

## 10 CUSTOMER CONTRACT, POLICIES AND SERVICE STANDARDS

This chapter provides a very brief summary of the Regulator's assessment of TasWater's proposed customer contract and policies and TasWater's proposed customer service standards for the fourth regulatory period. Further details are provided in Appendices D and G.

### 10.1 Customer contract and policies

The Regulator has made the following decisions:

#### Customer Contract

1. Approve the customer contract provided at Appendix E to this Report.

#### Serviced Land

1. Approve TasWater applying, for the fourth regulatory period, the minimum water flow and minimum water pressure figures in TasWater's Supplement to the Water Services Association of Australia's Water Supply Code of Australia in determining whether a property or part of a property is within serviced land.
2. Approve TasWater's proposed approach to the definition of serviced land for water services and for sewerage services.
3. Require TasWater to publish TasWater's Supplement to Water Services Association of Australia's Water Supply Code of Australia and TasWater's Supplement to Water Services Association of Australia's Gravity Sewerage Code of Australia, together with any other additional relevant information that would assist customers and stakeholders in determining whether their property, or part of their property, is within serviced land.
4. Require TasWater to publish separate descriptions of serviced land for water services and sewerage services.
5. Require TasWater to make descriptions of serviced land for both water and sewerage services publicly available.
6. Require TasWater to ensure that the description of serviced land is updated and published on a regular basis (ie on at least a monthly basis when serviced land boundaries change).

#### Connection Policy

1. Approve TasWater's Connection Policy, as included in Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

#### Sub-metering Policy

1. Approve TasWater's Sub-metering Policy, as included in Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

**Service Charges Policy**

1. Approve TasWater’s Service Charges Policy, as included in Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

**Service Introduction Charges Policy**

1. Approve the Service Introduction Charges Policy, as amended and as included in TasWater’s Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

**Service Replacement**

1. Approve TasWater’s service replacement process, subject to TasWater’s PSP including more detail on the costs and charges that affected customers would incur, as included in TasWater’s Water and Sewerage Network and Charges Policies document provided at Appendix F.1 to this Report.

**Developer Charges Policy**

1. Approve TasWater introducing a Shared Infrastructure Contribution Charge and a Bulk Infrastructure Capacity Charge.

2. Approve the proposed new arrangements commencing from 1 July 2023.

3. Approve the Developer Charges Policy, as included in TasWater’s Land Development Policies document provided at Appendix F.2 to this Report.

**Service Extension and Expansion Policy**

1. Approve the Service Extension and Expansion Policy, as included in TasWater’s Land Development Policies document provided at Appendix F.2 to this Report.

**Trade Waste Policy**

1. Approve the Trade Waste Policy as included at Appendix F.3 to this Report, with the proposed changes identified and discussed in Appendix D.

2. Require TasWater to publish its *Trade Waste Customer Category Guideline*.

## 10.2 Differences between the Regulator’s decisions in the Draft and Final Report

The decisions of the Regulator, as above, that have changed between the publication of the draft and this Final Report are set out below.

### 10.2.1 Changes to draft decisions in the Regulator’s Draft Report

There have been no changes in decisions from those in the Draft Report.

As a result of issues raised in the Draft Report:

- the draft Customer Contract has been amended to address the issue relating to shared private pipelines;
- the proposed charge that was to be named as a ‘negotiated charge’, which relates to new developments, has been renamed as a ‘Bulk infrastructure Capacity Charge’; and

- the Sub-metering Policy has been amended to provide lot owners in new strata title schemes with the option of being billed based on their actual water usage, provided that all lot owners agree.

### 10.2.2 New decisions not set out in the Regulator's Draft Report

As a result of submissions received on the Draft Report and the Regulator's own analysis, the Regulator has made the following new decision:

- Require TasWater to publish its *Trade Waste Customer Category Guideline* (Trade Waste Policy, Decision 2).

### 10.2.3 Regulator's assessment

Further details about the Regulator's assessment and decision-making processes with respect to TasWater's proposed Customer Contract and its Policies, including the changes since the Draft Report, are provided in Appendix D of this Report.

## 10.3 Proposed Price and Service Plan requirements

TasWater is required, under various legislative and regulatory instruments, to include in its proposed PSP a series of draft policies and a draft customer contract.

A customer contract is legally binding on TasWater and its customers and sets out obligations for both parties. TasWater's customers do not sign the contract as required under section 60 of the Industry Act customers are deemed to have entered into a customer contract. The Regulator approves TasWater's customer contract as part of the approval of TasWater's final PSP.

The required draft policies relate to:

- connections;
- sub-metering;
- service charges;
- service introduction charges;
- developer charges;
- service extension and expansion; and
- trade waste charges.

TasWater's proposed PSP for the fourth regulatory period was also required to provide details about TasWater's serviced land.

As was the case for the 2018 Water and Sewerage Price Determination Investigation, TasWater presented its policies, and the serviced land description, in two standalone attachments to its proposed PSP:

- Land Development Policies; and
- Water and Sewerage Network and Charges Policies.

TasWater has maintained a separate Trade Waste Policy.

TasWater also included information about its service replacement process in the Water and Sewerage Network and Charges Policies document.

## 10.4 Regulator's assessment of TasWater's proposed customer contract and policies

In assessing TasWater's draft customer contract and draft policies for the Draft Report, the Regulator focussed on compliance with relevant regulatory instruments and any composition errors in the draft documents, including errors which may have rendered the draft customer contract or draft policies non-compliant.

The Regulator also liaised with TasWater on a number of compliance and drafting issues and also sought advice from the Office of the Crown Solicitor (OCS) with respect to TasWater's draft customer contract. As a result of these discussions, the draft policies and draft customer contract, as attached to the Regulator's Draft Report, were revised versions of documents initially submitted by TasWater as part of its proposed PSP or revised versions of documents submitted by TasWater after the Regulator's investigation commenced on 1 July 2021.

### 10.4.1 Customer Contract

In the Draft Report, the Regulator identified only one substantive issue with the draft customer contract. Specifically, Clause 14.5, which deals with shared private pipelines, contained provisions relating to the responsibility for maintaining and replacing these pipelines between parties other than TasWater. This extended to responsibility for damage to property. The Regulator considered that this clause should be redrafted to specify that TasWater is not responsible for any costs relating to shared private pipelines but not seek to specify how the responsibility is otherwise assigned. The Regulator, in its Draft Report, required TasWater to review Clause 14.5.

#### 10.4.1.1 Submissions on Draft Report

In its submission on the Draft Report, TasWater stated that it would amend Clause 14.5 to address the issue identified by the Regulator and would submit a revised customer contract as part of its final proposal.

#### 10.4.1.2 Regulator's Decision

Following receipt of TasWater's submission, the Regulator continued to liaise with TasWater, and prepared a further draft. This draft was acceptable to TasWater and included in the customer contract.

The Regulator has therefore approved the amended customer contract (as attached at Appendix E to this Report).

### 10.4.2 Developer Charges Policy

#### 10.4.2.1 Submissions on Draft Report

In its submission, TasWater proposed renaming the 'negotiated charge' as a 'Bulk infrastructure Capacity Charge'. TasWater also supported the Regulator's draft changes to the Policy to require TasWater provide information to developers, upon request, relating to the likely charges that would apply to a development.

### 10.4.2.2 *Regulator's Decision*

The Regulator accepts TasWater's proposed renaming of the negotiated charge as a 'Bulk infrastructure Capacity Charge' and has approved the revised developer charges policy, as included in the Land Development Policy attached at Appendix F.2 to this Report.

### 10.4.3 *Sub-metering Policy*

As set out in its Draft Report, the Regulator intended to approve TasWater's proposed policies with minor amendments only, except in relation to the Sub-metering Policy. Under the proposed policy, lot owners in some new strata title schemes would not have the option of being billed based on their actual water usage, even if all lot owners agree. This is because TasWater proposed no longer installing sub-meters in new strata title properties.

In the Draft Report, the Regulator stated that it did not intend approving a Sub-metering Policy that would not allow TasWater's customers in new strata title properties to be billed for their actual water supply, and therefore have control over their variable charge through their consumption decisions, if all lot owners agree.

The Regulator did not however have a position, on whether this is effected through sub-metering, water meter manifolds or some other method.

Following the release of the Draft Report, the Regulator discussed, and agreed with TasWater, on additional provisions to address the issue identified by the Regulator. The amended Policy, attached to Appendix F.1 of this Report provides for lot owners in a strata scheme with a single master meter, who want to be metered individually to change to a water meter manifold if they provide TasWater with a copy of a copy of a unanimous resolution authorising the installation of a manifold together with a completed application form. This will allow the water usage of each lot owner to be measured.

Strata schemes with common property will also need to provide details of the applicable unit entitlements or details of the strata scheme's body corporate.

#### 10.4.3.1 *Regulator's decision*

The Regulator has approved the revised Sub-metering Policy as reflected in the Land Development Policy attached at Appendix F.2 to this Report.

## 10.5 *Customer Service Standards*

Customer service standards define what customers can expect from TasWater with regard to the quality and reliability of service provided. Minimum service standards are developed following consultation with customers, taking into account the current levels of service and the price implications of alternative levels of service. These are set out in the Customer Service Code, TasWater's Customer Contract and TasWater's policies.

### 10.5.1 *Regulator's decisions*

The Regulator has made the following decisions:

1. Approve the majority of TasWater's proposed service standards.
2. Reject the proposed service standard of the percentage of customers supplied by drinking water systems that meet best practice risk mitigation, as the Regulator does not consider this is a customer service standard.

3. Retain the service standard for the percentage of unaccounted for water and set performance levels at 20 per cent in 2022-23, declining by one percentage point each year to 17 per cent by 2025-26.
4. Set higher performance standards than proposed by TasWater for the number of water main breaks at 33 breaks per 100 km of water main for 2022-23, declining by one each year to 30 by 2025-26 to more closely reflect the performance of mainland service providers, noting that reducing water losses was identified by customers as a top priority for the fourth regulatory period.
5. Retain the minimum service standard of 90 per cent for the percentage of planned water supply interruptions where water supply is restored within 5 hours.
6. Set higher performance standards than proposed by TasWater for the number of water-related complaints by setting lower numbers of complaints to 6.0 complaints per 1 000 properties.
7. Implement the approved minimum service standards by way of the Customer Service Code fast-track amendment process, for a 1 July 2022 commencement.

The following table, Table 10.1, summarises the customer service standards that the Regulator has approved for the fourth regulatory period.

Table 10.1 Summary of the customer service standards as approved by the Regulator

	2022-23	2023-24	2024-25	2025-26
<b>Water</b>				
Number of water main breaks per 100km of water main	33	32	31	30
Percentage of response times within 1 hour to attend Priority 1* bursts and leaks	90%	90%	90%	90%
Percentage of response times within 3 hours to attend Priority 2* bursts and leaks	90%	90%	90%	90%
Percentage of response times within 3 days to attend Priority 3* bursts and leaks	90%	90%	90%	90%
Number of unplanned water supply interruptions per 1 000 properties	170	169	167	165
Percentage of unplanned water supply interruptions restored within 3 hours	80%	80%	80%	80%
Percentage of unplanned water supply interruptions restored within 5 hours	94%	94%	94%	95%
Percentage of planned water supply interruptions restored within the time nominated# to affected customers	90%	95%	95%	95%
Percentage of planned water supply interruptions restored within 5 hours	90%	90%	90%	90%
Percentage of unaccounted for water (of total sourced potable water)	20%	19%	18%	17%
Real losses: water lost per km of water main, per day (kL)	9.0	8.0	7.5	7.0

\* Priority 1: is a burst or leak that causes, or has potential to cause, substantial damage or harm to customers, water quality, flow rate, property or environment.

Priority 2: is a burst or a leak that causes, or has the potential to cause, minor damage or harm to customers, water quality, flow rate, property or environment

Priority 3: is a burst or leak that causes no discernible impact on customers, property or the environment.

# Time nominated is the finish date and time of the interruption that was communicated to affected customers when notified of the planned interruption.

	2022-23	2023-24	2024-25	2025-26
<b>Sewerage</b>				
Number of sewer mains breaks and chokes per 100km of sewer main	40	40	39	38
Percentage of sewer spills, breaks and chokes responded to within 1 hour	90%	90%	90%	90%
Percentage of sewage spills contained within 3 hours	99%	99%	99%	99%
Number of critically notifiable <sup>^</sup> sewage spills	2	2	1	1
<sup>^</sup> Critically notifiable spills are determined by using the EPA Sewage Spill Notification Guidelines. The full document is available at <a href="http://www.epa.tas.gov.au">www.epa.tas.gov.au</a> .				
<b>Customers</b>				
Number of water complaints per 1 000 properties	6.0	6.0	6.0	6.0
Number of sewerage complaints per 1 000 properties	1.3	1.1	1.0	1.0
Percentage of calls resolved upon first contact <sup>##</sup>	90%	90%	90%	90%
Customer satisfaction score	70%	72%	74%	75%
<sup>##</sup> First contact resolution is determined when the customer responds 'yes' to a post-call survey that asks if their call was handled at the first point of contact.				

A detailed assessment of TasWater's proposed customer service standards is provided in Appendix G of this Report.

## 10.6 Differences between the Regulator's decisions in the Draft and Final Report

There have been no changes in decisions from those in the Draft Report.

### 10.6.1 Regulator's assessment for the Draft Report

TasWater proposed 20 customer service standards and levels for the fourth regulatory period. Thirteen existing standards were retained (some with modification or a new minimum service level) and seven new measures proposed. Five measures were removed or replaced with a similar metric.

In the Draft Report, the Regulator reviewed TasWater's proposed customer service standards taking into consideration feedback from customers with regard to their preferences and service level expectations and whether or not TasWater has been meeting the minimum standards for the current regulatory period.

In its draft decisions, the Regulator approved most of TasWater's proposed service standards as they were consistent with the requirements and were informed by customer engagement.

However, for selected measures, the Regulator proposed to set higher performance standards than proposed and required clarification from TasWater on how the standards are to be defined.

#### 10.6.1.1 Submissions on Draft Report

The only submission received in response to the Regulator's draft decisions on customer service standards was provided by TasWater.

TasWater's submission accepted most of the Regulator's draft decisions, but did not agree with the Regulator's proposal to retain the service standard for unaccounted for water.

TasWater also sought to retain its proposed service levels for water main breaks rather than the improved service levels in the Regulator's draft decision.

#### *10.6.1.2 Regulator's decision*

The Regulator's has decided to set TasWater's minimum service standards as set out in Table 10.1. The Customer Service Code will be amended to reflect this final decision.

Each service standard is discussed in detail in Appendix G, including those proposed by TasWater that the Regulator has decided not to accept for inclusion in the Code.

In regard to the service standards for water loss, the Regulator maintains its view that there is merit in retaining a service standard for unaccounted for water in the Code, in addition to the new measure of real losses. Considering recent performance and TasWater's planned expenditure on reducing unaccounted for water, it is appropriate to expect improved performance, even in the short term. This is also a matter that has been raised by members of the Regulator's OCCC (OTTER Customer Consultative Committee).

TasWater submitted that the service standard for water main breaks will be difficult to achieve. However, the Regulator considers TasWater's proposed service levels are low and do not reflect the amount of investment proposed for renewals in its capital program. Recognising this investment may take some time to have an effect, the Regulator maintains its draft decision to set higher performance standards for water main breaks.