



13 February 2020

Ms Sarah Proudfoot  
Australian Energy Regulator  
GPO Box 520  
Melbourne Vic 3001

regulatoryinnovation@aer.gov.au

Dear Ms Proudfoot

### **D19-120504 Draft Customer Service Incentive Scheme**

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) welcome the opportunity to provide comment to the Australian Energy Regulator (AER) on its Draft Customer Service Incentive Scheme (CSIS).

This submission, which is available for publication, is provided by Ergon Energy and Energex as distribution network service providers (DNSPs) operating in Queensland.

Ergon Energy and Energex broadly support the Draft CSIS to improve the quality of DNSPs' services to meet evolving customer and community expectations. In particular we support that these measures are driven by our customers' expectations through our consultation process. We currently undertake a significant amount of work to understand what service customers expect in order to proactively meet their needs, including an annual household energy survey which has been used to develop a customer index to measure performance against a set of criteria which are important to customers.

Furthermore, we also survey customers following contact or completion of a service order with the DNSP through our Voice of Customer program. Customers are surveyed within several days around overall satisfaction, ease to do business with, cost effectiveness, timeliness and professionalism. These results also feed into our corporate customer index and provide both insight into customer experience and business improvement opportunities. We believe that this information will provide a sound basis for our submission to the AER as part of the next Regulatory Determination process.

Notwithstanding, we anticipate that the CSIS will require administration, new tools and additional monitoring mechanisms which will increase operational expenditure and thereby result in upward pressure on prices which will ultimately be borne by all customers. Our engagement with our customers has revealed that the key concern for Queensland customers is affordability, rather than other indicators of customer service.

As such, we would seek to undertake further consultation with our customers to gauge their willingness to pay for further improvements before assessing our ability to claim a reward under this scheme.

Given that Ergon Energy and Energex have recently submitted their revised Regulatory Proposal, we anticipate that the CSIS will not apply to us until the 2025-30 Regulatory Control Period. Furthermore, it is unclear how the baseline targets of the measures will be calculated and submitted to the AER for consideration. We suggest that the final CSIS provide clarity as to when it will apply to each DNSP and a clear indication as to the criteria for nominating baseline targets and historical data.

Should you require additional information or wish to discuss any aspect of this submission, please contact me on (07) 3851 6787 or Barbara Neil on (07) 4432 8464.

Yours Sincerely



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