

Queensland Competition Authority

Compliance report

Guaranteed Service Levels: performance by Energex and Ergon Energy for 2021–22

September 2022

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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 2021–22 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	17	\$2,635	23	\$3,565
Late connection	926	\$343,666	5	\$992
Late reconnection	25	\$3,472	25	\$3,224
Failure to attend a scheduled customer appointment on time	128	\$7,936	76	\$4,712
Failure to give sufficient notice of a planned interruption – small business customers	33	\$2,541	71	\$5,461
Failure to give sufficient notice of a planned interruption – residential customers	243	\$7,533	566	\$17,546
Reliability – Interruption duration	3,760	\$466,240	6,050	\$750,200
Reliability – Interruption frequency	0	\$0	0	\$0
Total	5,132	\$834,023	6,816	\$785,700
Previous year total (2020–21)	11,708	\$1,589,576	4,947	\$555,650
Difference	-56.2%	-\$755,553	37.8%	\$230,050

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

For Energex, the number and value of GSL payments made in 2021–22 were both significantly lower than in 2020–21, primarily due to a reduction in payments for the interruption duration GSL. In contrast, the number and value of GSL payments made by Ergon Energy in 2021–22 were both higher than in recent years, primarily due to an increase in payments for the interruption duration GSL.

During 2021–22, 317 Energex customers reached the \$496 GSL payment cap, which was higher than the 90 customers in 2021–22. No Ergon Energy customers reached the GSL payment cap in 2021–22 or 2020–21.

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 tends to differ, and performance comparisons cannot reliably be made from the reports.

1.3 GSL measures, thresholds and payments

For 2021–22 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.

- 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 Refer to chapter 5, part 1A, division 6 of the *Electricity Act 1994* (Qld).

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

Energen made 5,132 GSL payments totalling \$834,023 in 2021–22. Table 1 shows the number of GSL payments and their combined value for each GSL measure.

Table 1 Energen GSL payments 2021–22

<i>GSL measure (payment amount)</i>	<i>Threshold</i>	<i>Number of payments</i>	<i>Value of payments</i>
Wrongful disconnection (\$155)	Disconnection wrongful under the electricity legislation ¹⁶	17	\$2,635
Connection (\$62/day)	Connection not provided by the agreed date	926	\$343,666
Reconnection (\$62/day)	Reconnection not provided within the required time	25	\$3,472
Appointments (\$62)	Failure to attend appointments on time	128	\$7,936
Notice of a planned interruption – small business (\$77)	Notice of a planned interruption to supply not given	33	\$2,541
Notice of a planned interruption – residential (\$31)	Notice of a planned interruption to supply not given	243	\$7,533
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 	3,760	\$466,240
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		5,132	\$834,023

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).

317 Energen customers reached the \$496 GSL payment cap, which is higher than in 2021–22 (90 customers).

Source: Energen 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 Energex's GSL payments for the five years to 2021–22.

Table 2 Energex GSL payments, 2017–18 to 2021–22 (\$)

<i>GSL payment type</i>	<i>2017–18</i>	<i>2018–19</i>	<i>2019–20</i>	<i>2020–21</i>	<i>2021–22</i>
Wrongful disconnection	5,254	4,544	3,266	2,299	2,635
Connection	79,179	170,191	197,166	349,203	343,666
Reconnection	6,667	2,394	2,451	2,041	3,472
Appointments	9,690	7,125	5,016	9,761	7,936
Planned interruption—business	8,449	9,017	3,976	4,845	2,541
Planned interruption—residential	33,656	28,671	10,276	17,417	7,533
Reliability—interruption duration	4,777,740	3,213,888	153,786	1,204,010	466,240
Reliability—interruption frequency	0	114	0	0	0
Total	\$4,920,635	\$3,435,944	\$376,051	\$1,589,576	\$834,023

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: Energex GSL compliance reports.

In 2021–22, the number and value of interruption duration payments decreased substantially to 3,760 and \$433,240 respectively, which was a key driver of Energex's lower GSL liability. This was influenced by the flooding events that occurred across south east Queensland in February and March 2022. As a result of these events, the DRFA were activated, which waived Energex's obligation to pay interruption-duration GSLs that occurred during the DRFA activation period.¹⁷

2.2 GSL claims rejected

In 2021–22, Energex received 143 customer-initiated GSL claims, of which it rejected 93 claims. In comparison, during 2020–21 Energex received 95 customer-initiated claims and rejected 57. The number of customer-initiated claims increased significantly in light of the flooding events of February and March 2022. Again, the activation of the DRFA waived Energex's obligation to pay interruption-duration GSLs, which were customer-initiated claims during this period.¹⁸

Table 3 Energex GSL claims rejected 2021–22

<i>GSL measure</i>	<i>Customer claims</i>	<i>Claims rejected</i>
Wrongful disconnection	11	9
Connection	14	5
Reconnection	4	2
Appointments	4	2
Planned interruption—residential	18	11
Planned interruption—small business	14	10

¹⁷ Electricity Distribution Network Code, clause 2.3.9(vii), Payment of interruption GSLs are excluded if the interruption occurs during the period for which the DRFA is has been notified.

¹⁸ Electricity Distribution Network Code, clause 2.3.9(vii), Payment of interruption GSLs are excluded if the interruption occurs during the period for which the DRFA is has been notified.

<i>GSL measure</i>	<i>Customer claims</i>	<i>Claims rejected</i>
Reliability – interruption duration	74	50
Reliability – interruption frequency	4	4
Total	143	93

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

Source: Energex quarterly GSL reports.

2.3 Eligible GSL claims not paid

In 2021–22, Energex did not pay 111 eligible GSL claims, which had a total value of \$38,688.¹⁹ In comparison, during 2020–21 Energex did not pay 49 claims, valued at \$11,468. Energex stated it was unable to process the 111 claims 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

<i>GSL measure</i>	<i>Number of claims not paid</i>	<i>Value of claims not paid</i>
Eligible claims not paid	111	\$38,688

Source: Energex quarterly GSL reports.

¹⁹ 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 6,816 GSL payments totalling \$785,700 in 2021–22. Table 5 shows the number of GSL payments and their value for each GSL measure.

Table 5 Ergon Energy GSL payments 2021–22

<i>GSL measure (payment amount)</i>	<i>Threshold</i>	<i>Number of payments</i>	<i>Value of payments</i>
Wrongful disconnection (\$155)	Disconnection wrongful under the electricity legislation	23	\$3,565
Connection (\$62/day)	Connection not provided by the agreed date	5	\$992
Reconnection (\$62/day)	Reconnection not provided within the required time	25	\$3,224
Appointments (\$62)	Failure to attend appointments on time	76	\$4,712
Notice of a planned interruption – small business (\$77)	Notice of a planned interruption to supply not given	71	\$5,461
Notice of a planned interruption – residential (\$31)	Notice of a planned interruption to supply not given	566	\$17,546
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 	6,050	\$750,200
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		6,816	\$785,700

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).

Ergon Energy did not have any customers reach the \$496 GSL payment cap in 2021–22 or 2020–21.

Source: Ergon Energy quarterly GSL reports.

Table 5 shows the value of Ergon Energy's GSL payments for the five years to 2021–22.

Table 6 Ergon Energy GSL payments, 2017–18 to 2021–22 (\$)

<i>GSL payment type</i>	<i>2017–18</i>	<i>2018–19</i>	<i>2019–20</i>	<i>2020–21</i>	<i>2021–22</i>
Wrongful disconnection	9,088	7,526	5,112	1,679	3,565
Connection	12,363	513	1,311	853	992
Reconnection	2,107	5,857	2,620	491	3,224
Appointments	9,120	8,664	5,472	4,962	4,712
Planned interruption—business	15,549	13,277	5,893	5,076	5,461
Planned interruption—residential	32,536	27,076	22,456	15,535	17,546
Reliability—interruption duration	2,587,002	1,094,512	551,550	527,054	750,200
Reliability—interruption frequency	6,498	798	2,280	0	0
Total	\$2,674,320	\$1,158,223	\$596,694	\$555,650	\$785,700

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 2021–22, Ergon Energy made 6,816 payments totalling \$785,700. The main driver of the increase in GSL payments in 2021–22 (up from 4,947 payments in 2020–21 totalling \$555,650) was an increase in interruption duration payments, which increased from 4,271 payments and a value of \$527,054 in 2020–21 to 6,050 and \$750,200 respectively in 2021–22. This was largely due to the major weather events across regional Queensland that occurred during 2021–22.

3.2 GSL claims rejected

In 2021–22, Ergon Energy received 81 customer-initiated GSL claims, of which it rejected 52 claims. In comparison, during 2020–21 Ergon Energy received 44 customer-initiated claims and rejected 20. The increase this year is primarily driven by Ergon Energy receiving, and rejecting, more wrongful disconnection and planned interruption-residential GSLs than in 2020–21.

Table 7 Ergon Energy GSL claims rejected, 2021–22

<i>GSL measure</i>	<i>Customer claims</i>	<i>Claims rejected</i>
Wrongful disconnection	17	12
Connection	1	1
Reconnection	7	4
Appointments	2	3
Planned interruption—residential	32	21
Planned interruption—small business	12	3
Reliability – interruption duration	7	5
Reliability – interruption frequency	3	3
Total	81	52

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 2021–22, Ergon Energy did not pay 40 eligible GSL claims, which had a total value of \$5,332.²⁰ In comparison, during 2020–21 Ergon Energy did not pay 26 claims, valued at \$3,064. Ergon Energy stated it was unable to process the 40 claims as it was unable to obtain the customer data from retailers. The unpaid claims primarily relate to the interruption-duration GSL.

Table 8 Eligible GSL claims not paid

<i>GSL measure</i>	<i>Number of claims not paid</i>	<i>Value of claims not paid</i>
Eligible claims not paid	40	\$5,332

Source: Energex quarterly GSL reports.

²⁰ 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.