

Compliance report

Guaranteed Service Levels: performance by Energex and Ergon Energy for 2022–23

September 2023

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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 do 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 2022–23 is summarised in the following table.

GSL measure (payment amount)	Energex		Ergon Energy	
	Number of payments	Value of payments	Number of payments	Value of payments
Wrongful disconnection	11	\$1,705	14	\$2,170
Late connection	207	\$57,660	5	\$992
Late reconnection	14	\$2,976	9	\$1,922
Failure to attend a scheduled customer appointment on time	106	\$6,572	182	\$11,284
Failure to give sufficient notice of a planned interruption – residential customers	361	\$11,191	528	\$16,368
Failure to give sufficient notice of a planned interruption – small business customers	52	\$4,004	92	\$7,084
Reliability – Interruption duration	2,654	\$329,096	10,261	\$1,272,364
Reliability – Interruption frequency	0	\$0	0	\$0
Total	3,405	\$413,204	11,091	\$1,312,184
Previous year total (2021–22)	5,132	\$834,023	6,816	\$785,700
Difference	-1,727	-\$420,819	4,275	\$526,484

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

For Ergon Energy, the number and value of GSL payments made in 2022–23 were both significantly higher than in 2021–22, primarily due to an increase in interruption duration GSL payments. In contrast, the number and value of interruption duration GSL payments made by Energex in 2022–23 were lower than in 2021–22. Energex also reduced the number of late connections to 207 in 2022–23 resulting in a significant reduction in payments compared to the previous financial year.

In 2022–23, two Ergon Energy customers reached the \$496 GSL payment cap, whereas in 2021–22 no customers reached the cap. In 2022–23, 26 Energex customers reached the GSL payment cap, which was significantly lower than the 317 customers in 2021–22.

For more information on this report, phone the Queensland Competition Authority (QCA) on (07) 3222 0555 or make an enquiry on the QCA website (<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 do not meet a GSL. The payments relate to, for instance, the duration and frequency of supply interruptions, wrongful disconnection, 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.³ 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 2022–23 the code set the following GSLs and GSL payments:

- 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 (\$62)
- failure to give sufficient notice of a planned interruption (\$31 for residential customers and \$77 for small business customers).⁴

The code also specifies reliability GSLs that focus on the duration and frequency of supply interruptions. The conditions for these GSLs are that:

- 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.⁵ Payments for interruption duration GSLs—often triggered by severe weather events such as summer

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 2.4.1–2.4.2.

⁴ Electricity Distribution Network Code, clauses 2.3.3–2.3.8, 2.3.10.

⁵ Electricity Distribution Network Code, clause 2.3.9 (a)(i).

storms—typically make up a significant proportion of the distributors' annual GSL payments.⁶

- 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.⁷

Some interruptions are excluded when determining liability for GSL payments that relate to reliability, such as interruptions of one minute or less. Other exclusions include interruptions resulting from failure of the shared transmission grid and any failure of a customer's electrical installation.⁸

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.⁹

Where Disaster Recovery Funding Arrangements (DRFA) are activated, the distributors are not obligated to pay interruption duration GSLs during the activation period.

1.4 Processing claims and making GSL payments

The distributors must use best endeavours to automatically pay a customer when a GSL event occurs.¹⁰ 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.¹¹

The distributors 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.¹² 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.¹³

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).¹⁴

If the QCA believes that a material contravention has occurred—or is likely to occur—warning notices, code contravention notices and Supreme Court proceedings for a civil pecuniary penalty

⁶ For further discussion of this issue, see QCA, *Review of Guaranteed Service Levels to apply to Energex and Ergon Energy from July 2020*, final decision, March 2019 (chapter 4), and Energy Queensland's submissions to the review, available on the QCA [website](#).

⁷ Electricity Distribution Network Code, clause 2.3.9(a)(ii). 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).

⁸ Electricity Distribution Network Code, clause 2.3.9(b).

⁹ Electricity Distribution Network Code, clause 2.3.15(a)–(b).

¹⁰ Under clause 2.3.12 of the Electricity Distribution Network Code, GSL payments can be made via cheque, electronic funds transfer or any means agreed with the affected customer.

¹¹ Electricity Distribution Network Code, clause 2.3.11.

¹² Electricity Distribution Network Code, clause 2.3.14(a).

¹³ Electricity Distribution Network Code, clause 2.3.14(b).

¹⁴ Electricity Act, chapter 5, part 1A, division 6.

can be given or 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.¹⁵

¹⁵ The guidelines are available on the QCA [website](#).

2 ENERGEX GSL COMPLIANCE

2.1 GSL payments made

Energex made 3,405 GSL payments totalling \$413,204 in 2022–23. Table 1 shows the number of GSL payments and their combined value for each GSL measure.

Table 1 Energex GSL payments 2022–23

GSL measure (payment amount)	Threshold	Number of payments	Value of payments
Wrongful disconnection (\$155)	Disconnection wrongful under the electricity legislation ¹⁶	11	\$1,705
Connection (\$62/day)	Connection not provided by the agreed date	207	\$57,660
Reconnection (\$62/day)	Reconnection not provided within the required time	14	\$2,976
Appointments (\$62)	Failure to attend appointments on time	106	\$6,572
Notice of a planned interruption – residential (\$31)	Notice of a planned interruption to supply not given	361	\$11,191
Notice of a planned interruption – small business (\$77)	Notice of a planned interruption to supply not given	52	\$4,004
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 	2,654	\$329,096
Reliability – interruption frequency (\$124)	Number of interruptions in a financial year (a customer is not entitled to more than one interruption frequency GSL payment 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		3,405	\$413,204

Notes: The number of GSL payments includes both automatically identified GSLs and customer-initiated claims that were made. The number of customer claims is the total number of customer claims received (the sum of customer claims made and paid and customer claims rejected).

Twenty-six Energex customers reached the \$496 GSL payment cap, which is significantly lower than in 2021–22 (317 customers).

Source: Energex quarterly GSL reports.

¹⁶ 'Electricity legislation' is defined in chapter 6 (definitions) of the code 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.

Table 2 shows the value of Energen's GSL payments for the five years to 2022–23.

Table 2 Energen GSL payments, 2018–19 to 2022–23 (\$)

GSL payment type	2018–19	2019–20	2020–21	2021–22	2022–23
Wrongful disconnection	4,544	3,266	2,299	2,635	1,705
Connection	170,191	197,166	349,203	343,666	57,660
Reconnection	2,394	2,451	2,041	3,472	2,976
Appointments	7,125	5,016	9,761	7,936	6,572
Planned interruption—residential	28,671	10,276	17,417	7,533	11,191
Planned interruption—small business	9,017	3,976	4,845	2,541	4,004
Reliability—interruption duration	3,213,888	153,786	1,204,010	466,240	329,096
Reliability—interruption frequency	114	0	0	0	0
Total	\$3,435,944	\$376,051	\$1,589,576	\$834,023	\$413,204

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 previous years.

Source: Energen GSL compliance reports.

In 2022–23, the number and value of interruption duration payments decreased substantially to 2,645 and \$329,096 respectively, which was a key driver of Energen's lower GSL liability. This was predominantly influenced by relatively smaller weather-related outage events compared to 2021–22. For example, due to weather events, Energen paid 3,212 interruption duration GSL payments in the March quarter of 2021–22 alone.

Also, the number and value of connection payments decreased substantially to 207 and \$57,660 respectively, resulting in GSL payments being \$286,006 lower than in the previous financial year.

2.2 GSL claims rejected

In 2022–23, Energen received 52 customer-initiated GSL claims, of which it rejected 17 claims. In comparison, during 2021–22 Energen received 143 customer-initiated claims and rejected 97.

Table 3 Energen GSL claims rejected 2022–23

GSL measure	Customer claims	Claims rejected
Wrongful disconnection	11	6
Connection	6	1
Reconnection	5	1
Appointments	1	1
Planned interruption—residential	12	5
Planned interruption—small business	4	2
Reliability—interruption duration	12	1
Reliability—interruption frequency	1	0
Total	52	17

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

Source: Energen quarterly GSL reports.

2.3 Eligible GSL claims not paid

In 2022–23, Energex did not pay 49 eligible GSL claims, which had a total value of \$14,167.¹⁷ In comparison, during 2021–22 Energex did not pay 111 claims, valued at \$38,688. Energex stated it was unable to process the 49 claims, of which 10 were vacant sites, as it was unable to obtain the customer data from retailers. The unpaid claims are primarily related to the connection and interruption duration GSLs.

Table 4 Eligible GSL claims not paid

Number of claims not paid	Value of claims not paid
49	\$14,167

Source: Energex quarterly GSL reports.

¹⁷ Following the QCA's final decision 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 11,091 GSL payments totalling \$1,312,184 in 2022–23. Table 5 shows the number of GSL payments and their value for each GSL measure.

Table 5 Ergon Energy GSL payments 2022–23

GSL measure (payment amount)	Threshold	Number of payments	Value of payments
Wrongful disconnection (\$155)	Disconnection wrongful under the electricity legislation	14	\$2,170
Connection (\$62/day)	Connection not provided by the agreed date	5	\$992
Reconnection (\$62/day)	Reconnection not provided within the required time	9	\$1,922
Appointments (\$62)	Failure to attend appointments on time	182	\$11,284
Notice of a planned interruption – residential (\$31)	Notice of a planned interruption to supply not given	528	\$16,368
Notice of a planned interruption – small business (\$77)	Notice of a planned interruption to supply not given	92	\$7,084
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 	10,261	\$1,272,364
Reliability – interruption frequency (\$124)	Number of interruptions in a financial year (a customer is not entitled to more than one interruption frequency GSL payment 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		11,091	\$1,312,184

Notes: The number of GSL payments includes both automatically identified GSLs and customer-initiated claims that were made. The number of customer claims is the total number of customer claims received (the sum of customer claims made and paid and customer claims rejected).

Two of Ergon Energy's customers reached the \$496 GSL payment cap in 2022–23. No customers reached the cap in 2021–22.

Source: Ergon Energy quarterly GSL reports.

Table 6 shows the value of Ergon Energy's GSL payments for the five years to 2022–23.

Table 6 Ergon Energy GSL payments, 2018–19 to 2022–23 (\$)

GSL payment type	2018–19	2019–20	2020–21	2021–22	2022–23
Wrongful disconnection	7,526	5,112	1,679	3,565	2,170
Connection	513	1,311	853	992	992
Reconnection	5,857	2,620	491	3,224	1,922
Appointments	8,664	5,472	4,962	4,712	11,284
Planned interruption—residential	27,076	22,456	15,535	17,546	16,368
Planned interruption—small business	13,277	5,893	5,076	5,461	7,084
Reliability—interruption duration	1,094,512	551,550	527,054	750,200	1,272,364
Reliability—interruption frequency	798	2,280	0	0	0
Total	\$1,158,223	\$596,694	\$555,650	\$785,700	\$1,312,184

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 previous years.

Source: Ergon Energy GSL compliance reports.

In 2022–23, Ergon Energy made 11,091 payments totalling \$1,312,184. In contrast a smaller number and value of GSL payments were made in 2021–22 (6,816 payments totalling \$785,700). The primary driver of this was an increase in interruption duration payments, which increased from 6,050 payments totalling \$750,200 in 2022–22 to 10,261 payments totalling \$1,272,364. This increase was largely due to outages resulting from weather events across regional Queensland that occurred during 2022–23.

3.2 GSL claims rejected

In 2022–23, Ergon Energy received 39 customer-initiated GSL claims, of which it rejected 14 claims. In comparison, during 2021–22 Ergon Energy received 81 customer-initiated claims and rejected 52. The decrease this year is primarily driven by Ergon Energy receiving, and rejecting, fewer wrongful disconnection and planned interruption residential GSLs than in 2021–22.

Table 7 Ergon Energy GSL claims rejected, 2022–23

GSL measure	Customer claims	Claims rejected
Wrongful disconnection	3	0
Connection	1	1
Reconnection	0	0
Appointments	2	2
Planned interruption—residential	12	2
Planned interruption—small business	3	0
Reliability—interruption duration	10	3
Reliability—interruption frequency	8	6
Total	39	14

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 2022–23, Ergon Energy did not pay 67 eligible GSL claims, which had a total value of \$9,424.¹⁸ In comparison, during 2021–22 Ergon Energy did not pay 40 claims, valued at \$5,332. Ergon Energy stated it was unable to process 67 claims, of which 23 were vacant sites, as it was unable to obtain the customer data from retailers. The unpaid claims primarily relate to the notice of planned interruption and interruption duration GSLs.

Table 8 Eligible GSL claims not paid

Number of claims not paid	Value of claims not paid
67	\$9,424

Source: *Energex quarterly GSL reports.*

¹⁸ Following the QCA's final decision 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.