

Queensland Competition Authority

Further Consultation

**Requested Amendments to the Electricity Industry
Code Customer Disconnection Provisions**

September 2013

The Authority wishes to acknowledge the contribution of the following staff to this report:

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SUBMISSIONS

Public involvement is an important element of the decision-making processes of the Queensland Competition Authority (the Authority). Therefore submissions are invited from interested parties concerning its assessment of Requested Amendments to the Electricity Industry Code Customer Disconnection Provisions. The Authority will take account of all submissions received.

Written submissions should be sent to the address below. While the Authority does not necessarily require submissions in any particular format, it would be appreciated if two printed copies are provided together with an electronic version on disk (Microsoft Word format) or by e-mail. Submissions, comments or inquiries regarding this paper should be directed to:

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The closing date for submissions is 14 October 2013.

Confidentiality

In the interests of transparency and to promote informed discussion, the Authority would prefer submissions to be made publicly available wherever this is reasonable. However, if a person making a submission does not want that submission to be public, that person should claim confidentiality in respect of the document (or any part of the document). Claims for confidentiality should be clearly noted on the front page of the submission and the relevant sections of the submission should be marked as confidential, so that the remainder of the document can be made publicly available. It would also be appreciated if two copies of each version of these submissions (i.e. the complete version and another excising confidential information) could be provided. Again, it would be appreciated if each version could be provided on disk. Where it is unclear why a submission has been marked "confidential", the status of the submission will be discussed with the person making the submission.

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Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at the Brisbane office of the Authority, or on its website at www.qca.org.au. If you experience any difficulty gaining access to documents please contact the office (07) 3222 0555.

Information about the role and current activities of the Authority, including copies of reports, papers and submissions can also be found on the Authority's website.

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1 INTRODUCTION

On 21 December 2012, the Authority received a request from Energex for certain amendments to be made to the Electricity Industry Code (the Code) (see **Appendix A**). The requested amendments relate to a long-running issue concerning the Code requirements in relation to the disconnection (also called de-energisation) of customers.

Clause 5.7 of the Code requires a distributor such as Energex to complete a standard service order, in this case a disconnection request, within a set timeframe after receiving a valid request from a retailer.

Energex considers that the current provisions of the Code cause certain practical issues when applied to some older multi-occupancy premises and the changes it is seeking are aimed at addressing those practical issues. Energex states that the proposed changes are the result of extensive and protracted negotiations between retailers and itself to establish a practical solution to performing disconnections in older electrical installations.

The Authority released an Interim Consultation Notice on the Code amendments proposed by Energex on 22 March 2013.

1.1 Draft Decision

The Authority released its Draft Decision on 26 June 2013. The Draft Decision concluded that, on balance, MSS disconnections were the best practical solution to the problem of disconnecting individual customers in multi-occupancy dwellings that do not have individual fusible links.

The Authority also considered it appropriate for retailers to be compensated for unbilled electricity and that this should reflect the method previously agreed between Energex and retailers, as this was an approach reached voluntarily by market participants (even if the manner of its execution was disputed at times). The Authority proposed a simple approach, whereby distributors would pay retailers a fixed \$4 charge for every MSS disconnection. This would have eliminated the need to calculate the cost of unbilled energy in every instance and may have reduced disputes between Energex and retailers about the level of compensation provided for unbilled energy.

The Authority noted that this approach would result in less accurate levels of compensation to retailers than if compensation was calculated individually for each MSS disconnection, and would have required that the charge be adjusted from time-to-time to reflect changing energy costs and other factors that may influence the cost of unbilled energy.

For these reasons the Authority did not express a strong preference for its proposed approach and welcomed feedback from stakeholders on the most appropriate approach to compensating retailers for unbilled electricity. The Code amendments proposed in the Draft Decision are contained in Appendix B.

Submissions to the Draft Decision generally preferred codifying the current negotiated arrangements for compensation rather than the proposed fixed charge per MSS.

1.2 Additional Consultation

For the Final Decision, the Authority is considering codifying the current negotiated compensation arrangements in a new clause 5.7.4 of the Code (see Chapter 2). The wording of

this clause and the associated definitions are also intended to clarify network billing arrangements when MSS are used.

Given the technical nature of arrangements regarding disconnections, and that the use of MSS and associated compensation arrangements have long been a source of disagreement, the Authority considered it prudent to conduct an additional round of consultation on the proposed wording of clause 5.7.4 and the associated definitions.

The Authority is particularly interested in whether stakeholders consider that the proposed clause:

- (a) delivers on the intent of the Draft Decision, with the exception that compensation is to occur according to the current negotiated arrangements rather than by way of a fixed charge; and
- (b) accurately reflects the negotiated compensation arrangements between Energex and retailers.

The closing date for submissions is 14 October 2013.

2 PROPOSED AMENDMENTS TO THE ELECTRICITY INDUSTRY CODE

For the reasons discussed above, the Authority proposes to include the following clause in the Code to allow distributors to complete standard disconnection service orders with an MSS disconnection to prevent multiple premises being disconnected and to address the issue of unbilled energy costs when distributors complete MSS disconnections.

5.7.4 Requirement to Complete Disconnection Service Order Requests

(a) If completing a *standard service order* for disconnection (regardless of requested *ServiceOrderSubType*) would result in the temporary disconnection of multiple *premises*, a *distribution entity* is deemed to complete the *service order* if it employs the method of *turn off main switch and sticker* at the *premises* provided that, where a customer is vacating the *premises*, the *distribution entity*:

(i) does not charge the *financially responsible Market Participant* for network tariffs relating to the *premises* during the *compensation period*; and

(ii) pays the *financially responsible Market Participant* compensation calculated by multiplying the volume of consumption recorded at the *premises* during the *compensation period* by the average monthly regional reference price as published by the Australian Energy Market Operator for the month in which the *compensation period* ends.

(b) A *retail entity* may not charge a *small customer* for *customer retail services* for a disconnected *premises* during the *compensation period*.

10.1 Definitions and Interpretation

compensation period in relation to clause 5.7.4 is the period commencing on the date the turn off main switch and sticker disconnection is completed for a *premises* a *small customer* is vacating and ends the date the *distribution entity* notifies the *financially responsible Market Participant* that more than 11kWh of energy has been consumed at the *premises*, is notified the *NMI* has transferred to another *retail entity*, or receives and completes a *service order* type of "re-energisation" for the *premises*.

financially responsible Market Participant has the meaning given in the National Electricity Rules.

ServiceOrderSubType has the meaning given in the B2B Procedures: Service Order Process established under Clause 7.2A.3 of the *National Electricity Rules*.

turn off main switch and sticker has the meaning given in the B2B Procedures: Service Order Process established under Clause 7.2A.3 of the *National Electricity Rules*.

APPENDIX A: ENERGEX REQUESTED CODE CHANGE

Energex Limited

Electricity Industry Code Change Proposal

**The Use of a Main Switch Seal to Complete a
Disconnection Service Order Request in Limited
Circumstances**

November 2012

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1 Introduction

Energex is requesting the Queensland Competition Authority (QCA) to amend the Queensland Electricity Industry Code (EIC) to formalise the use of a main switch seal (MSS) as a valid method of completing a disconnection service order request in the following limited circumstances where:

1. electrical limitations exist such that Energex cannot safely disconnect a premises at a multiple occupancy complex (either residential or business) without interrupting the supply of electricity to other customers; or
2. due to an inability to safely access or operate the relevant infrastructure Energex cannot disconnect a premises as requested by the retailer.

Energex believes that this change proposal furthers the EIC objective as it promotes the efficient use of electricity services for the long term interests of Queensland customers with regard to quality and reliability of supply. This EIC change proposal seeks to formalise Energex's current practice of performing a MSS where a disconnection requested by the retailer cannot be performed without unfavourable outcomes for other customers at multiple occupancy complexes or due to an inability to safely access the relevant disconnection infrastructure. Customers at multiple occupancy complexes will continue to benefit with uninterrupted supply of electricity regardless of the number of disconnections and reconnections that occur at that complex.

This EIC change proposal is a request made pursuant to section 222A of the *Electricity Regulation 2006* (Electricity Regulation). The Electricity Regulation allows any person to ask the QCA to amend the EIC in a stated way providing the proposal is in the way the QCA reasonably requires, and justifies how it meets the code objective. Energex considers that this EIC change proposal is consistent with the intended subject matter of industry codes as contemplated by *the Electricity Act 1994* and reflected in the EIC.

This document is structured as follows:

- Section 2: Background to the EIC change proposal;
- Section 3: Regulatory Framework;
- Section 4: Energex's current disconnection and reconnection processes;
- Section 5: Outline of the EIC change proposal and application;
- Section 6: High Level Impacts for customers, retailers and distributors;
- Section 7: Contribution to the EIC Objective and Implications if not endorsed;
- Section 8: Other Considerations; and
- Section 9: Proposed drafting to support the EIC change proposal.

In this proposal Energex uses the term "disconnection" consistent with the EIC. In the Australian Energy Market Operator's B2B Procedures: Service Order Process the request is termed a "de-energisation".



2 Background to the EIC Change Proposal

Following the sale of Energex's retail arm and the introduction of Full Retail Competition (FRC), the volume of disconnection requests received by Energex increased significantly. Retailers request disconnection, at no explicit cost to either the retailer or the customer due to the application of Schedule 8, *Electricity Regulations 2006*, to mitigate the risk of unbilled energy consumption. Prior to the retail sale and introduction of FRC, Energex performed approximately 4,000 disconnections in 2006/07, compared with 178,000 disconnection requests received in 2008/09. This significant step change in the volume of requested disconnections resulted in Energex experiencing, at that time, some difficulty in meeting the five business day timeframe to perform a disconnection as prescribed under the EIC.

To remedy this situation, Energex agreed with retailers in late 2008, in consultation with the QCA, the use of a MSS to bring Energex's disconnection performance in line with EIC requirements. In addition Energex agreed to implement system changes to ensure that Energex was providing appropriate B2B responses and agreed a compensation framework with retailers for the risk of unbilled energy. In late 2008, the Queensland Electrical Safety Office was consulted and confirmed that Energex's MSS process, developed to meet EIC timeframes, complied with the Queensland *Electrical Safety Regulations 2002*. Due to the significant volume of requests, the MSS response was used widely from late 2008 to 2010, regardless of the premises type or type of disconnection that could be performed at that premises.

Having addressed the disconnection timeframe performance issue by 2010, Energex actively sought to reduce the number of MSS, increasing the proportion of completed disconnections using other methods (i.e. remove fuse or disconnection at pole top, pillar box or pit) from 64 percent in 2009/10 to 71 percent in 2011/12. This involved a significant resourcing task to establish and retain a pool of electrically qualified contractors able to perform these types of disconnection and the subsequent reconnection.

Furthermore, Energex's performance in terms of completion rates for all disconnection types improved from 63 percent in 2009/10 to 76% in 2011/12. The B2B Procedure: Service Order Process outlines a number of reasons why service orders may not be completed including "Unable to Access". Distribution network service providers' (DNSP) disconnection completion rates were the subject of an Australian Energy Regulator (AER) compliance review for 2009/10 and 2010/11. Based on the AER's findings outlined in its "Wholesale Markets: Quarterly Compliance Report – July-September 2011" released in October 2011, Energex understands its incompleteness rates attributed to access issues were comparable to other DNSPs. However, as per this proposal, due to electrical infrastructure legacy issues and to a much lesser extent the ability to safely access or operate the relevant infrastructure, Energex will need to continue to perform MSS indefinitely.

Queensland's electrical infrastructure configuration was determined by previous electrical standards and limits the ability of Energex to perform requested types of disconnections specifically at multiple occupancy complexes. The majority of these complexes have no individual fuse or Meter Isolation Link (MIL) to allow disconnection of only the relevant premises at that complex. Rather, to disconnect a premises at a multiple occupancy complex in accordance with retailers' requests would invariably require the temporary interruption of supply to all other premises at that complex for both the disconnection and reconnection. This would be the case for 94% of customers at multiple occupancy complexes (both residential and commercial). This would require Energex to provide all potentially affected customers with two business days' notice of a planned interruption as required under the EIC, resulting in unreasonable customer outcomes and additional and inefficient costs being borne by Energex.



These infrastructure limitations have always existed and Energex and Ergon Energy have sought to alleviate this by amending the Queensland Electricity Connection and Metering Manual (QECMM) to require the installation of a Metering Isolation Link (MIL) at new premises. The EIC requires distributors, retailers and customers to comply with the QECMM. MILs are considered part of the customer's electrical infrastructure and as such are installed at the customer's expense. The QECMM requirements have been in place since 2005 for multiple occupancy complexes and 2010 for detached, single dwellings. While detached, single complexes already have a separate fuse, the requirement to install a MIL is driven by safety in that it allows electrical contractors to more easily disconnect where work is being performed. The presence of a MIL facilitates disconnection by the methods requested by retailers at multiple occupancy complexes.

MILs are also required to be installed where a switchboard or electrical meter is replaced or significantly altered, which occurs for instance, where metering for solar photovoltaic (PV) cells is installed at a premises. As at the end of October 2012, approximately 14 percent of all premises have solar PV cells installed of which the vast majority of these are detached, single dwellings. As such the take-up of solar PVs has not resulted in greater infiltration of MILs at multiple occupancy complexes.

In mid 2011 AGL and Origin raised issues with the QCA in regard to Energex's disconnection process, despite performance improvements since 2008. Energex understands that these retailers sought the QCA's involvement to ensure Energex complies with the requirements of the EIC and the B2B market rules. Energex has advised retailers on many occasions of the infrastructure limitations that legitimately prevent the types of disconnections requested being performed in many instances. However the retailers still expressed their dissatisfaction with Energex's MSS process.



3 Regulatory Framework

Energex's disconnection and reconnection processes are governed by the EIC and the B2B Procedures: Service Order Processes. Service order requests such as disconnections and reconnections are managed through B2B communications between retailers and distributors. As prescribed by the EIC, distributors must complete a disconnection service order request within five business days and a reconnection service order request on the same business day providing the request is received by 1pm, otherwise, the next business day. Under clause 2.6 of B2B Procedures: Service Order Process, the service provider must use reasonable endeavours to complete the work, taking into account any special instructions and appointment details contained in the Service Order Request. Note that the MSS approach is described in Figure 1 of the B2B Procedures: Service Order Process (referred to as "turn off main switch and sticker").

Energex believes that its current disconnection and reconnection process including the use of a MSS, complies with the regulatory framework on the basis that Energex:

1. uses reasonable endeavours to ensure that all service orders are completed in the manner requested by the retailer; and
2. completed 99.75% of disconnection requests within the EIC timeframe for 2011/12 as reported to the QCA in quarterly service order reports; and
3. completed 99.6% of reconnection requests within the EIC specified timeframes for 2011/12 as reported to the QCA in quarterly service order reports.



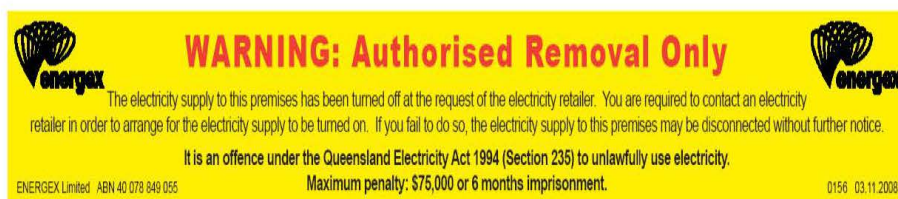
4 Disconnection and Reconnection Processes

4.1 Disconnection Process

Energex's current disconnection process is based on the type of disconnection that can be performed at the relevant premises. Energex has recently enhanced its disconnection process by undertaking an audit of MILs for residential premises to ensure that where a MIL exists Energex performs a remove fuse disconnection. As the MIL is owned by the customer, Energex has incurred costs to collect and retain information about the customer's electrical assets to ensure that wherever possible all disconnection requests are performed as requested. Based on this audit, Energex has identified that there are approximately 6 percent of premises at multiple occupancy complexes with a MIL installed, however this is expected to improve over time given increasing number of new builds and upgrades to switchboards and meters.

Figure 1 below illustrates Energex's current process when a disconnection request is received from a retailer. This process applies to all disconnections relating to residential and commercial premises for vacancy and no pay. Energex notes the following with respect to disconnection requests:

- The majority of disconnection requests by retailers relate to either the premises being vacated or the failure of the customer to pay their electricity bill;
- Almost all disconnection requests received from retailers have a sub-type "remove fuse", with residual requests having a sub-type "disconnection at pole top, pillar box or pit".
- Where a disconnection request is received with no sub-type, Energex assigns a "disconnection at pole top, pillar box or pit" sub-type.
- Energex uses best endeavours to perform the disconnection as requested in the service order request. However, Energex's disconnection process provides for a hierarchical structure whereby a "remove fuse" or "disconnection at pole top, pillar box or pit" is attempted in the first instance, followed by a MIL disconnection (which is equivalent to a "remove fuse" disconnection), and finally a MSS if limitations exist that prevent performing the disconnection as requested. Energex understands that where access or operational issues exist such that the disconnection method requested cannot be performed safely but a MSS can, retailers would prefer that a MSS is completed rather than no action being taken and a "non-complete" B2B response being sent to the retailer.
- A MSS involves turning off the customer's main switch, placing a yellow sticker (seal) over the switch warning of the penalties of removing the sticker, and reading the meter (note below).

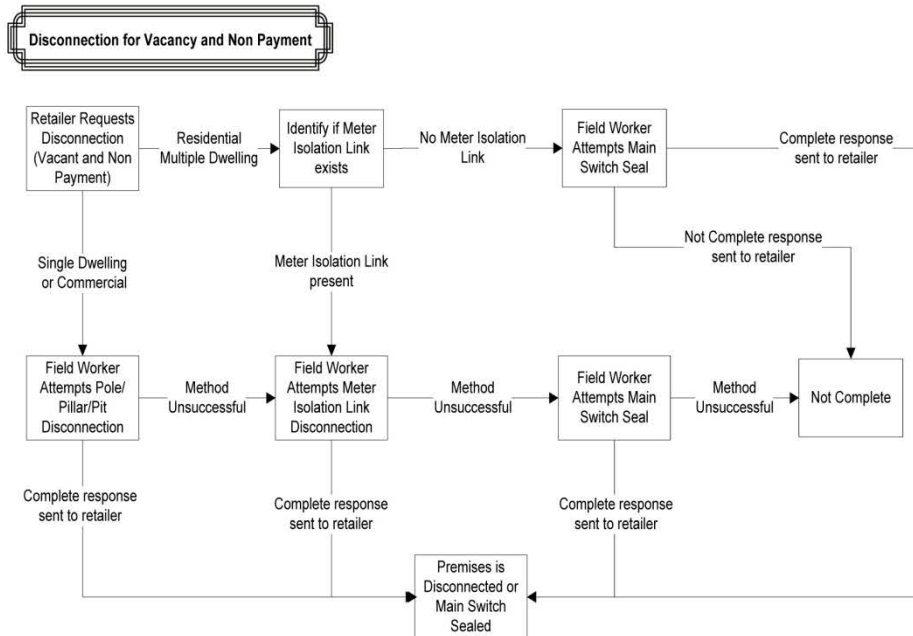




- When a disconnection request is completed, the response sent to the retailer provides information about the type of disconnection performed.
- Where a “remove fuse”, “disconnection at pole top, pillar box or pit” or MIL disconnection is performed, the status of the NMI is “D” for disconnected in the Market Settlement and Transfer Solutions (MSATS) system. Where a MSS is performed the status of the NMI remains “A” for active. This allows Energex to determine that action to be taken in response to a reconnection request. Energex considers a MIL disconnection is equivalent to a “remove fuse” method of disconnection.
- The distributor may not be able to complete the work for legitimate reasons as recognised under the B2B Procedures: Service Order Process which provides for a number of exception codes such as “Unable to Access” or “Customer on Site”.
- Figure 1 does not outline current compensation payment arrangements to retailers where a MSS is employed as agreed in late 2008. Compensation is provided when consumption occurs between the time of the MSS and when Energex believes a new customer has taken responsibility for a premises.



Figure 1



Where the capability exists to perform the disconnection method as requested by the retailers (i.e. “remove fuse”) but for the inability to safely access or operate the relevant infrastructure Energex applies a MSS. In this situation, Energex could return a non-complete service order response to the retailer. However, as displayed in figure 1, Energex will perform a MSS if possible where no other disconnection method is available. Energex considers that in applying this approach it is using reasonable endeavours to complete the work.

4.2 Reconnection Process

Figure 2 outlines Energex’s current reconnection process. As prescribed by the EIC, distributors must complete a reconnection service order on the same business day providing the request is received by 1pm, otherwise, by the next business day. Energex notes the following with respect to reconnection process:

- The majority of reconnection service order requests following disconnection for vacancy have no service order subtype, while reconnection service order requests following disconnection for no pay typically have a service order subtype of “After Disconnection for Non-Payment.
- Where a “remove fuse” or “disconnection at pole top, pillar box or pit” is performed, Energex is required to perform a visual examination of the premises prior to reconnection in accordance with section 152 of the *Electrical Safety Regulation 2002*. This involves the customer arranging a five hour appointment window to allow access to the premises.

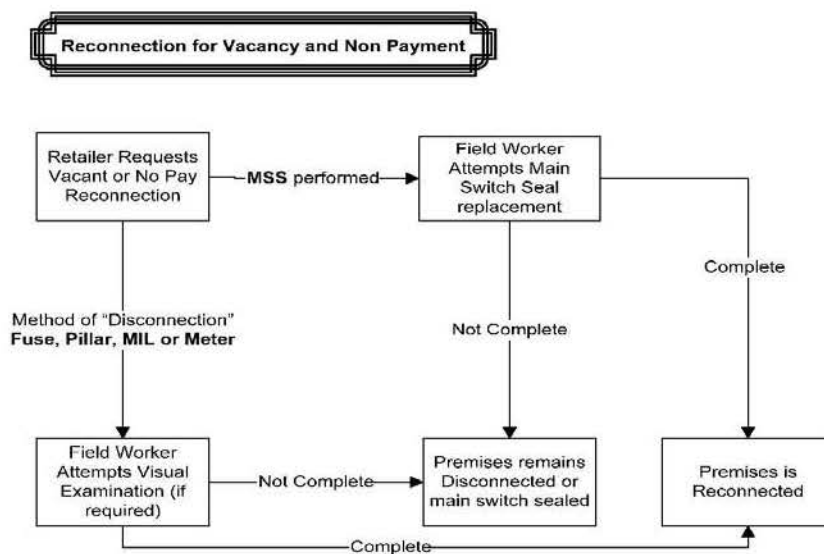


- The Queensland Electrical Safety Office confirmed that Energex does not need to perform a visual examination prior to re-energising a vacant residential premises where a MSS was performed. Energex does perform a visual examination for a business premises where a MSS is performed.
- Reconnection following a MSS involves Energex attending the premises, removing the yellow sticker (seal), applying the green sticker (seal), and reading the meter. The customer's main switch remains in the off position. This reconnection does not require Energex to perform a visual examination; rather, a card is left for the customer with instructions on performing the visual examination themselves before turning on their main switch.



- Where a reconnection is requested following a "remove fuse" disconnection or "disconnection at pole top, pillar box or pit" for no pay, Energex does not perform a visual examination in accordance with the *Electrical Safety Regulation 2002*.

Figure 2





5 Outline of Change Proposal and Application

Energex considers its current disconnection practices meet the requirements of the EIC and the B2B Procedures. In particular, Energex considers that it uses best endeavours to perform work as requested, given that where a disconnection can be performed by the "remove fuse" or "disconnection at pole top, pillar box or pit" method as requested, this is the disconnection method employed. The only exception under Energex's current disconnection process is where these methods of disconnection would result in temporary interruptions of supply to other customers or cannot be performed due to an inability to safely access or operate the relevant infrastructure.

Energex wishes to formalise, for the avoidance of doubt, the use of a MSS under the EIC in these limited circumstances. The limited circumstances are where a disconnection method requested cannot be performed without adverse impacts on other customers or due to safety issues.

As part of this proposal to formalise the use of a MSS Energex will maintain contemporary information regarding customers' assets to inform Energex as to the type of disconnection that can be performed. This EIC change proposal involves no change to the current disconnection and reconnection processes (as outlined in figures 1 and 2 of this proposal) with the exception of ceasing the compensation arrangements for MSS disconnections.

Given the intended widespread use of MSS from late 2008, Energex agreed to compensate retailers for unbilled electricity where a MSS has been performed, from the time the MSS occurred to when Energex considers a new customer has taken responsibility for the premises. If, as a result of this rule change, the EIC recognises MSS as a valid response to a disconnection request under limited circumstances, it is Energex's intention to cease compensation arrangements.

However, Energex recognises it has a continued role to play in limiting unbilled energy consumption, through the provision of information to customers at their premises and notifying retailers where a significant amount of energy has been consumed at the premises where a MSS has been performed. Energex is willing to continue to work with retailers to minimise this risk. However, Energex is not ultimately liable for this consumption providing all reasonable endeavours have been taken to perform a disconnection as requested and a valid response has been actioned.

5.1 Application of the Change Proposal

The EIC change will apply in Queensland where a disconnection is requested by a retailer:

- and an individual connection point does not exist for the relevant premises regardless of the type of customer (i.e. commercial and residential) and the reason for disconnection (i.e. for vacancy and no pay); or
- where a distributor is unable to safely access or operate the relevant infrastructure.

Energex understands that MSS is primarily used in South East Queensland.

Where a disconnection is initiated by the distributor for safety reasons, the disconnection will always be performed using the "remove fuse" or "disconnection at pole top, pillar box or pit" methods. Energex will temporarily interrupt supply to other customers to disconnect for safety reasons. In these circumstances Energex is not required to provide notice of a planned interruption. These volumes are relatively small compared with the disconnection volumes initiated by retailers and represent approximately two percent of completed disconnections.



6 High Level Impacts

As this EIC change proposal seeks to formalise the use of a MSS as part of Energex's current disconnection process, Energex does not consider that there will be any impacts for customers. That is, customers at multiple occupancy complexes, other than those subject to the disconnection request, will continue to have uninterrupted supply of electricity regardless of the number of disconnections and reconnections that occur at that complex. There will be no impact for Energex which will continue to use best endeavours to disconnect as requested in the B2B service order request, recognising that where safe access and operational issues exist, Energex may perform a MSS. As part of this proposal Energex intends to cease the current compensation arrangements with retailers, as performing a MSS in limited circumstances will be considered as a valid response to a disconnection request. This will have a negligible impact on retailers.



7 Contribution to EIC Objective and Implications if not Endorsed

The EIC objective, as set out in clause 1.1 of the EIC is:

... 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.

This EIC change proposal meets the EIC objective, as it seeks to ensure the ongoing quality and reliability of supply to customers, namely those located in multiple occupancy complexes. These customers are entitled to uninterrupted supply irrespective of their electrical infrastructure and implications for performing disconnections and reconnections for individual premises at multiple occupancy complexes.

Allowing the use of a MSS where safe access and operation of relevant disconnection infrastructure is not provided meets the EIC objectives as it provides for efficient use of electricity services; the disconnection request is completed safely and prevents further potential costs being incurred associated with the rescheduling of the disconnection including the making of appointments with customers.

Alternatives to a MSS and the EIC Objective

If this EIC change proposal is not endorsed, the requirement to disconnect premises as requested would involve frequent temporary planned interruptions of supply at multiple occupancy complexes. Under the EIC, Energex is required to give at least two business days' notification to small customers of a planned interruption except in the case of emergencies. In the event of a disconnection at a multiple occupancy complex, Energex would have to take the following actions:

- Provide two days notice to the whole complex of the disconnection;
- Remove fuse to disconnect the whole complex;
- Remove fuse to disconnect the individual unit/apartment/business; and
- Re-instate fuse to reconnect the remaining units/apartments/businesses.

This disconnection process takes approximately 30 minutes. Note that a similar process is required to reconnect the relevant premises at a multiple occupancy complex such that supply to all premises is again interrupted for approximately 30 minutes. Given that some multiple occupancy complexes have hundreds of apartments, residents could regularly have their supply interrupted which in Energex's opinion would result in unreasonable customer outcomes.

The EIC prescribes reconnection timeframes as the same business day if the reconnection request is received by 1pm, or the next business day if the reconnection request is received after 1pm. If completing the reconnection request involves the temporary interruption of supply to other customers, there appears inconsistency in the regulatory obligations with respect to meeting the EIC service order timeframes, and the EIC requirement of providing two business days' notice of a planned interruption. Additional reconnection costs of approximately \$850,000 per annum would also be incurred by Energex due to having to perform visual examinations for all reconnections in accordance



with the *Electrical Safety Regulations 2002* rather than for reconnections relating to non-MSS disconnections only.

Energex would incur additional administrative costs in managing the planned interruptions requirements. Undertaking a visual examination prior to reconnection also requires customers to make a five hour window appointment at considerable inconvenience. The customer must be on site for the visual examination as access is required to the inside of the premises to inspect all power points and light switches and any structure on the property that has electricity. Energex does not consider that such an approach would promote the EIC objective given the customer inconvenience and additional costs likely to be incurred by Energex.

An alternative which would allow Energex to disconnect as per the retailers' request at multiple occupancy complexes without interrupting supply is through a retrospective roll-out of MILs at such complexes. As a MIL is the customer's asset, the customer would have to incur the cost of the MIL and its installation. Given that customers would bear these additional costs and the benefits would accrue to the customers' retailers, Energex does not consider that this approach to be in the best interest of the customer and thereby does not further the EIC objective.



8 Other Considerations

8.1 Further Change to Energex's Disconnection Process

Energex also highlights to the QCA that it intends to make a subsequent change to its disconnection process in 2013. Currently the premises/NMI is assigned "D" for de-energised in the MSATS system where a "remove fuse" disconnection and "disconnection at pole top, pillar box or pit" is performed. Whereas when a MSS is performed, the premises/NMI continues to be assigned an "A" for active status. This assignment was driven by a need to identify premises that require a visual inspection at the time of reconnection and facilitate the compensation arrangements. Energex understands that the retailers prefer all premises/NMIs being assigned "D" regardless of the type of disconnection performed and intends to make system changes next year to facilitate this. Following these system changes, premises which require a visual inspection on reconnection will be identified via the type of disconnection performed. Retailers will have visibility of this when initiating reconnection service order requests.

8.2 Department of Energy & Water Supply (DEWS) Discussion Paper on Customer Move-In Move-Out (MIMO) Process

DEWS released a discussion paper on the residential customer MIMO process in Queensland in July 2012. This paper discusses cost, efficiency and customer convenience issues associated with the current residential MIMO process. Two alternative options are considered by the paper:

- the removal of schedule 8 price cap for disconnection resulting in MIMO situations (option 1); and
- change the EIC to prevent retailers from raising a service order request for disconnection for a period of time after the move-out customer's final meter read is performed (option 2).

Energex supported a qualified option 1. Energex's submission noted the use of a MSS where infrastructure limitations exist. While the potential MIMO process changes may reduce the volume of disconnections, this does not lessen the need for this EIC change and the use of MSS in the limited circumstances described in this proposal. Energex also notes its intention to cease paying compensation to retailers, on the basis that paying compensation in these circumstances differentiates between valid disconnection request responses. This was outlined in Energex's submission to DEWS.



9 Drafting EIC Changes

Inclusion of 5.7.4

5.7.4 Requirement to Complete Disconnection Service Order Requests

A distribution entity is deemed to complete a standard disconnection service order (regardless of requested *ServiceOrderSubType*) if it employs the method of Turn off Main Switch and Sticker at a premises if:

- Completing the standard service order for disconnection in accordance with the specified *ServiceOrderSubType* would result in the temporary disconnection of multiple premises; or
- The distribution entity is unable to safely access or operate the relevant infrastructure to complete the disconnection in accordance with the specified *ServiceOrderSubType*.

Inclusion at 10.1.1 Definitions

ServiceOrderSubType has the meaning given in the *B2B Procedures (service order process)* as applicable to Queensland.

APPENDIX B: DRAFT DECISION PROPOSED CODE CHANGE

In the Draft Decision, the Authority proposed to include the following clause in the Code to address the issue of unbilled energy costs when distributors complete MSS disconnections.

5.7.4 Requirement to Complete Disconnection Service Order Requests

A *distribution entity* is deemed to complete a standard disconnection *service order* (regardless of requested *ServiceOrderSubType*) if it employs the method of Turn off Main Switch and Sticker at a premises if:

(a) Completing the *standard service order* for disconnection in accordance with the specified *ServiceOrderSubType* would result in the temporary disconnection of multiple *premises*; provided:

(i) the *distribution entity* does not bill the *financially responsible market participant* for network tariffs until the *distributor* notifies the *financially responsible market participant* that a significant amount of energy is being consumed at the *premises*, or receives a service order type of “re-energisation” for the premises; and

(ii) the *distribution entity* pays the *financially responsible market participant* \$4 as compensation for any electricity that may be consumed at the *premises* during the *period of disconnection*.

10.1 Definitions and Interpretation

financially responsible Market Participant – has the meaning given in the *National Electricity Rules*