

30 June 2020

Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

By email: edc.review@esc.vic.gov.au

Dear Ms Symons,

Re: Electricity Distribution Code Review – Draft Decision – Customer Service Standards

Thank you for the opportunity to comment on the Essential Services Commission's (ESC) *Electricity Code Review – Draft Decision – Customer Service Standards (Draft Decision)*.

The Energy and Water Ombudsman (Victoria) (EWOV) is an industry-based external dispute resolution scheme that helps Victorian energy and water customers by receiving, investigating and resolving complaints about their company. Under EWOV's Charter, we resolve complaints on a 'fair and reasonable' basis and aim to reduce the occurrence of complaints¹. We are guided by the principles in the Commonwealth Government's Benchmarks for Industry-based Customer Dispute Resolution². It is in this context that our comments are made.

EWOV made a detailed submission³ to the *Electricity Distribution Code Review – Issues Paper (Issues Paper)* in September 2019, and we are pleased that many of the observations made in that submission have been noted by the ESC in arriving at the Draft Decision.

At the time, we emphasised the need for a shift in the service culture of distribution businesses. Such a shift is not only necessary in the current environment, but will grow in importance over time. Victoria's energy system is likely to become heavily prosumer driven in the decades ahead, and customers will increasingly need to interact either directly with their distributor or indirectly through an aggregator. The transition in our energy system is a major policy focus for EWOV. With that in mind, we recently released a desktop research report, *Charging Ahead: New Energy Technology and the Future of Energy*

¹ See Clause 5.1 of EWOV's Charter: <https://www.ewov.com.au/files/ewov-charter.pdf>

² See EWOV's website: <https://www.ewov.com.au/about/who-we-are/our-principles>

³ Available at: <https://www.ewov.com.au/publications/archive/36>

*Complaints in Victoria (Charging Ahead)*⁴, which outlines many of the new technologies likely to emerge and their expected rate of growth in Victoria between now and 2050.

It is very clear that in the future energy system distributors will be called upon to be more customer focused than ever before.

The Draft Decision responds to this need, raising the customer service standards required of distribution businesses and strongly encouraging distributors to foster a more open and direct relationship with their customers. The guaranteed service level scheme has been revamped to more strongly acknowledge the inconvenience that customers experience when supply is poor or interrupted, and ensure that payments are timely and of sufficient value to honour the customer relationship.

Crucially, the Draft Decision also emphasises the need for more effective customer communication – a relatively simple step which has great potential to reduce distribution related complaints. While there are always areas where further improvements can be made, in broad terms we believe the Draft Decision represents a strong step forward in the right direction.

Our further comments are set out below.

⁴ Available at: <https://www.ewov.com.au/reports/charging Ahead/202006>

Customer Service Standards

PLANNED AND UNPLANNED OUTAGE COMMUNICATIONS

Draft Decision 1 – Improving the methods of notification for a planned outage

Communication methods were a focus of the Issues Paper, and we were clear in our submission to that paper that we feel electronic communication – in particular, mobile phone text messages – are the most effective written way to communicate with a customer. The Orima Research quoted in the Draft Decision⁵ supports this view, and it is pleasing to see that the Draft Decision will require retailers to provide customer contact details to distributors so that they can utilise all available communications channels.

The protections around customers with life support equipment (i.e. requiring both electronic and hard copy written communication) are important, and we support ensuring that all known channels are utilised. We are particularly encouraged by the recent work of Jemena to enhance its communication with these customers and the coordinated provision of batteries as further support when supply is interrupted. We understand additional distribution businesses are considering this and we support this initiative.

Requiring reminder notices one day prior to outages are a very useful new step, as is the requirement that if a distributor wishes to communicate via electronic channels only, then they must obtain the explicit informed consent of the customer to that effect. It is equally important that the customer can revert to hard copy notices if they wish to do so, and the Draft Decision provides for that.

Finally, we are conscious that these changes should not be difficult to implement, nor should they impose additional costs on retailer or distribution businesses.

We support Draft Decision 1.

Draft Decision 2 – Clearer responsibilities to customers when planning outages

We are pleased that the ESC are not proposing to adopt rule 90 of the National Energy Retail Rules in full, as we agree that a five business day outage window for customers would cause negative customer outcomes (and by extension, would cause complaints).

We also agree with the rationale not to require distributors to consult with customers to arrive at a mutually agreed time for an outage. This would be a significant regulatory burden and would inevitably increase costs.

⁵ Essential Services Commission 2020, *Electricity Distribution Code Review - Customer Services Standards, Draft Decision*, 7 May, p.18. Available at: <https://www.esc.vic.gov.au/electricity-and-gas/codes-guidelines-and-policies/electricity-distribution-code/electricity-distribution-code-review-2019/customer-protections-electricity-distribution-code-2019-review>

Finally, we do agree with allowing distribution businesses to obtain explicit informed consent to provide less than four days' notice of an outage, as this could create flexibility and improve efficiency. In practical terms it remains to be seen how achievable obtaining such consent from large numbers of customers will be, but in terms of the principle, we support the Draft Decision 2.

Draft Decision 3 – Notifying customers of cancelled or rescheduled outages

We strongly support Draft Decision 3, which as the Draft Decision makes clear was a focus of many of the submissions to the Issues Paper including our own.⁶

Again, the Orima Research results quoted in the Draft Decision⁷ strongly support our view that customers prefer to be notified if an outage is cancelled or rescheduled. Indeed, it could be said that when 95% of residential customers and 99% of business customers surveyed confirm this is the case, then such a requirement is well overdue.

In the interests of better customer communication, Draft Decision 3 is an important change and we strongly support it.

Draft Decision 4 – Disclosing the reasons behind planned outages

Further, we are pleased that the ESC have heard our suggestion, and the suggestion of others, that a high level reason for the cancellation or postponement should also be provided. On that basis, we support Draft Decision 4.

While it may seem like a small thing, the positive impact such a requirement can have on customer relations cannot be over-stated. Providing this information is a mark of basic courtesy and respect, particularly as customers may have made extensive arrangements to prepare for an outage which is later cancelled. This can be inconvenient and frustrating, and is only more so if the customer is not told why the cancellation or postponement has occurred.

Conversely, if the explanation is reasonable then this simple act can do much to mollify customer discontent and complaint to us.

In a similar vein, requiring distributors to provide information about the potential for an outage to be cancelled is another positive step forward. This will help prepare customers for such an outcome, and therefore reduce the annoyance that may be felt when it occurs. This basic step will do much to improve the relationship between distributors and customers. We're pleased to see it.

⁶ Ibid. p. 26.

⁷ Ibid. p. 27.

Draft Decision 5 – Informing local communities of possible outages when testing bushfire safety technology

Unfortunately, some affected customers are highly unlikely to see the notices that the Draft Decision proposes be placed in local and Victorian newspapers (this is particularly concerning given recent news to close or focus on digital only publications) and on the distributor's web-site, advising them of upcoming tests of bushfire safety technology. At the same time, we are sympathetic to the ESC's view that it is impractical to require distributors to notify all customers which may potentially be affected in the event of an outage, when in reality, any outage that does occur will only affect very small number of customers.

While Draft Decision 5 is not ideal, it is a reasonable position for the ESC to arrive at. While it still may not reach the intended customer base, we recommend that the ESC also require distributors to issue the proposed notices across their social media channels, and to do what they can to promote those channels through any direct communication that they have with their customers in the interim, with optimally placed physical notifications in impacted areas (eg electronic or other notice boards on street corners) as one option.

Over time, these channels may become a useful means of reaching the desired audience without incurring an unreasonable administrative burden.

Draft Decision 6 – Notifying government departments about sustained outages

Draft Decision 6 corrects outdated wording in the Code, and we agree the correction should be made.

GUARANTEED SERVICE LEVEL SCHEME

Draft Decision 7 – Updating annual duration and frequency thresholds

The proposed new thresholds are reasonable and the methodology used to arrive at them is sound, and on that basis we support Draft Decision 7.

While the proposed thresholds are lower than current thresholds, it is clear from the analysis the ESC have undertaken that they are not excessively low. Basing the thresholds on the last five years' worth of feeder level data ensures they reflect current performance, and are set at a level where they should capture the customers they are intended for (i.e. the worst served), and reflect reasonable community expectations of service level.

We also note the proposal to exclude major event days from threshold calculations, and we agree with this proposal on the basis on which it is made – namely, to avoid double counting of major events, given that poor performance on major event days is to be separately compensated. It's also arguable that given major event days are defined as events beyond the control of the industry, such as extreme

weather and storms⁸, they sit outside the purpose for which the annual duration and frequency thresholds are designed, which is to identify underlying poor performance and acknowledge customers who are the worst served.

Draft Decision 8 – Updating momentary and sustained interruption thresholds

Harmonising the definitions of sustained and momentary interruptions to align with the national framework is sensible and more efficient, as Ausnet and Jemena made clear in their submissions to the Issues Paper.⁹ We do not believe this change will have a deleterious impact on customers or lead to more complaints, as the difference between one and three minutes is not particularly significant from the customer point of view – and as the ESC point out, the payments associated with momentary interruptions are quite small. While the length of such an interruption changes slightly to align with the national framework, we see no need to adjust the thresholds for payment – and the ESC have proposed to leave those as they are.

We support Draft Decision 8.

Draft Decision 9 – Updating payment amounts for low reliability and supply restoration

The proposed new payment amounts represent a modest increase on current amounts, and the methodology used to arrive at them is sensible and robust. We support Draft Decision 9.

Draft Decision 10 – Updating payments for supply restoration single interruptions

The revision of the supply restoration single interruption payment to apply only to interruptions of 12 hours or more on a major event day means that in effect these payments will be very rare and will only be applicable when a distributor has taken an unusually long time to restore service (although, depending on the nature and extremity of the event, this period may still be understandable).

Nevertheless, the payments may remain important on unusual occasions to acknowledge the inconvenience a customer has suffered, and the 60 day payment timeframe is useful to ensure they remain clearly linked to the service disruption - rather than being made too many months later. Further, it is useful to remove the distinction between urban and rural customers regarding this payment. As the ESC have noted, there is no clear rationale for maintaining such a distinction.

As the Australia Day 2018 payments demonstrated, there can be significant customer service value in acknowledging the discomfort and inconvenience that a long outage can cause. In our view it is unfortunate the Draft Decision means that such a payment will not be required in future for a similar outage – although given the ‘on again, off again’ history of the single interruption payment it is not an unexpected decision.

⁸ Ibid. p. 49.

⁹ Ibid pp. 44 – 45.

While we would have preferred the payment be retained on its current terms, we do acknowledge that shortening the time-frames by which all payments must be made will help to ensure that customers perceive their discomfort and inconvenience has been acknowledged in a timely manner, which is ultimately the purpose for which they are made. When considered in light of Draft Decision 13, we do not oppose Draft Decision 10.

Draft Decision 11 – Updating payments for delayed or missed appointments

This is a minor but important payment, acknowledging the inconvenience a customer experiences if a distributor fails to meet an arranged appointment time.

We concur with the ESC view that the payments are a valuable way to recognise customers' service expectations, and given that the Solar Homes Program and growth of the solar industry generally is likely to increase the volume of distributor appointments made, there is real practical benefit in retaining these payments. As the ESC notes, such appointments are set with a four hour window – so it is not unreasonable that an acknowledgment should be made if they are missed by more than 15 minutes. Certainly, such a payment can help to mollify the annoyance a customer may feel in losing half of their day waiting for an appointment that doesn't occur, or occurs later than scheduled.

Finally, the methodology behind the distribution price index is sound and the resulting increase from \$30 to \$35 is not excessive. We support Draft Decision 11.

Draft Decision 12 – Updating payments for delayed new connections

We strongly support Draft Decision 12, noting as we did in our submission to the Issues Paper that delayed new connections are a major cause of distributor related complaints and are more within the ability of distributors to control than some other complaint types (such as unplanned outages).

We appreciate the ESC's stated intent to strengthen and clarify the rules around delayed new connections, and the acknowledgment in the Draft Decision that they are an important consumer protection. As the Draft Decision makes clear, this change reflects the stated view of the ESC since 2005 and on that basis stands more as a clarification than as a new impost on distributors. While it has been arguable in the past that no payment should apply in the absence of an agreed date, the proposed change will make it clear that new connections should be made either by the agreed date, *or* within 10 business days if no firm date has been set - and that payments will be applicable if either deadline is not met. It is our hope that strengthening and clarifying the rules around delayed new connections will reduce complaints about this issue, or at the very least, aid the conciliation process when they do arise.

The updated payment amounts are modest and have been arrived at by the same sound methodology applied in relation to Draft Decision 11.

Draft Decision 13 – Ensuring customers receive guaranteed service level payments in a timely manner

This is an important improvement, and will ensure that customers receive guaranteed service level payments earlier than under the current annual payment arrangements. At the same time, the time periods provided for, (i.e. a quarterly assessment followed by a 60 day period to action the payment), should not place an undue administrative burden on distributors.

Major event day payments and late appointment and delayed new connection payments are given similarly appropriate timelines (60 days and 20 days respectively), and the requirement for retailers to apply payments to a customer's account within two days of receiving it from the distributor ensures that the payments should flow on smoothly to customers.

In our submission to the Issues Paper we noted that annual payments ran the risk of being made after a customer has moved to an alternative premises (therefore going to the wrong customer), and we would add that there is also value in the payment being made closer to the time that inconvenience has been incurred because from the point of view of the customer, it appears far more responsive. Further, we noted that clear time-frames should be put in place for guaranteed service level payments to give customers certainty and to assist us in handling complaints.

Given the representations made in our submission to the Issues Paper, we are pleased to support Draft Decision 13.

Draft Decision 14 – Application of the guaranteed service level scheme

EWOV concurs with the ESC's proposal that the guaranteed service level scheme should apply to residential, small and medium business customers who have, (or should have), a smart meter, and use less than 160MWh per year. In practical terms, this will ensure the scheme serves the customers it is intended for and doesn't result in those customers subsidising payments made to large businesses.

In relation to linking the payments to the supply address rather than to the customer – this does run the risk of customers who have moved on failing to receive payments for outages they experienced, while the new occupant claims the payment instead. That being said, the new requirement for timelier payments does mitigate this risk – and the relative simplicity and efficiency of the proposal is appealing, as is the fact that a similar approach is taken in South Australia. On that basis, we do not oppose Draft Decision 14.

Draft Decision 15 – Excluding the operation of bushfire safety technology

We agree with Draft Decision 15, as while distributors should not be penalised for outages on total fire-ban days and Code Red days in particular fire districts, they are able to mitigate outages that occur at other times – particularly due to testing bushfire technology.

The ESC clearly outline their rationale in the Draft Decision,¹⁰ and we support their proposal.

Draft Decisions 16 & 17 – Major event days – new calculation and exclusion; and harmonisation of exclusions with the national scheme

Draft Decision 16 is necessarily read in conjunction with Draft Decision 17, and taken together (along with Draft Decision 10), they represent an elegant way to sensibly adopt the *US Institute of Electronics Engineers (IEEE) Guide for Electric Power Distribution Reliability Indices, IEEE 1366-2012 (IEEE standard)*, thereby harmonising with the national scheme – while also retaining a uniquely Victorian approach to major event days.

This approach ensures that those customers who receive excessive supply interruptions on those days remain eligible for a guaranteed service level payment, as discussed in our response to Draft Decision 10 above.

As the ESC note, (and as was pointed out in several submissions to the Issues Paper), the current exclusion in the Victorian framework is out of date – and it is sensible to harmonise with the national framework by adopting the IEEE standard.

REPORTING REQUIREMENTS

Draft Decisions 18 & 19 – New reporting requirements

Draft Decision 18 is extremely welcome and we strongly support it. As Victoria’s solar industry continues to expand and the residential battery industry begins to take root in earnest, it will be increasingly important to have visibility of bottle-necks in the system.

As is made clear by the recent Consumer Action Law Centre Report, *Sunny Side Up: Strengthening the Consumer Protection Regime for Solar Panels in Victoria*¹¹, (and in less detail in our own Charging Ahead report)¹², the installation process for these products is currently complex – perhaps unnecessarily so. As a multi-stage process involving a number of parties, there are a number of ‘links in the chain’ capable of being broken, or at least failing to connect - and this can cause significant frustration for customers. Adding to this frustration, EWOV currently does not have jurisdiction to deal with many installation related complaints. As noted in our Charging Ahead report, in the 2018-19 year we were unable to assist with 27% of the solar related complaints made to us – usually because they related to installation issues.¹³

¹⁰ Ibid p.68.

¹¹ Consumer Action Law Centre, *Sunny Side Up: Strengthening the Consumer Protection Regime for Solar Panels in Victoria*, 3 April 2019. Available at: <https://consumeraction.org.au/20190404-sunny-side-up-report/>

¹² Available at: https://www.ewov.com.au/reports/charging_ahead/202006

¹³ EWOV, *Charging Ahead: New Energy Technology and the Future of Energy Complaints in Victoria*, June 2020, p. 6. Available at: https://www.ewov.com.au/reports/charging_ahead/202006

The proposed reporting requirement will provide visibility and transparency regarding the installation processing time-frames on the distributor side, which in turn can provide the impetus for efficiency improvements if needed. We strongly support Draft Decision 18.

In relation to Draft Decision 19, we support the proposal as it will give the ESC greater and more immediate visibility of distributor performance as indicated by the guaranteed service level scheme. Given that distributors are already required to provide this data to the Australian Energy Regulator, requiring that it be reported to the ESC at the same time imposes virtually no administrative burden. It's a sensible proposal, and we support it.

COMMENCEMENT OF NEW FRAMEWORK

Draft Decision 20 – Proposed implementation timings

From our perspective, the proposed implementation timings are reasonable and we expect they would provide both retailers and distributors with sufficient time to ensure compliance by 1 November 2020 and 1 January 2021 respectively.

At the same time, we are conscious that we are not privy to all the necessary steps that businesses will need to take to comply with proposed reforms – and we are open to the potential that it may take longer.

If there are extensions to the proposed deadlines, we recommend they be staggered so that more easily implemented changes are brought in by the currently proposed dates – leaving other reforms to be implemented slightly later.

Certainly, EWOV would have no difficulty in socialising the proposed reforms and ensuring our own staff are aware of the changes in line with the currently proposed timelines.

We trust these comments are useful. Should you like any further information or have any queries, please contact Zac Gillam, Senior Policy and Stakeholder Engagement Officer, on [REDACTED].

Yours sincerely



Cynthia Gebert
Energy and Water Ombudsman (Victoria)