

Guaranteed Service Levels: Performance by Energex and Ergon Energy in 2023-24

Compliance report

September 2024

© Queensland Competition Authority 2024

The Queensland Competition Authority supports and encourages the dissemination and exchange of information. However, copyright protects this document. The QCA has no objection to this material being reproduced, made available online or electronically, but only if the QCA is recognised as the owner of the copyright and this material remains unaltered.

Contents

OVERVIEW	1
1 INTRODUCTION	2
1.1 Guaranteed Service Levels scheme	2
1.2 Energex and Ergon Energy compliance	2
1.3 GSL measures, thresholds and payments	2
1.4 Processing claims and making GSL payments	3
1.5 The QCA's enforcement responsibilities	3
2 ENERGEX GSL COMPLIANCE	4
2.1 GSL payments made	4
2.2 GSL claims rejected	5
2.3 Eligible GSL claims not paid	5
3 ERGON ENERGY GSL COMPLIANCE	6
3.1 GSL payments made	6
3.2 GSL claims rejected	7
3.3 Eligible GSL claims not paid	7

Overview

The Electricity Distribution Network Code (the code) requires Energex and Ergon Energy (the distributors) to make guaranteed service level (GSL) payments to residential and small business customers when the specified GSL levels are not met.

GSL payments are an acknowledgement of the inconvenience a customer experiences when Energex or Ergon Energy does not meet a GSL. The payments relate to failures to meet customer service standards. The most common GSL payment is for interruptions in the supply of electricity, which often occurs due to extreme weather such as storms.

The code requires Energex and Ergon Energy to monitor and report on their compliance with GSLs. Their reporting for 2023-24 is summarised in the following table.

GSL measure	Energex		Ergon Energy	
	Number of payments	Value of payments	Number of payments	Value of payments
Wrongful disconnection	12	\$1,860	12	\$1,860
Late connection	1,239	\$491,846	27	\$9,362
Late reconnection	22	\$3,193	3	\$248
Failure to attend a scheduled customer appointment on time	185	\$11,470	159	\$9,858
Failure to give sufficient notice of a planned interruption – residential customers	281	\$8,711	711	\$22,041
Failure to give sufficient notice of a planned interruption – small business customers	31	\$2,387	178	\$13,706
Reliability – interruption duration	14,017	\$1,738,108	8,241	\$1,021,884
Reliability – interruption frequency	0	\$0	0	\$0
Total in 2023-24	15,787	\$2,257,575	9,331	\$1,078,959
Total in 2022-23	3,405	\$413,204	11,091	\$1,312,184
Change from 2022-23 to 2023-24	+12,382	+\$1,844,371	-1,760	-\$233,225

Sources: Quarterly compliance reports available on Energex [website](#) and Ergon [website](#).

Compared to 2022-23, both the total number and value of GSL payments made in 2023-24 were:

- higher for Energex, mainly due to substantially more interruption duration GSL payments
- lower for Ergon Energy, mainly due to a decrease in interruption duration GSL payments.

The number and value of late connection GSL payments were much higher in 2023-24 than in 2022-23 for both Energex and Ergon Energy. However, compared to interruption duration GSLs, their number and value were much smaller and therefore had a smaller impact on the total number and value.

In 2023-24, 14 Ergon Energy customers reached the \$496 GSL payment cap, compared to 2 customers in 2022-23. In 2023-24, 545 Energex customers reached the GSL payment cap, which was significantly higher than the 26 customers who reached the cap in 2022-23.

For more information on this report, phone the Queensland Competition Authority (QCA) on 07 3222 0555 or make an enquiry on the QCA website at <https://www.qca.org.au/contact/>.

1 Introduction

1.1 Guaranteed Service Levels scheme

The code requires the distributors to make GSL payments to small customers when the GSL levels specified in the code are not met.¹ Small customers are residential or business customers who consume less than 100 megawatt hours of electricity per year.²

GSL payments are an acknowledgement of the inconvenience a customer experiences when Energex or Ergon Energy does not meet a GSL. The payments relate to, for instance, the duration and frequency of supply interruptions, wrongful disconnections, late connections and reconnections, and failure to give sufficient notice of planned interruptions.

1.2 Energex and Ergon Energy compliance

The code requires the distributors to monitor and report on their compliance with GSLs, and to publish quarterly compliance reports on their websites. These reports are not intended to enable performance comparisons between the distributors. Energex supplies largely urbanised areas of south-east Queensland, whereas Ergon Energy operates a wider distribution network spread across regional Queensland. Ergon Energy's network features a significant number of long, isolated feeders and lower customer densities. Consequently, the GSL outcomes of the distributors tend to differ, and performance comparisons cannot reliably be made from the reports.

1.3 GSL measures, thresholds and payments

For 2023-24, the code set the following GSLs and GSL payments:³

- wrongful disconnection of a customer – \$155
- late connection of a customer – \$62 per day late
- late reconnection of a customer – \$62 per day late
- failure to attend a scheduled appointment with a customer on time – \$62
- failure to give sufficient notice of a planned interruption – \$31 for residential customers and \$77 for small business customers
- reliability GSLs that focus on the duration and frequency of supply interruptions:
 - if the duration of an interruption experienced by a customer lasts longer than 8 hours for central business district feeders, 18 hours for urban or short rural feeders, or 24 hours for long rural feeders, the customer may be eligible for a \$124 GSL payment. Payments for interruption duration GSLs – often triggered by severe weather events such as summer storms – typically make up a large proportion of the distributors' annual GSL payments.
 - if the frequency of interruptions experienced by a customer in a financial year is equal to or higher than the relevant level set out in the code, the customer may be eligible for a \$124 GSL payment.⁴

¹ Electricity Distribution Network Code, clauses 2.3.1-2.3.9. The code is available on the QCA [website](#).

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

³ Electricity Distribution Network Code, clauses 2.3.3 to 2.3.10.

⁴ The number of interruptions a customer must experience to become eligible for a GSL payment varies, depending on the feeder type through which the customer's premises is supplied (e.g. CBD, urban or short rural).

Some interruptions are excluded when determining liability for GSL payments that relate to reliability, such as interruptions of one minute or less, interruptions resulting from failure of the shared transmission grid or any failure of a customer's electrical installation. Where Disaster Recovery Funding Arrangements (DRFA) are activated, the distributors are not obligated to pay interruption GSLs during the activation period.⁵

The amount of GSL payments that a customer can receive in one financial year for each electricity account is currently capped at \$496; this cap excludes GSL payments for wrongful disconnections.⁶

1.4 Processing claims and making GSL payments

The distributors must use best endeavours to automatically pay a customer when a GSL event occurs. However, if payment does not happen, 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.⁷

The distributors must use best endeavours to process a GSL claim made by a customer:

- for all GSLs, except interruption frequency GSLs – within one month of receiving the claim
- for the interruption frequency GSLs – one month of the end of the financial year, or one month after receiving the claim, whichever is later.⁸

1.5 The QCA's enforcement responsibilities

A distributor's failure to comply with GSL requirements contravenes the code. The QCA is responsible for enforcing the code when there are contraventions of the code under the *Electricity Act 1994* (Qld).⁹

If the QCA believes that a material contravention has occurred – or is likely to occur – warning notices or code contravention notices can be given and Supreme Court proceedings for a civil pecuniary penalty can be sought. In the case of a material breach of the code, the process the QCA will follow is outlined in the QCA's enforcement guidelines.¹⁰

⁵ Electricity Distribution Network Code, clause 2.3.9(b).

⁶ Electricity Distribution Network Code, clause 2.3.15(a)-(b).

⁷ Electricity Distribution Network Code, clauses 2.3.11 and 2.3.12. GSL payments can be made via cheque, electronic funds transfer or any means agreed with the small customer.

⁸ Electricity Distribution Network Code, clause 2.3.14.

⁹ Electricity Act, chapter 5, part 1A, division 6.

¹⁰ The guidelines are available on the QCA [website](#).

2 Energex GSL compliance

2.1 GSL payments made

Energex made 15,787 GSL payments totalling \$2,257,575 in 2023-24. **Table 1** shows the number of and value of payments for each GSL measure.

Table 1: Energex GSL payments, 2023-24

GSL measure and payment amount	Threshold	Number of payments	Value of payments
Wrongful disconnection: \$155	Disconnection wrongful under the electricity legislation	12	\$1,860
Late connection: \$62/day	Connection not provided by the agreed date	1,239	\$491,846
Late reconnection: \$62/day	Reconnection not provided within the required time	22	\$3,193
Appointments: \$62	Failure to attend an appointment on time	185	\$11,470
Notice of a planned interruption – residential: \$31	Notice of a planned interruption to supply not given	281	\$8,711
Notice of a planned interruption – small business: \$77	Notice of a planned interruption to supply not given	31	\$2,387
Reliability – interruption duration: \$124	Threshold depending on feeder type: <ul style="list-style-type: none"> • CBD feeder: duration >8 hours • urban or short rural feeder: duration >18 hours • long rural or isolated feeder: duration >24 hours 	14,017	\$1,738,108
Reliability – interruption frequency: \$124	Number of interruptions in a financial year depending on feeder type: <ul style="list-style-type: none"> • CBD feeder: 10 • urban feeder: 13 • short rural, long rural or isolated feeders: 21 	0	\$0
Total		15,787	\$2,257,575

Notes: The number of GSL payments includes both automatically identified GSLs and customer-initiated claims that were paid. In 2023-24, 545 Energex customers reached the \$496 GSL payment cap, which is significantly higher than in 2022-23 (26 customers). A customer is not entitled to more than one interruption frequency GSL payment in a financial year.

Source: Energex quarterly GSL reports.

Table 2 shows the value of Energex's GSL payments for the six years to 2023-24.

Table 2: Energex GSL payments, 2018-19 to 2023-24

GSL measure	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Wrongful disconnection	\$4,544	\$3,266	\$2,299	\$2,635	\$1,705	\$1,860
Late connection	\$170,191	\$197,166	\$349,203	\$343,666	\$57,660	\$491,846
Late reconnection	\$2,394	\$2,451	\$2,041	\$3,472	\$2,976	\$3,193
Appointments	\$7,125	\$5,016	\$9,761	\$7,936	\$6,572	\$11,470
Notice of a planned interruption – residential	\$28,671	\$10,276	\$17,417	\$7,533	\$11,191	\$8,711
Notice of a planned interruption – small business	\$9,017	\$3,976	\$4,845	\$2,541	\$4,004	\$2,387
Reliability – interruption duration	\$3,213,888	\$153,786	\$1,204,010	\$466,240	\$329,096	\$1,738,108
Reliability – interruption frequency	\$114	\$0	\$0	\$0	\$0	\$0
Total	\$3,435,944	\$376,051	\$1,589,576	\$834,023	\$413,204	\$2,257,575

Note: The payment amount for each GSL increased from 1 July 2020. Consequently, care should be taken in making comparisons about the value of GSL payments from 2020-21 onwards and in previous years.

Source: Energex quarterly GSL reports.

In 2023-24, the number and value of interruption duration payments increased substantially to 14,071 and \$1,738,108 respectively, which was a key driver of Energex's higher GSL liability. This was predominantly influenced by more outages related to weather events compared to 2022-23. Due to severe weather events in December 2023 and January 2024, Energex made 12,919 interruption duration GSL payments in the March quarter of 2024 to a total value of \$1,601,956.

Also, the number and value of late connection payments increased to 1,239 and \$491,846 respectively, resulting in GSL payments being \$434,186 higher than in the previous financial year. Energex noted this increase was because resources were redirected from completing new connections to assisting with emergency responses necessitated by the above-mentioned severe weather events.

2.2 GSL claims rejected

In 2023-24, Energex received 120 customer-initiated GSL claims, of which it rejected 97 (**Table 3**). In comparison, during 2022-23 Energex received 52 customer-initiated claims and rejected 17.

Table 3: Energex GSL claims received and rejected, 2023-24

GSL measure	Customer claims	Claims rejected
Wrongful disconnection	13	9
Late connection	8	5
Late reconnection	2	1
Appointments	9	6
Notice of a planned interruption – residential	10	7
Notice of a planned interruption – small business	5	3
Reliability – interruption duration	67	60
Reliability – interruption frequency	6	6
Total	120	97

Note: The number of customer claims are the number of customer-initiated claims that were made and do not include automatically identified GSLs.

Source: Energex quarterly GSL reports.

2.3 Eligible GSL claims not paid

In 2023-24, Energex did not pay 105 eligible GSL claims, which had a total value of \$20,552 (**Table 4**). In comparison, during 2022-23 Energex did not pay 49 claims, valued at \$14,167. Energex stated it was unable to process the 105 claims, as it could not obtain the customer data from retailers. The unpaid claims are primarily related to the late connection and interruption duration GSLs.

Table 4: Eligible GSL claims not paid by Energex, 2020-21 to 2023-24¹¹

	2020-21	2021-22	2022-23	2023-24
Number of claims not paid	49	111	49	105
Value of claims not paid	\$11,468	\$38,688	\$14,167	\$20,552

Source: Energex quarterly GSL reports.

¹¹ Following the QCA's final decision in 2019 on the [Review of Guaranteed Service Levels to apply to Energex and Ergon Energy from July 2020](#), clause 2.4.2(a)(i)(iv) was added to the code, which requires distribution entities to report on the number of eligible GSL payments not made each quarter.

3 Ergon Energy GSL compliance

3.1 GSL payments made

Ergon Energy made 9,331 GSL payments totalling \$1,078,959 in 2023-24. **Table 5** shows the number and value of payments for each GSL measure.

Table 5: Ergon Energy GSL payments, 2023-24

GSL measure and payment amount	Threshold	Number of payments	Value of payments
Wrongful disconnection: \$155	Disconnection wrongful under the electricity legislation	12	\$1,860
Late connection: \$62/day	Connection not provided by the agreed date	27	\$9,362
Late reconnection: \$62/day	Reconnection not provided within the required time	3	\$248
Appointments \$62	Failure to attend an appointment on time	159	\$9,858
Notice of a planned interruption – residential: \$31	Notice of a planned interruption to supply not given	711	\$22,041
Notice of a planned interruption – small business \$77	Notice of a planned interruption to supply not given	178	\$13,706
Reliability – interruption duration: \$124	Threshold depending on feeder type: <ul style="list-style-type: none"> • CBD feeder: duration >8 hours • urban or short rural feeder: duration >18 hours • long rural or isolated feeder: duration >24 hours 	8,241	\$1,021,884
Reliability – interruption frequency: \$124	Number of interruptions in a financial year depending on feeder type: <ul style="list-style-type: none"> • CBD feeder: 10 • urban feeder: 13 • short rural, long rural or isolated feeders: 21 	0	\$0
Total		9,331	\$1,078,959

Notes: The number of GSL payments includes both automatically identified GSLs and customer-initiated claims that were paid. In 2023-24, 14 Ergon Energy customers reached the \$496 GSL payment cap, compared to 2 customers in 2022-23. A customer is not entitled to more than one interruption frequency GSL payment in a financial year. Source: Ergon Energy quarterly GSL reports.

Table 6 shows the value of Ergon Energy's GSL payments for the six years to 2023-24.

Table 6: Ergon Energy GSL payments, 2018-19 to 2023-24

GSL measure	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Wrongful disconnection	\$7,526	\$5,112	\$1,679	\$3,565	\$2,170	\$1,860
Late connection	\$513	\$1,311	\$853	\$992	\$992	\$9,362
Late reconnection	\$5,857	\$2,620	\$491	\$3,224	\$1,922	\$248
Appointments	\$8,664	\$5,472	\$4,962	\$4,712	\$11,284	\$9,858
Notice of a planned interruption – residential	\$27,076	\$22,456	\$15,535	\$17,546	\$16,368	\$22,041
Notice of a planned interruption – small business	\$13,277	\$5,893	\$5,076	\$5,461	\$7,084	\$13,706
Reliability – interruption duration	\$1,094,512	\$551,550	\$527,054	\$750,200	\$1,272,364	\$1,021,884
Reliability – interruption frequency	\$798	\$2,280	\$0	\$0	\$0	\$0
Total	\$1,158,223	\$596,694	\$555,650	\$785,700	\$1,312,184	\$1,078,959

Note: The payment amount for each GSL increased from 1 July 2020. Consequently, care should be taken in making comparisons about the value of GSL payments from 2020-21 onwards and in previous years. Source: Ergon Energy quarterly GSL reports.

The number and value of GSL payments made by Ergon Energy in 2023-24 decreased compared to 2022-23, when Ergon made 11,091 payments totalling \$1,312,184. The primary driver of the decrease in Ergon Energy's GSL liability in 2023-24 was a decrease in interruption duration payments. They decreased from 10,261 payments totalling \$1,272,364 in 2023-23 to 8,241 payments totalling \$1,021,884 in 2023-24. This decrease was largely due to fewer weather-related outages across regional Queensland in 2023-24 compared to 2022-23.

3.2 GSL claims rejected

In 2023-24, Ergon Energy received 31 customer-initiated GSL claims, of which it rejected 18 (**Table 7**). In comparison, during 2022-23 Ergon Energy received 39 customer-initiated claims and rejected 14. Compared to 2022-23, the increase in rejected claims in 2023-24 was primarily driven by Ergon Energy rejecting more interruption duration claims.

Table 7: Ergon Energy GSL claims received and rejected, 2023-24

GSL measure	Customer claims	Claims rejected
Wrongful disconnection	2	2
Late connection	2	1
Late reconnection	0	0
Appointments	2	0
Notice of a planned interruption – residential	7	1
Notice of a planned interruption – small business	0	0
Reliability – interruption duration	14	10
Reliability – interruption frequency	4	4
Total	31	18

Note: The number of customer claims are the number of customer-initiated claims that were made and do not include automatically identified GSLs.

Source: Ergon Energy quarterly GSL reports.

3.3 Eligible GSL claims not paid

In 2023-24, Ergon Energy did not pay 29 eligible GSL claims, valued at \$4,867 (**Table 8**). In comparison, during 2022-23 Ergon Energy did not pay 67 claims, valued at \$9,424. Ergon Energy stated it was unable to process the 29 claims, as it could not obtain the customer data from retailers. The unpaid claims primarily relate to missed appointment and interruption duration GSLs.

Table 8: Eligible GSL claims not paid by Ergon, 2020-21 to 2023-24¹²

	2020-21	2021-22	2022-23	2023-24
Number of claims not paid	26	40	67	29
Value of claims not paid	\$3,064	\$5,332	\$9,424	\$4,867

Source: Ergon Energy quarterly GSL reports.

¹² Following the QCA's final decision in 2019 on the [Review of Guaranteed Service Levels to apply to Energex and Ergon Energy from July 2020](#), clause 2.4.2(a)(i)(iv) was added to the code, which requires distribution entities to report on the number of eligible GSL payments not made each quarter.