



## Off-Grid Energy Networks Regulatory Performance Report 2019-20

### Key messages

- ▶ Unplanned electricity supply interruptions reduced from 145 in 2018-19 to 93 in 2019-20.<sup>1</sup> Cowell Electric Supply Pty Ltd continued a downward trend in unplanned interruptions, reducing its unplanned interruptions by 39 percent, from 112 in 2018-19 to 68 in 2019-20.
- ▶ The Commission has taken compliance action in relation to the District Council of Coober Pedy's (DCCP) compliance with its electricity licence, legislation and codes. The Commission's full report, [\*Compliance review – District Council of Coober Pedy Report – Water and Electricity \(January 2021\)\*](#), is available on the Commission's website<sup>2</sup>.
- ▶ For reticulated liquefied petroleum gas (LPG) licensees, disconnections for non-payment decreased from 24 in 2018-19 to 20 in 2019-20.
- ▶ There were three unplanned supply interruptions reported for LPG customers in 2019-20.

## South Australian off-grid electricity networks

There are regional and remote communities in South Australia that are provided with electricity through standalone (**off-grid**) networks. Some of these networks are not connected to the national electricity market and some are connected to the national electricity market via an inset network arrangement. In this report, reference to 'off-grid' includes all the electricity licensees included in Table 1.

In 2019-20, 6,558 customers were supplied through off-grid electricity networks which is an increase of 138 customers from 2018-19, as shown in Table 1. There are no changes to the off-grid distribution and retail licensees from the 2018-19 reporting period.

<sup>1</sup> The number of unplanned interruptions for 2018-19 and 2019-20 exclude the District Council of Coober Pedy, as unplanned interruptions data were not reported for 2019-20. This is being followed up by the Commission to ensure that it is reported in subsequent years.

<sup>2</sup> <https://www.escosa.sa.gov.au/ArticleDocuments/21640/20210205-Electricity-Water-ComplianceReviewReport-DistrictCouncilCooberPedy.pdf>

Table 1: South Australian off-grid electricity networks

Distribution licensee	Retail licensee	Generation source	Location	Number of Connections
BHP Billiton Olympic Dam Corporation Pty Ltd	Exempt <sup>3</sup>	Inset network via ElectraNet	Olympic Dam	35
Cowell Electric Supply Pty Ltd	Cowell Electric Supply Pty Ltd	Off-grid supply	APY lands, MT lands, Yalata on ALT, and other remote towns <sup>4</sup>	1,499
	Exempt	Inset network via OneSteel at Iron Knob	Iron Knob, Pimba	163
Dalfoam Pty Ltd	Dalfoam Pty Ltd	Off-grid supply	Yunta	61
District Council of Coober Pedy	District Council of Coober Pedy	Off-grid supply	Coober Pedy	1,617
Enerven Energy Infrastructure Pty Ltd	Exempt	Inset network via ElectraNet	Woomera, Pimba	300 <sup>5</sup>
Enwave Tonsley Pty Ltd	Authorised <sup>6</sup>	Inset network via SA Power Networks	Tonsley Innovation District	131
Jeril Enterprises Pty Ltd	Jeril Enterprises Pty Ltd	Off-grid supply	Andamooka	467
Municipal Council of Roxby Downs	Exempt	Inset network via Olympic Dam	Roxby Downs	2,265
OneSteel Manufacturing Pty Ltd	Exempt	Inset network via ElectraNet	Iron Knob, Iron Barron, Whyalla	20
<b>Total</b>				<b>6,558</b>

<sup>3</sup> National Energy Retail Law exemption, issued by the AER. These customers are still provided protection and performance monitoring in the national electricity and gas retail markets.

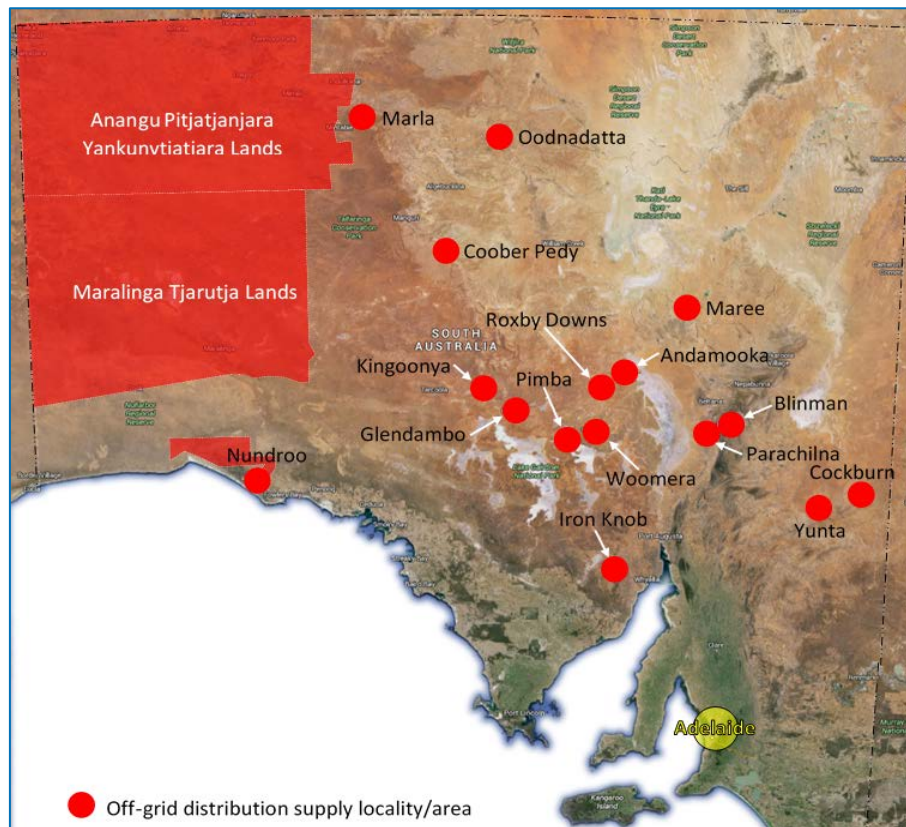
<sup>4</sup> Locations not listed in Table 1 where Cowell Electric holds an electricity distribution licence are Oodnadatta, Parachilna, Marla, Marree, Nundroo, Glendambo, Kingoonya, Mannahill, Blinman, and Cockburn.

<sup>5</sup> The number of connections for the Woomera and Pimba regions is estimated by Enerven Energy Infrastructure Pty Ltd due to having taken over the distribution contract within the last 24 months and the remoteness of some parts of this region.

<sup>6</sup> The licensees operating in this location are authorised to retail electricity by the Australian Energy Regulator under the National Energy Retail Law.

Figure 1 shows the location of the off-grid electricity businesses licensed to operate in South Australia. The off-grid electricity locations are unchanged from the 2018-19 reporting period.

Figure 1: Locations provided with electricity through off-grid networks



## Regulatory Framework

The Commission regulates off-grid electricity supply services through the licensing regime established by the *Electricity Act 1996* (**Electricity Act**).

The Commission licenses all participants in the electricity supply industry where those participants engage in the generation of electricity, operation of a transmission or distribution network, power system control or electricity retailing.<sup>7</sup>

Licensees are required to operate in accordance with specified licence conditions set by the Commission. Off-grid licensees providing retail and distribution services have licence requirements broadly covering:

- ▶ consumer protections – behavioural standards and minimum requirements that retailers must comply with when dealing with their customers, including reliability of supply requirements
- ▶ technical requirements – such as the development of a Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP)<sup>8</sup>, a connections policy and a metering plan (if applicable), and reporting requirements.

<sup>7</sup> In terms of retailing, the Commission only licenses entities that retail to customers not connected to the National Electricity Market (ie “off-grid” retailers).

<sup>8</sup> SRMTMPs are considered by the Office of the Technical Regulator.

## Consumer protections

Customers of off-grid electricity licensees are afforded similar consumer protections to customers connected to the National Electricity Market. Licensees are required to adhere to the following consumer protection obligations:

- ▶ Customer supply contracts – requirements to develop standard terms and conditions on which a licensee will connect customers' supply and sell and supply electricity.
- ▶ Customer dispute resolution procedures – requirements to have procedures in place, based on AS ISO 10002-2006 'Customer Satisfaction – Guidelines for Complaints Handling in Organisations'.
- ▶ Supply obligations – requirements to maintain the quality of supply and minimise interruptions, provide notice for planned interruptions and connect customers within agreed timeframes.
- ▶ Customer service obligations – requirements to provide regular bills containing specific information, and to conduct regular meter readings.
- ▶ Dealing with billing disputes – requirements relating to undercharging and overcharging including minimum payment methods, offering flexible payment arrangements, and rules relating to security deposits.
- ▶ Disconnections and restoration of supply – obligations around disconnecting customer supply for non-payment, timeliness for restoration of supply and prohibitions on disconnection.

## Off-grid electricity licensee performance

The Commission has identified key metrics to monitor the performance of off-grid licensees over time. These include:

- ▶ the number of complaints received by each off-grid retailer and distributor
- ▶ the number of disconnections for non-payment of a bill made by each off-grid retailer
- ▶ the number and duration of interruptions of supply for each off-grid distributor, and
- ▶ licensees' compliance with their licence requirements.

Monitoring these indicators allows the Commission to assess the adequacy of licensees' performance over time, determine whether enforcement action may be required and evaluate whether the consumer protections the Commission imposes as licence conditions sufficiently protect consumers.

## Complaints

Off-grid retailers and distributors reported 18 customer complaints in 2019-20. Fifteen of those complaints were reported by the District Council of Coober Pedy (DCCP).

## Disconnections

Off-grid retailers reported that 50 retail customers were disconnected<sup>9</sup> for non-payment of a bill in 2019-20. This is an increase from the three disconnections reported in 2018-19. Forty seven of the 50 disconnections reported in 2019-20 were reported by the DCCP.

The increase in disconnections is a result of the DCCP undertaking disconnections in 2019-20 after not undertaking any disconnections in 2018-19.

<sup>9</sup> Customers who have their electricity supply disconnected may be reconnected upon payment of debt or after being placed on a retailer's payment plan. The Commission does not require reconnection data to be reported.

## Unplanned interruptions

There were 93 reported unplanned interruptions that impacted on customers in 2019-20, a decrease from 145 reported for 2018-19.<sup>10</sup>

The majority of the unplanned interruptions (around 73 percent) were reported in areas in which Cowell Electric provides distribution services. However, the total number of unplanned interruptions reported by Cowell Electric has continued a downward trend since 2016-17, when 147 unplanned interruptions were reported. In 2019-20, Cowell Electric's unplanned interruptions reduced by 39 percent from 112 in 2018-19 to 68 in 2019-20.

To bring about this improvement in performance, Cowell Electric has stated that it is taking the following steps to rectify and improve the long-term reliability of its distribution networks:

- ▶ pre-emptive remedial work to repair/rewire switching equipment
- ▶ investment in additional fault finding equipment
- ▶ aerial inspections (in preference to light vehicles) and increased efforts to manage vegetation around network assets, and
- ▶ investment in communication systems (particularly with field crews), to improve response and reconnection times as well as the establishment of relationships with other off-grid entities able to assist, if significant outage events occur.

At this time, the Commission is satisfied that Cowell Electric is taking sufficient measures to improve the reliability of its networks, as evidenced by a downward trend in the number of unplanned interruptions reported by Cowell Electric.

## Compliance matters

The Commission's compliance framework promotes and facilitates compliance by regulated entities with their regulatory obligations. Under this framework, the Commission expects regulated essential service providers to have and maintain robust compliance and reporting systems.

The DCCP has an electricity and a water licence issued by the Commission. In 2018-19, the Commission commenced compliance action in relation to the DCCP's compliance with its water and electricity licences, legislation and codes. The Commission found areas of non-compliance and required the DCCP to review, amend and implement revised compliance systems, processes, controls and documentation.

The Commission has published a report<sup>11</sup> on its findings and will continue to monitor and assist the DCCP to correct the non-compliances identified in the report. The Commission requires the DCCP to resolve the issues identified in this report, and may take compliance action in accordance with the Commission's Enforcement Policy, if necessary, to protect consumers' long-term interests with respect to the price, quality and reliability of the essential services provided by the DCCP under licence.

<sup>10</sup> The number of unplanned interruptions for 2018-19 and 2019-20 exclude the District Council of Coober Pedy as unplanned interruptions data were not reported for 2019-20. This is being followed up by the Commission to ensure that it is reported in subsequent years.

<sup>11</sup> The Commission's full report, *Compliance review – District Council of Coober Pedy Report – Water and Electricity (January 2020)*, is available on the Commission's website. Refer: <https://www.escosa.sa.gov.au/ArticleDocuments/21640/20210205-Electricity-Water-ComplianceReviewReport-DistrictCouncilCooberPedy.pdf.aspx?Embed=Y>

## LPG networks

There are several areas in South Australia that are not connected to the national gas network and are instead provided with LPG through standalone networks. The Commission regulates these services through the licensing regime established by the *Gas Act 1997* (**Gas Act**).

There are five licensed LPG distributors and two LPG retailers providing services to 4,430 customers through reticulated LPG networks in South Australia (Table 2). Although the licensed distributors and retailers were unchanged from 2018-19, there was a net increase of 421 LPG connections. Origin Energy LPG Limited's off-grid LPG distribution network had a slight decrease in the number of connections from 2018-19, in contrast to the Mount Barker LPG distribution network managed by Environmental Land Services (Aust) Pty Ltd, which had an increase of 366 connections due to the expansion of new housing developments.

Table 2: South Australian LPG networks

Distributor licensee	Retail licensee	Location	Number of connections
Australian Gas Networks Limited <sup>12</sup>	Elgas Limited	Mount Barker, Littlehampton, Nairne	17
Elgas Limited	Elgas Limited	Clare (Hanlins Rise), Point Boston Estate, Mount Barker	63
Environmental Land Services (Aust) Pty Ltd	Elgas Limited	Mount Barker	1,949
Enwave Tonsley Pty Ltd	Exempt	Tonsley Innovation District <sup>13</sup>	75
Origin Energy LPG Limited	Origin Energy Retail Limited	Roxby Downs, Victor Harbor, Renmark, Port Lincoln, Wallaroo, Cape Jaffa	2,326
<b>Total</b>			<b>4,430</b>

### Regulatory Framework

Those who engage in the activity of distributing and retailing LPG through reticulated networks in South Australia are required to obtain a licence from the Commission.

Licensees are required to comply with the Reticulated LPG Industry Code (**Code**). The Code contains provisions relating to the sale and supply of reticulated LPG to small customers (customers consuming less than 1TJ of LPG annually).

LPG licences and the Code impose the following obligations on licensees:

- ▶ consumer protections – behavioural standards and minimum requirements retailers must comply with when dealing with their customers, including reliability of supply requirements
- ▶ technical requirements – such as the development of a SRMTMP<sup>14</sup>, a connections policy and a metering plan (if applicable), and
- ▶ reporting requirements.

<sup>12</sup> Although not reported in 2018-19, on 1 February 2017 Australian Gas Networks Limited received authorisation from the Commission to operate a LPG gas distribution network in Mount Barker. Australian Gas Networks reported one LPG gas connection in 2018-19.

<sup>13</sup> The gas distribution network at the Tonsley Innovation District is a natural gas network.

<sup>14</sup> SRMTMPs are considered by the Office of the Technical Regulator.

## Consumer protections

Customers receiving reticulated LPG are afforded similar consumer protections to customers of natural gas retailers. Licensees are required to adhere to the following consumer protection obligations:

- ▶ Customer supply contracts – requirements to develop standard terms and conditions and provide contractual information relating to how it will connect, sell and supply LPG to customers.
- ▶ Customer dispute resolution procedures – requirements to have procedures in place, in accordance with AS ISO 10002-2006 'Customer Satisfaction – Guidelines for Complaints Handling in Organisations'.
- ▶ Supply obligations – requirements to maintain the quality of supply and minimise interruptions, provide notice for planned interruptions and connect customers within agreed timeframes.
- ▶ Customer service obligations – requirements to provide regular bills, include specific information on bills, conduct regular meter readings, deal with billing disputes (including undercharging and overcharging), provide minimum payment methods, offer flexible payment arrangements; publish fees and charges, make disclosures about changing tariffs, and use appropriate methods of communication.
- ▶ Disconnections and restoration of supply – requirements relating to disconnecting customer supply for non-payment, and timeliness for restoration of supply.

## LPG licensee performance in 2019-20

The Commission has identified key metrics to monitor the performance of LPG licensees. These include:

- ▶ the number of complaints received by each off-grid retailer and distributor
- ▶ the number of disconnections for non-payment of a bill made by each off-grid retailer
- ▶ the number and duration of supply interruptions for each off-grid distributor, and
- ▶ licensees' compliance with their licence requirements.

Monitoring these metrics assists the Commission in assessing the adequacy of each licensee's performance, determining whether enforcement action may be required and evaluating whether the consumer protections imposed by the Commission sufficiently protect consumers.

No complaints were reported regarding quality of supply from the LPG retailers in 2019-20.

Twenty customers were disconnected for non-payment of a bill in 2019-20 compared to 24 in 2018-19. Fifteen of the 20 LPG disconnections were for customers of Elgas Ltd.

There were three unplanned supply interruptions reported for LPG customers in 2019-20. From those interruptions, a total of twelve customers were impacted for a total duration of nine hours.

No major non-compliances were reported by the LPG licensees or identified by the Commission, which is consistent with reports in 2018-19.

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