



**Government  
of South Australia**

Department for  
Energy and Mining

Our Ref:

6 October 2020

Mr Sean McComish  
Director Advisory and Research  
Essential Services Commission of South Australia  
GPO Box 2605  
ADELAIDE SA 5001

**Inquiry into regulatory arrangements for small-scale water,  
sewerage and energy services**

*Seen*  
Dear Mr McComish

I refer to the invitation received by our division to provide submissions on the Inquiry into regulatory arrangements for small-scale water, sewerage and energy services.

Off-Grid Electricity

The Remote Area Energy Supply (RAES) scheme is managed within the department's Energy and Technical Regulation division (ETR). The department owns and operates, via a contract with Cowell Electric Supply, 15 power stations and 16 distribution networks supporting 25 communities across remote South Australia.

Private operators at Coober Pedy (District Council of Coober Pedy), Andamooka (Jeril Enterprises) and Yunta (Dalfoam) are provided a financial subsidy to align prices with the average of on-grid prices through the RAES program, under a Deed of Grant with the Minister for Energy and Mining.

RAES sites are continually being upgraded, to take advantage of technology advancements, providing more data and information on the operation and status of the systems. Upgrades of this nature can also occur, to a lesser extent, for the private operators. Immediate reporting of service issues (3.5.2) or relatively immediate 'real time' is not possible with the current deployed technology in most of these sites.

In the event of an outage at a RAES site there several considerations as to how reporting may occur:

Energy and Technical Regulation Division

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1. Customer needs to report. This may involve:
  - a. The customer making a call via land line or mobile phone if operational and available in the area or satellite phone.
  - b. Customers physically attending and reporting the outage, this has been known to take up to four days as there is not always the need for power in some isolated remote properties or people are not in the area to report at the time.
2. Operators note the outage and pass advice on through email to the Energy and Technical Regulation division.
  - a. Depending on staffing and the urgency of repairs notification may occur later or the next day
  - b. The nature of the fault and repair works again may be notified on subsequent days

The above is particularly prevalent if there are multiple outages that require attendance across large distances and in adverse weather conditions.

In these circumstances, a commitment to 'real time' notification is not possible or comes at the expense of potentially delaying responses. The department would be comfortable with ESCOSA being added to the email notifications noting that these may not be real time.

Responses to outages in very remote areas have different requirements to on grid responses. Work Health and Safety (WHS) is a critical consideration when attendance is required for a distant outage with risk factors including

- High incidents of fauna on remote roads
- Road accessibility and access to remote areas
- Fatigue
- Inclement weather, storms, heavy rain, high winds, flooding, extreme heat

These conditions may delay a response and sometimes will require waiting until the following day or until roads are accessible, to ensure the safety of maintenance staff. ESCOSA will need to consider these factors if they receive notifications in the future.

As an alternative, the department and its contractor Cowell Electric Supply would be happy to commit to providing all recorded outages and repairs to ESCOSA on a periodical basis in a tabulated format to be discussed and agreed between parties

The provision of annual performance reports (3.5.4 pg 36) directly to our customers is possible through the department's [website](#) and will allow people to respond as far as possible now, through the RAES provided email address and phone number. This may be more







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difficult for some of the private operators (subsidised under the Deed of Grant with the Minister) as a website may not always be available. The department would be open to a discussion on alternative options with ESCOSA and independent operators to find a suitable resolution to enable better access for customers.

### Water and Sewerage Infrastructure

The Office of the Technical Regulator (OTR), within the Energy and Technical Regulation division of the department, is responsible for technical regulation of the water industry. For the proposed trust-verify approach, entities will only need to report material changes to ESCOSA. It will be important to clearly communicate the definition of what a material change is to retailers. Some retailers may perceive that if they are not required to report data annually to ESCOSA that they will no longer need to collect performance monitoring data. They will however need to collect suitable performance monitoring data in order to be able to determine whether a material change has occurred.

The trust-verify proposal puts forward retailers that are competent in category A. There are however scenarios where the operator may be competent, however the infrastructure is unreliable and in poor condition, requiring additional regulatory oversight.

It is noted that the current ESCOSA performance monitoring requirements established for the minor and intermediate retailers enable benchmarking which otherwise in SA is only possible for SA Water which is large enough to be included in the National Performance Report. The data currently collected has potential to be better utilised to benchmark performance between retailers, examine long-term asset performance and prioritise regulatory focus. Whilst the trust-verify model will still collect some data, there will be less scope for benchmarking between retailers if only material changes are being reported.

The proposed change that licensees will be required to report on their performance directly to their customers, with form and detail being determined through customers' engagement may be challenging in particular for the smaller entities that have limited resourcing and would require more input than the current regulatory requirements.

There is value in providing education so that retailers can understand and see the value in reliability measures and use them for steering their maintenance program, condition assessment and asset management planning.





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In terms of timing of the trust-verify model, the OTR would support this starting in July 2022 to enable sufficient transition to analyse, consult and determine what reporting may be required to the OTR.

If you have any further queries, please contact:

Remote Area Energy Supply: Steven Bye, [steven.bye@sa.gov.au](mailto:steven.bye@sa.gov.au) or 0467 800 193

Water and Sewerage: Naomi Struve: [naomi.struve@sa.gov.au](mailto:naomi.struve@sa.gov.au) or 0475 826 663

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Vince Duffy".

Vince Duffy  
**EXECUTIVE DIRECTOR**  
Energy and Technical Regulation Division

