

Yarra Valley Water GSL Final Proposal (20200218)

Principles for allocation of rebates to customers where MW is the cause

- Aligned end customer outcomes, hence GSLs back to back with retailer
- As much as possible consistent across the retailers from MW
- Deviation from this relates to slightly different rebate values and trigger thresholds
- Any payment to end retail customer as a result of MW breaching a GSL would be made by the retailer to their customer
- Keep the GSL's as simple as possible to measure and administer
- No new system or process required by in large
- GSL's should be passed ultimately to the end customer or otherwise impacted parties. Hence most are simply reimbursing retailers out of pockets for paying out GSL's, where MW has caused the impact
- Exception being the \$5K payments for some form of recompense for heightened call centre costs at retailers for unplanned events (including where minimum notice periods for planned events not met)
- MW recognise that from time to time there are significant events which would require additional consideration, such as the recent Silvan incident (Whilst hopefully infrequent, likely highly variable in nature and impact, hence why our submission to the ESC included provision for bespoke reimbursement for such major incidents)

Back-to-Back abatements to Retailers customers

MW proposed GSL	YVW equivalent	Guiding principle for allocation to MW vs YVW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
Unplanned water quality	<ul style="list-style-type: none"> • \$50 for 2 or more separate water quality issues in a rolling 12 months 	<ul style="list-style-type: none"> • Proportional payment by MW (ie. If MW causes 1 of 2 events then MW pays $1/2 * \\$50 = \\25) • If water quality is compliant with BWSA then not an issue 	<ul style="list-style-type: none"> • Changes in source water to be advised to retailer as per nominated days below¹ (or less by agreement or emergency²) in advance of change (Control Room to Control Room) 	<ul style="list-style-type: none"> • YVW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer
Unplanned water service interruption	<ul style="list-style-type: none"> • \$50 for more than 4 hours unplanned event. • \$100 for more than 12 hours unplanned event. • \$50 for 3 or more unplanned events 12 months (rolling 12 months) 	<ul style="list-style-type: none"> • Direct rebate per event • Direct rebate per event • Proportional payment by MW (ie. If MW causes 1 of 3 events then MW pays $1/3 * \\$50 = \\16.50) 	<ul style="list-style-type: none"> • To classify as a planned water service interruption event any interruption to water service to be advised to YVW 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> • YVW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer
Unplanned sewer service interruption	<ul style="list-style-type: none"> • \$50 interruption more than 4 hours • \$100 interruption more than 12 hours • \$50 for 3 or more interruptions last 12 months (rolling 12 months) 	<ul style="list-style-type: none"> • Direct rebate per event • Direct rebate per event • Proportional payment by MW (ie. If MW causes 1 of 3 events then MW pays $1/3 * \\$50 = \\16.50) 	<ul style="list-style-type: none"> • To classify as a planned sewer service interruption event any interruption to sewer service to be advised to YVW 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> • YVW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer

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Sewer spill (caused by system failure)	<ul style="list-style-type: none"> \$1000 spill inside property for over one hour \$2000 subsequent spill inside property last 12 months for over 1 hour \$1000 uncontained spill on property more than 4 hours \$2000 subsequent uncontained spill on property for over 4 hours last 12 months 	<ul style="list-style-type: none"> Direct rebate per event Direct rebate per event Direct rebate per event Direct rebate per event 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> YVW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer

Additional direct Retailer compensation

GSL	Customer Impact	Indicative payment	Guiding principle for allocation to MW vs YVW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
Planned event – breach of minimum notice period to YVW (e.g. planned water or sewerage service interruption or change of primary water source) – non-emergency	Household impact – unexpected loss of amenity (for example noticeable change in taste, odour of water supply)	Match YVW payment of \$50 to household customer	<ul style="list-style-type: none"> Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> For planned water or sewer service interruptions YVW to be advised 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) For change of primary water source advised to YVW as per nominated days below¹ (or less by agreement or emergency²) in advance of change (Control Room to Control Room) 	<ul style="list-style-type: none"> YVW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer

GSL	Customer Impact	Indicative payment	Guiding principle for allocation to MW vs YVW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
Unplanned event or Planned event (minimum notice period not met)	YVW impact – additional management of customer calls / complaints (Average calls / day 400) Greater than 100 calls / day increase per event caused by MW <u>Or</u> Greater than 10 calls / hour per event caused by MW (excluding where notice periods for planned events have been achieved ^{1,2})	\$5,000 per incident to retail water company	<ul style="list-style-type: none"> Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> For planned water or sewer service interruptions YVW to be advised 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) For change of primary water source advised to YVW as per nominated days below¹ (or less by agreement or emergency²) in advance of change (Control Room to Control Room) 	<ul style="list-style-type: none"> YVW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer
Significant Unplanned water or sewerage service disruption / event	YVW impact – additional management of customer calls / complaints and field response	MW would make payments at our discretion to YVW based on an assessment of the impact	<ul style="list-style-type: none"> Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> YVW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer
Pressure deviations above tolerances	Damage to retailer infrastructure	Actual cost where >\$10K per incident to YVW	<ul style="list-style-type: none"> Direct rebate per event based on infrastructure damage where MW is the cause 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> YVW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer

Note 1: Primary water source changes (non-emergency):

- Winneke to Silvan for Yan Yean / Plenty corridor & Western Transfer main (**7 days**)
- Upper Yarra to O'Shannassy / Tribes for Yarra Valley Towns (**2 days**)

Note 2: Emergency event

- Change required to avert significant supply disruption or water quality issue but supply remains BWSA compliant

Review of Melbourne Water GSLs:

The finalised GSLs will form part of the Essential Services Commission's 2021 Melbourne Water Price Determination and apply for the 2021 – 2026 regulatory period.

It is however, intended that operational application of the GSLs be reviewed annually by our respective Operational Representatives to ensure that they continue to meet our joint business and customer outcome objectives.

The nature of the GSLs and their intent will also be worked through with Yarra Valley Water and potentially other retail water businesses in the lead up to the 2023 retailer price submission to further evolve the GSLs in line with customer expectations.

This is expected to influence Melbourne Water's GSLs post the 2023 retailer price submission and / or Melbourne Water's 2026 price submission.

Final Proposal