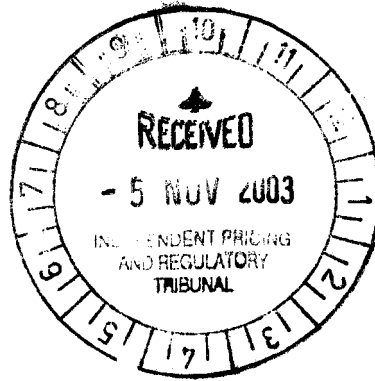


31 October 2003

Dr Tom Parry  
Chairman  
Independent Pricing & Regulatory Tribunal  
PO box Q290  
QVB Post Office NSW 1230



570 George Street  
Sydney NSW 2000  
Telephone 13 1525  
t 61 131525  
Facsimile (02) 92692830  
www.energy.com.au

Address all mail to  
GPO Box 4009  
Sydney NSW 2001  
Australia

Dear Dr Parry

### **Review into Guaranteed Customer Service Standards (GCSS) and Operating Statistics (Draft Recommendations) - Interim Response**

EnergyAustralia appreciates the opportunity to provide comments on the above draft recommendations. This is an interim reply, as we have a long planned workshop to deal specifically with these issues planned for early November. Following that workshop, we will be in a better position to fully address the issues raised. In the interim, our comments include:

- As you are aware, EnergyAustralia is gravely concerned at the potential effect of the Meritec reductions in operating and capital cost on service standards and is not prepared to commit to meeting potentially significant penalties for failing to meet unattainable GCSS levels.
- The reviews proposed for street lighting are supported and should commence as soon as practicable.
- Whilst appreciating this matter is being driven by the Minister for Energy's February 2003 request, the intent may be better met by the Customer Contract EnergyAustralia is intending to develop, as outlined in our 2004 Distribution Determination submission. Currently significant resources, much greater than the benefits paid, are expended internally to meet present GCSS guidelines. More consideration needs to be given to other alternatives, rather than simply tightening the existing GCSS.
- There is scant evidence that the costs and benefits of the proposed GCSS have been considered (Item 3 of the Terms of Reference). The draft recommendations would see significant additional costs for the DNSP, particularly in operating costs, with little incremental benefit for the customer. The paper should also canvas how those costs borne by the DNSP will be funded under the regulatory regime. As noted, network connectivity is still a significant way off.
- Consideration is sought of the GCSS to reflect recent issues flagged elsewhere with the Meritec review, including the relationship to the S factor incentive mechanism, proposed related paper trails, and timing with the Determination (our submission was based on stable service standards).
- New obligations for networks (such as those proposed for reliability, quality and appointments particularly) and the required network connectivity have the potential to add significantly to costs not fully reflected in our determination. Obligations covering quality and reliability could be better placed in the incentive framework. This would also avoid the potential that GCSS and S factor incentives would double up.
- EnergyAustralia Retail do not support the introduction of GCSS or OS relating to erroneous transfers and recommend the Tribunal monitor complaints regarding erroneous transfers directly with EWON.



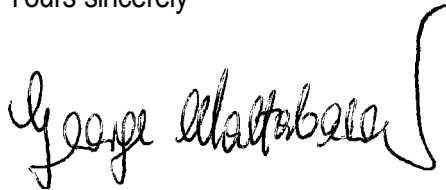
**Partner**

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Only in the event of a significant increase in the number of complaints and/ or evidence of systemic fraudulent practices developing in NSW, should the Tribunal consider implementing such measures. EnergyAustralia is concerned that the data currently being provided is not comparable across retailers.

If you or your officers would like any further information in the interim, please contact Mr Harry Colebourn, Manager – Network Pricing & Customer Connection on (02) 9269 4171.

Yours sincerely

A handwritten signature in black ink, reading "George Maltabarow". The signature is written in a cursive style with a large, sweeping flourish at the end.

George Maltabarow  
General Manager - Network