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Ms Rowan McKeown
Senior Policy Officer
Essential Services Commission of South Australia
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25 January 2018

Dear Ms McKeown

**Submission to the Essential Services Commission of South Australia (ESCOSA):
SA Power Networks 2020 Reliability Standards Review**

The Energy and Water Ombudsman (SA) Limited (“EWOSA”) welcomes the opportunity to comment on the Essential Services Commission of South Australia’s Objectives and Process Paper on the *SA Power Networks 2020 Reliability Standards Review*.

EWOSA is an independent Energy and Water Ombudsman Scheme in South Australia. It receives, investigates and facilitates the resolution of complaints by customers with regard to (*inter alia*) the connection, supply or sale of electricity, gas or water.

We support the principles ESCOSA has developed for assessing the reliability standards options it will consider in the Review, as well as the principles on customer engagement that were provided to SA Power Networks. The two modelling approaches proposed to valuing the benefits to customers of improvements to reliability appear to be appropriate, particularly when associated with validation from stakeholders and customer engagement.

We also support ESCOSA using the review to examine the best endeavours standard and its application.

Long-Term Reliability Targets

We support the current approach of using “normalised” long-term reliability targets, which relate to underlying operational performance and allows for the separate assessment of performance during “Major Event Days” (MEDs), such as significant weather events.

We generally do not support the re-introduction of regional reliability targets, which could lead to concerns that consumers in one region are benefiting over another. We believe feeder-type targets are more appropriate, particularly since these are consistent with the reliability indices used in the Australian Energy Regulator’s Service Target Performance Incentive Scheme. It is also important to note that the reliability targets changed from regional targets to feeder-type targets for the 2015-2020 regulatory period and switching back again would require a strong widely-supported rationale. However, where an inquiry has been undertaken which concludes that a particular region requires a change in the reliability targets applying to it, we believe the reliability standards should be able to accommodate differential targets.

Guaranteed Service Level Payments Scheme

The current Guaranteed Service Level (GSL) payments scheme has a few issues, particularly regarding their application to electricity supply interruptions associated with MEDs.

We generally support GSL payments for delays in providing connections and for unplanned interruptions to electricity supply that have occurred as a result of underlying poor operational performance outside of MEDs. We believe consideration should be given to introducing an additional GSL payment to customers who have endured supply interruptions with a frequency of greater than six and less than nine over a twelve month period.

It is important to note “the objective of duration and frequency of interruption GSL payments is to acknowledge poor performance where customers are unlikely to receive future service improvements due to the high costs of improving their supply”, as outlined on page 7 of the Objectives and Process Paper.

We do not believe that this objective is being met with GSL payments associated with electricity supply interruptions caused during MEDs. Supply interruptions due to MEDs do not necessarily reflect poor performance by SA Power Networks – apart from when restoration times are not as prompt as they should be – and some customers believe such payments are meant to compensate them for any losses, such as spoiled food. These payments are also not usually timely enough to benefit customers for the inconvenience of the electricity supply interruption.

We also acknowledge that SA Power Networks has a separate customer compensation scheme which provides for payment to customers for fair and reasonable costs associated with loss or damage where there has been incorrect action by SA Power Networks or the failure or inappropriate operation of SA Power networks equipment. However, we note that this compensation scheme is very unlikely to apply as a result of MEDs. Under such circumstances, SA Power Networks will advise customers to contact their private insurance companies.

Reflecting these factors, we believe that consideration should be given to establishing a different category of GSL payments – or penalties that SA Power Networks could pay to ESCOSA – related to electricity supply restoration times during and after MEDs. They should be designed so that they would provide an added incentive for SA Power Networks to increase the speed with which electricity is restored after interruptions due to MEDs (allowing for situations where force majeure is declared).

Customer Service Standards

We generally support the current customer service targets of telephone responsiveness and written enquiry responsiveness continuing. We believe there could be differentiation in the timeframes in the target associated with written enquiries, depending on whether the enquiry requires investigation or not and also depending on the means of communication, particularly electronic.

Regarding the provision of timely and accurate information during MEDs, as well as other unplanned electricity supply interruptions, we believe customer service targets should be established related to the provision of accurate restoration times to customers. Such targets should have reference to the means of communication, particularly electronic.

Should you require further information or have any enquiries in relation to this submission, please email me at antony.clarke@ewosa.com.au or telephone me on (08) 8216 1851.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Antony Clarke', written in a cursive style.

Antony Clarke

Policy and Research Officer

Energy and Water Ombudsman SA