
INFORMATION REQUEST: 2025–30 GSL SCHEME REVIEW

1.1 Alternative payment methods

We note Energy Queensland (EQ) has identified large volumes of customers are not presenting cheques for payment and submitted that further consideration should be given to alternative payment methods.

(1) Could EQ please outline specific alternative payment methods that it could practically implement and the associated changes to the EDNC to underpin each.

In a submission to our previous GSL review, EQ stated that it preferred payment by cheque, as it was less complex to administer relative to other methods and offering customers a choice of payment methods could potentially add cost and delay payments¹.

Ergon Energy and Energex response

Currently, Ergon Energy and Energex makes Guaranteed Service Levy (GSL) payments by cheque, as it is less complex to administer than other methods. Payment via cheque is the only current practical method of those specified in the Electricity Distribution Network Code, as distribution network service providers (DNSP)s do not have a direct relationship with the customer. However, we acknowledge that customers may prefer an alternative payment method.

In our view, any changes would require further consultation by the QCA to design and implement a cost effective and practical solution for customers and market participants.

(2) Could EQ please identify the benefits and costs of alternative payment methods to customers, EQ and retailers.

Ergon Energy and Energex response

Ergon Energy and Energex has not undertaken any detailed analysis on the benefits and costs of alternative methods.

However, we identify the following benefits and costs/risks associated with cheque payments:

Benefits

- Customers receive payments directly

Costs

- Cheques have a very high cost to serve from a transactional basis (each cheques costs to purchase, then cheques are printed, and posted), then there is cost to process and reconcile un-presented cheques, then cancel cheques after 2 years, and then send to public trustee
- Commonwealth Bank (CBA) are no longer offering cheque printing as a service. Ergon Energy and Energex previously had configured a major release to have the functionality to outsource the print cheque function to CBA but given this is no longer an option we need to reconsider an alternative if

¹ QCA, Review of Guaranteed Service Levels to apply to Energex and Ergon energy from 1 July 2020 - final decision, March 2019, p 39.

Ergon Energy and Energex response

retaining inhouse cheque printing, but ideally, we would like to stop cheques and provide payment via an alternative.

- Cheques pose a level of fraud risk and we have seen instances where cheques have been intercepted and banked, or where fake cheques have been manufactured.
- Customers are required to visit a bank to deposit a cheque in order to receive their GSL payment, this then takes time to clear and is not an immediate payment.

In our view, a full understanding of costs and benefits of alternative payment methods, beyond cheques, would be identified in further consultation with a broad range of impacted stakeholders.

(3) To assist the QCA in understanding this issue, could EQ please provide:

(a) The annual number and dollar value of uncashed cheques from 1 July 2018 to the latest reporting period (Q3 2022-23).

Ergon Energy and Energex response

ERGON	Total Number of GSL Payments	Number of unrepresented GSL cheques	Value of unrepresented GSL cheques	% of GSLs Unrepresented
2020-21	4,947	251	27,554	5%
2021-22	6,816	936	100,235	14%
2022-23	9,130	3,461	411,405	38%
TOTAL	20,893	4,648	539,194	22%

*2023 Ergon cheques include over 2,400 GSL cheques sent in March 2023.

ENERGEX	Total No. of GSL Payments	Number of unrepresented GSL cheques	Value of unrepresented GSL cheques	% of GSLs Unrepresented
2020-21	11,708	449	50,952	4%
2021-22	5,132	992	174,817	19%
2022-23	2,818	753	92,654	27%
TOTAL	19,658	2,194	318,423	11%

The data above indicates an increase in GSL payments made by cheque not being presented for payment, which is expected given a large volume of cheques were issued for Ergon in March 2023. In our experience, data also suggests that when cheques are posted to customers, we usually see the majority presented within that month.

Ergon Energy and Energex is unable to provide historical date ranges beyond 2020, as we engage a public trustee process whereby cheques older than two years are cancelled, and a subsequent 12 months later any unclaimed monies are transferred to the Public Trustee. Therefore, we do not have any cheques older than 2020. Consequentially, we have no visibility of unrepresented cheques written prior to 2020.

(b) Locational information or trends for uncashed cheques. For example, the prevalence of this issue in remote communities compared to urbanised areas.

Ergon Energy and Energex response

The data above indicates a higher percentage of unclaimed cheques in the Ergon Energy (22%) service area when compared to Energex's (11%) service area. We do not have any analysis but suggest access to banking services in regional areas of Ergon Energy network may be a consideration as to the higher presentation of cheques in the urban centres in Energex. Furthermore, it is assumed that digital advancements to improve electronic banking services can be credited to a general decline in use of cheques.

Ergon Energy and Energex is unable to provide any greater detail on the location of uncashed cheques.

(c) Supporting commentary to explain trends or material differences in the year-on-year data provided. For example, the potential impact of Covid-19 health arrangements or trends in specific geographic areas.

Ergon Energy and Energex response

Ergon Energy and Energex has not undertaken any research on the reasons why cheques remain unrepresented. However, Federal Treasury suggests a 90% decline in use of cheques in Australia and an announcement the cheque system to wind down no later than 2030².

1.2 Embedded network GSL

We seek clarification and further contextual information relating to this comment from EQ's submission.

"Ergon Energy and Energex advise GSLs should apply to all market participants (where relevant). However, we note there are impacts for Ergon Energy Queensland in relation to planned interruption notifications".

(4) Could EQ please provide reasons that planned interruption notifications are a particular issue for Ergon Energy Queensland.

Ergon Energy and Energex response

The implementation of GSLs for all market participants would have an impact on all Retailers due to their requirements to provide planned interruption notifications (like DNSPs). This is of particular concern due to the upcoming metering service review and the potential this has to significantly increase the number of planned interruptions being completed by retailers.

1.3 Card-operated meter customer payments

We have received a submission discussing the process for card-operated meter customers receiving GSL payments.

² The Hon Dr Jim Chalmers MP , Modernising payment infrastructure by phasing out cheques, <https://ministers.treasury.gov.au/ministers/jim-chalmers-2022/media-releases/modernising-payments-infrastructure-phasing-out-cheques>; June 2023.

Under the EDNC, an eligible card-operated customer must make a GSL claim within three months of a GSL event occurring to receive a payment. The distributor is liable to only pay one GSL payment per card-operated meter and can pay via cheque, electronic funds transfer or any means agreed to with the affected customer.

In response to our last GSL review, EQ stated that while new smartcard technology for card-operated meters was superior to the technology it replaced, it did not record the details of individual occupants for the majority of premises. Without this information, Energy Queensland considered it was not possible to assign GSL payment credits to eligible individuals. However, Energy Queensland committed to investigate opportunities to leverage new card-operated meter technology to improve customers' access to GSL payments³.

In relation to this, we note that Ergon Retail has implemented an orange power card, that is 'linked' to a particular meter⁴. This card enables the owner to receive the Queensland Government Electricity Rebate and any other credits they may be eligible for.

Further, clause 6.4(a) of Ergon Network's 'Deemed standard connection contract (card-operated meters)' states:

*(a) If you are a small customer, we are required under the laws of Queensland to meet certain guaranteed service levels (the Queensland GSL scheme). These requirements are set out in the Electricity Distribution Network Code and our distribution authority. **If we do not meet a relevant guaranteed service level and you are entitled to a payment under those laws, we will use our best endeavours to make a payment to you in accordance with the relevant laws;** however, due to the particular circumstances associated with the premises, we strongly suggest that you contact us in writing or by telephone to advise us of your entitlement.⁵*

(5) Could EQ please provide information from 1 July 2018 to the latest reporting period (Q3 2022-23) relating to:

(a) The number of active card-operated meters

Ergon Energy and Energex response
5144

(b) The number of orange power cards currently being used by card-operated customers

Ergon Energy and Energex response
5144

(c) Whether the orange power card enables the owner to receive automatic GSL payments

³ QCA, Review of Guaranteed Service Levels to apply to Energex and Ergon energy from 1 July 2020 - final decision, March 2019, p 42.

⁴ Ergon Retail webpage, Card-operated meter customers: A guide to your power card, visited 23 May 2023.

⁵ Ergon Network, [Deemed standard connection contract \(card-operated customers\)](#), version 3, p. 2.

Ergon Energy and Energex response

GSL payments are manually added to the orange power card by Ergon Energy Queensland when advised by the DNSP (in this case Ergon Energy Corporation Limited) that a payment is owed to a customer. The customer automatically receives these payments as a credit.

(6) To assist the QCA understand the scope of this issue, could EQ please provide information from 1 July 2018 to the latest reporting period (Q3 2022-23) relating to the annual:

(a) number and type of events that triggered GSL payments in card-operated communities

Ergon Energy and Energex response

1094 GSL payment have been made during this time. All payments have been in relation to reliability duration.

2018/19 - 120
2019/20 - 402
2020/21 - 207
2021/22 - 218
2022/23 - 147

(b) number of card-operated meter customer connections eligible for a GSL payment

Ergon Energy and Energex response

1094 card-operated meter customers were entitled to a GSL during this period.

(c) number and dollar value of **automatic** payments EQ was able to make to eligible card-operated meter customers

Ergon Energy and Energex response

Payments are made 'automatically' in that they are proactively identified by the distribution entity and passed on to the retailer to load onto the orange card. However, it is a manual process for Ergon Energy Queensland to credit funds to the card. The customer automatically receives these payments as a credit.

(d) number and dollar value of card-operated meter customer **manual** claims for GSL payments

Ergon Energy and Energex response

Card-operated meter payments are all received by customers automatically. Therefore, there are no outstanding GSL payments as they are all automatically credited.

(e) number and dollar value of card-operated meter customer GSL payments cashed

Ergon Energy and Energex response

Similarly, card-operated meter payments are all credited automatically to customers. Therefore, there are no GSL payments to be cashed.

(7) To assist the QCA understand the technical, legislative or other barriers to automatic payments, could EQ please provide commentary on:

(a) Historical and current issues preventing automatic payments for card-operated meter customers.

Ergon Energy and Energex response

Historically, a lack of accurate data proved challenging to apply GSL payments for card-operated customers. However, these issues have been overcome and Ergon Energy Queensland now undertakes a manual process for GSL payments to automatically be applied to card-operated meter customers' balances once advised by the DNSP.

(b) Required changes (e.g., technical, informational, legislative etc.) to enable automatic payments for card-operated customers.

Ergon Energy and Energex response

In Energy Queensland's view, this is no longer an issue as customers automatically receive payments (as a credit to their card-operated meter balance).

(c) The estimated cost of enabling automatic payments for card-operated meter customers.

Ergon Energy and Energex response

In our view, the current process works well and ensures all card-operated meter customers receive GSL payments.

(d) If automatic payments are possible, the potential implementation of an automatic payment process (e.g., technical aspects of implementation, appropriate method of payment).

Ergon Energy and Energex response

Ergon Energy and Energex offer no comments, as customers receive payments automatically.

(8) We encourage EQ to provide any other commentary it considers relevant to this issue and our decision-making process.

Ergon Energy and Energex response

Ergon Energy and Energex offer no comments

1.4 Alignment of GSL interruption duration threshold with STPIS

EQ's submission stated that the GSL interruption threshold should be aligned with its STPIS interruption duration threshold.

(9) Could EQ please provide:

(a) information on the number of affected customers that could arise from increasing the GSL interruption duration from 1 minute to 3 minutes to achieve alignment with STPIS thresholds

Ergon Energy and Energex response

Our requested amendment to the EDNC reliability exclusions clause 2.3.9(b)(i) to replace momentary interruptions of 'one minute' with 'three minutes' (i.e.: an interruption of a duration of THREE MINUTES or less) would have an immaterial to no impact on GSL's paid for interruption duration and number of interruptions. However, the amendment would allow for alignment of the momentary interruption duration with the national STPIS and AER's Distribution Reliability Measures Guidelines (DRMG) that changed from 1 minute or less to 3 minutes or less. Ergon Energy and Energex began reporting using momentary interruptions of 3 minutes or less for STPIS in 2020/21.

(b) benefits that EQ could realise from aligning the interruption duration thresholds.

Ergon Energy and Energex response

The alignment of the interruption duration threshold would create a cohesive definition for momentary interruptions across the organisation inclusive of systems and reporting requirements.

(c) EQ's view and reasoning on any other opportunities to align the GSL scheme with the STPIS. For example, aligning GSL exclusion criteria with recent SAPS related amendments to the DRMG.

Ergon Energy and Energex response

Ergon Energy and Energex agree to incorporate SAPS exclusions in clause 2.3.9 (b) reliability exclusions.