

10 CUSTOMER CONTRACT, POLICIES AND SERVICE STANDARDS

This chapter sets out 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.

10.1 Customer contract and policies - Regulator's draft decisions

The Regulator has made the following draft decisions:

Customer Contract

1. Approve the draft customer contract provided at Appendix D to this Draft Report, subject to some minor revisions and addressing an issue relating to Clause 14.5.

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 draft Connection Policy, as included in Water and Sewerage Network and Charges Policies document provided at Appendix E.1 to this Draft Report.

Sub-metering Policy

1. Approve TasWater's Sub-metering Policy, except those sections relating to new strata title schemes, including any minor editing to improve clarity.

2. Approve a Sub-metering Policy that provides 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.

Service Charges Policy

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

Service Introduction Charges Policy

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

Service Replacement

1. Approve TasWater’s draft service replacement process, subject to 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 E.1 to this Draft Report.

Developer Charges Policy

1. Approve TasWater introducing the proposed standard charge and proposed negotiated charge.
2. Approve the proposed new arrangements commencing from 1 July 2023.
3. Approve the draft Developer Charges Policy, as included in TasWater’s Land Development Policies document provided at Appendix E.2 to this Draft Report.

Service Extension and Expansion Policy

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

Trade Waste Policy

1. Approve the draft Trade Waste Policy as included at Appendix E.3 to this Draft Report, with the proposed changes identified and discussed in Appendix C.

10.1.1 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 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 is also required to provide details about TasWater's serviced land.

As was the case for the 2018 Water and Sewerage Price Determination Investigation, TasWater has 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 has also included information about its service replacement process in the Water and Sewerage Network and Charges Policies document.

10.1.2 Regulator's assessment of TasWater's proposed customer contract and policies

In assessing TasWater's draft customer contract and draft policies, 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 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 this Draft Report, are 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.

The Regulator will require TasWater to submit an amended customer contract and amended policy documents as part of TasWater's final PSP.

The Regulator has only one substantive concern with the draft customer contract. Clause 14.5, which deals with shared private pipelines, contains provisions relating to the responsibility for maintaining and replacing these pipelines between parties other than TasWater. This extends to responsibility for damage to property. The Regulator considers 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, therefore, intends to require TasWater to review Clause 14.5.

The Regulator intends to approve the customer contract, subject to some minor revisions and TasWater addressing the issue in clause 14.5.

The Regulator intends 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 proposes to no longer install sub-meters in new strata title properties.

The Regulator does not intend to approve a Sub-metering Policy that does not allow TasWater's customers in new strata title properties to be billed for their actual water supply, if all lot owners

agree. This allows these lot owners, as customers of TasWater, to control their variable charge, depending on their water usage.

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

More detail on the Regulator's assessment of TasWater's draft customer contract and draft policy documents are provided at Appendix C.

10.2 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.

10.2.1 Regulator's draft decisions

The Regulator has made the following draft decisions:

1. Approve most of the proposed service standards, subject to agreement on how the standards and performance measures are defined.

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. Set higher performance standards than proposed by TasWater for the percentage of unaccounted for water by setting lower percentages, 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 complaints by setting lower numbers of complaints for water services - to 6 complaints per 1 000 properties.

7. Implement the approved minimum service standards by way of the Customer Service Code change process, for a 1 July 2022 commencement.

10.2.2 Regulator's assessment

TasWater has proposed 20 customer service standards and levels for the fourth regulatory period. TasWater's proposal includes 13 existing standards (some with modification or a new minimum service level) and seven new measures. Five measures have been removed or replaced with a similar metric.

The Regulator has reviewed TasWater’s proposed customer service standards taking into consideration the values and priorities of customers as identified through TasWater’s customer consultation process and whether or not it has been meeting the minimum standards for the current regulatory period.

The Regulator intends to set TasWater’s customers service standard as set out in Table 10.1 below, based on TasWater’s proposed list of service standards. The Regulator intends to not accept those service standards highlighted in the table.

Table 10.1 Summary of Regulator’s draft customer service standards

Ref	Service standard	Forecast					
		2021-22	2022-23	2023-24	2024-25	2025-26	
x	Percentage of customers supplied by drinking water systems that meet best practice risk mitigation	4.0%	13.4%	65.6%	66.6%	66.6%	not accepted
1	Real losses: Water lost per km of water main, per day (kL)	11.4	9.0	8.0	7.5	7.0	accepted
2	Percentage of unaccounted for water (of total sourced potable water) (%)		20	19	18	17	retained by Regulator
3	Number of water main breaks, per 100km of water main	51	33	32	31	30	accepted with revised levels
4	Priority 1 bursts and leaks Percentage of response times within 60 minutes to attend water supply issues that may cause serious harm to customers, property or the environment	90%	90%	90%	90%	90%	✓ accepted
5	Priority 2 bursts and leaks Percentage of response times within 3 hours to attend water supply issues that cause, or may cause, minor damage or harm to customers, water quality, flow rate, property or the environment	93%	90%	90%	90%	90%	✓ accepted
6	Priority 3 bursts and leaks Percentage of response times within 3 days to attend water supply issues that cause no discernible impact to customers, property or the environment	93%	90%	90%	90%	90%	✓ accepted
7	Number of unplanned water interruptions per 1 000 properties	187	170	169	167	165	accepted
8	Percentage of unplanned water supply interruptions restored within 3 hours		80%	80%	80%	80%	✓ retained by Regulator
9	Percentage of unplanned water supply interruptions restored within 5 hours	95%	94%	94%	94%	95%	✓ accepted
x	Average duration of unplanned water interruptions, in minutes	130	180	180	180	180	not accepted
10	Percentage of planned interruptions restored within the time nominated to affected customers	Not Available	90%	95%	95%	95%	✓ accepted, needs defining
11	Percentage of planned interruptions restored within 5 hours		90%	90%	90%	90%	✓ retained by Regulator
12	Number of sewerage mains breaks and chokes per 100km of sewer main	56	40	40	39	38	accepted
13	Number of critically notifiable sewage spills*	5	2	2	1	1	accepted
14	Percentage of sewer spills, breaks and chokes attended to within 1 hour	91%	90%	90%	90%	90%	✓ accepted
15	Percentage of sewage spills contained within 3 hours	94%	99%	99%	99%	99%	✓ accepted with revised levels
x	Number of customers experiencing repeat unplanned water supply interruptions in a financial year		Report only	Report only	Report only	Report only	not accepted
x	Number of customers experiencing repeat sewer breaks and chokes that may impact on service		Report only	Report only	Report only	Report only	not accepted
16	Percentage of calls resolved upon first contact	95%	90%	90%	90%	90%	accepted, needs defining
17	Customer satisfaction score	66%	70%	72%	74%	75%	accepted, needs defining
18	Total water complaints per 1 000 properties connected to water	7.1	6.0	6.0	6.0	6.0	accepted with revised levels
19	Total sewerage complaints per 1 000 properties connected to sewerage	1.8	1.3	1.1	1.0	1.0	accepted

Notes:

- # Critically notifiable spills are determined by using the EPA Sewage Spill Notification Guidelines. The full document is available at www.epa.tas.gov.au.
- ✓ Denotes a 'minimum' service standard' that should be interpreted as (for example) "TasWater will arrive onsite to a Priority 1 water supply burst within 60 minutes" rather than an average standard which would be "On average TasWater will arrive onsite to Priority 1 water supply bursts within 60 minutes".

A detailed assessment of TasWater’s proposed customer service standards is provided in Appendix F.

II DRAFT PRICE DETERMINATION