



Part of Energy Queensland

23 December 2025

Mr Charles Millstead
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Mr Millstead

Charles

Proposal for a Review of the Guaranteed Service Level Regime under the Electricity Distribution Network Code

Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network) are writing to propose amendments to the Guaranteed Service Level (GSL) regime under the Electricity Distribution Network Code (EDNC) prior to the Queensland Competition Authority's (QCA's) scheduled GSL review for the 2030–35 regulatory control period.

The EDNC forms part of the regulatory framework for electricity distribution in Queensland and includes a comprehensive GSL regime to ensure minimum service standards for small customers. Under clause 2.3.19 of the EDNC, the QCA must review GSL arrangements and associated payment amounts at the start of each five-year regulatory control period. In addition, under Part 1A of the Electricity Regulation 2006 (Regulation), proponents may ask the QCA to amend the EDNC and the QCA may decide whether to submit the proposal for consultation.

Energex and Ergon Energy Network have identified two issues that require attention prior to the next regulatory control period commencing on 1 July 2030. Accordingly, we are seeking the QCA's consideration of a proposal to amend the EDNC under Part 1A of the Regulation. The proposed amendments are to address the following:

- **The impending national phase-out of cheques and the current inability to automatically credit GSL payments to customers' retail electricity bills**

Clauses 2.3.11 and 2.3.12 of the EDNC currently allow GSL payments to customers by cheque, electronic funds transfer, or other agreed means. Energex and Ergon Energy Network predominantly use cheques as the most efficient option. However, under the Australian Government's Cheques Transition Plan, cheques will cease being issued by 30 June 2028 and will no longer be accepted by 30 June 2029.

This change removes the most efficient payment method available under the EDNC. Alternative options require customer engagement, increasing costs and complexity. The most practical solution is to enable automatic credits to customers' retail bills, which is common in other jurisdictions and requires no customer action.

We therefore propose the QCA consider amending clause 2.3.12 to remove reference to cheques and include retail bill credits as an approved payment method.

- **The requirement to make GSL payments for connection and reconnection delays during periods covered by notified Disaster Recovery Funding Arrangements (DRFA)**

Natural disasters disrupt normal operations and divert resources to emergency restoration. While clause 2.3.9(b) of the EDNC exempts interruption-related GSLs during DRFA events, no equivalent exemption exists for connection or reconnection GSLs.

Between 2020 and 2025, Energex and Ergon Energy Network paid \$590,529 in GSLs for delays during DRFA events, representing 5.4% of all GSL payments. These payments do not reflect poor service and increase costs for all customers.

We therefore propose the QCA consider amending clauses 2.3.4 and 2.3.5 to include exemptions for connection and reconnection GSLs during DRFA-notified events, aligning treatment with interruption GSLs.

Further details on the issues underpinning our proposed amendments to the GSL regime are found in two attachments. We would welcome the opportunity to discuss these proposed amendments and understand the QCA's process for considering changes to the EDNC before the next regulatory control period.

Should the QCA require additional information or wish to discuss any aspect of our proposed amendments, please contact Mr Benn Barr, Executive General Manager Regulation, Risk & Strategy, on [REDACTED] or [REDACTED]

Yours sincerely



Peter Scott
Chief Executive Officer

Encl: Attachment A: 2028 National Phase-Out of Cheques, Including for GSL Payments
Attachment B: Payment of Connection and Reconnection GSLs During DRFA Events

ATTACHMENT A: 2028 NATIONAL PHASE-OUT OF CHEQUES, INCLUDING FOR GSL PAYMENTS

Background

Under the EDNC, distributors must use best endeavours to automatically pay the GSL payment (clause 2.3.11), plus pay the GSL payment by cheque, electronic funds transfer (EFT) or any other means agreed with the small customer (clause 2.3.12).

Energex and Ergon Energy Network usually provide GSL payments to customers via cheques. However, under the Australian Government's Cheques Transition Plan:

- by 30 June 2028, personal, commercial, government and bank cheques will cease being issued and cheques issued after this date will not be accepted; and
- on 30 June 2029, personal, commercial, government and bank cheques will no longer be accepted for payments by financial institutions, with the closure of the cheques system.¹

Once cheques can no longer be issued, EFT and 'any other means agreed' requires engaging with customers to collect or update their details, noting this would mean in most cases the GSL payment is no longer automatic.

This engagement could be done via the Energex and Ergon Energy Network online customer portals.² However, the costs per customer of this engagement are approximately:

- \$169 where the customer self-registers and submits a claim without assistance; and
- \$203 where the customer requires assistance to register and submit claim.

These costs can be considerably higher than the value of the GSL payment being provided. For 2025-30, GSL payments range from \$38 to \$188, with the most frequent payment type for both Energex and Ergon Energy Network, reliability – interruption duration, valued at \$150.³ In addition, if customers do not respond to Energex's and Ergon Energy Network's online engagement or submit claims, then the GSL payment cannot be made. This can be an issue for vulnerable customers, who may face barriers due to limited access to technology.

The simplest and most effective solution is to issue GSL payments as credits on customers' retail bills. This approach is also automatic, requiring no action from customers. The National Electricity Rules (NER) already enable a distribution network service provider's (DNSP's) GSL payment to be made via the relevant retailer.⁴ However, the NER provision would only apply to Energex and Ergon Energy Network if the EDNC is updated to allow GSL payments via the retailer.

¹ [Australia's Cheques Transition Plan | Treasury.gov.au](#).

² [Self Service | Energex](#) and [Self Service | Ergon Energy](#).

³ [Electricity Distribution Network Code](#), section 2.3.10 for GSL payment \$ values and [Guaranteed Service Levels: Performance by Energex and Ergon Energy in 2024–25](#), Tables 1 and 5 for GSL payment frequency.

⁴ [NER Chapter 6B: Retail markets - AEMC Energy Rules](#), clause 6B.A2.4.

Timing considerations

Under the EDNC, the QCA must review GSLs and payment amounts to apply at the beginning of each regulatory period (clause 2.3.19). This means the QCA will conduct a review in 2028 for the 2030–2035 GSL arrangements. However, this is too late to address the cheques national phase-out because the associated changes to the EDNC only take effect on 1 July 2030. To avoid relying on less effective and more costly GSL payment options, an earlier review is needed.

While the Cheques Transition Plan involves ceasing the issuing of cheques by 30 June 2028, the other considerations for when a new approach to GSL payments should be available are:

- Some smaller banks are already reducing their cheque services, and others may do the same before the official Cheques Transition Plan phase-out dates. This means it will become harder for customers to cash GSL payment cheques before the phase-out dates.
- There is a risk the Commonwealth Bank (CBA), which draws cheques for Energex and Ergon Energy Network, may exit the cheque system earlier, although it would probably give at least six months' notice. If the CBA does, then the absolute last date a GSL payment cheque can be provided to a customer and then presented for payment will be before 30 June 2028 and 30 September 2029 respectively.
- The QCA's 2023 review of GSL arrangements required nine months and two rounds of public consultation. A future review focused only on our two proposed amendments would be simpler, but the QCA may still follow the two-step consultation process. It may also be beneficial to conduct a full review of GSL arrangements earlier than 2028, with any changes to GSL arrangements applied until 2035. We recognise these are matters for the QCA to decide.
- Energex and Ergon Energy Network, along with all retailers, should be provided six months to put in place the necessary systems and processes.

To provide a suitable buffer, we recommend the QCA commence a review of GSL payment options as soon as practical and no later than January 2027, so the review is completed by late 2027.

Prospects of support for the proposal

In its 2023 Review of GSL arrangements for the 2025-30 regulatory period, the QCA stated (prior to the Australian Government's release of more details on and dates for the Cheques Transition Plan):

- A fit-for-purpose GSL payment process is needed once cheques are phased out to ensure the scheme meets its objectives.
- The EDNC could be amended to formalise GSL payments via the small customer's retailer, aligning with Energy Queensland's 2023 submission.
- Developing a retailer-based GSL payment framework will require extensive stakeholder engagement to identify technical, legislative and operational barriers, unintended consequences, and the regulatory burden on DNSPs and retailers.
- If retailers act as intermediaries, a clear framework for retailer obligations and processing timelines must be established.

- It would also be necessary to establish a defined timeframe for retailers to credit GSL payments to customer accounts.⁵

The other major stakeholder engaging in the QCA's 2023 Review was the Queensland Consumers Association. Its position was that DNSPs should make GSL payments direct to their customers, in particular by EFT, but it was open to discussing the use of retailers.⁶ No competitive retailers submitted to the QCA.

However, there is widespread precedent for this approach, with automatic crediting of GSL payments to customers' retail bills already occurring in:

- South Australia: annually;⁷
- Victoria: quarterly;⁸
- the Australian Capital Territory: monthly or annually;⁹ and
- Tasmania: optional, based on an agreement between the retailer and the distributor, with payments made promptly.¹⁰

In New South Wales, licence conditions for distributors indicate a form of GSL payment may involve reducing the fixed charge on the network tariff (providing a credit through the retail bill).¹¹

Proposed amendment to the EDNC

Energex and Ergon Energy Network propose the QCA amend clause 2.3.12 of the EDNC to delete the cheque reference and add reference to credits on retail bills. This amendment aligns with the QCA's proposal during its 2023 GSL review for a future EDNC amendment of the GSL payment approach provision.

⁵ [Review of Guaranteed Service Levels to apply in Queensland from 1 July 2025](#), page 13.

⁶ [queensland-consumers-association-august-2023.pdf](#), page 3.

⁷ [20250424-Electricity-SAPN-GSLscheme-July2025-FactSheet.pdf](#), page 1.

⁸ [Appendix A - Consumer Information fact sheet 1.docx](#), section 5.

⁹ [Your rights and obligations](#).

¹⁰ [24 1289 Guaranteed Service Level Scheme Guideline, Version 4, 1 July 2024.PDF](#), section 3.3.

¹¹ [Instrument of variation of conditions of distributor's licence](#), section A.5.1.

ATTACHMENT B: PAYMENT OF CONNECTION AND RECONNECTION GSLS DURING DRFA EVENTS

Background

Natural disasters, such as cyclones, floods, bushfires and severe storms, are often sudden and unexpected and result in major damage to or destruction of a large number of network assets, at times across multiple regions. These events require an immediate response from Energex and Ergon Energy Network to restore supply to impacted communities, thereby disrupting normal operating functions, capabilities and resources. Delivery of new customer connections and other customer service work, such as reconnections, can therefore be impacted while crews are focussed on emergency recovery works and safely restoring power to impacted communities in a timely manner.

As natural disasters are unforeseeable and unavoidable events that prevent the distribution entities from fulfilling their obligations, Energex and Ergon Energy Network are of the view that consideration should be given to extending the exclusion from the requirement to make a GSL payments during the period for which DRFA have been notified to connection and reconnection GSLS. While the purpose of the GSL regime is to acknowledge inconvenience to customers, these events are beyond the distributor's control and are not a reflection of poor customer service or an indicator of systemic issues that need to be addressed.

Customers value how Energex and Ergon Energy Network respond to severe weather events and natural disasters to ensure power supply is restored to communities as quickly as possible. We therefore believe that financial compensation for the distributor's temporary inability to meet these GSLS due to circumstances beyond its control is inappropriate and inconsistent with the application of the DRFA exclusion to reliability GSLS.

These GSL payments form part of Energex's and Ergon Energy Network's operating expenditure which is recovered from all customers. The distributors can also include materially higher GSL costs incurred because of a natural disaster event in any cost pass through application to the Australian Energy Regulator. Therefore, the proposal to remove the requirement to pay connection and reconnection GSLS incurred during notified DRFAs would lessen GSL related costs passed on to all customers and assist in addressing energy affordability concerns.

Issue

Clause 2.3.4 of the EDNC provides that if a small customer has taken all necessary steps to have its premises connected and no extension or augmentation of the network is required, and the distribution entity does not provide the connection service on the date agreed (or subsequently agreed) with the customer, then the customer is eligible for a GSL payment. Where no date is agreed, the service order timeframes set out in clause 3.7.3 of the EDNC apply.

Similarly, clause 2.3.5 of the EDNC provides that a small customer is eligible for a GSL payment if their premises has been disconnected and the customer has taken all necessary steps to have the premises reconnected, and the distribution entity does not reconnect the premises within the specified timeframe.

While clause 2.3.9(b) of the EDNC exempts the distribution entities from the requirement to make a GSL payment for interruption GSLs that occur during the period for which DRFA have been notified, no similar exclusion applies to other GSLs, including connection and reconnection GSLs. Therefore, the distribution entity is required to make payment to any small customer eligible for a GSL payment (other than an interruption GSL) incurred during a DRFA notified period.

Financial Impact

During the 2020-25 regulatory control period, Energex and Ergon Energy Network paid a combined total of \$590,529 in connection and reconnection GSL payments to eligible customers for delays incurred during natural disaster events. This represents 5.4 per cent of all GSL payments made during that period.

Table 1: Connection and reconnection GSL payments incurred during DRFA events – 2020-2025

Event	Energex		Ergon Energy Network	
	No. GSLs	Amount	No. GSLs	Amount
South East Qld Rainfall and Flood	653	\$237,460	124	\$14,539
TC Alfred	466	\$222,642	2	\$62
Northern & Central Qld Monsoon	N/A	N/A	392	\$41,863
Southern Qld Bushfires	59	\$6,959	34	\$3,176
TC Kirrily	N/A	N/A	146	\$16,368
TC Jasper	N/A	N/A	123	\$16,678
NQ Bushfires	N/A	N/A	69	\$8,370
Western Qld Surface Trough	52	\$3,580	68	\$7,610
Southwest Flooding	N/A	N/A	25	\$3,100
Western Qld Rainfall & Flooding	N/A	N/A	13	\$1,457
Brisbane Microburst Event	18	\$2,170	N/A	N/A
TC Imogen	N/A	N/A	37	\$4,495
Total (All Events)	1248	\$472,811	1033	\$117,718

Note: Connection and reconnection GSL payments were set at \$62¹² per day, up to a cap of \$496¹³ worth of GSL payments per financial year, for the 2020-25 regulatory control period.

Proposal

Energex and Ergon Energy Network propose the QCA amend the EDNC to include new subclauses under clauses 2.3.4 and 2.3.5 to exempt distributors from connection and reconnection GSL payments during DRFA-notified natural disaster events. This change would align the treatment of connection and reconnection GSLs with interruption GSLs during disaster events and reduce unnecessary financial burden on distributors and customers.

¹² Increased to \$75 per day for the 2025-30 regulatory control period.

¹³ Increased to \$600 per financial year in the 2025-30 regulatory control period.

