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Dear Dr Walsh

The following comments are provided in response to your Draft Inquiry Report: *'Inquiry into ETSA Utilities' Network Performance and Customer Response January 2006'*.

The Essential Services Commission of South Australia (ESCOSA) was established by the Government with a primary objective to protect the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services.

The Government is concerned that the Draft Inquiry Report findings do not give sufficient regard to ETSA Utilities' unacceptable level of customer service during the heatwave period of 19 to 22 January 2006 and the associated impact on customers left without power during extreme weather conditions, with the potential for significant health impacts on the most vulnerable in the community, such as the sick and elderly. In addition, there was significant economic costs to businesses that were without power.

It is the Government's opinion that the fact that 564 customers on the low voltage network were without electricity for more than 24 hours, and 1,937 were without electricity for between 12 and 24 hours, cannot be considered good electricity industry practice, and should therefore constitute a breach by ETSA Utilities of its distribution licence.

The Government also notes ESCOSA's concerns with ETSA's information and resource management, and suggests that this is also inconsistent with good electricity industry practice.

The Government also notes that it is ESCOSA's draft finding that ETSA Utilities failed to make guaranteed service level (GSL) payments to over 25 per cent of affected customers within the required timeframe, constituting a breach of another of its distribution licence conditions.

These breaches of ETSA Utilities' distribution licence conditions are viewed very seriously by the Government. The Government notes that ESCOSA has strong powers under the *Electricity Act 1996* to take action against ETSA Utilities in the case of a breach of its licence conditions. To this end, the Government urges ESCOSA to carefully consider in its Final Decision what legal action against ETSA Utilities is warranted, so as to provide a clear signal that this performance is not acceptable.

Notwithstanding the fact that ESCOSA's draft finding is that the location of ETSA Utilities' call centre at Bendigo did not contribute materially to the call centre problems that occurred during the heatwave, the Government considers that having a stronger call centre presence in Adelaide would mitigate some of the public's frustrations in an event such as the heatwave.

The Government supports ESCOSA's proposition to establish minimum levels of service to be met by ETSA for the call centre IVR system, to be applied during extreme weather events for reliable reporting of outages, and the requirement that ETSA Utilities commence the regular reporting of the occurrence of "overload" calls.

Finally, the Government supports ESCOSA's draft decision to introduce an extra category of GSL payment of \$320 for those customers who have been without electricity for more than 24 hours.

Yours sincerely



HON PATRICK CONLON MP
MINISTER FOR ENERGY

12 July 2006