



## Off-Grid Energy Networks Regulatory Performance Report 2020-21

### Key messages

- ▶ Unplanned electricity supply interruptions increased from 116 in 2019-20 to 129 in 2020-21.<sup>1</sup>
- ▶ The Commission is continuing to take compliance action in relation to the District Council of Coober Pedy's (DCCP) compliance with its electricity licence, legislation and codes. The DCCP's progress in rectifying identified non-compliances is detailed in this report.
- ▶ For reticulated liquefied petroleum gas (LPG) retail licensees, disconnections for non-payment increased from 20 in 2019-20 to 23 in 2020-21.
- ▶ There were no unplanned supply interruptions reported for off-grid reticulated gas customers in 2020-21.

## 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 2020-21, 6,346 customers were supplied through off-grid electricity networks, which is an increase of 87 customers from 2019-20<sup>2</sup>, as shown in Table 1. There are two changes to the off-grid electricity distribution and retail licensees from the 2019-20 reporting period. On 16 July 2020, CPE Funding Pty Ltd was issued an electricity distribution licence for inset networks at Murray Bridge and Mount Gambier. On 23 September 2020, the electricity distribution licence for the Tonsley Innovation District was varied to reflect the change of licensee name from Enwave Tonsley Pty Ltd to CPE Tonsley Pty Ltd.

<sup>1</sup> The number of unplanned interruptions reported in the 2019-20 off-grid energy networks report (93) excluded the District Council of Coober Pedy as a result of data not being reported. Total unplanned interruptions for 2019-20 have been changed in this report to reflect updated data reported to the Commission.

<sup>2</sup> 2019-20 connection numbers have been revised based on a revised number of connections reported by Enerven Energy Infrastructure Pty Ltd reducing the total number of off-grid and inset network connections from 6,558 to 6,259.

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	34
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>	1,527
	Exempt	Inset network via OneSteel at Iron Knob	Iron Knob, Pimba	158
CPE Funding Pty Ltd	Authorised <sup>5</sup>	Inset network via SA Power Networks	Mount Gambier, Murray Bridge	72
CPE Tonsley Pty Ltd	Authorised	Inset network via SA Power Networks	Tonsley Innovation District	226
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	1,539
Enerven Energy Infrastructure Pty Ltd	Exempt	Inset network via ElectraNet	Woomera, Pimba	1
Jeril Enterprises Pty Ltd	Jeril Enterprises Pty Ltd	Off-grid supply	Andamooka	443
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>6,346</b>

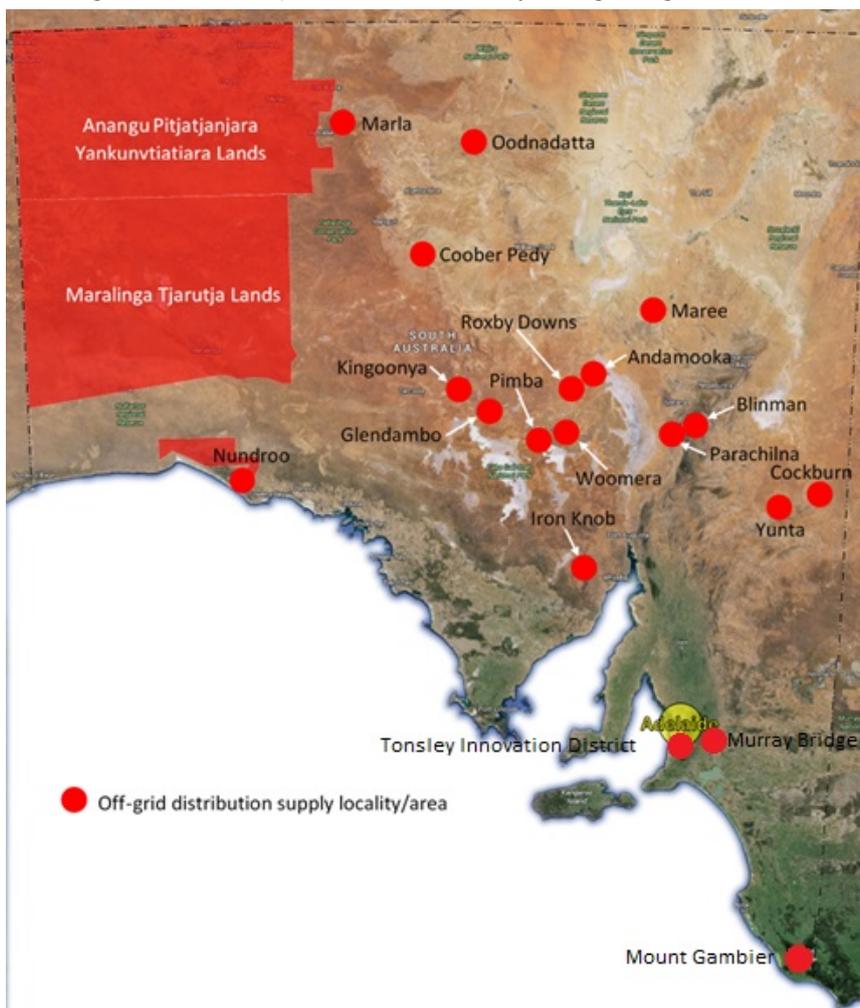
<sup>3</sup> National Energy Retail Law exemption, issued by the AER. These customers are still provided protection and performance monitoring in the national electricity and gas retail markets.

<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 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. Since the 2019-20 reporting period, the Murray Bridge and Mount Gambier inset networks have been added.

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 which engage in the generation of electricity, operation of a transmission or distribution network, power system control or electricity retailing.<sup>6</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>7</sup>, a connections policy and a metering plan (if applicable), and reporting requirements.

<sup>6</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>7</sup> SRMTMPs are considered by the Office of the Technical Regulator.

## Consumer protections

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 16 electricity supply quality complaints in 2020-21 (0.3 percent of customers). Fourteen of those complaints were reported by the District Council of Coober Pedy (**DCCP**). By way of comparison, the Energy and Water Ombudsman of South Australia received 99 electricity supply quality complaints (0.1 percent of customers) across national electricity market operators and participating small scale electricity retailers and distributors in 2020-21<sup>8</sup>.

## Disconnections

Off-grid retailers reported that two retail customers were disconnected<sup>9</sup> for non-payment of a bill in 2020-21. This is a decrease from 50 disconnections reported in 2019-20.

The reduction in disconnections is a result of the DCCP not undertaking any retail disconnections in 2020-21 (47 disconnections were reported in 2019-20) while it undertakes changes to its systems and processes as a

<sup>8</sup> Refer - <https://ewosa.com.au/assets/volumes/general-downloads/annual-reports/EWOSA-Annual-Report-2020-2021.pdf>

<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.

result of the Commission determining that the DCCP was non-compliant with its obligations under its electricity retail licence and the Electricity Act (particularly those relating to debt recovery and disconnections). The DCCP will not recommence disconnections for non-payment of a bill until the Commission is satisfied that it is compliant with relevant regulatory requirements.

### Unplanned interruptions

There were 129 reported unplanned interruptions that impacted on 6,346 customers in 2020-21, affecting two percent of the customer base. This is an increase from 116 (1.7 percent) reported for 2019-20.

The majority of the unplanned interruptions (around 57 percent) were reported in areas in which Cowell Electric Supply Pty Ltd (**Cowell Electric**) provides distribution services. Although there was an increase in the number of unplanned interruptions reported by Cowell Electric from 68 in 2019-20 to 74 in 2020-21, the distribution unplanned outage duration total decreased by 28 percent over that same period.

The distribution unplanned outage duration total has also continued on a downward trend, in 2020-21 it has decreased by 75 percent when compared with 2017-18 and 62 percent when compared with 2018-19. In addition, prior to 2021-20, the number of unplanned interruptions reported by Cowell Electric had trended downwards since 2016-17, when 147 unplanned interruptions were reported.

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

In 2020-21, no significant non-compliances with regulatory requirements have been reported by any of the off-grid electricity licensees, noting that the non-compliances in respect of the DCCP were known prior to the 2020-21 reporting period.

Several licensees have notified the Commission of amendments to their administrative arrangements, such as requests for variation of licence and review of standard contract in order to comply with regulatory requirements.

The DCCP is licensed by the Commission to provide electricity and water services. In 2018-19, the Commission commenced compliance action in relation to the DCCP's compliance with the conditions of 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.

In January 2021, the Commission published a report<sup>10</sup> on its findings. Since then, the DCCP has developed an action plan to rectify areas of non-compliance. Appendix 1 provides a summary of the DCCP's progress against the issues identified through the review, which the DCCP must address to ensure compliance with its licences, legislation and codes.

The Commission thanks the staff of the DCCP for genuinely engaging with the Commission, to improve outcomes for essential service consumers in Coober Pedy. The Commission is continuing to monitor the DCCP's progress and will continue to assist the DCCP to implement compliant systems and processes.

<sup>10</sup> 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. Refer: <https://www.escosa.sa.gov.au/ArticleDocuments/21640/20210205-Electricity-Water-ComplianceReviewReport-DistrictCouncilCooberPedy.pdf.aspx?Embed=Y>

## Off-grid reticulated gas networks

There are several areas in South Australia that are not connected directly to the national gas network and are instead provided with Liquid Petroleum Gas (LPG) through standalone networks or Liquid Natural Gas (LNG) from the national gas network via an inset network arrangement. The Commission regulates these services through the licensing regime established by the *Gas Act 1997* (**Gas Act**).

There are five licensed off-grid reticulated gas distributors and two off-grid reticulated gas retailers providing services to 4,967 customers through off-grid reticulated gas networks in South Australia (Table 3). Although the licensed distributors and retailers were unchanged from 2019-20, there was a net increase of 537 connections. All off-grid reticulated gas networks saw an increase in number of connections from 2019-20. Notably, the Mount Barker LPG distribution network managed by Environmental Land Services (Aust) Pty Ltd saw an increase of 335 connections due to the expansion of new housing developments.

Table 2: South Australian off-grid reticulated gas networks

Distributor licensee	Retail licensee	Source	Location	Number of connections
Australian Gas Networks Limited	Elgas Limited	Off-grid LPG supply	Mount Barker, Littlehampton, Nairne	45
CPE Tonsley Pty Ltd	Exempt	Inset LNG network via AGN	Tonsley Innovation District	107
Elgas Limited	Elgas Limited	Off-grid LPG supply	Clare (Hanlins Rise), Point Boston Estate, Mount Barker	65
Environmental Land Services (Aust) Pty Ltd	Elgas Limited	Off-grid LPG supply	Mount Barker	2,284
Origin Energy LPG Limited	Origin Energy Retail Limited	Off-grid LPG supply	Roxby Downs, Victor Harbor, Renmark, Port Lincoln, Wallaroo, Cape Jaffa	2,466
<b>Total</b>				<b>4,967</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. Those who engage in the activity of distributing LNG through reticulated networks outside of the national gas network in South Australia are also required to obtain a licence from the Commission.

LPG 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 and LNG 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 Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP)<sup>11</sup>, a connections policy and a metering plan (if applicable), and
- ▶ reporting requirements.

### 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.

### Off-grid reticulated gas licensee performance in 2020-21

The Commission has identified key metrics to monitor the performance of off-grid reticulated gas 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 regarding quality of supply and there were no supply interruptions reported for off-grid reticulated gas customers in 2020-21.

Twenty-three customers were disconnected for non-payment of a bill in 2020-21 compared to 20 in 2019-20. Twelve of the 23 off-grid reticulated gas disconnections were customers of Elgas Ltd and 11 were customers of Origin Energy LPG Limited.

No major non-compliances were reported by the off-grid reticulated gas licensees or identified by the Commission, which is consistent with reports in 2019-20.

<sup>11</sup> SRMTMPs are considered by the Office of the Technical Regulator.

Appendix 1 - District Council of Coober Pedy compliance review action plan status

	Compliance Issue	Action	Status
3.1	Restrictions and Disconnections	DCCP ceased disconnections and restrictions for customers' failure to pay an invoice.	 Complete
4.1	Hardship Policy	Website updated to display the policy in a prominent location.	 Complete
4.2	Customer Charter	Website updated to display the policy in a prominent location.	 Complete
4.3.5	Disconnection Notices – 'green letter'	Letter revised and amended checklist approved by the Commission.	 Complete
4.7	Customer Complaints Policy	Customer Complaints Policy available on the website.	 Complete
4.10	Standard terms and contract	Approved standard contract available on the website.	 Complete
4.3.1	Billing – tax invoices	A new lodged bill with a 24/7 system fault number and next meter read provided to the Commission.	 Complete
4.3.2	Reminder Notices – 'yellow letter'	Reminder notice includes information on unpaid invoices and flexible payment options.	 Complete
4.5	Debt Recovery Policy	DCCP provided the draft Debt Recovery Policy to the Commission for review.	 Progressing
3.1	Restrictions and Disconnections	Develop additional communication materials for customers on disconnections and restrictions – hard copy and website.	 Outstanding
3.3	Communication material and customer engagement	Develop additional communication materials for customers on disconnections and restrictions – hard copy and website. Information must include: <ul style="list-style-type: none"> <li>- Hardship and Debt Recovery Policies</li> <li>- Bill Payments and Meter Readings</li> <li>- Outages, faults, and emergencies</li> <li>- Products, plans, and pricing</li> <li>- RAES scheme and government concessions</li> </ul>	 Outstanding

	Compliance Issue	Action	Status
4.3.6	Estimated Bills	Formalise the current process for estimating bills based on DCCP's approved policy.	 Outstanding
4.6	Communication material	Develop a Fact Sheet on options for hardship, payment difficulties and the provision of payment options based on the hardship and debt management policies.	 Outstanding
3.2	Staff training and contingency plans for staff turnover	Implement Training Manuals for staff.	 Outstanding
4.3.1	Billing – tax invoices	Investigate options for providing details of previous payments made by customers towards bills, still investigated but not actioned.	 Outstanding
4.9	Staff training and procedures checklists	Develop checklists and procedures guides to mitigate risks from staff turnover. Document is being finalised by DCCP.	 Outstanding
3.4	Annual Compliance Reporting	Annual Compliance Report completed correctly.	 Ongoing
4.8	Energy and Water Ombudsman Scheme (EWOSA)	DCCP to maintain its membership to the Scheme to allow for an independent external process to assist in the resolution of customer complaints.	 Ongoing
4.12.1	Safety, Reliability, Maintenance, And Technical Management Plan (SRMTMP)	DCCP to ensure that the SRMTMP is updated and forwarded to the Office of Technical Regulator (OTR) within the correct timeframes to ensure continual compliance with licence conditions.	 Ongoing
4.12.1	Switching Manual	Ensure that its switching manual is current and forwarded to the OTR within the correct timeframes to ensure continual compliance with licence conditions.	 Ongoing

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