



AUSTRALIA & NEW ZEALAND
ENERGY AND WATER
OMBUDSMAN NETWORK

14 May 2008

Mr Chris Pattas
General Manager
Network Regulation South
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

By email: AERInquiry@aer.gov.au

Dear Mr Pattas

Re: Electricity distribution network service providers: Service target performance incentive scheme (April 2008)

The Australia & New Zealand Energy and Water Ombudsman Network (ANZEWON) thanks the Australian Energy Regulator (AER) for the opportunity to comment on its proposed scheme for performance incentives to maintain and improve electricity distribution service standards.

ANZEWON is a network of energy (and water, where applicable) ombudsmen in Australia and New Zealand. Some of our schemes are industry-based, others are statutory but for all of us, our core business is resolving disputes between customers and energy and water providers. This focus on the impartial and independent resolution of complaints informs the comments we make in this submission.

Our comments focus on the Guaranteed Service Level (GSL) component of the Service Target Performance Incentive Scheme (discussed in section 6 of the paper setting out the proposed scheme), because that is the aspect that customers see; s-factor schemes are remote for customers.

The establishment of a GSL scheme is a matter for policy makers. ANZEWON's interest is that GSLs can be of assistance in resolving and investigating complaints. It is ANZEWON's view that the existence of GSLs – when well promoted to customers via Customer Charters and fact sheets and when related events arise – can prevent some complaints from arising. When a customer receives a GSL, they effectively receive

recognition from their distribution company that the service they experienced was significantly below average. Customers who have received a GSL are still entitled to complain to their distribution company or one of our schemes, but for many customers the GSL may be sufficient recognition and resolve the issue for them.

We see the following features of the proposed GSL component of the Services Target Performance Incentive Scheme as helpful in preventing or resolving customer complaints:

- the coverage of the major areas where the actions of the distribution network service providers (DNSPs) have an impact on small customers (but see our comments about appointment windows below)
- the proposed thresholds which are in line with existing jurisdictional schemes, and
- the requirement for automatic payment by DNSPs, rather than expecting customers to apply for the payment.

ANZEWON notes the comments on appointment windows in section 6.10.3.2 of the AER's Explanatory Statement and Discussion Paper but suggests that further consideration be given to including a GSL for appointment windows. Missed appointments are a source of customer complaints to our offices, and a related GSL can prevent some of these complaints.

ANZEWON notes that the proposed thresholds for the reliability indicators (frequency of interruptions, duration of interruptions and total duration of interruptions) are more generous for rural feeders than for CBD and urban feeders. This reality is acknowledged but careful monitoring by the AER to ensure that the thresholds are effective in providing an incentive to improve service standards for rural customers will be helpful. We find service standards for rural customers, particularly relating to repeated outages, can be a source of complaint.

It is not clear to us from either the Explanatory Statement and Discussion Paper or the Scheme itself whether the AER intends to publish the outcome of its review of the data provided by the DNSPs. We hope there will be publication, based on the Utility Regulators Forum's national framework for distribution businesses reporting. Such data would be a worthwhile addition to the AER's valuable publication *State of the Energy Market*.

Yours sincerely



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