



*Gas Act 2000*

## **Notification of Determination**

**Amendments to:**

Gas Retail Code

Gas Distribution Code

**7 July 2009**



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## **Section 1 – Background**

Under the *Gas Act 2000*, gas licensees are required to lodge an annual return with the Director of Gas each year. The required content of an annual return is set out in the Gas Retail Code and the Gas Distribution Code, for retail and distribution licensees respectively, and comprises industry data and performance information.

The Director has identified that the required content of annual returns, as set in the codes, should be expanded. The annual return will then better align Tasmanian gas entities with national reporting requirements and help to better compare the performance of the Tasmanian gas industry with the industry interstate.

By providing for clearer comparison with interstate industry performance, the expanded information will help achieve the objectives of the *Gas Act 2000* relating to the development of a gas supply industry in Tasmania, promotion of efficiency and competition in the gas supply industry, and protection of the interests of consumers of gas.

The Director proposed amendment to the two codes in a Consultation Paper which was sent to all stakeholders for comment in March 2009. Submissions closed 8 April 2009.

As set out in the Consultation Paper, the amendments to the Gas Retail Code incorporate measures to better align information included in annual returns with that reported nationally for the AER's State of the Energy Market Report. Information to be captured relates to disconnections, reconnections and call centre performance. The amendments also cover information relating to customer numbers.

Amendments to the Gas Distribution Code incorporate those discussed and formally agreed with the distributor in 2004, which have since been reported annually, though the code was not amended at the time to reflect the agreed changes. The amendments also reflect recent improvements to the entity's internal key performance indicators which is a key supporting document to the annual return.

## **Section 2 – Code amendment process and submissions received**

The two codes provide for the Director of Gas to amend the codes if he/she reasonably determines that the proposed amendment will better achieve the objectives of the Gas Act. The objectives of the Gas Act are:

- (a)** to facilitate the development of a gas supply industry in Tasmania;
- (b)** to promote efficiency and competition in the gas supply industry;
- (c)** to promote the establishment and maintenance of a safe and efficient system of gas distribution and supply;
- (d)** to establish and enforce proper standards of safety, reliability and quality in the gas supply industry;
- (e)** to establish and enforce proper safety and technical standards for gas installations and appliances; and
- (f)** to protect the interests of consumers of gas.

Before making a determination to amend either of the two codes, the Director must consult the relevant interested parties and consider their submissions. The Consultation Paper was circulated amongst stakeholders for comment and the Director has considered all submissions received in making a determination on each proposed amendment.

Submissions on the Consultation Paper were received from:

- Aurora Energy Pty Ltd; and
- Tas Gas Networks Pty Ltd.

All submissions have been published on the website of the Office of the Tasmanian Economic Regulator, [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au).

The two amended codes take effect from 7 July 2009 and can be accessed from the Office of the Tasmanian Economic Regulator's website. Sections 3 and 4 of this Notification of Determination set out the Director's determination on each proposed amendment.

## Section 3 – Determination on amendments to the Gas Retail Code

### Amendment 1

Replace the existing Schedule 2 of the Retail Code with the following schedule (as amended) to require new additional information to be included in the annual returns, relating to: customer numbers, disconnections/reconnections for non-payment and call centre/telephone service. All defined terms in amended schedule 2 are in bold, italicised type for clarity.

### Proposed new Schedule 2 (underlined words to be inserted to existing Schedule)

#### Schedule 2 - Annual Returns

#### Information required to be included in Annual Returns

##### Customer Numbers

- Total number of **customers**
- Number of
  - residential **customers**
  - business **customers** with annual **gas** consumption of:
    1. less than 1 TJ
    2. between 1 TJ and 10 TJ
- Numbers of **customers** on each tariff
- Number of residential **customers** that switched from another **retailer**.

##### Disconnections/reconnections for non-payment

- Number of original accounts issued - residential/business
- Number of reminder **notices** despatched - residential/business
- Number of **disconnection notices** despatched - residential/business
- Number of actual **disconnections** - residential/business
- Number of **reconnections** in the same name - residential/business-
- Number of **reconnections** within 7 days.

##### Disconnections/reconnections under clause 4.1 and clause 5(a)(i) of the Gas Retail Code

- Number of **disconnection notices** issued in relation to clause 4.1 - residential/business
- Number of **disconnection notices** issued in relation to clause 5(a)(i) - residential/business
- Number of actual **disconnections** carried out in relation to clause 4.1 - residential/business
- Number of actual **disconnections** carried out in relation to clause 5(a)(i) - residential/business
- Number of **reconnections** in the same name after **disconnection** under clause 4.1)

- Number of **reconnections** in the same name after **disconnection** under clause 5(a)(i)

#### **Payment Plans**

- Number of **customers** on **payment plans** - residential/business
- Average amount of **gas accounts** subject to **payment plans**: residential/business
- Number of **payment plans** that **customers** default on - residential/business

#### **Late payment fees**

- number of fees imposed - residential/business
- amount of fee revenue collected - residential/business
- number of fees waived - residential/business

#### **Security Deposits**

- Number provided by **customers** - residential/business
- Total value of **security** deposits provided by **customers** - residential/business
- Average amount of **security** deposits - residential/business
- Number refunded to **customers** - residential/business
- Total value of **security** deposits refunded to **customers** - residential/business

#### **Customer Complaints**

- Total number - residential/business
- Number of complaints within categories advised by the **Director of Gas**

#### **Call Centre/Telephone Service**

- Total number of calls to an operator
- Number of operator calls responded to within 30 seconds

#### **Compliance Plan**

- details of the **retailer's** actual performance for the previous financial year against the **standards**, indicators and targets included in the **compliance plan**;
- if the **retailer's** actual performance is below the targets included in the **compliance plan**, the reasons for the failure to meet the targets and strategies for achieving the targets in the future;
- projections of the **retailer's** future performance against the **standards**, indicators and targets included in the **compliance plan**;
- a description of the strategies adopted or to be adopted by the **retailer** to achieve or exceed the performance targets included in the **compliance plan**; and details of the **retailer's** adherence to applicable Australian Standards.

## Reasons for Amendment 1

### Amended clauses: customer numbers and disconnections/reconnections for non-payment

The amendment will expand the scope of information required to be reported in relation to the number of customers switching between retailers and number of reconnections within seven days following a disconnection. These amendments will help to monitor both movement of customers between retailers and affordability of gas (by providing information on the number of customers who remain disconnected for less than seven days). This information will aid the monitoring of the development of a competitive gas supply industry in Tasmania.

### New clause: Call Centre/Telephone Service

The amendments also include a requirement to report on performance of call centre/telephone service, which will measure and promote efficiency and, in doing so, protect the interests of gas consumers.

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## Submissions received

Aurora Energy made a submission outlining:

1. the increased resources it would need to deploy to meet the new reporting requirements relating to customer numbers and disconnections/reconnections for non-payment; and
2. why it could not meet the new reporting requirements in relation to Call Centre/Telephone Service.

In relation to the new reporting requirements for customer numbers and disconnections/reconnections for non-payment, Aurora submitted that “electronic market systems and associated reporting systems are not yet in place” for gas in Tasmania and that if they were “it is unlikely that Aurora would make any significant investment in management systems” given its current small market share. This meant that to capture information, Aurora would have to “introduce new manual processes and provide resources”. Further, Aurora was of the view that the “two new performance indicators may be more readily available direct from the gas distributor”.

In relation to the new reporting requirements surrounding Call Centre/Telephone Service, Aurora noted that its existing call centre handled both electricity and gas enquiries and submitted that it did not “consider a separate line for gas to be necessary” meaning that it is “not able to readily report the number of gas calls taken”.

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## Response to submission

### Customer Numbers – residential switching

Agreed that it may be more appropriate to obtain switching information from the gas distributor, hence the amendment will not be made to the Gas Retail Code. This matter will be pursued with the distributor and may subsequently result in an amendment to the Gas Distribution Code.

### Reconnections within 7 days

This is a standard requirement in the National Retail Template for performance indicators and provides a point of comparison between jurisdictions as a key affordability indicator.

### Call Centre

Given that telephone responsiveness is a measure of efficiency, and that Aurora’s call centre deals with calls for both electricity and gas, then a single measure of call centre performance

is acceptable. This is also consistent with reporting of this indicator under a single 'Energy' category in National performance reports.

#### Director of Gas' Determination

Proceed with Amendment 1 relating to call centre reporting, but not proceed, at this time, with customer reconnections within 7 days or the collection of customer switching data. The number of customers reconnected within 7 days will be collected from the licensed distributor.

## Section 4 – Determination on amendments to Gas Distribution Code

### Amendment 2

Replace the existing Schedule 3 of the Distribution Code with the following schedule (as amended) to require new additional information to be included in the annual returns, relating to: technical matters, customers, reliability of supply and network integrity. All defined terms in amended schedule 3 are in bold, italicised type for clarity.

#### Proposed new Schedule 3 (underlined words to be inserted into existing schedule)

##### Schedule 3 - Annual Return

#### 1. Technical

Information in relation to:

- 1.1. the quantity of each type of **gas** entering the ***distribution system*** from each source;
- 1.2. the specifications of each type of **gas** entering the ***distribution system***;
- 1.3. a summary of the results of testing of metering accuracy;
- 1.4. reliable information in respect of:
  - 1.4.1. the total estimated amount of ***unaccounted for gas*** lost from the ***distribution system***;
  - 1.4.2. the condition of the ***distribution system***;
  - 1.4.3. the number of certificates of compliance received on ***connection*** of a ***gas installation*** to the ***distribution system***; and
  - 1.4.4. the quantity of **gas** distributed to ***customers***:
    - (a) whose annual consumption is less than 10 TJ per annum; and
    - (b) whose annual consumption is more than 10 TJ per annum.
  - 1.4.5. the length of the ***distribution system***, by network and by operating pressure.

#### 2. Customers

- 2.1. the number of **customers** connected to the ***distribution system*** as at the last day of the return period; ~~and;~~

(a) whose annual consumption is less than 10 TJ per annum; and

(b) whose annual consumption is more than 10 TJ per annum.

2.2. the number of **connections** and **disconnections** of **customers** to or from the **distribution system**, including a breakdown of causes for permanent disconnections:

(a) whose annual consumption is less than 10TJ per annum; and

(b) whose annual consumption is more than 10TJ per annum

2.3. the number of customers **reconnected** to the **distribution system** within seven days:

(a) whose annual consumption is less than 10TJ per annum; and

(b) whose annual consumption is more than 10TJ per annum.

2.4. the number of calls handled by the call centre

### 3. **Complaints**

A summary of:

3.1. the number and type of complaints made to the **distributor** in respect of:

3.1.1. detectability of **gas** by odour;

3.1.2. inadequate **gas supply** pressure; or

3.1.3. any other relevant matter;

3.2. the action taken in response to each complaint; and

3.3. the duration of, and reason for, the circumstance giving rise to each complaint.

### 4. **Regulatory**

4.1. details of any material failure by the **distributor** to comply with the **Gas Act** which is known to the **distributor** and details of any steps taken, or proposed to be taken, to address such failure;

4.2. details of the **distributor's** actual performance for the previous **financial year** against the **standards**, indicators and targets included in the **management plans**;

4.3. if the **distributor's** actual performance is below the targets included in a **management plan**, the reasons for the failure to meet the targets and strategies for achieving the targets in the future;

4.4. projections of the **distributor's** future performance against the **standards**, indicators and targets included in the **management plans**; and

4.5. a description of the strategies adopted or to be adopted by the **distributor** to achieve or exceed the performance targets included in the **management plans**.

### 5. **Reliability of Supply**

~~5.1. Unplanned interruptions to supply for each incident:~~

~~5.1.1. reason for the interruption;~~

~~5.1.2. duration;~~

~~5.1.3. number of **customers** affected.~~

~~5.2. Planned interruptions to supply for each incident:~~

~~5.2.1. reason for the interruption;~~

5.2.2. duration;

5.2.3. number of **customers** affected.

5. **Reliability of Supply**

Information in relation to:

5.1 Unplanned interruptions to **supply**

5.1.1 Number of unplanned interruptions:

- (a) affecting five or fewer **customers**;
- (b) affecting between five and 100 **customers**; and
- (c) affecting more than 100 **customers**.

5.1.2 Duration of unplanned interruptions:

- (a) affecting five or fewer **customers**;
- (b) affecting between five and 100 **customer**; and
- (c) affecting more than 100 **customers**.

5.2 Planned interruptions to **supply**.

5.2.1 reasons for planned interruptions;

5.2.2 total number of planned interruptions;

5.2.3 total number of **customers** affected by planned interruptions;

5.2.4 total duration of planned interruptions

5.3 Significant **supply** interruption events (interruptions affecting five or more **customers**):

5.3.1 date and location of the event;

5.3.2 cause of the event;

5.3.3 number of **customers** affected; and

5.3.4 duration of **supply** interruption

5.4 No **gas** reported:

5.4.1 total number of reports; and

5.4.2 number of reports as percentage of total service connections

5.5 Loss of **supply** for geographic areas:

5.5.1 total lost minutes as a percentage of minutes available.

6. **Network Integrity**

Information in relation to:

6.1 Number of **gas** leaks detected and repaired

6.2 Mechanical (third party) damage –

6.2.1 damage to distribution mains:

(a) number of incidents; and

(b) total time off **supply** due to unplanned outages caused by third parties

6.2.2 damage to **distribution services** (service connections):

(a) number of incidents.

## **Reasons for Amendment 2**

### Amended clauses 1 - Technical and 2 - Customers

The amendment will expand the scope of technical and customer information reported to include more refined data on quantity of gas distributed and number of customers. Reporting on this information will enable comparison of the performance of the Tasmanian gas industry with interstate performance. This will ultimately assist in facilitating the development of a gas supply industry in Tasmania.

The amendments also include reporting requirements on performance of the distributor's call centre which will promote efficiency and protect the interests of gas consumers.

### Amended clause 5 - Reliability of Supply

The amendments will alter and expand the way in which reliability of supply information is reported to better align with the licensee's Safety and Operating Plan. This will ultimately assist in promoting the maintenance of a safe and efficient system of gas distribution and supply.

### New clause 6 - Network Integrity

A new area of report information is included: Network Integrity. Information to be required under this area includes data on gas leaks and third party damage, which are regarded as reliable indicators of network integrity. Reporting on network integrity, promotes a safe and efficient system of gas distribution which is in the interests of gas consumers.

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## **Submissions received**

Tas Gas Networks Pty Ltd made a submission supporting the amendments to the Gas Distribution Code.

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## **Director of Gas' Determination**

Proceed with Amendment 2.