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Mr Joe Dimasi
Office of the Tasmanian Economic Regulator
GPO Box 770
Hobart Tasmania 7001

Dear Mr Dimasi,

RE Review of the Guaranteed Service Level Scheme Consultation Paper

TasNetworks welcomes the opportunity to comment on the Office of the Tasmanian Economic Regulator's (**OTTER**) proposed changes to the Guaranteed Service Level (**GSL**) scheme.

TasNetworks is the electricity transmission and distribution network service provider (**TNSP** and **DNSP**) in Tasmania. TasNetworks considers that the GSL scheme is an integral component of the Tasmanian electricity industry and that it achieves an effective balance in providing an incentive to achieve improvements and maintain high standards of reliability and in providing financial relief for customers who experience below standard network reliability performance.

The review provides an opportunity to initiate several necessary changes such as an update to the community reliability areas and the methodology for making GSL payments to customers. While TasNetworks is supportive of most of OTTER's proposed changes, there are some further refinements to the GSL Guideline that will improve customer outcomes.

TasNetworks strongly supports utilising the positioning and capabilities of retailers to enable GSL payments to be deducted from consumers bills. This is the preferred mechanism of customers and the guideline should enable this to occur in the most efficient, low cost method available.

Allowing retailers to charge distributors 'reasonable costs' of passing on the GSL payments to customers could result in additional and inefficient costs being passed through to customers. It is not clear what costs are required to enable payments through retailers and how these costs can be assessed as 'reasonable'. It is our understanding that many retailers operating in Tasmania already have the capability to

pass through GSL payments noting arrangements already established in other jurisdictions. TasNetworks does not expect any additional costs would be required to enable this change in Tasmania.

Where retailers do not have current capability, it is important that costs incurred and passed through to customers are efficient. TasNetworks does not have the capability or mechanisms available to assess efficiency of retailer costs. Instead, efficient costs could be assessed by OTTER as part of the annual Standing Offer Pricing Determination.

TasNetworks should not be required to assess or agree to 'reasonable costs' of retailers and clauses 3.1.4 and 3.1.5 of the Draft Guideline should be removed.

The Draft Guideline states that notification of a GSL payment must be made to a customer in writing at their address, which implies the use of physical mail in the post. Initially, TasNetworks does intend to notify customers by mail, but it is possible that a future solution to notify customers via SMS or email may be utilised to align with customer preferences for using contemporary communication methods. Therefore, we consider that the Guideline could be less prescriptive to allow more flexibility in TasNetworks approach moving forward to enable a better customer experience.

The proposed change requiring TasNetworks to send a GSL payment to the customers address within 5 business days if it becomes aware that a retailer has failed to pay the GSL payment to the customer would not enable cheques to be phased out. Reference to send a payment to the customers address indicates that the payment would be made via a cheque. This should be amended to allow payment via direct bank deposit to support the broader intention to remove the use of cheques.

Once again, TasNetworks is largely supportive of the proposed changes to the GSL Guideline and appreciates the opportunity to provide some additional points for consideration. Should you have any questions or to discuss further, please contact Sam Riewoldt, Regulation Analyst at [redacted]

Yours Sincerely,

[redacted]

Chantal Hopwood

Head of Regulation