

Energy and Water Ombudsman (Victoria) Limited

ABN 57 070 516 175

4 February 2005

Dr John Tamblyn
Chairperson
Essential Services Commission
Level 2, 35 Spring St
MELBOURNE 3000

By email: edpr@esc.vic.gov.au

Dear Dr Tamblyn

Re: Electricity Distribution Price Review 2006-10 Issues Paper

Thank you for the opportunity to provide comment on the Essential Services Commission's December 2004 *Electricity Distribution Price Review 2006-10 Issues Paper* ('the ESC's Issues Paper').

EWOV wishes to provide some brief comments on some of the service standards that are discussed and proposed by electricity distributors in the ESC's Issues Paper.

Guaranteed Service Level (GSL) payments

There are some significant differences in the GSL payments proposed by each electricity distributor (as summarised in Table 9.2 of the ESC's Issues Paper).

There are pros and cons to allowing GSL payments to vary significantly between electricity distributors. On the positive side, an electricity distributor's proposal may result in an improvement to service standards and this may raise the benchmark for industry best practice. On the negative side, a difference between GSL standards or payment amounts can, of itself, cause customer dissatisfaction. For example, a customer may ask why (in a highly regulated industry sector) the GSL payment is lower than their friend received, or why the GSL standard is lower than applied at their previous address.

EWOV generally supports a high level of consistency in the GSL payments of electricity distributors. Differences in the geographical areas covered by each electricity distributor may warrant some differences in the supply restoration payment GSL and the low reliability payment GSL. However, EWOV suggests the other electricity distribution GSL payments should generally be consistent for customers across Victoria.

EWOV wishes to provide some brief comments on some of the specific GSL issues raised in the ESC's Issues Paper, as follows:

- EWOV believes that 'momentary interruption' (for the purposes of the low reliability payment GSL) should continue for 2006-10 to be defined as an interruption of less than one minute in duration. If the definition of 'momentary interruption' is changed in 2006 to less than three minutes or less than seven minutes (as advocated by several electricity distributors), then this may send the wrong signal to customers about the significance of supply reliability. EWOV supports the ESC's suggestion that further data on the duration of supply interruptions should be collected during 2006-10.
- In relation to the GSL for failure to attend an appointment on time, EWOV suggests the 'appointment window' should be no more than two hours.
- In relation to the GSL for delayed new connections, the results of the ESC's regulatory audits (as noted in the ESC's Issues Paper) suggest there is room for the timeframe of 20 business days to be reduced.
- EWOV supports the retention of the GSL for failure to repair a faulty street light, as the prompt repair of faulty street lights is in the interests of public safety. EWOV suggests the GSL payment should be at least \$20.
- EWOV suggests that if a GSL is to be introduced for failure to give notice of an unplanned interruption, then it should be introduced across Victoria. If it is introduced, it should apply where the customer has failed to *receive* the notice at least four business days prior to the planned interruption. The 'date of receipt' of the notice could be defined (deemed) in the Electricity Distribution Code, as it is in the Energy Retail Code in relation to other notices.

Voltage Variation Compensation Guideline payments

EWOV notes that three of the five electricity distributors have proposed 'new for old' compensation, in limited circumstances, for appliance damage caused by voltage variation. EWOV suggests that this is an area where there should be consistency for customers across Victoria.

EWOV further suggests that the ESC closely examine the depreciation rates of different sorts of appliances. This will assist the ESC to decide whether it is appropriate to limit 'new for old' compensation to appliances (or some types of appliances) of less than a certain age.

Call centre response time benchmarks

EWOV notes there is considerable variation in the targets proposed by distributors for measuring call centre response time performance (in terms of the percentage of calls answered within 30 seconds). EWOV suggests the ESC conduct some research into the targets that apply in other jurisdictions and in other industries (such as telecommunications). This will assist the ESC to set an appropriate target. EWOV further suggests that an automated 'please hold' message should not constitute a response. An automated message should only constitute a response if it provides a

customer with substantive information (for example, about the estimated time for the restoration of supply).

Benchmarks for the provision of information by distributors to retailers

EWOV suggests it may be appropriate for electricity distributors to report to the ESC on the following customer service measures:

- The number of transfer delays attributable to the distributor (for example, where the delay resulted from a failure to take an actual reading of an accessible meter).
- Timeframes for special meter readings and meter accuracy tests and the provision of results to the retailer.

We trust these comments are of assistance. Should you require any clarification of, or expansion on, the EWOV's comments, please do not hesitate to contact me or Stephen Gatford, Policy & Research Officer, on (03) 9649 7599.

Yours sincerely

Fiona McLeod
Energy and Water Ombudsman (Victoria)