customer. If no date can be agreed, then the retailer would be subject to a maximum timeframe of six business days for a new connection or 15 business days for a simple meter exchange.²¹⁵

The draft rule also included additional measures to reduce meter installation delays and increase consumer confidence in the industry, such as:

- obligations on retailers to inform small customers of installation timeframes for customer-initiated works
- recommendation that the COAG Energy Council extend the current civil penalty provisions on timeframes for malfunctioning meters to the new timeframes for other types of metering arrangements
- providing more flexible notification requirements for retailer planned interruptions²¹⁶
- a recommendation that the Australian Energy Market Operator (AEMO) streamline the appointment process for metering parties in certain circumstances.²¹⁷

²¹¹ EnergyAustralia, sub. 9, page 4.

²¹² Origin Energy, sub. 13, pages 1–2.

²¹³ Origin Energy, sub. 13, page 2.

²¹⁴ EWOQ, sub. 2, page 2.

²¹⁵ AEMC 2018e, Summary, para 2.

²¹⁶ In the final decision, the AEMC extended the more flexible notification requirements to both retailer and distributor planned interruptions (AEMC 2018a, section 3.4.4).

²¹⁷ AEMC 2018e, Summary (para 4); AEMC 2018a, Summary (para 4).

The AEMC confirmed its proposed timeframes in a final rule in December 2018 (after we published our draft decision) and also allowed customers to agree to either a specific date or a date range for metering works or connection services that require an interruption to their electricity supply. This change was made so that retailers and metering providers can 'deliver metering works more efficiently across a diverse and geographically dispersed customer base'. The provisions in the final rule on meter installation timeframes and planned interruption notices commenced on 1 February 2019.²¹⁸

AER metering installation timeframes compliance update

Finally, in February 2019, the AER published a compliance update on the timeframes for the installation and repair of meters for small customers to set out the responsibilities of retailers, distributors and metering coordinators. The AER noted that the obligations are set out in the NER and the NERR. The new rules apply to small customers and do not apply to retailer-led installations such as new meter deployments.²¹⁹

3.2.4 Wrongful disconnection by retailers

Initial submissions

QCOSS claimed that retailers are not provided with an adequate incentive to protect customers from wrongful disconnections, and that the GSL scheme should therefore introduce a retailer payment model similar to Victoria.²²⁰ QCOSS also proposed that a wrongful disconnection GSL apply where retailers do not provide correct customer details to the network, appropriate notice is not given to the account holder, life support customer details are not passed on to the network business, or disconnection occurs in the process of meter installation or alteration.²²¹

The Queensland Consumers Association considered that 'much more' should be done to ensure retailer-caused wrongful disconnections trigger a GSL payment for customers. To improve the current situation, the association proposed substantially increasing GSL payment levels and applying the measure to both distributors and retailers.²²²

EnergyAustralia considered that a retailer GSL for wrongful disconnections may, in principle, be warranted where retailers have breached obligations to assist a customer or where a customer has life support equipment. It did not, however, support the QCA implementing a state-based scheme. EnergyAustralia argued that a shift away from national consistency would create regulatory complexities for little benefit to customers.²²³

Energy Queensland considered the proposal to establish a wrongful disconnection GSL for retailers to be outside the scope of the QCA's GSL review, and considered any review of a wrongful disconnection GSL should be part of a separate process.²²⁴

²¹⁸ AEMC 2018a, Summary (Box 1).

²¹⁹ AER 2019b, page 1.

²²⁰ Section 40B of the *Electricity Industry Act 2000* (Vic) requires retailers to pay \$500 per day compensation to small customers whom the retailer has wrongfully disconnected (capped at \$3,500). In our analysis of the wrongful disconnection GSL, we compare the Victorian retail payment for wrongful disconnection with the Queensland GSL scheme (section 2.1).

²²¹ QCOSS, sub. 6, section 4; QCOSS, sub. 15, page 3.

²²² Queensland Consumers Association, sub. 5, page 2.

²²³ EnergyAustralia, sub. 9, pages 4–5.

²²⁴ Energy Queensland, sub. 10, section 2.6.

Powershop did not consider that our further consultation notice²²⁵ adequately specified the circumstances where a wrongful disconnection GSL payment should be extended to retailers, and as such disagreed with the proposal. It also stated that, as a general rule, it did 'not see why retailers should be liable for a wrongful disconnection GSL payment for a distributor's error'. Powershop encouraged the QCA to conduct a separate consultation on the issue.²²⁶

3.2.5 Draft decision

We did not recommend extending the GSL scheme to retailers. Our reasoning can be grouped into four issues:

- Complaints regarding metering installations
- Competition as an incentive to acknowledge inconvenience
- Separate processes for extending the GSL scheme to retailers
- National, principles-based retail regulation.

Complaints regarding metering installations

In its submission to the AEMC's metering installation timeframes rule change process, EWOQ noted that, since the introduction of the competition in metering rule in December 2017, there had been a significant increase in the number of cases it had closed regarding metering installations for new and existing connections. EWOQ stated that it had closed 456 cases in 2017–18, compared to 97 cases in 2016–17.²²⁷

In our view, the number of cases closed by EWOQ suggested that the metering rule changes did have a notable effect on customer service, though we considered that it was not definitive evidence that a retailer-initiated interruption GSL was warranted. We also accepted the MEA's and EnergyAustralia's views that several problems with metering had arisen since the competition in metering rule came into force.

Competition as an incentive to acknowledge inconvenience

We accepted that in the Energex service area, retailers have an incentive to provide good customer service in order to retain and attract customers in the competitive market. However, if a retailer breaches a legal obligation which leads to a customer receiving poor service, neither a civil penalty paid to a regulator (for instance, the AER) nor losing a customer to another retailer will provide financial recognition to the customer for the failure in service. On this basis, we commented that retailers, even though they are not legally obliged to do so, could make 'GSL-type' payments to customers who receive poor service. As an example, we indicated that retailers could provide payments—either as recognition or compensation—to customers who have lost solar feed-in tariff revenue as a result of delays in the installation of solar meters. We also encouraged retailers to manage any instances of poor service to their customers on a customer-by-customer basis, as Origin Energy indicated it did.

We agreed with EnergyAustralia that the changes arising from the competition in metering rule necessitate improved coordination across the industry. We argued that the need for best endeavours, however, did not, in principle, mean that a GSL payment or regulatory penalty should not be payable. Finally, we agreed with Energy Australia that extending the GSL scheme to

²²⁵ QCA 2018b.

²²⁶ Powershop, sub. 14, page 2.

²²⁷ EWOQ 2018, page 2.

retailer-initiated interruptions would not address the causes of metering delays. However, if the scheme were extended to retailers, it would provide financial recognition of the delay, not fix the delay.

Separate processes for extending the GSL scheme to retailers

In our 2014 review, we considered a submission from Energex requesting differentiation between GSLs for distributors and retailers. Energex argued that where a retailer was responsible for the event giving rise to a GSL payment, the retailer should make the payment. One of the reasons we did not decide to amend the Code to give effect to Energex's position was that the scope of the Code limited the application of GSL arrangements to distributors. Specifically, we referred to clause 1.1.2(b) of the Code which stated that the scope of the Code was to set GSLs that require a distribution entity to provide a payment to a small customer where those GSLs are not met.²²⁸

We explained that implementing GSL measures to place a direct payment liability on retailers would represent a fundamental change to how the Code dealt with retailers and distributors on matters of customer service. Therefore, we argued, Energex's submission was beyond the scope of the review. We considered that changes of the nature proposed by Energex would broaden the scope of the Code and would need to be considered through a separate process.²²⁹

We believed that the arguments in the initial submissions for the implementation of retailer GSLs should be considered through a separate process. The Queensland Government's review of energy legislation was, in our view, an example of a more suitable process to review consumer protections as they apply to retailers.²³⁰ We also noted that the Electricity Act may need to be amended to give effect to any additional GSLs that place obligations on retailers. To this end, we did not consider the draft decision to be an appropriate vehicle for consideration of extending the GSL scheme to retailers.

National, principles-based retail regulation

In the final report of its retail electricity pricing inquiry in 2018, the ACCC stated:

The NERL, as well as the electricity law (and gas law), were designed to regulate specific actions and processes in the market rather than regulating outcomes. Consequently, the laws, supporting rules, procedures, guidelines and regulations seek to conceive and manage every necessary market process and interaction including those with consumers. This has resulted in an expanding and increasingly complex body of regulations over time.²³¹

To address the situation, the ACCC advocated a 'hybrid approach' to the NERL and NERR to balance prescriptive and non-prescriptive approaches to retail regulation:

Moving to a more principles-based approach over time will require a regulatory shift in the NERL and NERR and would require a change in retailers' approach to regulation, as a principles-based approach is predicated on retailers understanding and responding to values rather than compliance with specific steps. We note that energy businesses, including retailers, have

²²⁸ QCA 2014b, section 2.2.3. The reference to clause 1.1.2(b) relates to the Code as it was at the time of the final report of the 2014 review. Clause 1.1.2(a) of the current version of the Code states the scope of the Code is to set GSLs which require a distribution entity to provide a payment to a small customer where those service levels are not met.

²²⁹ QCA 2014b, section 2.2.3.

²³⁰ See DNRME 2018. The issues paper for that review specifically notes (page 23) that GSLs are part of the customer protections framework of the Electricity Act.

²³¹ ACCC 2018, section 17.2.

reportedly indicated a willingness to take steps in this direction through a consumer confidence code.²³²

In our draft decision, we agreed with the ACCC's advocacy of principles-based regulation of retail electricity supply, and considered the volume of rule change requests submitted to the AEMC in recent years supported its observations. In the context of this review, we also interpreted some stakeholders' submissions to expand the GSL scheme to retailers (and microgrids) as seeking to regulate industry participants' actions at the expense of, potentially, supporting better outcomes for customers through competition and/or principles-based regulation.²³³

Should the Queensland Government deem it necessary to introduce one or more retailer GSLs, we generally agreed with EnergyAustralia that it should be established at a national, rather than state, level. Presumably, this would be achieved through an AEMC rule change process.

We also noted the ACCC had recently observed that state-based derogations to the NECF were adding to retailers' costs. For example, the ACCC reported that retailers had identified the ban on credit card payment processing fees [on standing offers] in Queensland as a regulatory cost or inefficiency that was not justified by any state-specific characteristic.²³⁴ We were also concerned that derogations from national laws/rules could place a greater relative compliance cost on smaller retailers than on larger retailers. In turn, derogations could reduce the willingness of retailers to operate in south east Queensland, with a resulting decline in competition.

Finally, we considered that our position supported the Queensland Government's decision to adopt the NECF from July 2015, and to transfer (the vast majority of) retail electricity regulation to the national level.

3.2.6 Submissions on the draft decision

Submissions generally focused on the idea of extending GSLs to retailers, rather than on specific issues such as retailer-initiated interruptions and wrongful disconnection by retailers.

Energy Queensland supported our draft decision and noted the opportunity for the QCA to reassess this issue at a future time.²³⁵

Origin Energy 'strongly' supported our draft decision not to extend the GSL scheme to retailers and explained that retailers have a strong incentive to provide high-quality customer service in order to retain and attract customers in a competitive market. Origin Energy also reiterated that for a retailer, the loss of a customer to a competitor is a greater financial loss than a GSL penalty and that this loss acts as a greater incentive to improve service and resolve customer issues.²³⁶

In Origin Energy's view, the draft decision was consistent with the intent of the Code and any future consideration of such a scheme should be addressed through the NECF. The retailer argued

²³² ACCC 2018, section 17.3.

²³³ In terms of microgrids specifically, we note that Energy Queensland, in its recent submission on the AEMC's draft report of the review of the regulatory arrangements for stand-alone power systems, recommended that the AEMC establish a national framework of high level principles, with jurisdictions developing the detailed design and prescription (Energy Queensland 2019, section 1.0).

²³⁴ ACCC 2018, section 10.2.3. For more information on retailers' compliance with fee type restrictions on standing offers in south east Queensland, see QCA 2017, chapter 9.

²³⁵ Energy Queensland, sub. 16, page 13.

²³⁶ Origin Energy, sub. 18, page 1.

that state-based derogations were adding to retailers' costs, resulting in higher costs to consumers, and that both were economically and administratively inefficient.²³⁷

The Queensland Consumers Association noted that the Code—unlike its predecessors—only applies to networks (distributors) and does not provide a legal basis for this review to consider an extension of the GSL scheme to retailers. The association saw this as 'a major restriction on public consideration of service quality policy needs and options for the retail sector'.²³⁸

3.2.7 Final decision analysis

We consider that our analysis in the draft decision remains appropriate for this final decision.

We also note that, in the final decision of its review of SA Power Networks' reliability standards, ESCOSA commented that retailers had voluntarily introduced payments for failing to meet metering installation timeframes. ESCOSA cited EnergyAustralia's and Origin Energy's payments of \$175 per day, and AGL's payment of \$250 per day, as changes that seemed likely to address the timeliness of metering installations.²³⁹

3.2.8 Final decision

We do not recommend extending the GSL scheme to retailers.

Box 14: Retailer GSLs—final decision

The GSL scheme should not be extended to retailers.

3.3 Additional GSLs

3.3.1 Telephone answering and time to respond to problem notification

Stakeholders suggested adding two new GSL measures to the scheme:

- telephone answering
- time to respond to notification of a problem.

3.3.2 Initial submissions

The QFF raised the prospect of additional GSL measures for telephone answering and time to respond to the notification of problems. The QFF gave the example of an unplanned outage where customers 'tried unsuccessfully to request information about the power outage with calls simply being diverted to an automated voice service (requesting callers called back after 6pm that night)'. Customers were advised to use an online service which 'incongruously only works if you have power/charge to a suitable electronic device and an internet signal'. Two dairies with small business connections were directly impacted.²⁴⁰

In our further consultation notice, we asked stakeholders to comment on both GSLs.²⁴¹

²³⁷ Origin Energy, sub. 18, pages 1–2.

²³⁸ Queensland Consumers Association, sub. 19, page 1.

²³⁹ ESCOSA 2019, section 4.3.1.

²⁴⁰ QFF, sub. 7, pages 2–3.

²⁴¹ QCA 2018b.

QCOSS supported the addition of these proposed GSL measures, adding that the 'GSL should define the manner in which contact with the customer must be made ... and whether it allows automated response to telephone calls'.²⁴²

The MEA similarly supported the expansion of the GSL scheme to include such measures, pointing out that as both a distributor and a retailer, Energy Queensland should be required to report as do other retailers.²⁴³

Energy Queensland responded that it did not support the introduction of either new GSL measures:

- Telephone answering—Energy Queensland argued that reduced telephone answering times would not necessarily result in faster responses to outages. Furthermore, Ergon Energy had for the last three years achieved an 80 per cent success rate for answering phone calls within a 30 second timeframe. This exceeded the targets set by the AER under the STPIS.²⁴⁴
- Time to respond—Energy Queensland noted that Energex and Ergon Energy are 'already obliged and incentivised to respond quickly to outages via the existing reliability-duration GSL liability'. Energy Queensland also highlighted that outages are not a 'function of inaction', but rather a result of distances and network technology used in remote and regional Queensland. As discussed in section 2.7.2, diagnosing faults in these regions can require additional time and resources. Further, Energy Queensland considered that such a measure would merely create an additional GSL liability and be unlikely to make any significant difference to the resolution of a supply interruption.²⁴⁵

3.3.3 Draft decision

We did not recommend any changes to the GSL scheme to account for telephone answering or time to respond issues.

Telephone answering

We considered that there may be a case to recognise the inconvenience caused by the inability of customers to receive timely information regarding outages. However, we highlighted a number of practical issues that would need to be addressed before a telephone answering GSL could be introduced. For instance, distributors no longer have a primary relationship with electricity customers, making it potentially costly to administer such a new GSL. We also had not received any views from stakeholders on customer payment eligibility criteria or payment levels.

On the whole, we considered that the proposed GSL may have some merit. However, in the absence of information that highlighted the significance and prevalence of the problem, it was not clear that such a measure was necessary at the time of our draft decision. We therefore invited further information from stakeholders on the costs and benefits of a telephone answering GSL.

²⁴² QCOSS, sub. 15, page 2.

²⁴³ MEA, sub. 4, page 3; MEA, sub. 11, page 3.

²⁴⁴ Energy Queensland, sub. 10, section 2.5.

²⁴⁵ Energy Queensland, sub. 10, section 2.5.

Time to respond

We indicated that there may be a case for a time to respond GSL, though there were practical issues to consider too. As the QFF acknowledged, appropriate timeframes would be difficult to determine.²⁴⁶

However, in the absence of information that highlighted the significance and prevalence of the problem, and how it would be implemented, it was not clear that such a measure was necessary at the time of our draft decision. We therefore invited further information from stakeholders on the costs and benefits of a time to respond GSL.

3.3.4 Submissions on the draft decision

Energy Queensland supported our draft decision and pointed out that the practical administration of both proposed measures would be challenging and that it could possibly lead to perverse outcomes. For example, for telephone answering, the collection of customer information during a call advising of a loss of supply would take additional time, potentially delaying call centre staff attending to other calls and creating flow-on effects for call answering.²⁴⁷

Energy Queensland assured that Energex and Ergon Energy will continue their existing proactive approach to contacting life support customers before major events to warn of possible loss of supply and after major events with restoration times (where possible). Energy Queensland also stated that it was working to further develop the reach of its existing communication channels, for instance via social media and a new text messaging service.²⁴⁸

We did not receive any other submissions on the two proposed additional GSL measures.

3.3.5 Final decision analysis

In our draft decision, we noted that both proposed GSL measures may have some merit, but that it was not clear whether these new measures were necessary, given the lack of evidence on the significance and the prevalence of the issues that these two GSL measures were expected to address. We believe that this is still the case, as we do not have any further information to assess the need for such measures.

3.3.6 Final decision

We do not recommend any changes to the GSL scheme to account for telephone answering or time to respond.

Box 15: Additional GSLs—final decision

No change to the GSL scheme for telephone answering or time to respond is recommended.

²⁴⁶ QFF, sub. 7, page 3.

²⁴⁷ Energy Queensland, sub. 16, page 13.

²⁴⁸ Energy Queensland, sub. 16, page 13.

3.4 On-supply arrangements

3.4.1 Application of the Code

The GSL scheme applies only to Energex and Ergon Energy (see section 3.2.1). Further, the GSL measures in clause 2.3 of the Code apply to 'small customers', which are defined as residential customers or business customers who consume less than 100 megawatt hours of electricity per annum.²⁴⁹

Clause 2.3.2(b) of the Code states that a distribution entity is required to give only one GSL payment per electricity account for each event that gives rise to a GSL payment, regardless of the number of account holders or premises listed on the account affected by the event. The Code also states in clause 2.3.2(c) that a small customer is not eligible for a GSL payment for a premises which does not have a meter.

3.4.2 Submissions on the draft decision

The home owners' committee of a retirement village in south east Queensland submitted that, following a power outage that lasted more than 20 hours on 11–12 February 2018, the resort manager lodged a GSL claim with Energex on behalf of all residents. The committee said that the manager was advised that neither the park owner nor residents qualified for the \$114 payment. In the case of the residents, none of their sub-meters had a National Metering Identifier (NMI), and they were therefore not visible to Energex; hence, the residents were not eligible for GSL payments. The committee added that Energex made its decision notwithstanding that, due to the outage, residents had to pay a 'high demand surcharge' on their next bills.²⁵⁰

The committee further submitted that the Queensland Government's \$50 electricity asset ownership dividend is available to each household, including those in complexes where the park owner identifies eligible households to the energy retailer and then passes on the \$50 to each resident. The committee considered that this made the rules governing a GSL claim 'non-sensible'. The committee suggested that a similar process could be used for the GSL payments to ensure lifestyle resort residents are not disadvantaged, given they experience the same loss of power inconvenience as other suburban residents.²⁵¹

3.4.3 Embedded networks

In apartment blocks, caravan parks or other types of residential complexes, electricity may be provided through an embedded network. In an embedded network, the building or site has a single connection point to the electricity grid. The site owner (or the building manager) owns and runs this network. Electricity is generally bought in bulk (typically at a lower cost than would be available to individual small customers) from an electricity retailer and then distributed (on-sold) to occupants using the site's internal network. Each occupant usually has a sub-meter installed to

²⁴⁹ Electricity Distribution Network Code, clause 6.1.1; National Energy Retail Law, section 5; National Energy Retail Regulations, section 7.

²⁵⁰ Home Owners' Committee of Sapphire by Living Gems, sub. 17, page 1.

²⁵¹ Home Owners' Committee of Sapphire by Living Gems, sub. 17, page 1. The [energy concessions page](#) of the Queensland Government website confirms the point made by the committee that the \$50 asset ownership dividend is available (in 2018 and 2019) to households who pay their landlord, property manager, caravan park owner or body corporate in an on-supply arrangement.

measure their electricity use. Further, occupants are not locked into any agreement with the site owner for electricity and have the right to move to an electricity retailer if they wish.²⁵²

3.4.4 AEMC review of embedded network regulation

The AEMC published the draft report of its update of the regulatory frameworks for embedded networks in January 2019.²⁵³

The update is part of the AEMC's implementation of its 2017 review of regulatory arrangements for embedded networks. The 2017 report considered, among many other issues, consumer protections for embedded network customers. In particular, the AEMC stated that, 'as energy is an essential service ... energy specific consumer protections are necessary for embedded network consumers and, to the extent possible, these should be implemented in a nationally consistent way.'²⁵⁴

The draft report of the update also notes that '[o]ne of the key findings of the 2017 review was that an embedded network customer should be able to expect similar access to competition and consumer protections as a standard supply customer'. However, as the AEMC observes, few or no reliability standards or performance incentives apply within embedded networks, and giving effect to the principle of equivalent consumer protections for embedded network customers implies the need for reliability standards to be applied to embedded networks.²⁵⁵

As well as developing reliability standards for embedded networks, the AEMC identified some of the steps that jurisdictions would need to take to extend GSL schemes to embedded network customers:

- Undertake reviews of the GSL schemes to broaden the application of the schemes.
- Distributors would need to be able to determine the number of customers in each embedded network.²⁵⁶
- Determine how GSLs can be applied (at a minimum) to customers in new embedded networks within the parameters of their specific GSL scheme, and how GSL payments can be made to embedded network customers.
- Include embedded network customers in SAIDI and SAIFI calculations.²⁵⁷

The AEMC also pointed out that there are no standards for supply restoration for customers within embedded networks, and customers do not receive GSL payments (or similar payments) if thresholds are exceeded. The AEMC's view was that the 'most reasonable' means of providing reliability protections within embedded networks was likely to develop and apply a type of GSL

²⁵² Queensland Government website, [Electricity for residents of multi-unit complexes](#), viewed January 2019; AEMC 2019, section 2.1. The legal definition of embedded network is 'a distribution system, connected at a parent connection point to either a distribution system or transmission system that forms part of the national grid, and which is owned, controlled or operated by a person who is not a Network Service Provider' (National Electricity Rules, chapter 10).

²⁵³ AEMC 2019. At the request of the COAG Energy Council, the AEMC is progressing the update of the regulatory frameworks for embedded networks with the review of arrangements for stand-alone power systems as the regulatory issues are similar for both reviews (AEMC 2019, section 1.2).

²⁵⁴ AEMC 2017d, section 5.1.5.

²⁵⁵ AEMC 2019, Appendix D.

²⁵⁶ The national regulatory framework being developed by the AEMC will require that all child connections in new embedded networks be allocated a NMI in AEMO's Market Settlement and Transfer Solutions (MSATS) system; however, this will not apply to existing embedded networks (AEMC 2019, Appendix D.3.1).

²⁵⁷ AEMC 2019, Appendix D.3.1.

scheme that accounts for the different types of external impacts on supply interruptions within embedded networks compared to distribution networks.²⁵⁸

Finally, the AEMC presented its initial analysis on how jurisdictions' non-reliability GSLs would apply to new embedded networks if the new requirement for Embedded Network Service Providers (ENSPs) to comply with any jurisdictional scheme is implemented. In terms of the Queensland GSL scheme, the initial analysis was that there was no reason for the wrongful disconnection, connection, reconnection, appointments and notice of planned interruption GSLs not to be extended to ENSPs.²⁵⁹

The AEMC is expected to publish its final report of the update in May 2019. Proposed changes to the National Electricity Law, National Energy Retail Law, National Electricity Rules and National Energy Retail Rules are likely to be provided to the COAG Energy Council in mid-2019 for endorsement.²⁶⁰

3.4.5 Final decision analysis

We agree with the principle articulated by the AEMC that embedded network customers should be able to expect similar access to consumer protections as a standard supply customer. Before the QCA could propose amendments to the Code to extend eligibility for GSL payments to embedded network customers, a number of issues (on top of those identified by the AEMC) would need to be reviewed, including for instance:

- whether it would be equitable for the same GSL payment levels to apply to embedded network and existing small customers
- funding of GSL payments for embedded network customers
- compliance and enforcement responsibilities related to embedded network customers whose electricity is not supplied by Energex or Ergon Energy.

It is also critical to note that reliability standards do not yet exist for embedded networks. In the absence of reliability standards, it would be difficult for the QCA to set GSL thresholds for reliability GSLs, and impossible to do so in a timeframe for this review of the GSL scheme.

We anticipate that the Queensland Government will submit its views on the AEMC's proposed reforms to the regulation of embedded networks, including consumer protections, to the COAG Energy Council in due course. Should the Queensland Government consider that the GSL scheme needs to be amended to account for changes to embedded network regulation, the Code could be amended at a future time.

²⁵⁸ AEMC 2019, Appendix D.3.2.

²⁵⁹ AEMC 2019, Appendix D.3.3 (Table D.2).

²⁶⁰ AEMC 2019, Summary (paragraphs 3 and 5).

3.4.6 Final decision

We do not recommend any changes to the GSL scheme to account for on-supply arrangements.

Box 16: On-supply arrangements—final decision

No change to the GSL scheme for on-supply arrangements is recommended.

3.5 Minor amendments to the Code

3.5.1 Words and terms in the Code

For ease of reference, the existing GSL scheme and reporting requirements, and selected definitions from the Code, are set out in Appendix A. The appendix also includes a number of footnotes indicating words or terms in the GSL scheme that appear to be incorrectly italicised, or incorrectly non-italicised, in the Code.

In this final decision we recommend these apparent errors be corrected in the proposed changes to the Code. The table below identifies and explains the minor amendments we recommend be made to the Code. The amendments are also made in the proposed distribution network code.

Table 9 Minor amendments to the Code

<i>Clause</i>	<i>Existing text</i>	<i>Proposed text</i>	<i>Reason for change</i>
1.1.2(a)	set guaranteed service levels which require a distribution entity to provide a payment to a small customer where those service levels are not met	set <i>guaranteed service levels</i> which require a <i>distribution entity</i> to provide a payment to a <i>small customer</i> where those service levels are not met	'[g]uaranteed service levels', 'distribution entity' and 'small customer' appear to be incorrectly non-italicised as they are defined terms in the Code, and are italicised in the clauses relating to the GSL scheme in Chapter 2 of the Code.
1.1.2(b)	require a distribution entity to report to the QCA on its performance against guaranteed service levels	require a <i>distribution entity</i> to report on its performance against <i>guaranteed service levels</i>	'[d]istribution entity' and 'guaranteed service levels' appear to be incorrectly non-italicised as they are defined terms in the Code, and are italicised in the clauses relating to the GSL scheme in Chapter 2 of the Code. Deletion of 'to the QCA' in the proposed text reflects the QCA's final decision to transfer quarterly reporting obligations for the GSL scheme from the QCA to the distributors (see section 5.4).
2.3.3(c)(i)	<i>disconnected</i>	disconnected	'[d]isconnected' appears to be incorrectly italicised in this section of the Code as there is no defined term for 'disconnected', and the other references to 'disconnected' in the Code are not italicised.
2.3.5(a)(ii)	<i>request</i>	request	One reference to 'request' in the Ergon Energy table appears to be incorrectly italicised in this section of the Code as there is no defined term for 'request', and the other references to 'request' in the Code are not italicised.

Clause	Existing text	Proposed text	Reason for change
2.3.5(a)(ii)	All <i>premises</i> other than those in <i>excluded locations</i> <i>Premises in excluded locations</i>	All <i>premises</i> , except those in <i>other locations</i> <i>Premises in other locations</i>	The term 'excluded locations' in the Energex table may be wrongly interpreted as stating that these locations are excluded from the GSL scheme, which is not the case.
2.3.7(a)(ii)(ii)	customer's electrical installation	<i>customer's electrical installation</i>	'[c]ustomer' ²⁶¹ and 'electrical installation' are defined terms in the Code. Both terms are italicised in other instances in the Code.
2.3.9(b)(v)	small customer's electrical installation	<i>small customer's electrical installation</i>	'[s]mall customer's' and 'electrical installation' are defined terms in the Code. Both terms are italicised in other instances in the Code.
2.3.10	<i>Electricity Industry Code</i>	<i>Electricity Distribution Network Code</i>	The reference to 'Electricity Industry Code' in the table appears to refer to the code that was repealed in 2015; the text should be 'Electricity Distribution Network Code'.
2.3.15(a)	GSL payments	<i>GSL payments</i>	'GSL payments' is a defined term in the Code, and the other references to 'GSL payments' in the Code are italicised.
3.7.3(d)	All <i>feeder types</i> but excluding <i>premises in excluded locations</i> <i>Excluded locations</i>	All <i>feeder types</i> but excluding <i>premises in other locations</i> <i>Other locations</i>	The term 'excluded locations' in the Energex table may be wrongly interpreted as stating that these locations are excluded from the GSL scheme, which is not the case.
6.1.1	AEMO has the meaning given in the Electricity Act.	<i>AEMO</i> has the meaning given in the <i>Electricity Act</i> .	'Electricity Act' is a defined term in the Code and is italicised in other instances in the Code.
6.1.1	<i>card-operated meter</i> has the meaning given in the National Energy Retail Law (Queensland).	<i>card-operated meter</i> has the meaning given in the <i>National Energy Retail Law (Queensland)</i> .	'National Energy Retail Law (Queensland)' is a defined term in the Code and is italicised in other instances in the Code.
6.1.1	<i>co-ordination agreement</i> has the meaning given in the <i>Electricity Act</i> . However, a <i>receiver</i> is only a customer if the <i>receiver's premises</i> has an electrical installation that ...	<i>co-ordination agreement</i> has the meaning given in the <i>Electricity Act</i> . However, a <i>receiver</i> is only a customer if the <i>receiver's premises</i> has an <i>electrical installation</i> that ...	'[e]lectrical installation' is a defined term in the Code and is italicised in other instances in the Code.

²⁶¹ References in the Code to the singular include the plural and vice versa (Electricity Distribution Network Code, clause 6.1.2(f)).

We also suggest that the department review the other parts of the Code (that is, those that do not relate to the GSL scheme) to identify and correct any words or terms in the Code that appear to be incorrectly italicised, or incorrectly non-italicised.

3.5.2 Disaster Recovery Funding Arrangements

As noted above, in November 2018 new Disaster Recovery Funding Arrangements (DRFA) replaced the NDRRA. Accordingly, we propose minor amendments to the Code to update the natural disaster exclusion for GSL payments for the duration and frequency of unplanned interruptions.

We have referred to the Queensland Disaster Relief and Recovery Guidelines, published by the Queensland Reconstruction Authority (QRA) in November 2018, to draft our proposed amendments.²⁶² The changes are detailed in the table below.

Table 10 Minor amendments to the Code—Disaster Recovery Funding Arrangements

<i>Clause</i>	<i>Existing text</i>	<i>Proposed text</i>	<i>Reason for change</i>
2.3.9(b)(vi)(i)	the Queensland Minister for Police and Community Safety has notified the Commonwealth of the occurrence of an eligible disaster under the <i>Natural Disaster Relief and Recovery Arrangements</i> in respect of that natural disaster for that region; and	the Queensland Minister for Fire and Emergency Services has notified the Commonwealth of the occurrence of an eligible disaster under the <i>Disaster Recovery Funding Arrangements</i> in respect of that natural disaster for that region; and	Section 4.3.5 of the Queensland Disaster Relief and Recovery Guidelines states that if the QRA determines the disaster meets the definition of an eligible disaster, the QRA will request the activation of the DRFA for the eligible disaster by the Queensland Minister for Fire and Emergency Services. The reference to 'Natural Disaster Relief and Recovery Arrangements' should be updated to 'Disaster Recovery Funding Arrangements' to reflect the change in the disaster recovery funding arrangements.
2.3.9(b)(vi)(ii)	the <i>interruption</i> occurred during the period for which the <i>Natural Disaster Relief and Recovery Funding Arrangements</i> have been notified.	the <i>interruption</i> occurred during the period for which the <i>Disaster Recovery Funding Arrangements</i> have been notified.	The reference to 'Natural Disaster Relief and Recovery Arrangements' should be updated to 'Disaster Recovery Funding Arrangements' to reflect the change in the disaster recovery funding arrangements.
6.1.1	<i>Natural Disaster Relief and Recovery Arrangements</i> means Natural Disaster Relief and Recovery Arrangements, administered by the Commonwealth Department of Transport and Regional Services.	<i>Disaster Recovery Funding Arrangements</i> means Disaster Recovery Arrangements, administered by Emergency Management Australia.	DRFA replaced NDRRA for disaster events occurring after 1 November 2018. Section 2.2 of the Queensland Disaster Relief and Recovery Guidelines states that the joint Australian Government/State funded DRFA is governed by Emergency Management Australia, within the Australian Government Department of Home Affairs.

Source: QRA 2018.

²⁶² QRA 2018.

3.5.3 Final decision

The Code should be updated to correct the minor errors in the GSL scheme and to reflect the change in disaster recovery funding arrangements.

Box 17: Minor amendments to the Code—final decision

Minor errors in the GSL scheme elements of the Code should be corrected.

The exclusions for duration and frequency interruptions should be updated to reflect the change in disaster recovery funding arrangements.

4 MAJOR EVENT DAYS

We propose that the GSL scheme not be amended to exclude major event days from reliability GSLs.

4.1 Definition

A major event is defined as a catastrophic event that exceeds the capacity of the electricity network to avoid significant power interruptions. Major event days (MEDs) are days on which a major event occurs. Even if the power interruption lasts for several days, only one day is recorded as an MED.²⁶³

An MED is defined as any day where unplanned SAIDI is more than 2.5 standard deviations greater than the mean of the log normal distribution of five regulatory years' SAIDI data.²⁶⁴

Though the Code provides for a number of exclusions for the two reliability GSL measures (interruption duration and interruption frequency), MEDs are not an exclusion (see section 2.7 and Appendix A for more detail).²⁶⁵

4.2 Initial submissions

Energy Queensland submitted that maintaining the existing MED approach, where reliability GSL payments are triggered for extreme weather events that do not activate the NDRRA, is an inefficient and avoidable cost to the community. Energy Queensland suggested that major weather events are a common occurrence in Queensland, causing significant damage to network infrastructure and extended interruptions of supply to customers.²⁶⁶

Energy Queensland pointed out that Queensland's GSL regime does not have an MED exemption for interruptions caused by natural disasters that are not covered by NDRRA activation. Energy Queensland added that this can lead to situations where the value of a distributor's GSL liabilities for weather-related interruptions is much higher than the \$240,000 threshold for NDRRA activation. To support its case for exemption, Energy Queensland provided two examples:

- On 1 October 2017, a severe weather and flood event in Bundaberg resulted in a GSL liability of \$1.47 million.
- On 11 February 2018, a severe storm in south east Queensland led to a potential liability of \$4.1 million in GSL payments.²⁶⁷

Energy Queensland stated that payments for extended interruptions caused by MEDs accounted for around 79 per cent of all reliability duration events and 62 per cent of all GSL payments made by Energex between July 2013 and February 2018. The respective numbers for Ergon Energy were 76 and 61 per cent.²⁶⁸

²⁶³ Productivity Commission 2013, section 15.3.

²⁶⁴ See AER 2017a, Appendix D.

²⁶⁵ Electricity Distribution Network Code, clause 2.3.9(b).

²⁶⁶ Energy Queensland, sub. 3, section 2; Energy Queensland, sub. 10, section 3.

²⁶⁷ Energy Queensland, sub. 3, section 2.

²⁶⁸ Energy Queensland, sub. 3, section 2.

Energy Queensland cited the MED exemptions allowed under the MSS and the STPIS. Energy Queensland considered that these exclusions are an acknowledgement that interruptions to supply as a result of MEDs are outside of the control of distributors and as such do not constitute poor service or reliability.²⁶⁹

The MEA noted that Energy Queensland had not provided a definition for a major weather event, and believed that as a result the QCA could not make an informed judgement or recommendation against the objectives of the GSL. The MEA suggested it was prudent for the QCA to consult further on definitions and implementation of changes before making a final determination.²⁷⁰

QCOSS recognised MEDs were outside the control of distributors, but believed it was still important that incentives be provided to ensure sufficient contingencies are in place to avoid breaches of GSLs.²⁷¹

The QFF noted that greater climate variability would likely equate to more MED interruptions.²⁷²

4.3 Draft decision

We did not recommend any changes to the GSL scheme to account for MEDs.

4.3.1 Previous QCA review

In our 2014 review of the GSL scheme, we noted that, while it made sense to have consistency between GSL and MSS exclusion criteria for MEDs, there was a case for adopting a different approach for GSLs. We explained that, while the MSS arrangements were designed to ensure the distributors maintained a minimum level of average reliability, GSLs were designed to provide recognition of poor performance experienced by worst-served individual customers. We concluded that the distributors should still typically be liable for GSL payments arising from events that are beyond their control (including on MEDs), as customers still experience poor reliability and this should be recognised. No exclusion from GSL payments arising from MEDs was recommended.²⁷³

4.3.2 Recent increase in Queensland GSL payments

In 2017–18, the distributors reported a significant increase in GSL payments, which they attributed to severe weather events (see Table 2). We considered that it was premature, at the time of the draft decision, to recommend MEDs be excluded from the GSL scheme on account of one major increase in payments. However, we did note the impact of storms on GSL payments in recent years and stated our intention to monitor the impact of MEDs on GSL payments in the future; and we suggested that the Queensland Government also monitor it.

4.4 Submissions on the draft decision

4.4.1 Exclusion of MEDs

Energy Queensland did not support our draft decision not to exclude MEDs from the GSL scheme and expressed its concern about the potential for a continued misalignment of Queensland's GSL scheme with the fundamental measures of network reliability. This, Energy Queensland argued,

²⁶⁹ Energy Queensland, sub. 3, section 2.

²⁷⁰ MEA, sub. 11, page 2.

²⁷¹ QCOSS, sub. 15, page 1.

²⁷² QFF, sub. 7, page 2.

²⁷³ QCA 2014b, section 2.2.3.

was particularly the case for the treatment of unplanned interruptions caused by severe weather events that are beyond the control of distributors and do not trigger the NDRRA provided for the Code.²⁷⁴

Energy Queensland emphasised that SAIDI and SAIFI are key measures of network reliability used in the MSS and the STPIS, and that they expressly exclude interruptions if the MED boundary is exceeded. Energy Queensland referred to the AER's 2018 Distribution Reliability Measures Guideline that describes the MED boundary as 'the statistical threshold beyond which unplanned interruptions are excluded from measures of network reliability as they fall outside the scope of "normal" performance (on which networks are compared and are permitted to efficiently invest)'.²⁷⁵

Energy Queensland argued that interruptions caused by severe weather events are outside normal network performance and cannot be categorised as poor reliability. It further noted that an exclusion of interruptions for significant unplanned outages from reliability measures aligned with the AEMC's 2014 Distribution Reliability Measures final report that suggested an exclusion for 'catastrophic events', in addition to MEDs, for the determination of the reliability indices.²⁷⁶

Energy Queensland suggested that the GSL scheme can be separated into two parts—customer service standards and reliability (frequency and duration of unplanned interruptions). Regarding the reliability part, it suggested that MEDs be excluded from the network reliability measures to align the GSL reliability (duration) measures with the MSS and STPIS obligations. Energy Queensland claimed that a similar approach had been employed in South Australia, whereby ESCOSA excluded unplanned interruptions that are beyond the control of the distributor from GSL liability, and that this approach also applied in Victoria and New South Wales.²⁷⁷

Energy Queensland considered that it was inappropriate to apply financial penalties for MEDs that are beyond the control of the distributor and that are excluded from other network reliability measures. Since Energex and Ergon Energy performed 'at or beyond the levels of network reliability' expected by the AER and the Queensland Government, Energy Queensland questioned the benefits of a GSL scheme that is 'equally premised on reliability, yet inconsistent in its application'.²⁷⁸

4.4.2 Recent increase in Queensland GSL payments

Energy Queensland confirmed that the large increase in GSL payments in 2017–18 was due to two weather events, which did not trigger the NDRRA. Energy Queensland acknowledged that two such events, in isolation, may not be indicative of a systemic problem, but considered this 'a strong indicator' that MEDs can create 'unreasonable outcomes' if they are not excluded from the GSL scheme.²⁷⁹

²⁷⁴ Energy Queensland, sub. 16, pages 1, 5 and 13. Energy Queensland pointed out that from 1 November 2018, new [Disaster Recovery Funding Arrangements](#) replace the NDRRA. More information is available on the QRA's website, [disaster recovery funding](#).

²⁷⁵ Energy Queensland, sub. 16, pages 6–7.

²⁷⁶ Energy Queensland, sub. 16, page 7.

²⁷⁷ Energy Queensland, sub. 16, pages 5 and 7.

²⁷⁸ Energy Queensland, sub. 16, page 8.

²⁷⁹ Energy Queensland, sub. 16, page 9.

4.5 Other reviews

4.5.1 AER reviews of STPIS

The revised STPIS (November 2018) retains the exclusion of MEDs from a distributor's liability to make a GSL payment under the national GSL scheme.²⁸⁰ In the final decision on the first STPIS in 2008, the AER responded to specific stakeholder comments on whether exclusions should apply to the reliability parameters in the GSL component of the proposed scheme. The AER was of the view that exclusions should apply to the GSL component to limit the financial risk that distributors are exposed to when they operate under the STPIS, and therefore maintained the exclusion criteria for GSL payments in the STPIS.²⁸¹

4.5.2 ESC review

In the final decision of its 2015 review of Victoria's GSL scheme, the ESC confirmed the exclusion of 'abnormal events' (commonly referred to as MEDs) from the reliability-based GSL scheme measures. The commission highlighted that the Victorian GSL scheme defined a day as an MED when the *number of interruptions* exceeds a threshold, whereas the national GSL scheme defines a day as an MED when the *duration of interruptions* exceeds a threshold.²⁸²

When the ESC adopted a criterion based on the number of interruptions instead of the duration of interruptions, it reasoned that 'frequency, rather than duration, was a better indicator that a large number of events had occurred which would stretch the distributors' resources to restore supply', and that 'an exclusion criterion based on the duration of interruptions could wrongly exclude events where there was a poor response by the electricity distributors'.²⁸³

In setting the MED threshold, the ESC was 'aiming to exclude only abnormal events, that is, around one event per five year period, on average', unlike the national scheme that excluded up to five days per year. The ESC explained that the AER's approach was 'not necessarily the most appropriate basis for making GSL payments to the worst served customers to acknowledge poor reliability as a relatively high number of days are excluded each year'.²⁸⁴

In its final decision, the ESC stated that it would not align the definition of an MED between the Victorian and national GSL schemes, and that it would retain the existing definition based on the frequency of interruptions. It also encouraged distributors to make submissions to the AER's next STPIS review to align the AER's MED definition with the Victorian definition.²⁸⁵

4.6 Final decision analysis

We acknowledge that the national GSL scheme in the STPIS excludes MEDs from distributors' liability for GSL payments, whereas the Queensland GSL scheme does not exclude MEDs from interruption GSLs.

We also acknowledge Energy Queensland's argument that other network reliability measures such as the MSS and the STPIS exclude MEDs, while the Queensland GSL scheme includes MEDs. However, given that the MSS and the STPIS have different purposes to the Queensland GSL scheme, we do not consider that there are any inconsistencies between, or a misalignment of,

²⁸⁰ AER 2018d, section 6.4(b).

²⁸¹ AER 2008, sections 6.12.5 and 6.12.6.

²⁸² ESC 2015, Table 4.9 and sections 4.4.7 and 4.4.8.

²⁸³ ESC 2015, section 4.4.7.

²⁸⁴ ESC 2015, section 4.4.7.

²⁸⁵ ESC 2015, section 4.4.7.

the different reliability measures in Queensland. Further, we do not agree with Energy Queensland that misalignment is, in and of itself, a reason for MEDs to be treated in the same way under the MSS and the GSL scheme. In this regard, we note that ESCOSA, in its final decision, also considered that GSL reliability standards do not need to align with the STPIS targets, and that they each may have different objectives and focus on different aspects of reliability.²⁸⁶

Energy Queensland's claim that unplanned interruptions beyond the control of the distributor are excluded from GSL liability in South Australia is not entirely accurate. The South Australian distribution code only states that if interruptions arise from events or circumstances not caused by and outside the control of the distributor (such as bushfire, lightning, storm or flood), and the distributor: (a) is prevented from restoring supply; or (b) took steps to restore supply, but these steps would, or would be likely to, result in a serious risk to the health or safety of any person, then that time—while prevented from restoring supply or while there is a serious risk to the health or safety of a person—will not be counted when determining whether the distributor has exceeded the GSL threshold.²⁸⁷

ESCOSA confirmed in its final decision that if an interruption is beyond the control of SA Power Networks (citing again bushfire, lightning, storm or flood) and it is unsafe to restore supply, that time is excluded for the purpose of calculating a GSL payment. These exclusions will continue to apply after 1 July 2020. We also note that the newly introduced total annual duration payments—the replacement for the duration GSL payments for one-off outages—relate to outages over the course of a year, including those on MEDs.²⁸⁸

It is correct that MEDs such as severe weather events do not generally trigger a GSL payment in New South Wales and that the Victorian GSL scheme excludes MED events too. However, as we noted above, Victoria applied a different definition of MEDs—relying on the number of interruptions rather than the duration of an interruption—and set the threshold such that only very few 'abnormal events' get excluded. We believe that the Victorian MED exclusion can therefore not directly be compared to the MED exclusion advocated by Energy Queensland.

We agree with Energy Queensland that the GSL scheme can [conceptually] be split into two parts—customer service standards and reliability. We also recognise that MEDs have led to a significant number of reliability GSL payments, even though MEDs are beyond the control of Energex and Ergon Energy. However, in view of our proposal that the purpose of a GSL payment is to acknowledge the inconvenience a customer experiences, without any implied judgement of the network performance, we do not consider MEDs need to be excluded. We also wish to clarify that GSL payments for MED events do not constitute 'financial penalties' for distributors and that we do not believe that unplanned interruptions on MEDs should be referred to or described as 'poor service' or 'poor reliability'.

In response to Energy Queensland's position that MEDs can create 'unreasonable outcomes' if they are not excluded from the GSL scheme, we do not consider that a spike in GSL payments (as occurred in 2017–18) is necessarily an unreasonable outcome. In the context of a scheme that acknowledges the inconvenience experienced by customers, and where the distributors' costs may be recoverable from electricity customers, payments for MED-related events are not, in our view, unreasonable in nature.

²⁸⁶ ESCOSA 2019, section 3.3.2.

²⁸⁷ ESCOSA 2018b, section 2.3.2(a).

²⁸⁸ ESCOSA 2019, section 4.1.

In our analysis of the extent to which the GSL scheme should incentivise the distributors to improve service levels (section 1.5.4), we note that Energex and Ergon Energy have information on their websites regarding the ability of customers to seek compensation for loss or damage caused by either distributor's actions. These websites list a number of circumstances, including storm-related weather events, that are outside the distributors' control and for which customers cannot claim compensation for any loss or damage.²⁸⁹ We also consider retaining the inclusion of MEDs in the reliability GSL complements the compensation schemes; that is, we consider it appropriate that GSL payments are made for storm-related events but that compensation is not available to customers for storm-related damage.

4.7 Final decision

We do not recommend any changes to the GSL scheme to account for MEDs.

Box 18: Major event days—final decision

No change to the GSL scheme for an exclusion of MEDs is recommended.

²⁸⁹ See Energex website, [Loss or damage claims](#), viewed February 2019; Ergon Energy website, [Loss or damage claims](#), viewed February 2019.

5 REPORTING REQUIREMENTS

We recommend that Energex and Ergon Energy assume responsibility for the QCA's current role in quarterly reporting on GSLs, and that the Code require the QCA to publish annual reports on the scheme. We also recommend that the distributors report on the number of GSL payments not made, and the number of customers who reach the annual cap on entitlements.

5.1 Code reporting requirements

5.1.1 GSL compliance

The Code requires Energex and Ergon Energy to monitor their compliance with GSLs. The Code also requires the distributors to report to the QCA—within two months of the end of each quarter of the financial year—on their compliance during the preceding quarter and during the financial year to the end of that quarter. Specifically, the distributors must report:

- the number of GSL payments given by category and the amount of such payments
- the number of GSL payment claims by category
- the number of rejected GSL payment claims by category
- any other matter reasonably notified by the QCA.

The format of the compliance reports is determined by the QCA.

Energex and Ergon Energy are also required to provide any other further reports reasonably required by the QCA in respect of GSLs from time to time.²⁹⁰

5.1.2 Distribution Annual Planning Report

Energex and Ergon Energy are required to publish a Distribution Annual Planning Report (DAPR) by 31 December each year.²⁹¹ DAPRs cover the distributors' plans around network growth, and asset repair and replacement, as well as forecasts of future demand on their network. The requirement to prepare DAPRs is detailed in the National Electricity Rules.²⁹²

In their most recent DAPRs, Energex and Ergon Energy reported on a number of elements of network reliability, including:

- reliability measures and standards
- performance against the STPIS scheme
- high impact weather events
- GSLs
- worst-performing feeders
- safety net target performance.²⁹³

²⁹⁰ Electricity Distribution Network Code, clauses 2.4.1 and 2.4.2.

²⁹¹ Electricity Distribution Network Code, clause 2.4.2.

²⁹² NER, rule 5.13.

²⁹³ Energex 2018b, chapter 10; Ergon Energy 2018b, chapter 10.

5.2 Current QCA reporting

The Code does not oblige the QCA to publish any reports on Energex's and Ergon Energy's compliance with GSLs. The QCA has however, since 2007–08, published quarterly and annual reports on the distributors' compliance with GSLs and, previously, MSS.²⁹⁴

5.3 Initial submissions (quarterly and annual reporting)

EWOQ endorsed the QCA's current role in monitoring and reporting the distributors' performance on the GSL scheme. EWOQ argued that the QCA's role promotes transparency, gives accountability to customers regarding the level of service provided to customers and identifies areas for improvement. Further, EWOQ requested that the QCA develop guidelines on how the distributors can increase customer awareness of the GSL scheme.²⁹⁵ The lack of awareness of GSL payments among small electricity customers is an issue that the QFF also raised.²⁹⁶

The Queensland Consumers Association submitted that the QCA should do more than just publish statistics every quarter and at the end of each financial year. It suggested the QCA should, for example, issue media releases and consumer-friendly information about GSLs, as occurs with the annual determination of regulated regional electricity prices.²⁹⁷

5.4 Transfer of quarterly reporting obligations

5.4.1 ESCOSA review

ESCOSA has a standing 'data request' with SA Power Networks, in the form of the Electricity Industry Guideline No. 1. This guideline provides for the collection, allocation and recording of a range of information requirements specified by ESCOSA in respect of SA Power Networks' operational performance. Information provided by SA Power Networks forms the basis for a number of reports ESCOSA publishes, such as quarterly operational and performance reports, annual regulatory performance reports and significant performance event reports.²⁹⁸

In January 2019, ESCOSA made the final decision that SA Power Networks will report directly to its customers on performance reporting matters, including all data and matters set out in Electricity Guideline No. 1. ESCOSA expects at least quarterly and annual reports, as well as reports following significant performance events. ESCOSA reasoned that direct public reporting would improve SA Power Networks' accountability to its customers and encourage the integration of the reporting with its ongoing customer communications and engagement program. ESCOSA also noted that all submissions (on its draft decision) that specifically addressed the matter of SA Power Networks reporting directly to its customers were supportive of the change.²⁹⁹

²⁹⁴ Annual reports are available on the [MSS and GSL annual reports](#) page of our website; quarterly payment reports are available on the [GSL payments](#) page of our website.

²⁹⁵ EWOQ, sub. 2, pages 1–2.

²⁹⁶ QFF, sub. 7, page 3.

²⁹⁷ Queensland Consumers Association, sub. 5, page 2. The association made similar arguments in its submission on our discussion paper for the 2014 review (Queensland Consumers Association 2013, page 2).

²⁹⁸ ESCOSA 2018a, section 5.1. The Electricity Industry Guideline No. 1 is available on the ESCOSA [website](#).

²⁹⁹ ESCOSA 2019, section 6.4.

5.4.2 Draft decision

Our draft decision was that the obligation to publish quarterly GSL compliance reports should transfer from the QCA to Energex and Ergon Energy. Our proposed amendments to the reporting and monitoring clause would also transfer the responsibility for determining the format of GSL compliance reports from the QCA to the distributors.

We agreed with the principle in ESCOSA's draft decision that distributors should report directly to customers on their compliance with GSLs. Like ESCOSA, we considered that direct public reporting would improve the distributors' accountability for their GSL scheme compliance. It followed therefore that we did not agree with the Queensland Consumers Association's view that we should expand our reporting, or EWOQ's suggestion that we develop guidelines on how the distributors can increase customer awareness of the GSL scheme.

Further, we commented that our quarterly (and annual) reports do not, generally, provide analysis of the payments made by the distributors but essentially report the information provided to us by the distributors. We also considered that the level of reporting provided by the distributors in their DAPRs is more detailed than the reporting we publish.

Given that the DAPRs are published annually, in December, we considered that there was merit in continuing to publish quarterly information on payments. For instance, stakeholders are likely to remain interested in reviewing the number and value of payments made in the months after severe storms. Accordingly, our draft decision was to amend clause 2.4 of the Code so as to transfer the quarterly reporting obligations from the QCA to Energex and Ergon Energy.

We noted that our proposed amendments to the Code would not affect the QCA's obligations to investigate any breaches of the Code by Energex and Ergon Energy, nor remove the QCA's ability to require Energex and/or Ergon Energy:

- to report within two months of the end of each quarter on any other matter the QCA considers relevant, as long as it is 'reasonably notified' to the distributor(s)
- to provide any other further reports reasonably required by the QCA in respect of GSLs from time to time.

We considered the risk of a reduction in the quality or timeliness of GSL scheme compliance to be minimal, as the distributors would understand that the Code could be amended at any time to change the reporting and monitoring arrangements.

We noted that our draft decision would reduce the administrative burden of GSL compliance reporting, albeit minimally, on the QCA and the distributors.

5.4.3 Submissions on the draft decision

Energy Queensland accepted our draft decision to transfer the reporting obligations from the QCA to Energex and Ergon Energy, noting that the revised obligation would be no more onerous than the existing reporting arrangements with the QCA.³⁰⁰

QCOSS was concerned about the fact that the QCA would not have the oversight over the GSL reporting any more, but welcomed discussions around where that responsibility might sit.³⁰¹

The Queensland Consumers Association opposed the transfer of GSL reporting requirements from the QCA to the distributors, and considered that the Code should be amended to specifically

³⁰⁰ Energy Queensland, sub. 16, page 14.

³⁰¹ QCOSS, sub. 20, page 1.

require the QCA to publish reports on the distributors' compliance with GSLs. The association explained that:

- since Energex and Ergon Energy are regulated businesses, the regulator should publish reports on their performance, not the businesses themselves
- the QCA
 - can ensure that the information is published at specific times and any release is publicised
 - is the obvious and most convenient place for anyone to seek this information
 - has readily available, and in compatible format, historic information needed for trend analysis, among other things.³⁰²

In addition, to publicise and explain the GSLs and payments to consumers, the association argued that the QCA should do more than just publish statistics every quarter and at the end of each financial year. For example, as occurs with the annual determination of regulated regional electricity prices, the QCA should, according to the association, issue media releases and consumer-friendly information about GSLs.³⁰³

5.4.4 Final decision analysis

For the same reasons set out in our draft decision, we recommend that responsibility for publishing quarterly reports on the GSL scheme should transfer from the QCA to the distributors.

Publishing GSL scheme compliance information on the Energex and Ergon Energy websites would not be inconsistent with the distributors' existing approach to publishing regulatory material. Energex and Ergon Energy presently publish extensive regulatory information on their websites. For example, both distributors' websites have details of regulated network pricing and infrastructure planning, and the websites have up-to-date links to relevant pages of the AER and AEMC websites. Further, Energy Queensland has established the 'Talking Energy' website, which provides extensive information on the distributors' regulatory proposals to the AER for the 2020–25 revenue determination.³⁰⁴

Because Energex's and Ergon Energy's websites already give information on outages (which are a key element of the GSL scheme), it would not be unexpected that they also give information on GSL payments. Therefore, we do not agree that the QCA website is necessarily the obvious and most convenient place for anyone to seek GSL scheme information.

The Code requires Energex and Ergon Energy to submit quarterly reports in the format determined by the QCA. In our draft decision, we proposed to change this to require the distributors to determine the format of quarterly reporting. However, we accept the point made by the Queensland Consumers Association that the existing format allows for compatible, historic information to be presented and used for trend analysis. Therefore, we propose that the Code should retain the existing requirement for the QCA to determine the template.

Accordingly, our final decision is to amend clauses 1.1.2(b), 2.4.1 and 2.4.2 of the Code so as to transfer the (quarterly) reporting obligations from the QCA to Energex and Ergon Energy.

³⁰² Queensland Consumers Association, sub. 19, page 3.

³⁰³ Queensland Consumers Association, sub. 19, page 3.

³⁰⁴ <https://www.talkingenergy.com.au/>.

5.4.5 Final decision

Energex and Ergon Energy should assume responsibility for publishing quarterly reports on their compliance with the GSL scheme.

Box 19: Quarterly reporting—final decision

Energex and Ergon Energy should assume responsibility for publishing quarterly reports on their compliance with the GSL scheme.

5.5 Reporting on payments not made

The QCA's consultation paper stated that customers received GSL payments as an 'automatic credit' to their electricity accounts.³⁰⁵

5.5.1 Initial submissions

The QFF pointed out that there appeared to be no verification by either the network or the QCA of the payments being made.³⁰⁶

5.5.2 Draft decision

Our draft decision was that Energex and Ergon Energy should also report, quarterly, on the number of payments they did not make.

The QFF correctly pointed out that there is no verification of GSL payments that are made.³⁰⁷ We considered that the distributors should report on this in their quarterly reports. Our suggested amendments to the reporting and monitoring clause of the Code included a new requirement for the distributors to report on the number of GSL payments not made to customers who were eligible for a GSL payment.

5.5.3 Submissions on the draft decision

Energy Queensland accepted our draft decision, noting that a new obligation to report on the number of GSL payments not made would not be difficult to add to the existing GSL reporting. Energy Queensland explained that:

- Energex and Ergon Energy did not retain non-receipted or unclaimed GSL payments.
- Unbanked GSL payment cheques sent to customers were cancelled after two years and the funds were placed in an unclaimed money register.
- After a further 12 months, all unclaimed GSL payments in the register were paid to the Public Trustee.³⁰⁸

³⁰⁵ QCA 2018a, section 2.0.

³⁰⁶ QFF, sub. 7, page 3.

³⁰⁷ The draft decision also noted that, in our 2014 review, Energex submitted that in 2012–13 it cancelled 472 planned interruption GSL payments due to customers not banking their cheques within the required period of time. See Energex 2014.

³⁰⁸ Energy Queensland, sub. 16, page 14.

5.5.4 Final decision analysis

We propose to amend the Code to require Energex and Ergon Energy to report on the number of GSL payments not made each quarter by adding a new clause 2.4.2(a)(i)(iv) to the Code.

5.5.5 Final decision

Energex and Ergon Energy should report on the number of GSL payments not made each quarter.

Box 20: Reporting on payments not made—final decision

Energex and Ergon Energy should report on the number of payments they did not make each quarter.

5.6 Reporting on customers who reach the cap

5.6.1 Draft decision

Our draft decision was that Energex and Ergon Energy should report on the number of customers who reach the annual cap on entitlements each quarter.

We considered that this would provide some information on the extent to which GSL payments are made to customers who receive lower service levels than other customers.

5.6.2 Submissions on the draft decision

Energy Queensland accepted our draft decision, noting that a new obligation to report on the number of customers who reach the cap on entitlements each quarter would not be difficult to add to the existing GSL reporting.³⁰⁹

5.6.3 Final decision

Energex and Ergon Energy should report on the number of customers who reach the cap on entitlements each quarter. This should be included in the Code in a new clause 2.4.2(a)(i)(v).

Box 21: Reporting on customers who reach the cap—final decision

Energex and Ergon Energy should report on the number of customers who reach the cap on entitlements each quarter.

³⁰⁹ Energy Queensland, sub. 16, page 14.

5.7 Formalising annual reporting obligations

5.7.1 Initial submissions (quarterly and annual reporting)

The suggestions made by the Queensland Consumers Associations and EWOQ regarding the QCA's reporting on the GSL scheme are outlined in section 5.3 above.

5.7.2 Draft decision

Our draft decision made no recommendations to formalise the QCA's reporting on the distributors' compliance with the GSL scheme.

5.7.3 GSL scheme reporting in other jurisdictions

AER annual report on compliance and performance of the retail energy market

The AER is required to report annually on distributors' performance with respect to their compliance with GSL schemes.³¹⁰ In its 2017–18 report on the compliance and performance of the retail energy market, the AER reported on the number and value of GSL payments made by Energex and Ergon Energy in 2017–18.³¹¹ The data included in the AER's report matches the data (provided by the distributors) on the QCA website.³¹²

The AER's 2017–18 report also included information on the GSL scheme performance of SA Power Networks, TasNetworks, EvoEnergy (ACT), and Ausgrid, Endeavour Energy and Essential Energy in New South Wales.³¹³

ESC Victoria

The ESC's report on the Victorian energy market for 2017–18 reported on the number, value and type of GSL payments distributors made to customers from 2013 to 2017.³¹⁴

ESCOSA

ESCOSA's regulatory performance report for SA Power Networks for 2017–18 reported on the number, value and category of GSL payments made to customers from 2005–06 to 2017–18.³¹⁵

5.7.4 Final decision analysis

We acknowledge the value of independent reporting on the GSL scheme and consider the GSL scheme reporting by the ESC and ESCOSA is useful, as it is a convenient source of information on payments in these jurisdictions.

Accordingly, the QCA should continue to publish annual reports on the GSL scheme, and these reports should be a requirement of the Code, as submitted by the Queensland Consumers Association. We consider the annual reports should continue to summarise the number and value of GSL payments made by the distributors.

The QCA's approach to publishing the annual reports should be at the QCA's discretion. That is, whether to issue a media release is a publication decision the QCA makes about any of its reports.

³¹⁰ National Energy Retail Law, section 285(d).

³¹¹ AER 2018e, Appendix 6 (Table 7.16).

³¹² QCA website, [Guaranteed Service Level payments](#).

³¹³ AER 2018e, Appendix 6.

³¹⁴ ESC 2019, chapter 3 (Table 3.3).

³¹⁵ ESCOSA 2018c.

However, we expect that issuing an 'alert email' to subscribers to our electricity emails at the time of a report publication would be the minimum level of promotion for a GSL scheme annual report.

Further, to assist our preparation of annual reports, and our role in monitoring the distributors' compliance with the GSL scheme more generally, we consider that the distributors should be required to notify the QCA when they publish their quarterly reports. We anticipate that the distributors would notify the QCA in the same way as they currently submit quarterly reports—that is, by submitting online through the QCA website.³¹⁶

Given the distributors would be required to publish quarterly reports within two months of the end of each quarter, we propose that the annual reports be due for publication within three months of the end of each financial year.

Accordingly, our final decision is to add new clauses 2.4.3 and 2.4.4 to the Code, so as to add annual reporting obligations on the QCA to the Code.

5.7.5 Final decision

The QCA should be required to report annually on the distributors' compliance with the scheme and the distributors should notify the QCA when they published their quarterly compliance reports. These requirements should be included in the Code in the new clauses 2.4.2(d), 2.4.3 and 2.4.4.

Box 22: QCA reporting and monitoring—final decision

Energex and Ergon Energy should notify the QCA when they have published quarterly reports on their websites.

The QCA should report annually on Energex's and Ergon Energy's compliance with the GSL scheme.

³¹⁶ QCA website, [submissions](#).

GLOSSARY

ACCC	Australian Competition and Consumer Commission
ACT	Australian Capital Territory
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
AGL	AGL Energy Limited
CEC	Clean Energy Council
COAG	Council of Australian Governments
Code	Electricity Distribution Network Code (Queensland)
CPI	Consumer Price Index
DAPR	Distribution Annual Planning Report
DNRME (or the department)	Department of Natural Resources, Mines and Energy (Queensland)
DNSP	Distribution Network Service Provider
DRFA	Disaster Recovery Funding Arrangements
DUOS	Distribution use of system
Electricity Act	<i>Electricity Act 1994</i> (Qld)
Electricity Regulation	<i>Electricity Regulation 2006</i> (Qld)
Energex	Energex Limited
EnergyAustralia	EnergyAustralia Pty Ltd
Energy Queensland	Energy Queensland Limited
ENSP	Embedded Network Service Provider
ERA	Economic Regulation Authority (WA)
Ergon Energy	Ergon Energy Corporation Limited
ESC	Essential Services Commission (Victoria)
ESCOSA	Essential Services Commission of South Australia
EWOQ	Energy and Water Ombudsman Queensland
GSL(s)	Guaranteed service level(s)
ICRC	Independent Competition and Regulatory Commission (ACT)
KPIs	Key performance indicators
LNSP	Local Network Service Provider
MEA	Master Electricians Australia
MEDs	Major event days
MSS	Minimum service standards

National Electricity Law or NEL	National Electricity Law (schedule to the <i>National Electricity (South Australia) Act 1996 (SA)</i>)
National Electricity Rules or NER	National Electricity Rules Version 119
National Energy Retail Law, National Energy Retail Law (Queensland) or NERL	National Energy Retail Law (schedule to the <i>National Energy Retail Law (South Australia) Act 2011 (SA)</i>)
National Energy Retail Regulations	National Energy Retail Regulations (under the National Energy Retail Law and section 12 of the <i>National Energy Retail Law (South Australia) Act 2011 (SA)</i>)
National Energy Retail Rules or NERR	National Energy Retail Rules
NDRRA	Natural Disaster Relief and Recovery Arrangements
NECF	National Energy Customer Framework
NEM	National Electricity Market
NEO	National Electricity Objective
NMI	National Metering Identifier
Origin Energy	Origin Energy Pty Ltd
Powershop	Powershop Australia Pty Ltd
proposed distribution network code	As per section 222O(b) of the Electricity Regulation
QCA	Queensland Competition Authority
QCOSS	Queensland Council of Social Service
QFF	Queensland Farmers' Federation
QRA	Queensland Reconstruction Authority
RBA	Reserve Bank of Australia
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
STPIS	Service Target Performance Incentive Scheme
WA	Western Australia

APPENDIX A: EXISTING GSL SCHEME AND REPORTING REQUIREMENTS

For ease of reference, the GSLs are set out in full below as they appear in the Code (chapter 2, clause 2.3). The reporting and monitoring provisions in clause 2.4 are also set out in full.

Many of the terms in the GSL clauses are defined in chapter 6 of the Code. Relevant definitions from chapter 6 are also included in this appendix for reference.

GSLs—clause 2.3

Wrongful disconnection (clause 2.3.3)

- (a) If a *distribution entity* wrongfully disconnects a *small customer*, then that *customer* is eligible for a *GSL payment* (applying on the date of the wrongful disconnection) from the *distribution entity*.
- (b) A *distribution entity* wrongfully disconnects a *small customer* when it is not entitled to do so under the *electricity legislation*, or
- (c) it disconnects the *customer* at the request of a *retailer* and:
 - (i) the wrong *premises* is *disconnected* due to an error in the *retailer's* request;³¹⁷ or
 - (ii) the *retailer* does not give the *customer* a *disconnection warning notice* where required in accordance with the *electricity legislation*. To avoid doubt, a *GSL payment* is not payable where a *retailer* does not comply with any other disconnection procedures under the *electricity legislation*.

Connections (clause 2.3.4)

If:

- (a) a *small customer* is entitled, and has taken all necessary steps, to have its *premises* connected; and
- (b) that *customer's premises* do not require any extension of, or augmentation to, the *supply network* to enable the *customer's premises* to be connected; and
- (c) a *distribution entity* does not connect that *customer's premises* on the day agreed (or subsequently agreed) with that *customer*,

then that *small customer* is eligible for a *GSL payment* (applying on the relevant day) from the *distribution entity* for each day it is late.

Customer reconnection (clause 2.3.5)

- (a) If:
 - (i) a *small customer's premises* has been disconnected and the *customer* is entitled, and has taken all necessary steps, to have the *premises* reconnected; and
 - (ii) a *distribution entity* does not reconnect the *premises* within the time required in the table below,

then that *small customer* is eligible for a *GSL payment* (applying on the relevant day) from the *distribution entity* for each day it is late.

³¹⁷ 'disconnected' is italicised in this clause but is not defined in chapter 6 of the Code.

Premises in Ergon Energy's distribution area

<i>Premises description</i>	<i>Time required for reconnection</i>
<i>Premises supplied through CBD feeder / urban feeder</i>	<p>If the request is made by the <i>small customer</i> to its <i>retailer</i> by 12.00pm on a <i>business day</i>, then on the same day or as otherwise agreed with the <i>small customer</i>.</p> <p>If the request is made by the <i>small customer</i> to its <i>retailer</i> after 12.00pm on a <i>business day</i>, then by the next <i>business day</i> or as otherwise agreed with the <i>small customer</i>.</p> <p>If the request is made by the <i>small customer</i> to its <i>retailer</i> on a non-<i>business day</i>, then on the next <i>business day</i> or as otherwise agreed with the <i>small customer</i>.</p>
<i>Premises supplied through short rural feeder</i>	By the next <i>business day</i> after the <i>small customer's</i> request to its <i>retailer</i> or as otherwise agreed with the <i>small customer</i> .
<i>Premises supplied through long rural feeder / isolated feeder</i>	Within 10 <i>business days</i> of the <i>small customer's</i> request to its <i>retailer</i> or as otherwise agreed with the <i>small customer</i> . ³¹⁸

Premises in Energex's distribution area

<i>Premises description</i>	<i>Time required for reconnection</i>
<i>All premises other than those in excluded locations</i>	<p>If the request is made by the <i>small customer</i> to its <i>retailer</i> by 12.00pm on a <i>business day</i>, then on the same day or as otherwise agreed with the <i>small customer</i>.</p> <p>If the request is made by the <i>small customer</i> to its <i>retailer</i> after 12.00pm on a <i>business day</i>, then by the next <i>business day</i> or as otherwise agreed with the <i>small customer</i>.</p> <p>If the request is made by the <i>small customer</i> to its <i>retailer</i> on a non-<i>business day</i>, then on the next <i>business day</i> or as otherwise agreed with the <i>small customer</i>.</p>
<i>Premises in excluded locations</i>	Within 10 <i>business days</i> of the <i>small customer's</i> request to its <i>retailer</i> or as otherwise agreed with the <i>small customer</i> .

- (b) When a *retailer* receives a request for reconnection from a *small customer* who is entitled to reconnection, before 12.00 pm on a *business day*, the *retailer* must, by 1.00 pm that *business day*, initiate a request for reconnection of the *small customer's* premises in accordance with Chapter 3 of this Code.
- (c) The *retailer* on behalf of the *small customer* may request that the *distribution entity* reconnect the *small customer* sooner than is required under clause 2.3.5(a). If the *small customer* or its *retailer* does so, the *distribution entity*:
- (i) must use its best endeavours to reconnect the *small customer* in the requested timeframe; and
 - (ii) if the reconnection is made in the requested timeframe, may charge the relevant fee published in the *distribution entity's* price list.

³¹⁸ In the time requirement for premises supplied through long rural feeder / isolated feeder, 'request' appears to be incorrectly italicised in the Code.

- (d) In this clause 2.3.5, a “*business day*” does not include a *local holiday* in the district where the *premises* is located.

Hot water supply (clause 2.3.6)

- (a) Subject to paragraph (b), if:
- (i) a *small customer* (or its *retailer*) makes an inquiry to a *distribution entity* about a loss of *hot water supply*; and
 - (ii) the *distribution entity* fails to attend the *premises* within the time required in the following table,

then that *small customer* is eligible for a *GSL payment* (applying on the relevant day) from the *distribution entity* for each day it is late.

<i>Feeder type</i> through which the <i>small customer's premises</i> is supplied	Time required to attend
<i>long rural feeder / isolated feeder</i>	By the <i>business day</i> agreed with the <i>small customer</i> (or its <i>retailer</i>).
All other <i>feeder types</i>	Within one <i>business day</i> of the inquiry or as otherwise agreed with the <i>small customer</i> (or its <i>retailer</i>).

- (b) A *distribution entity* is not required to attend the *premises* in response to a *hot water supply* inquiry under paragraph (a) if the *distribution entity* reasonably believes the loss of *hot water supply* is not caused by its *supply network* or associated *control equipment*, or if the loss of *hot water supply* is the result of an outage on its *supply network* or associated *control equipment*.
- (c) In this clause 2.3.6, a “*business day*” does not include a *local holiday* in the district where the *premises* is located.

Appointments (clause 2.3.7)

- (a) This clause 2.3.7 applies to an appointment which:
- (i) is made between a *distribution entity* and a *small customer* (or its *retailer*) who has an existing account for the *premises*; and
 - (ii) relates to the *distribution entity* attending the *premises* for the purpose of:
 - (i) reading, testing, maintaining or inspecting the *meter*; or
 - (ii) inspecting, altering or adding to the customer's electrical installation.³¹⁹
- (b) This clause 2.3.7 does not apply if a *small customer* is eligible for a *GSL payment* under clauses 2.3.4 to 2.3.6.
- (c) When making an appointment, a *distribution entity* must specify a time or time period for the appointment. Any time period must not exceed the following:
- (i) for *Energex* - a five hour period within a day; and
 - (ii) for *Ergon Energy* - a day.

³¹⁹ Neither 'customer's' nor 'electrical installation' are italicised in this element of clause 2.3.7 of the Code.

- (d) A *distribution entity* may reschedule an appointment provided it notifies the *small customer* before the day scheduled for the appointment.
- (e) Subject to paragraph (d), if a *distribution entity* makes an appointment and does not attend the *premises* at the specified time, or within the specified time period, then the *small customer* is eligible for a *GSL payment* (applying on the date of the appointment) from the *distribution entity*.

Planned interruptions (clause 2.3.8)

- (a) Except in the case of emergencies, if a *distribution entity* does not give a *small customer* the notice provided for, or agreed between the *distribution entity* and the *small customer*, under *electricity legislation*, the *small customer* is eligible for a *GSL payment* (applying on the date of the *planned interruption*) from the *distribution entity*.

Reliability (clause 2.3.9)

- (a) Subject to paragraph (b), a *small customer* is eligible for a *GSL payment* (applying in the relevant *financial year*) from its *distribution entity* in either of the following circumstances:
- (i) for each *interruption* to its *premises* which, if connected to:
- (i) a *CBD feeder*—lasts longer than eight hours;
 - (ii) an *urban or short rural feeder*—lasts longer than 18 hours; or
 - (iii) a *long rural or isolated feeder*—lasts longer than 24 hours,
- ("interruption duration *GSL*"); or
- (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 when during a *financial year* that a *small customer* becomes eligible for a *GSL payment* under this *interruption frequency GSL*, the *distribution entity* is only required to assess the eligibility of a *small customer* to a *GSL payment* (including an automatic payment under clause 2.3.11(b)) after the end of that *financial year*.

<i>Distribution entity</i>	<i>Feeder type</i> through which the <i>small customer's premises</i> is supplied	Number of <i>interruptions</i> in a <i>financial year</i> *
<i>Energex</i>	<i>CBD feeder</i>	10
	<i>Urban feeder</i>	10
	<i>Short rural feeder</i>	16
<i>Ergon Energy</i>	<i>Urban feeder</i>	13
	<i>Short rural feeder</i>	21
	<i>Long rural feeder</i>	21
	<i>Isolated feeder</i>	21
* A <i>customer</i> is not entitled to more than one <i>GSL payment</i> under clause 2.3.9(a)(ii) in a <i>financial year</i> .		

- (b) The following types of *interruptions* are excluded from paragraph (a):
- (i) an *interruption* of a duration of one minute or less;
 - (ii) an *interruption* resulting from:
 - (i) load shedding due to a shortfall in generation;
 - (ii) a direction by *AEMO*, a *system operator* or any other body exercising a similar function under the *Electricity Act*, *National Electricity Rules* or *National Electricity Law*;
 - (iii) automatic shedding of load under the control of under-frequency relays following the occurrence of a power system under-frequency condition described in the *power system security and reliability standards*;
 - (iv) a failure of the shared *transmission grid*; or
 - (v) a direction by a police officer or another authorised person exercising powers in relation to public safety;
 - (iii) a *planned interruption*;
 - (iv) an *interruption* requested, or initiated, by the *small customer*;
 - (v) an *interruption* caused by the small customer's electrical installation or failure of that *electrical installation*;³²⁰
 - (vi) an *interruption* to a *small customer's premises* within a region in which a natural disaster has occurred, where:
 - (i) the Queensland Minister for Police and Community Safety has notified the Commonwealth of the occurrence of an eligible disaster under the *Natural Disaster Relief and Recovery Arrangements* in respect of that natural disaster for that region; and
 - (ii) the *interruption* occurred during the period for which the *Natural Disaster Relief and Recovery Arrangements* have been notified.

Amount of GSL payments (clause 2.3.10)

This table sets out the amount of a *GSL payment* applicable for the date or *financial year* in which a *guaranteed service level* is not met in accordance with clauses 2.3.3 to 2.3.9.

<i>Electricity Industry Code</i> ³²¹	<i>GSL</i>	<i>GSL Payment for 1 July 2010 to 30 June 2015</i>	<i>GSL Payment for 1 July 2015 to 30 June 2020</i>
Clause 2.3.3	Wrongful disconnections	\$130	\$142
Clause 2.3.4	Connection not provided by the agreed date	\$52 per day	\$57 per day
Clause 2.3.5	Reconnection not provided within the required time	\$52 per day	\$57 per day

³²⁰ Neither 'small customer's' nor the first reference to 'electrical installation' are italicised in this element of clause 2.3.9 of the Code.

³²¹ The reference to 'Electricity Industry Code' in this table appears to be incorrect; it should be 'Electricity Distribution Network Code'. Also, 'hot water supply' is not italicised in this table in the Code.

Electricity Industry Code ³²¹	GSL	GSL Payment for 1 July 2010 to 30 June 2015	GSL Payment for 1 July 2015 to 30 June 2020
Clause 2.3.6	Failure to attend to <i>customer's premises</i> within the time required concerning loss of hot water supply	\$52 per day	\$57 per day
Clause 2.3.7	Failure to attend appointments on time	\$52	\$57
Clause 2.3.8	Notice of a <i>planned interruption</i> to supply not given	\$26 for <i>residential customers</i> and \$65 for <i>small business customers</i>	\$28 for <i>residential customers</i> and \$71 for <i>small business customers</i>
Clause 2.3.9(a)(i)	<i>Interruption duration GSL</i>	\$104	\$114
Clause 2.3.9(a)(ii)	<i>Interruption frequency GSL</i>	\$104	\$114

Claiming a GSL payment (clause 2.3.11)

- (a) A *distribution entity* must use best endeavours to automatically give a *GSL payment* to a *small customer* eligible for it under clauses 2.3.3 to 2.3.8. 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 2.3.9. 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*.

How a GSL payment is paid (clause 2.3.12)

A *distribution entity* must use its best endeavours to pay a *GSL payment* to a *small customer* entitled to it by cheque, electronic funds transfer or any other means agreed with the *small customer*.

Small customers with card-operated meters (clause 2.3.13)

- (a) This clause 2.3.13 applies to *small customers* who have *card-operated meters* instead of clauses 2.3.11 and 2.3.12.
- (b) A *small customer* who becomes eligible for a *GSL payment* under clauses 2.3.3 to 2.3.9 must make a claim from the *distribution entity* within one month of the event giving rise to the claim to be entitled to that *GSL payment*.
- (c) To remove doubt, if there are multiple occupiers of a *premises*, a *distribution entity* is only required to give one *GSL payment*.
- (d) A *distribution entity* must pay a *GSL payment* to a *small customer* entitled to it by cheque, electronic funds transfer or any other means agreed with the *small customer*.

Processing claims (clause 2.3.14)

A *distribution entity* must use best endeavours to process a claim for a *GSL payment*:

- (a) within one month after receiving a claim under clauses 2.3.11(a) and 2.3.11(b)(i); and
- (b) in respect of a claim for an *interruption frequency GSL* under clause 2.3.11(b)(ii), within one month after the end of the *financial year* or one month after receiving a claim, whichever is the later.

Caps on entitlements (clause 2.3.15)

- (a) Subject to paragraph (b), a *small customer* is not entitled to receive more than \$416 worth of *GSL payments* (more than \$454 worth of *GSL payments* from 1 July 2015) in any one *financial year* per electricity account.³²²
- (b) *GSL payments* received by a *small customer* in respect of wrongful disconnection under clause 2.3.3 are not to be taken into account in determining whether that *customer* has reached the cap under paragraph (a).

GST (clause 2.3.16)

All amounts specified in this clause 2.3 include *GST* (if any is payable).

Effect of a *GSL payment* (clause 2.3.17)

- (a) A *small customer's* receipt of a *GSL payment* does not in any way alter or diminish any rights which it may have against any person under trade practices or other applicable legislation, common law or contract.
- (b) A *distribution entity* does not make any admission of legal liability or a breach of the *Code* in giving a *GSL payment*.
- (c) A *retailer* does not make any admission of legal liability or a breach of the *Code* when a *distribution entity* makes a *GSL payment* which is reimbursed by the *retailer* under a *co-ordination agreement*.
- (d) This clause 2.3 does not alter, vary or exclude the operation of sections 97 and 97A of the *Electricity Act* and sections 119 and 120 of the *National Electricity Law*, or any other limitations of liability or immunities granted to a *distribution entity* under *electricity legislation*.

Disputes about *GSL payments* involving a *retailer* (clause 2.3.18)

- (a) If a *small customer* has a dispute about a *GSL payment* relating to clauses 2.3.3 to 2.3.7, where a *retailer* caused (or is claimed to have caused) the event giving rise to the *GSL payment*, it must be dealt in accordance with the *retailer's* complaint handling process under the *electricity legislation*.
- (b) If the dispute is not resolved under the *retailer's* complaint handling process, the *small customer* may refer the dispute to the *Energy and Water Ombudsman Queensland*.
- (c) To avoid doubt, the *Energy and Water Ombudsman Queensland* may decide whether a *GSL payment* is payable or not without referring the matter to the *QCA*. A decision by the *Energy and Water Ombudsman Queensland* that a *distribution entity* must make a *GSL payment* (or that a *retailer* caused the event giving rise to the *GSL payment*) is not evidence that the relevant entity has breached the *Code*.

Reporting and monitoring—clause 2.4***Distribution entity* must monitor performance (clause 2.4.1)**

A *distribution entity* must monitor its compliance with the *guaranteed service levels* to enable it to provide the reports to the *QCA* specified in clause 2.4.2.

Reporting requirements (clause 2.4.2)

- (a) Within two months of the end of each *quarter*, a *distribution entity* must submit a report to the *QCA* detailing the following for the preceding *quarter* and for the *financial year* to the end of that *quarter*:

³²² The second reference to 'GSL payments' is not italicised in this element of clause 2.3.15 of the Code.

- (i) compliance with the *guaranteed service levels*, including:
 - (i) the number of *GSL payments* given by category and the amount of such payments;
 - (ii) the number of *GSL payment* claims by category; and
 - (iii) the number of rejected *GSL payment* claims by category; and
- (ii) any other matter reasonably notified by the QCA.
- (b) The *distribution entity* must also provide any other further reports reasonably required by the QCA in respect of *guaranteed service levels* from time to time.
- (c) Each report must be submitted in the format determined by the QCA.

Selected definitions (from Chapter 6 of the Code)

AEMO has the meaning given in the Electricity Act.³²³

business customer means a customer who is not a residential customer.

business day means a day other than a Saturday, a Sunday or a Queensland wide public holiday (as appointed under the *Holidays Act 1983* (Qld)).

card-operated meter has the meaning given in the National Energy Retail Law (Queensland).³²⁴

CBD feeder means a feeder supplying predominantly commercial high-rise buildings, supplied by a predominantly underground *supply network* containing significant interconnection and redundancy when compared to urban areas.

Code means this Electricity Distribution Network Code.

control equipment means the equipment needed to switch a circuit(s) on or off by a device installed or operated by the *distribution entity*. For example, local or remote timing devices would form part of *control equipment*. This equipment forms part of a *metering installation* for the purpose of testing and inspection.

co-ordination agreement has the meaning given in the *Electricity Act*. However, a *receiver* is only a customer if the *receiver's premises* has an electrical installation that, to the reasonable satisfaction of the *distribution entity* whose *distribution area* includes the *premises*, is capable of receiving supply directly from a *distribution entity's supply network*.³²⁵

customer has the meaning given in the *Electricity Act*.

disconnection warning notice has the meaning given in the *National Energy Retail Rules*.

distribution area for a *distribution entity* is the area specified in its *distribution authority* as its distribution area.

distribution authority has the meaning given in the *Electricity Act*.

distribution entity means an entity that holds a *distribution authority*.

electrical installation has the meaning given in the *Electricity Act*.

Electrical Safety Act means the *Electrical Safety Act 2002* (Qld).

Electricity Act means the *Electricity Act 1994* (Qld).

electricity legislation means the *Electricity Act*, *Electrical Safety Act*, the *Electricity – National Electricity Scheme (Queensland) Act 1997* (Qld), the *National Energy Retail Law (Queensland)*, and regulations, standards, codes, protocols and rules made under those Acts.

Energex means Energex Limited (ACN 078 849 055).

Energy and Water Ombudsman Queensland means the Energy and Water Ombudsman Queensland established by the *Energy and Water Ombudsman Act 2006* (Qld).

Ergon Energy means Ergon Energy Corporation Limited (ACN 087 646 062).

excluded locations means the locations specified in Schedule 1.

³²³ 'Electricity Act' is not italicised in this definition in the Code.

³²⁴ 'National Energy Retail Law (Queensland)' is not italicised in this definition in the Code.

³²⁵ 'electrical installation' is not italicised in this definition in the Code.

feeder type means a *CBD feeder, isolated feeder, long rural feeder, short rural feeder* or *urban feeder* as the case may be.

financial year means a year commencing 1 July and ending 30 June.

GSL payment means a *guaranteed service level* payment to be made in accordance with clause 2.3 for the amounts set out in clause 2.3.10.

GST has the meaning it has in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

guaranteed service level means a guaranteed service level set out in clause 2.3.

hot water supply means a hot water supply connected on a controlled supply tariff, for example Tariff 31 or Tariff 33.

interruption has the meaning given in the *National Energy Retail Rules*.

interruption duration *GSL* has the meaning given in clause 2.3.9(a)(i).

interruption frequency *GSL* has the meaning given in clause 2.3.9(a)(ii).

isolated feeder means a feeder which is not connected to the national grid, but excludes the Mt Isa-Cloncurry supply network, as that network is defined in the *Electricity Act*.

local holiday means a show holiday or special holiday appointed for a particular district under the *Holidays Act 1983* (Qld).

long rural feeder means a feeder which is not a *CBD feeder, urban feeder* or *isolated feeder* with a total feeder route length greater than 200 km.

meter has the meaning given in the *National Electricity Rules*.

metering installation has the meaning given in the *National Electricity Rules*.

National Electricity Law has the meaning given in the *Electricity – National Scheme (Queensland) Act 1997* (Qld).

National Electricity Rules means the rules made under the *National Electricity Law* applied as the law of Queensland.

National Energy Retail Law (Queensland) has the meaning given in the *National Energy Retail Law (Queensland) Act 2014* (Qld).³²⁶

National Energy Retail Rules has the meaning given in the *National Energy Retail Law (Queensland) Act 2014* (Qld).

Natural Disaster Relief and Recovery Arrangements means Natural Disaster Relief and Recovery Arrangements, administered by the Commonwealth Department of Transport and Regional Services.

planned interruption has the meaning given in the *National Energy Retail Rules*.

power system security and reliability standards has the meaning given in the *National Electricity Rules*.

premises has the meaning given in the *Electricity Act*.

³²⁶ The *National Energy Retail Law (Queensland) Act 2014* (Qld), section 3(1) states that *National Energy Retail Law (Queensland)* or *NERL (Qld)* means the provisions applying in Queensland because of section 4. Section 4 states that the National Energy Retail Law, as amended from time to time, set out in the Schedule to the South Australian Act—(a) applies as a law of Queensland, with the modifications set out in the schedule to this Act or prescribed by regulation under section 12; and (b) as so applying may be referred to as the National Energy Retail law (Queensland); and (c) so applies as if it were an Act.

QCA has the meaning given in the *Electricity Act*.

quarter means a period of three months commencing 1 January, 1 April, 1 July and 1 October as the case may be.

receiver has the meaning given in the *Electricity Act*.

residential customer means a *customer* who purchases energy principally for personal, household or domestic use at premises;

retailer, for electricity, has the meaning given in the *National Energy Retail Law (Queensland)*.

short rural feeder means a feeder with a total feeder route length less than 200 km, and which is not a *CBD feeder*, *urban feeder* or *isolated feeder*.

small business customer means a *small customer* who is a *business customer*.

small customer has the meaning given in the *National Energy Retail Law (Queensland)*. However, a *receiver* is only a small customer if the *receiver's premises* has an electrical installation that, to the reasonable satisfaction of the *distribution entity* whose *distribution area* includes the *premises*, is capable of receiving supply directly from a *distribution entity's supply network*.

supply network has the meaning given in the *Electricity Act*.

system operator means a person who *AEMO* has appointed as an agent under Chapter 4 of the *National Electricity Rules* and who is registered as a system operator with *AEMO* under Chapter 2 of the *National Electricity Rules*.

transmission grid has the meaning given in the *Electricity Act*.

urban feeder means a feeder with annual actual maximum demand per total feeder route length greater than 0.3 MVA/km and which is not a *CBD feeder*, *short rural feeder*, *long rural feeder* or an *isolated feeder*.

Schedule 1—Excluded Locations

Suburb	Postcode
Amity	4183
Dunwich	4183
Herring Lagoon	4183
North Stradbroke Island	4183
Point Lookout	4183
Coochiemudlo Island	4184
Karragarra Island	4184
Lamb Island	4184
Macleay Island	4184
Russell Island	4184
Beechmont	4211
Natural Bridge	4211
Numinbah	4211
Numinbah Valley	4211
Austinville	4213
Springbrook	4213
South Stradbroke Island	4216
Pine Creek	4275
Witheren	4275
Allenview	4285
Woodhill	4285
Barney View	4287
Mt Lindesay	4287
Palen Creek	4287
Rathdowney	4287

Suburb	Postcode
Running Creek	4287
Avoca	4306
Linville	4306
Moore	4306
Mt Stanley	4306
Cambroon	4552
Boreen Point	4565
Cooroibah	4565
Cooroibah Heights	4565
Cootharaba	4565
North Shore	4565
Ringtail Creek	4565
Teewah	4565
Anderleigh	4570
Curra	4570
Goomboorian	4570
Kia Ora	4570
Neerdie	4570
Rossmount	4570
Toolara Forest	4570
Wallu	4570
Cooloola Cove	4580
Tin Can Bay	4580
Rainbow Beach	4581
Inskip	4581

APPENDIX B: PROPOSED CODE CHANGES

Section 222O(b) of the *Electricity Regulation 2006* (Qld) requires the QCA to publish, on its website, a final version of the proposed distribution network code.

For reference, this appendix contains the amendments that the QCA proposes to make to the Electricity Distribution Network Code to reflect our decisions on GSL arrangements to apply to Energex and Ergon Energy during the next regulatory period commencing 1 July 2020.

The minor amendments to the Code in section 3.5 are not detailed in this appendix, as they are clearly detailed in Table 9 and Table 10.

Clause 1.1.2: Scope of the Code

Omit clause 1.1.2(b) and insert:

require a *distribution entity* to report on its performance against *guaranteed service levels*;

Clause 2.3.6: Hot water supply

Omit clause 2.3.6 and insert:

[Deleted]

Clause 2.3.9: Reliability

Omit the table in clause 2.3.9(a)(ii) and insert:

<i>Feeder type</i> through which the <i>small customer's premises</i> is supplied	Number of <i>interruptions</i> in a <i>financial year</i> *
<i>CBD feeder</i>	10
<i>Urban feeder</i>	13
<i>Short rural feeder</i>	21
<i>Long rural feeder</i>	21
<i>Isolated feeder</i>	21
* A <i>customer</i> is not entitled to more than one <i>GSL payment</i> under clause 2.3.9(a)(ii) in a <i>financial year</i> .	

Omit clause 2.3.9(b)(vi)(i) and insert:

the Queensland Minister for Fire and Emergency Services has notified the Commonwealth of the occurrence of an eligible disaster under the *Disaster Recovery Funding Arrangements* in respect of that natural disaster for that region; and

Omit clause 2.3.9(b)(vi)(ii) and insert:

the *interruption* occurred during the period for which the *Disaster Recovery Funding Arrangements* have been notified.

Clause 2.3.10: Amount of GSL payments

Omit clause 2.3.10 and insert:

A *GSL payment* acknowledges the inconvenience a *small customer* experiences when a *distribution entity* does not meet a *guaranteed service level*.

This table sets out the amount of a *GSL payment* applicable for the date or *financial year* in which a *guaranteed service level* is not met in accordance with clauses 2.3.3 to 2.3.9.

<i>Electricity Distribution Network Code</i>	<i>GSL</i>	<i>GSL Payment for 1 July 2015 to 30 June 2020</i>	<i>GSL Payment for 1 July 2020 to 30 June 2025</i>
Clause 2.3.3	Wrongful disconnections	\$142	\$155
Clause 2.3.4	Connection not provided by the agreed date	\$57 per day	\$62 per day
Clause 2.3.5	Reconnection not provided within the required time	\$57 per day	\$62 per day
Clause 2.3.7	Failure to attend appointments on time	\$57	\$62
Clause 2.3.8	Notice of a <i>planned interruption</i> to supply not given	\$28 for <i>residential customers</i> and \$71 for <i>small business customers</i>	\$31 for <i>residential customers</i> and \$77 for <i>small business customers</i>
Clause 2.3.9(a)(i)	<i>Interruption duration GSL</i>	\$114	\$124
Clause 2.3.9(a)(ii)	<i>Interruption frequency GSL</i>	\$114	\$124

Clause 2.3.13: Small customers with card-operated meters

Omit clause 2.3.13(b) and insert:

- (b) A *small customer* who becomes eligible for a *GSL payment* under clauses 2.3.3 to 2.3.9 must make a claim from the *distribution entity* within three months of the event giving rise to the claim to be entitled to that *GSL payment*.

Clause 2.3.15: Caps on entitlements

Omit clause 2.3.15 (a) and insert:

Subject to paragraph (b), a *small customer* is not entitled to receive more than \$454 worth of *GSL payments* (more than \$496 worth of *GSL payments* from 1 July 2020) in any one *financial year* per electricity account.

Clause 2.4.1: Distribution entity must monitor performance

Omit clause 2.4.1 and insert:

A *distribution entity* must monitor its compliance with the *guaranteed service levels* and publish the reports specified in clause 2.4.2.

Clause 2.4.2: Reporting requirements

Omit clause 2.4.2 and insert:

Distribution entity's reporting requirements

- (a) Within two months of the end of each *quarter*, a *distribution entity* must publish a report detailing the following for the preceding *quarter* and for the *financial year* to the end of that *quarter*:
 - (i) compliance with the *guaranteed service levels*, including:
 - (i) the number of *GSL payments* given by category and the amount of such payments;
 - (ii) the number of *GSL payment* claims by category;
 - (iii) the number of rejected *GSL payment* claims by category;
 - (iv) the number of *GSL payments* not made to *small customers* who were eligible for a *GSL payment*, by category and the amount of such payments; and
 - (v) the number of *small customers* who reach the cap on entitlements in *GSL payments*; and
 - (ii) any other matter reasonably notified by the *QCA*.
- (b) The *distribution entity* must also provide any other further reports reasonably required by the *QCA* in respect of *guaranteed service levels* from time to time.
- (c) Each report must be published in the format determined by the *QCA*.
- (d) A *distribution entity* must notify the *QCA* when it publishes a report under clause 2.4.2(a).

Clause 2.4.3: QCA Reporting requirements

Insert:

2.4.3 QCA must report on performance

The *QCA* must report on a *distribution entity's* compliance with the *guaranteed service levels* and publish the reports specified in clause 2.4.4.

Clause 2.4.4: QCA Reporting requirements

Insert:

2.4.4 QCA reporting requirements

- (a) Within three months of the end of each *financial year*, the *QCA* must publish a report summarising a *distribution entity's* compliance with the *guaranteed service levels* in the preceding *financial year*.

Clause 6.1: Definitions and interpretation

Omit:

excluded locations means the locations specified in Schedule 1.

hot water supply means a hot water supply connected on a controlled supply tariff, for example Tariff 31 or Tariff 33.

Natural Disaster Relief and Recovery Arrangements means Natural Disaster Relief and Recovery Arrangements, administered by the Commonwealth Department of Transport and Regional Services.

Insert:

Disaster Recovery Funding Arrangements means Disaster Recovery Arrangements, administered by Emergency Management Australia.

other locations means the locations specified in Schedule 1.

APPENDIX C: JURISDICTIONAL GSLS

All jurisdictions in the NEM operate a GSL scheme. The most common measures focus on connections and reliability of supply (Table 11). The levels of GSL payments are generally similar to those in Queensland, ranging from around \$20 to \$60 for failing to meet various customer service standards, and between \$50 and \$360 maximum payments for duration or frequency interruptions.

Table 11 GSLs in Queensland and other NEM jurisdictions

<i>GSL measure</i>	<i>Queensland</i>	<i>ACT</i>	<i>NSW</i>	<i>Victoria</i>	<i>Tasmania</i>	<i>SA</i>	<i>WA</i>
Notice of planned interruption	✓	✓	—	—	—	—	—
Timeliness of new connections	✓	✓	✓	✓	—	✓	—
Wrongful disconnection	✓	—	—	—	—	—	✓
Hot water complaints	✓	—	—	—	—	—	—
Appointment	✓	—	—	✓	—	—*	—
Reliability— interruption duration	✓	✓	✓	✓	✓	✓	—
Reliability— interruption frequency	✓	—	✓	✓	✓	✓	—
Reliability—frequency of momentary interruptions	—	—	—	✓	—	—	—
Timely repair of faulty street lights	—	—	✓	✓	—	✓	—
Time to respond to complaints	—	✓	—	—	—	—	✓
Telephone answering	—	—	—	—	—	—	—
Time to respond to notification of a problem	—	✓	—	—	—	—	—

*Notes: A dash (—) indicates that the GSL measure does not apply in the jurisdiction. * South Australia currently has a GSL for appointments. In the final decision of its recent review of SA Power Networks' reliability standards, ESCOSA decided to remove the GSL payment for late attendance at appointments. This change to the GSL scheme will take effect from 1 July 2020 (ESCOSA 2019, overview and section 4.2).*

Definitions, thresholds and exceptions for GSL measures may differ across jurisdictions.

APPENDIX D: SUBMISSIONS

Before the QCA's final decision on the GSL to apply in Queensland from 1 July 2020, stakeholders were invited three times to comment and provide submissions during the review process. The QCA received the submissions listed below. The submission numbers are for referencing purposes in this report. All the submissions are available on the [QCA website](#).

The QCA prepared a [consultation paper](#) discussing the issues for the review and asked for submissions on this consultation paper by 30 March 2018. Seven submissions were received:

<i>Stakeholder</i>	<i>Sub. number</i>	<i>Date</i>
Clean Energy Council (CEC)	1	March 2018
Energy and Water Ombudsman Queensland (EWOQ)	2	March 2018
Energy Queensland	3	April 2018
Master Electricians Australia (MEA)	4	April 2018
Queensland Consumers Association	5	April 2018
Queensland Council of Social Service (QCOSS)	6	April 2018
Queensland Farmers' Federation (QFF)	7	March 2018

The QCA reviewed these submissions and identified eight key topics for which further information from stakeholders was needed to inform a draft decision. Stakeholders were asked for submissions by 29 June 2018. Eight submissions were received:

<i>Stakeholder</i>	<i>Sub. number</i>	<i>Date</i>
AGL	8	June 2018
EnergyAustralia	9	June 2018
Energy Queensland	10	June 2018
Master Electricians Australia (MEA)	11	June 2018
Master Electricians Australia (MEA)–Supplementary Submission	12	June 2018
Origin Energy	13	June 2018
Powershop	14	June 2018
Queensland Council of Social Service (QCOSS)	15	June 2018

The QCA reviewed these submissions and finalised a [draft decision](#), which was published on 26 October 2018. Stakeholders were invited to submit comments by 21 December 2018. Five submissions were received:

<i>Stakeholder</i>	<i>Sub. number</i>	<i>Date</i>
Energy Queensland	16	December 2018
Home Owners' Committee of Sapphire by Living Gems	17	December 2018
Origin Energy	18	December 2018
Queensland Consumers Association	19	December 2018
Queensland Council of Social Service (QCOSS)	20	December 2018

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