Media Release

ESCOSA RELEASES SA POWER NETWORKS RELIABILITY STANDARDS REVIEW

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SA Power Networks must maintain its current electricity reliability standards, be even more accountable to its customers and not spend any more to increase reliability above the standards, according to the Essential Services Commission of South Australia.

Releasing the results of its latest reliability standards review, setting its requirements for the five-year period from 1 July 2020, the Commission says that a residential and business customer survey which it conducted during 2018 shows that consumers overall are satisfied with current reliability outcomes and 'have limited willingness to pay for reliability improvements'.

An independent economic assessment was also conducted by the Commission, showing that there is no clear economic benefit in setting standards that would lead to improved reliability, according to Chief Executive Officer Adam Wilson.

As a result, SA Power Networks is expected to spend about $37 million to maintain current reliability standards over the five years - similar to the predicted total costs for the current period (2015-20) - rather than spending more on reliability above the standards and passing those increased costs on to customers. This will assist in constraining electricity costs: a key message from the customer survey and a key focus of the Commission's review.

Further, SA Power Networks will be required to report to customers annually on its performance in a more detailed way, and in 10 regions rather than the current seven. It also must provide public explanations when it misses performance targets or there are significant network outages.

'This will increase SA Power Networks' direct accountability to customers and the wider public,' Mr Wilson said. 'The Commission will provide assurance over the data and information that SA Power Networks uses and publishes, and will itself continue to report trend and issue-specific matters.'

The Commission's regulatory role is to review the reliability service standards that apply to SA Power Networks every five years. This also informs the Australian Energy Regulator's five-yearly decisions in relation to SA Power Networks' revenue.

Over the next five-year period consumers are also expected to benefit from changes to the reliability Guaranteed Service Level (GSL) payments scheme. Those changes will better target the scheme at customers who experience poor reliability over time, and will decrease the scheme's costs, which customers pay through their electricity bills.

From 2020, reliability GSL payments will be made in relation to total annual interruptions, rather than individual instances, with the focus on addressing the poor outcomes for customers experiencing ongoing, persistent reliability issues.

'The current scheme design is not well focussed or targeted at those customers, and the clear message from the customer survey was that consumers wanted both a better-targeted and cheaper scheme, which the Commission has sought to deliver,' Mr Wilson said.

‘We estimate that, if the new provisions had applied over the first three years of the current period, there would have been a cost reduction of around 40% - or about $5 million per year - which would also flow through to reduced electricity costs.’

A Power Networks automatically makes GSL payments to its customers to acknowledge the inconvenience customers experience with service issues. The GSL scheme does not provide ‘insurance-style’ compensation for any loss or damage that a customer may suffer. SA Power Networks has a separate compensation scheme that may be able to assist customers who have suffered loss or damage.

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