

12 May 2023

Professor Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Professor Menezes

Review of Guaranteed Service Levels to apply in Queensland from 1 July 2025

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), both distribution network service providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Queensland Competition Authority (QCA) on its *Guaranteed Service Levels Review to apply in Queensland from 1 July 2025* (the Review).

Feedback and comments on the Review questions are included in the attached response template.

Should the QCA require additional information or wish to discuss any aspect of this response, please contact me on 0429 394 855 or Laura Males on 0429 954 346.

Yours sincerely,



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Acting Manager Regulation

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Encl: *Ergon Energy and Energex's comments on the Review questions*

GSLs	
<p>2.1 Are the current GSL arrangements suitable for use in the next regulatory control period? What reasons, if any, are there for changing the current GSLs in the EDNC for 2025–30?</p>	<p>During the current regulatory control period, both Ergon Energy and Energex have identified large volumes of customers are not presenting cheques for payment. While these payments are deposited into the unclaimed monies fund after two years, the large volume suggests there may be a requirement to identify a more suitable payment method. Clause 6B.A2.4 of the National Electricity Rules defines the distributor’s statement of charges and refers to “and where applicable, any credits for Guaranteed Service Levels (GSL) payments that the DNSP is required to make in respect of a shared customer’s premises.” While this clause could be utilised to make payments via the customers retailer, the current Network Code prevents this payment method. We also note, the required GSL processing timeframe of best endeavours within one month, does not align with customers on quarterly billing cycles with their retailer. The Network Code also specifies that the avenues of payment for the distributor are directly to the customer unless otherwise agreed.</p> <p>It is our recommendation that further consideration be given to alternative payment methods and also note complications for retailers in applying credits via bills which requires further discussion.</p>
<p>2.2 Are the threshold triggers for payment of GSLs still appropriate?</p>	<p>Ergon Energy and Energex support the current arrangements.</p>
<p>2.3 Are the values of GSL payments still appropriate for the next regulatory period or should they be adjusted? If so, how should they be adjusted?</p>	<p>In our view, GSL payments for the 2025–30 regulatory control period should be increased by the same Consumer Price Index (CPI) based methodology used in previous reviews.</p>
<p>2.4 Is the annual cap on GSLs for individual customers still appropriate, or should it be adjusted? If so, how should it be adjusted?</p>	<p>In our view, GSL payments for the 2025–30 regulatory control period should be increased by the same CPI-based methodology used in previous reviews.</p>
Other matters	

3.1 What are stakeholder views on the isolated feeder GSL measures in the EDNC?	Ergon Energy and Energex provide no comment.
3.2 What reliability obligations and measures should apply to new SAPS where customers are no longer connected to the grid?	Ergon Energy and Energex suggest the threshold for stand-alone power systems (SAPS) customers should remain equal to the category from which they were prior to being moved to a SAPS supply. For example, if a customer was in a long-rural category, then moved to a SAPS solution, we suggest this customer should retain the threshold of the long-rural category. This enables for consistent reliability thresholds for customers and reporting requirements aligned with the Australian Energy Regulator’s Distribution Reliability Measures Guideline ¹ .
3.3 Are there any other issues related to this matter that we should consider?	Ergon Energy and Energex provide no comment.
3.4 What are stakeholder views on the eligibility of child embedded network customers receiving GSL payments for DNSP caused interruptions?	Ergon Energy and Energex do not support the implementation of GSLs for customers in an embedded network (EN). DNSPs do not provide connection services to these customers and only have an obligation to the EN (parent). As such, DNSPs do not receive customer data from any child National Metering Identifier (NMI) to facilitate the payment of GSL’s to these customers. Further, we suggest that certain GSL types would not even be applicable, such as late connections, reconnections, and appointments.
3.5 What are the potential costs and benefits of extending the DNSP caused GSL interruption payment to child embedded network customers?	Ergon Energy and Energex refer you to our comments in response to 3.4. Ergon Energy and Energex suggest there are significant costs involved in maintaining a customer database for child NMIs given they do not provide connection services to these customers. If the QCA takes an alternative view and considers that the DNSP should pay a GSL to child NMIs, this could only operate if the EN operator/owner had an obligation to apply for the GSL on behalf of the customer by providing individual customer details to enable DNSPs to process payments for each individual customer.

¹ Australian Energy Regulator, <https://www.aer.gov.au/system/files/AER%20-%20Distribution%20reliability%20measures%20guideline%20-%20August%202022.pdf>

<p>3.6 Are there any other issues related to this matter that we should consider?</p>	<p>Ergon Energy and Energex advise GSLs should apply to all market participants (where relevant). However, we note there are impacts for Ergon Energy Queensland in relation to planned interruption notifications.</p>
<p>3.7 Do stakeholders have any comments on opportunities to align different definitions and exclusions with other schemes?</p>	<p>In our view, the threshold for exempted outages should align to the service target performance incentive scheme (STPIS). The Code currently indicates: “The following types of interruptions are excluded from paragraph (a): (i) an interruption of a duration of one minute or less²” As such, Ergon Energy and Energex suggest the threshold should be aligned to the three minutes in the STPIS, rather than the Code.</p>
<p>3.8 Are there any other issues related to this matter that we should consider?</p>	<p>Ergon Energy and Energex provide no comment.</p>

² Electricity Distribution Network Code, version 4 <https://www.qca.org.au/wp-content/uploads/2019/05/ednc-version-4-july-2020.pdf> p7.