



22 September 2008

Mr David Chan
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Essential Services Commission
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Submission to the ESC Draft Decision

Application for exclusion from the financial incentives for supply reliability, supply interruptions due to the 2 April 2008 wind-storm

The Consumer Utilities Advocacy Centre Ltd (CUAC) welcomes the opportunity to comment on the Essential Services Commission's (ESC) Draft Decision (22 August 2008) on the application for exclusion from the financial incentives for supply reliability, supply interruptions due to the 2 April 2008 wind-storm.

CUAC is generally supportive of the ESC's Draft Decision as we agree that the impact meets the exclusion criterion as set out in the Electricity Distribution Code and the Electricity Distribution Price Review 2006-10, Final Decision (volume 2).

Although not directly linked to the Draft Decision, we believe this event highlights the need to amend the current arrangements for determining the maximum Guaranteed Service Level (GSL) threshold as well as placing an obligation on the distribution businesses (DBs) to make GSL payments to affected customers in a more timely manner.

CUAC believes there may be a case for increasing the GSL threshold to more adequately reflect the impact on customers experiencing lengthy interruptions of supply, as seen in relation to the 2 April wind-storm. Just as the DBs have an opportunity to apply for exclusion, we believe the ESC should have the ability to assess whether the maximum GSL payment to customers should be adjusted for a particular event. In our view, the customer detriment of the 2 April storm was in some cases of such magnitude that it would have been fitting if the ESC had the ability to re-open the threshold and assess the appropriateness of the GSL payment threshold as part of the S-factor review.

We consider the current GSL arrangements appropriate when applied to normal situations but the ESC should have the ability to reassess the threshold for extreme events, just as the regulatory instruments allow the DBs to seek exemption.

We are also of the view that an obligation on the DBs to pay customers that have reached the GSL payment threshold immediately after the event is warranted. We are aware that some DBs do make payments immediately after the event, but as not everyone does, an obligation is needed. An outage often attracts new and significant expenses for households, such as replacing food and eating out, which many households can ill afford. It is therefore important that customers that reach the threshold do not have to wait until the end of the calendar year before they receive the GSL payments.

Please contact May Johnston on 9639 7600 if you wish to discuss any matters raised in this submission.

Yours sincerely,

May Mauseth Johnston
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Consumer Utilities Advocacy Centre