

10 April 2015



Amber Miller
Senior Policy Officer
Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

By email: escosa@escosa.sa.gov.au

Dear Amber

Response to Draft Decision on Jurisdictional Service Standards for the 2016 to 2021 Access Arrangement Period

Australian Gas Networks Limited (AGN, previously Envestra)¹ is pleased to provide the attached submission in relation to the Essential Services Commission of South Australia's (ESCOSA) Draft Decision on AGN's Jurisdictional Service Standards for the 2016 to 2021 Access Arrangement period, released on 12 March 2015.

A key finding of our submission is that there should be a meeting between ESCOSA, the South Australian Office of the Technical Regulator (OTR) and AGN to ensure that the objective of streamlined and efficient reporting is met.

Please contact either Kristin Raman (8418 1117) or myself (8418 1129) if you would like to discuss the matters raised in this submission further.

Yours sincerely

A handwritten signature in blue ink that appears to read "Craig de Laine".

Craig de Laine
Group Manager - Regulation

¹ On 27 October 2014, Australian Gas Networks Limited was announced as the new name for Envestra Limited. The name change was effective from 3 November 2014 and has no impact on the service offering of the Company.

Overview

On 7 March 2014 ESCOSA initiated a review of the jurisdictional service standards to apply to AGN's South Australian network over the 2016 to 2021 Access Arrangement period. AGN has made two submissions to ESCOSA on the Issues Paper, the first on 22 April 2014 and the second on 16 January 2015 following the delivery of the "Research Phase" of our stakeholder engagement program.²

ESCOSA released its Draft Decision on jurisdictional service standards on 12 March 2015. AGN has reviewed the Draft Decision and agrees with the key principles outlined by ESCOSA and summarised by AGN below:

- no introduction of new service standards with performance targets for the 2016 to 2021 Access Arrangement period;
- the clarification and streamlining of performance monitoring;
- increased transparency with respect to public reports of gas leaks and customer service;
- the removal of an Unaccounted for Gas (UAFG) target; and
- no introduction of a Guaranteed Service Level (GSL) scheme.

The Draft Decision recognises that AGN's current service levels are already at a high level, and as a result, it is not necessary to introduce any new performance targets for the business. Whilst no new targets have been proposed, ESCOSA is requesting that AGN increase its periodic reporting on key customer service and safety parameters.

The Draft Decision is considered to be consistent with earlier submissions by AGN and also with the values of our stakeholders. More specifically, our stakeholder engagement program found that customers:³

- want more information from AGN across various channels; and
- value initiatives that improve community safety.

AGN is already responding to these stakeholder insights by redeveloping and implementing a Vision Statement which requires the setting and public reporting on our performance across several key aspects of customer service. This includes the time taken to respond to publicly reported gas leaks, our network reliability performance and the number of complaints received from the public. AGN intends to improve or maintain these aspects of service delivery and publicly report our progress over the upcoming regulatory period. The Vision Statement is provided as Attachment 1.

Another key insight from our stakeholders was that price is a key concern. As a result, with a view to minimising the cost associated with increased reporting requirements, AGN is proposing to:

- report to ESCOSA on specified metrics annually in our existing Annual Operational Report, as opposed to quarterly as outlined in the Draft Decision;
- meet with ESCOSA and the OTR to ensure there is no duplication of reporting requirements; and
- clarify terms used in the Draft Decision to be consistent with parameters already tracked by AGN.

More detailed comment on each element of the Draft Decision follows. A summary of proposed metrics to be reported to ESCOSA over the 2016 to 2021 regulatory period is provided in Attachment 2.

² AGN's previous submissions are available to download from the ESCOSA website: <http://www.escosa.sa.gov.au/projects/208/australian-gas-networks-jurisdictional-service-standards-for-the-2016-2021-regulatory-period.aspx#stage-list=0>

³ The Deloitte Stakeholder Insights Report and the AGN Insights and Implementation Report are available to download from AGN's Stakeholder Engagement Website: <http://stakeholders.agnl.com.au/engaging-with-stakeholders/key-facts-information/facts-information/>



AGN Response to the Draft Decision

Draft Decision Page 12: “The Commission is not proposing to introduce any service standards with performance targets for AGN for the 2016-2021 regulatory period”

AGN is pleased that ESCOSA recognises our existing high service standards and supports the decision not to introduce new performance targets over the upcoming regulatory period.

Draft Decision Page 13: “The Commission is proposing to clarify and streamline its performance monitoring and reporting requirements to focus on AGN’s responsiveness to public reports of potential gas leaks. Reporting on technical and safety matters will be addressed by the Technical Regulator. Reporting on compliance with national gas legislation will be addressed by the AER”.

AGN supports the streamlining of reporting requirements as it will assist the business minimise cost to customers. Consistent with this, AGN is proposing to report all metrics to ESCOSA annually as part of its Annual Operational Report as opposed to quarterly as outlined in the Draft Decision. Furthermore, AGN has identified several areas where reporting duplication could be removed. These are discussed on a case-by-case basis later in this submission.

AGN notes that the Draft Decision calls for increased reporting requirements in relation to public reports of potential gas leaks. Whilst AGN is supportive of transparently reporting on this information, we understand that leak management and reporting is considered to be a safety matter, and as such, could sit with the OTR. In order to ensure the objective of streamlined reporting is met, AGN encourages a meeting between ESCOSA, the OTR and AGN to agree on the necessary reporting requirements and appropriate reporting mechanisms, having regard for the increased reporting AGN intends to implement as part of our afore-mentioned Vision Statement (provided as Attachment 1).

Draft Decision Page 14: “The Commission is proposing to require AGN to report to the Commission on the utilisation and responsiveness of its faults and emergencies telephone service on a quarterly basis”.

AGN agrees to report to ESCOSA on the following metrics:

- total number of telephone calls received on the leaks and emergencies number;
- total number (and percentage) of calls to the leaks and emergencies number answered within 30 seconds; and
- average answer time for calls to the leaks and emergencies number.

In order to streamline reporting requirements and minimise associated cost, AGN is proposing to report these metrics annually as part of our Annual Operational Report. A quarter-by-quarter breakdown could be provided in the Annual Operational Report upon request from ESCOSA. Additionally, AGN will publicly report on call handling as part of our Vision Statement (Attachment 1).

As part of the Draft Decision relating to telephone responsiveness, ESCOSA note that AGN is required to report to the Australian Energy Regulator (AER) with respect to complaint handling. More specifically, page 14 of the Draft Decision notes that:

“Reporting on the effectiveness of AGN’s enquiries and complaint handling procedures will be captured through the AER’s monitoring of AGN’s complaint handling performance.”



In addition to the AER requirements, AGN currently reports to ESCOSA on the number and type of complaints. This appears to be a duplication of reporting requirements, and inconsistent with ESCOSA's overarching objective of streamlining reporting requirements. As such, AGN proposes that ESCOSA remove complaint handling reporting requirements from its Gas Industry Guideline No. 1.

Draft Decision Page 16: “The Commission is proposing to enhance AGN’s current reporting requirements around public reports of potential gas leaks. AGN will be required to report to the Commission on its attendance at high priority situations and other potential gas leaks on a quarterly basis”.

In our Secondary Submission, AGN recognised that our customers’ wanted more information on how the business responded to gas leaks. As a result we proposed to:

“...improve transparency by providing information to stakeholders explaining our approach to responding to gas leaks (for example, by publishing a Fact Sheet on our leak management plan on our stakeholder engagement website)”

The ESCOSA Draft Decision expands on AGN’s submission by asking the business to increase its reporting requirements. AGN has reviewed the Draft Decision and agrees to increase transparency by reporting on:

- The total number of potential gas leaks reported by the public.
- The total number of high-priority gas leaks reported by the public.
 - AGN defines “high-priority” as leaks reported by the public that are assessed by the business to be a Class 1 leak.⁴
- The total number of other gas leaks reported by the public.
 - AGN defined this as being the number of leaks reported by the public, where a leak is found and where that leak is not assessed to be a Class 1 leak.
- The total number of publicly reported leaks attended where no leak was found.
 - Note, this information is already provided as part of Gas Industry Guideline No. 1, so there is no need for any additional reporting requirement.
- The percentage of gas leaks repaired within the requirements of AGN’s Leak Management Procedure (LMP).
 - ESCOSA’s Draft Decision asked AGN to report on the average time to repair a publicly reported gas leak. Whilst the provision of this data is possible, it is not something AGN currently tracks due to its limited value. For example, AGN might not repair a minor leak, but instead monitor it, particularly where mains replacement work is scheduled in the near term. Hence the timeframe is dependent upon the nature of the leak.
 - What is important is that the timeframe is in accordance with the classification/severity of the leak, as stipulated in the LMP approved by the OTR. The timeframes for leak repair outlined in the LMP have consideration for the class of the leak and what is deemed to be safe and prudent network operation. Reporting on this parameter will therefore provide a high level of assurance to the public in terms of leakage management.

⁴ See Attachment 3 for a definition of leak classes.



In order to streamline reporting requirements and minimise associated cost, AGN is proposing to report these metrics annually as part of our Annual Operational Report. A quarter-by-quarter breakdown could be provided in the Annual Operational Report upon request from ESCOSA. Additionally, AGN will publicly report on incident response as part of our Vision Statement (Attachment 1).

Furthermore, to ensure streamlining of reporting requirements, AGN proposes to remove similar reporting requirements from existing obligations. More specifically, this includes removing the requirement to report the number of reported gas leaks where a gas leak was found, excluding third party damage, leaks on meters, regulators and above ground infrastructure from Gas Industry Guideline No. 1.

Draft Decision Page 18: “The Commission is proposing to require AGN to continue to report on major interruptions impacting five or more customers. However, it is proposed that these data be provided to the Technical Regulator rather than the Commission.”

AGN is already required to provide the OTR with an interim notice of any unplanned interruption affecting more than five customers via email and follow-up with a monthly report.

Maintaining reporting on major interruptions as per Gas Industry Guideline No. 1 and transferring responsibility to the OTR, as per the Draft Decision, would be a duplication of effort and inconsistent with the overarching objective of streamlining reporting requirements.

As a result, AGN proposes that reporting on major interruptions under Gas Industry Guideline No. 1 be removed completely on the basis that it is already reported to the OTR.

Draft Decision Page 18: “The Commission will not require AGN to report on the reliability of its gas networks in South Australia using SAIDI and SAIFI”.

AGN supports ESCOSA’s Draft Decision. This Decision is consistent with AGN’s previous submissions.

Draft Decision Page 20: “The Commission is not proposing to set a UAFG target for the 2016-2021 regulatory period”.

AGN supports ESCOSA’s Draft Decision. This Decision is consistent with AGN’s previous submissions. AGN also notes that UAFG is a matter that will be considered as part of our revised AA proposal to the AER.

Draft Decision Page 22: “The Commission is not proposing to introduce a GSL scheme for the 2016-2021 regulatory period. Rather, the Commission is proposing to require AGN to internally monitor and publicly report on customers experiencing poor service. This will focus on customers experiencing multiple interruptions and customers experiencing long duration interruptions”.

AGN supports ESCOSA’s Draft Decision. The Draft Decision is consistent with our previous submissions in that it does not propose to implement a GSL scheme, but it expands upon AGN’s previous submission by requesting the business to increase its reporting. AGN has reviewed the Draft Decision and agrees to increase transparency by reporting on:

- The number of customers experiencing multiple interruptions within a year.
 - Defined as being the number of customers having five or more interruptions within a year where the interruption is unplanned and caused by operator actions, third party damage or asset condition.



- The number of customers experiencing long duration interruptions.
 - Defined as being the number of events within a year where a gas supply interruption is not restored within 12 hours and where the interruption is unplanned and caused by operator actions, third party damage or asset condition.

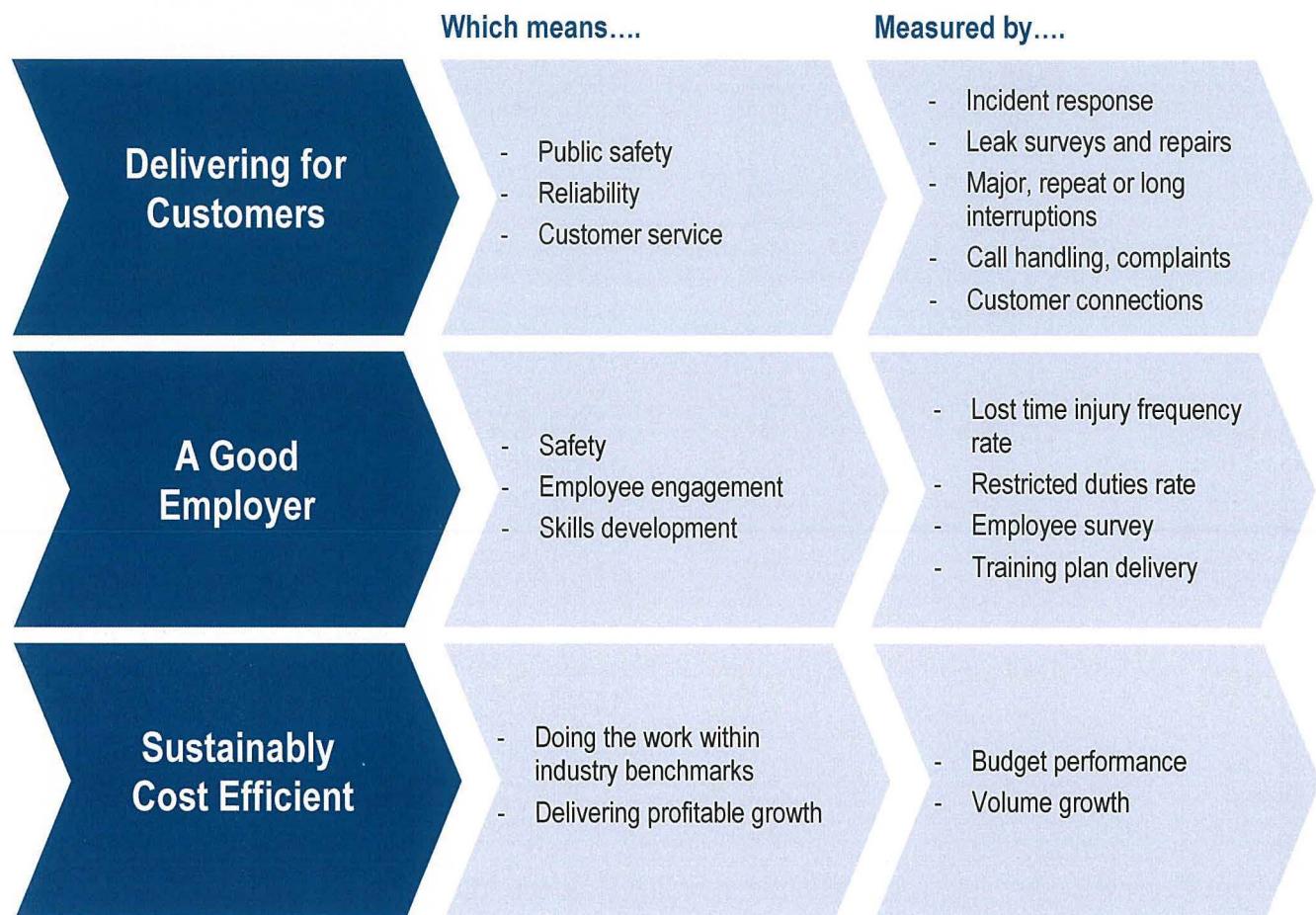
AGN proposes to report on these metrics in its Annual Operational Report and through public reporting relating to our performance against internal targets as part of our Vision Statement (Attachment 1).



Attachment 1: AGN Vision Statement

Our vision is to be the leading gas distributor in Australia.

Figure 1: AGN Vision Statement



Attachment 2: Summary of Proposed Data Provision

Table 1: Summary of proposed data provision

Metric	Provision	Notes
The utilisation and responsiveness of the faults and telephone service		
Total number of telephone calls received on the leaks and emergencies number	Annually as part of the Annual Operational Report	-
Total number of calls to the leaks and emergencies number answered within 30 seconds	-	-
Total percentage of calls to the leaks and emergencies number answered within 30 seconds	-	-
Average answer time for calls to the leaks and emergencies number	-	-
Attendance at high-priority situations and other potential gas leaks		
Total number of potential gas leaks reported by the public	Annually as part of the Annual Operational Report	Propose to remove similar requirement from Gas Industry Guideline No. 1 to avoid duplication.
Total number of high-priority gas leaks reported by the public	-	Where "high-priority" leaks are defined as those assessed to be a "Class 1" leak.
Total number of other gas leaks reported by the public	-	Defined as being number of leaks reported, where a leak was found but assessed not to be a "Class 1" leak.
The percentage of gas leaks repaired within the requirements of AGN's LMP	-	-
Total number of publicly reported leaks attended where no leak was found	-	Already reported under Gas Industry Guideline No. 1.
Service interruptions		
The number of customers experiencing multiple interruptions within a year	Annually as part of the Annual Operational Report	Defined as being the number of customers having five or more interruptions within a year where the interruption is unplanned and caused by operator actions, third party damage or asset condition.
The number of customers experiencing long duration interruptions	-	Defined as being the number of events within a year where a gas supply interruption is not restored within 12 hours and where the interruption is unplanned and caused by operator actions, third party damage or asset condition.



Attachment 3: Leak Classification System

The Australian/New Zealand Standard (Gas Distribution Networks, Part 1, Network Management, Revision of), sets out the leak classification categories. The categories employed by AGN/APA Group exceed the requirements of the Australian Standard.

AGN operate with four leak classifications (1, 2, 3 and 4). Publicly reported leaks are all classified as Class 1 or 2.

Class 1 leaks are deemed to be hazardous or have the potential to rapidly deteriorate and so shall be worked on until the leak can be eliminated or reduced to a level such that the leak can be reclassified. Where the first on site response person is not equipped to effect repair, the leak shall be referred to a field crew for repair. First response personnel will remain on site until the repair crew or relieving responsible person arrives on site to complete repairs or to maintain a safe zone around the leak.

Class 2 leaks are non hazardous at the time of classification but have the potential to deteriorate, and so shall be scheduled for repair within 7 working days (maximum of 11 calendar days). Under certain circumstances, the timeframe can be extended if the leak is inspected and/or reclassified within this time frame.

