



**Victorian
Chamber of Commerce
and Industry**

ABN 37 650 959 904
150 Collins Street
Melbourne
Victoria 3000 Australia

victorianchamber.com.au

20 September 2019

Ms Kate Symons
Commissioner and Chairperson
Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne Vic 3000
edc.review@esc.vic.gov.au

Dear Ms Symons

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission on the Electricity Distribution Code Review.

As Victoria's leading business organisation, each year the Victorian Chamber informs and services more than 15,000 members, customers and clients across the state, encompassing all industry sectors and spanning small, medium and large-sized businesses.

Energy is a vital input for all Victorian businesses, many of whom are struggling with high energy costs, which limits their ability to hire staff and invest. In some cases, their continued operation is under threat.

Many businesses have limited reason to engage with their electricity distributor, may not know who their electricity distributor is or may not understand what distributors do or how their role differs from retailers or generators. However, business are paying a lot for the services of distributors, with the ACCC's Retail Electricity Pricing Inquiry showing that network costs make up 38 per cent of the total cost stack for SME customers and 35 per cent of the cost stack for commercial and industrial customers.

Further, while businesses may only interact with distributors infrequently, when they do interact on connections and planned and unplanned outages, the implications for business can be significant.

This short submission focuses on the discussion paper questions regarding communication of planned outages and the guaranteed service level scheme.

Communication of planned outages

The code sets out specific requirements on when distributors are to contact customers about a planned outage. This allows business customers to prepare for a planned outage, hire back-up generators to continue their business, or make other arrangements.

The discussion paper asks what form of notification or engagement should be provided to customers by electricity distributors before a planned outage and whether a new obligation to notify customers of a cancelled or rescheduled planned outage should be imposed.

The Victorian Chamber considers that as much notice as possible should be provided to business customers of planned outages and that where possible, significantly more than 4 business days' notice should be provided. While written notice should be provided, as currently required by the code, this should be supplemented by other forms of communication such as phone, apps and SMS to ensure that businesses are able to make arrangements for an outage in a timely manner.

Given the costs of business disruptions associated with planned outages, the Victorian Chamber supports the introduction of a new obligation to notify customers of a cancelled or rescheduled planned outage. Early notification of changes to planned outages can help to mitigate costs to business.

Guaranteed service level scheme.

With regards to the guaranteed service level scheme the Victorian Chamber notes that our electricity system has changed significantly since the scheme was designed. The level of payments are low (ranging from \$30 to \$360) and unlikely to provide meaningful compensation to businesses for low service levels or outages or even compensate for the administrative cost of applying.

Further, the Victorian scheme no longer provides a financial incentive to distributors to improve service levels and the cost of the scheme is passed directly through to customers.

The Victorian Chamber would support changes to the scheme to both provide more meaningful compensation to business for poor service levels, reflecting costs actually incurred, and to provide meaningful incentives for distributors to improve service levels.

The Victorian Chamber looks forward to continuing to engage with the Commission on the code review and other issues relevant to our members. For further information regarding this submission, please contact Hugh Horsfall, Manager Economic Policy on [REDACTED] or 03 [REDACTED].

Yours sincerely

[REDACTED]

Dugald Murray
Executive Director – Policy & Advocacy