

South East Water GSL Final Proposal (20210305)

Principles for allocation of rebates to customers where MW is the cause

- Aligned end customer outcomes, hence GSLs back to back with retailer
- As much as possible consistent across the retailers from MW
- Deviation from this relates to slightly different rebate values and trigger thresholds
- Any payment to end retail customer as a result of MW breaching a GSL would be made by the retailer to their customer
- Keep the GSL's as simple as possible to measure and administer
- No new system or process required by in large
- GSL's should be passed ultimately to the end customer or otherwise impacted parties. Hence most are simply reimbursing retailers out of pockets for paying out GSL's, where MW has caused the impact
- Exception being the \$5K payments for some form of recompense for heightened call centre costs at retailers for unplanned events (including where minimum notice periods for planned events not met)
- MW recognise that from time to time there are significant events which would require additional consideration, such as the recent Silvan incident (Whilst hopefully infrequent, likely highly variable in nature and impact, hence why our submission to the ESC included provision for bespoke reimbursement for such major incidents)

Back-to-Back abatements to Retailers customers

MW proposed GSL	SEW equivalent	Guiding principle for allocation to MW vs SEW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
Unplanned water quality	<ul style="list-style-type: none"> • None presently 	<ul style="list-style-type: none"> • N/A - SEW don't make a payment to customers for water quality issues 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • N/A
Unplanned water service interruption	<ul style="list-style-type: none"> • \$60 rebate for more than 5 interruptions per year, or unplanned interruption longer than 5 hours to resolve. 	<ul style="list-style-type: none"> • Proportional payment by MW (ie. If MW causes 1 of 6 events then MW pays $1/6 * \\$60 = \\10) • If MW causes an unplanned interruption >5 hours MW pays full \$60 rebate per affected customer 	<ul style="list-style-type: none"> • To classify as a planned water service interruption event any interruption to water service to be advised to SEW 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> • SEW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer
Unplanned sewer service interruption	<ul style="list-style-type: none"> • \$60 rebate for more than 3 interruptions per year, or unplanned interruption longer than 4 hours to resolve. 	<ul style="list-style-type: none"> • Proportional payment by MW (ie. If MW causes 1 of 4 events then MW pays $1/4 * \\$60 = \\15) • If MW causes an unplanned interruption >4 hours MW pays full \$60 rebate per affected customer 	<ul style="list-style-type: none"> • To classify as a planned sewer service interruption event any interruption to sewer service to be advised to SEW 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> • SEW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer
Sewer spill (caused by system failure)	<ul style="list-style-type: none"> • \$1000 rebate when sewer spill on property takes more than 5 hours to contain. • \$1500 rebate spill within premises that takes longer than 1 hour to contain. 	<ul style="list-style-type: none"> • Direct rebate per event where MW is the cause • Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> • N/A 	<ul style="list-style-type: none"> • SEW records and quarterly notification to MW • Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> • As per retailer record 	<ul style="list-style-type: none"> • Review quarterly • Rebate on monthly invoice to retailer

Additional direct Retailer compensation

GSL	Customer Impact	Indicative payment	Guiding principle for allocation to MW vs SEW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
<p>Planned event – breach of minimum notice period to SEW (e.g. planned water or sewerage service interruption or change of primary water source) – non-emergency</p>	<p>Household or business impact – unexpected loss of amenity (for example noticeable change in taste, odour of water supply)</p>	<p>N/A - SEW don't make a payment to customers for breach of minimum notice periods</p>	<ul style="list-style-type: none"> N/A - Track performance 	<ul style="list-style-type: none"> For planned water or sewer service interruptions SEW to be advised 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) For change of primary water source SEW to be advised 2 days¹ (or less by agreement or emergency²) in advance of change in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> MW & SEW records and quarterly SEW notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer and MW record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer
<p>Unplanned event or Planned event (minimum notice period not met)</p>	<p>SEW impact – additional management of customer calls / complaints</p> <p>(Average calls / day 400)</p> <p>Greater than 100 calls / day increase per event caused by MW</p> <p><u>Or</u></p> <p>Greater than 10 calls / hour per event caused by MW</p> <p>(excluding where notice periods for planned events have been achieved^{1,2} and that is it determined that Melbourne Water's actions have not unnecessarily caused the need for a planned event.)</p>	<p>\$5,000 per incident to retail water company</p>	<ul style="list-style-type: none"> Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> For planned water or sewer service interruptions SEW to be advised 14 days in advance or by agreement 7 days in advance (Control Room to Control Room) For change of primary water source SEW to be advised 2 days¹ (or less by agreement or emergency²) in advance of change in advance (Control Room to Control Room) 	<ul style="list-style-type: none"> MW & SEW records and quarterly SEW notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer and MW record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer

GSL	Customer Impact	Indicative payment	Guiding principle for allocation to MW vs SEW	Notice periods How & who it goes to?	Verification of incidents	Reporting What is the record & where stored	Approach to abatement payments
Significant Unplanned water or sewerage service disruption / event	SEW impact – additional management of customer calls / complaints and field response	MW would make payments at our discretion to SEW based on an assessment of the impact	<ul style="list-style-type: none"> Direct rebate per event where MW is the cause 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> SEW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer
Pressure deviations above tolerances	Damage to retailer infrastructure	Actual cost where >\$10K per incident to SEW	<ul style="list-style-type: none"> Direct rebate per event based on infrastructure damage where MW is the cause 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> SEW records and quarterly notification to MW Any misalignment to be resolved by Operating Reps 	<ul style="list-style-type: none"> As per retailer record 	<ul style="list-style-type: none"> Review quarterly Rebate on monthly invoice to retailer

Note 1: Primary water source changes (non-emergency):

- Tarago to Cardinia
- CP1 >50% change in desalinated supply vs Cardinia supply to Peninsula

Note 2: Emergency event

- Change required to avert significant supply disruption or water quality issue but supply remains BWSA compliant

Review of Melbourne Water GSLs:

The finalised GSLs will form part of the Essential Services Commission's 2021 Melbourne Water Price Determination and apply for the 2021 – 2026 regulatory period.

It is however, intended that operational application of the GSLs be reviewed annually by our respective Operational Representatives to ensure that they continue to meet our joint business and customer outcome objectives.

The nature of the GSLs and their intent will also be worked through with South East Water and potentially other retail water businesses in the lead up to the 2023 retailer price submission to further evolve the GSLs in line with customer expectations.

This is expected to influence Melbourne Water's GSLs post the 2023 retailer price submission and / or Melbourne Water's 2026 price submission.