

PERFORMANCE PLAN

2015/16

FEBRUARY 2015



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The Essential Services Commission of South Australia is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and ports industries, and also has a general advisory function on economic matters. For more information, please visit www.escosa.sa.gov.au.

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INTRODUCTION

The Essential Services Commission (**the Commission**) is the independent economic regulator of five industries in South Australia. The Commission's functions are specified in industry legislation and include price regulation, access regime administration, service standard setting, licensing, consumer protection, compliance, monitoring and enforcement and program administration.

The Performance Plan sets out the Commission's goals, major projects and priorities with respect to the full range of the Commission's functions, for 2015/16.

The Commission is aware of the South Australian Strategic Plan and 10 Economic Priorities for the State and will have regard to these matters, as relevant, in areas where they intersect with the Commission's work.

The Commission Strategic Plan 2015 – 2018 outlines in more detail the manner in which the Commission will pursue its goals and undertake its functions for 2015/16.

Objectives

In performing its statutory functions, the Essential Services Commission Act 2002, requires the Commission to:

- a) have as its primary objective protection of the long term interests of South Australian consumers with respect to the price, quality and reliability of essential services; and
- a) at the same time, have regard to the need to—
 - i. promote competitive and fair market conduct; and
 - ii. prevent misuse of monopoly or market power; and
 - iii. facilitate entry into relevant markets; and
 - iv. promote economic efficiency; and
 - v. ensure consumers benefit from competition and efficiency; and
 - vi. facilitate maintenance of the financial viability of regulated industries and the incentive for long term investment; and
 - vii. promote consistency in regulation with other jurisdictions.

Goals

The Commission's goals are to:

1. Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices
2. Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements
3. Consult genuinely and promote community understanding and engagement
4. Contribute to a strong, sustainable economy in South Australia

Values

The following Values describe how the Commission, as an organisation and as individuals, will always behave:

- ▲ Independent - We act impartially and in accordance with our legislative framework
- ▲ Consultative - We engage and consult with all members of the community and we consider their views on issues relevant to our decisions
- ▲ Ethical - We act honestly, fairly and with integrity
- ▲ Professional - We make our decisions with discipline and rigour, based on logic and evidence
- ▲ Accountable - We take responsibility for our actions
- ▲ Transparent - We use open and public consultation processes and make our decisions clear, understandable and publicly available. We explain the reasons for our decisions

People Culture and Systems

The Commission's people, culture and systems underpin its goals and values. The Commission will ensure its people have the resources, training and support to undertake their jobs in a culture that is supportive, professional and committed to debate and intellectual rigour. The Commission will also ensure its systems are efficient and effective.

Regulatory functions

The Essential Services Commission Act and various industry Acts together provide the Commission with regulatory powers and functions. Each industry Act provides a specific regulatory for the Commission. The Commission's powers and functions vary between industries, as summarised in the table below.

INDUSTRY	LEGISLATION	REGULATORY FUNCTIONS
Water	Water Industry Act 2012	<p>Water and sewerage retail service providers:</p> <ul style="list-style-type: none"> ▲ Licensing ▲ Retail price regulation ▲ Consumer protection ▲ Service/reliability standard setting ▲ Performance monitoring and reporting <p>Other functions as required from time to time.</p>
Electricity	Electricity Act 1996	<p>Electricity generation, transmission, distribution and off-grid suppliers:</p> <ul style="list-style-type: none"> ▲ Licensing ▲ Service/reliability standard setting ▲ Performance monitoring and reporting <p>Electricity retail operations:</p> <ul style="list-style-type: none"> ▲ Determination of the retailer solar photovoltaic Feed-in Tariff ▲ Preparation and publication of Ministerial Energy Retail Pricing reports ▲ Retailer Energy Efficiency Scheme administration <p>Other functions as required from time to time.</p>
Gas	Gas Act 1997	<p>LPG gas operations:</p> <ul style="list-style-type: none"> ▲ Licensing of retail and distribution <p>Natural gas operations</p> <ul style="list-style-type: none"> ▲ Licensing of distribution <p>Gas retail operations:</p> <ul style="list-style-type: none"> ▲ Preparation and publication of Ministerial Energy Retail Pricing reports ▲ Retailer Energy Efficiency Scheme administration <p>Other functions as required from time to time</p>
Rail	AustralAsia Railway (Third Party Access) Act 1999 Railway (Operations and Access) Act 1997	<ul style="list-style-type: none"> ▲ Regulation under the AustralAsia (Third Party Access) Code for the Tarcoola–Darwin railway ▲ Access regulator for specified intra-state rail lines
Ports	Maritime Services (Access) Act 2000	<ul style="list-style-type: none"> ▲ Pricing and access regulator for specified port services

Advisory functions

The Commission has two, broad, advisory functions. The first is to provide advice to the Treasurer, on request, in relation to any matter (section 5(f) of the Essential Services Commission Act). In that capacity the Commission acts as a consultant to the Government, providing independent advice on economic and regulatory matters.

The second is to conduct public inquiries (Part 7 of the Essential Services Commission Act). Such Inquiries can be initiated by the Commission itself into any matters within its regulatory scope, or by the Treasurer or an industry Minister into any matter related to a regulated industry. Inquiries are conducted through a formal, public process and final reports are tabled in Parliament.

PERFORMANCE PLAN BY INDUSTRY SECTOR

Water

The Commission licenses 60 water retail businesses in South Australia, across metropolitan, regional and rural South Australia (as at 1 February 2015). The Commission’s major water projects in 2015/16 include:

- ▲ Making SA Water Price Determination 2016
- ▲ Commencing initial work related to making the Minor and Intermediate Water Retailer Price Determination 2017
- ▲ Reviewing and consolidating the independent water regulatory framework for minor and intermediate water retailers
- ▲ Administering the Commission’s existing water and wastewater price determinations, including reviewing SA Water’s excluded services/recycled water pricing policy statements and minor and intermediate retailers’ pricing policy statements to ensure that they comply with the Commission’s pricing principles, and
- ▲ Processing and issuing water retail licensees, overseeing compliance and performance reporting by licensees and publicly reporting on their annual performance.

PROJECTS	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
SA Water Price Determination 2016 – regulatory instruments Reviewing the consumer protection and regulatory framework as contained in the Water Retail Code – Major Retailers, Water Industry Guideline No. 1 – Compliance Systems and Reporting, and Water Industry Guideline No. 2 – Water Regulatory Information Requirements for Major Retailers.	Q1	Q4
SA Water Price Determination 2016 – service standards Finalise the specific targets and metrics for the service standard to apply to SA Water for 2016 - 2020 in accordance with the service standards framework.	Q1	Q3
SA Water Price Determination 2016 – Price Determination Make a price determination consistent with the Framework and Approach released in 2014 and all legislative requirements.	Q2	Q4
National Water Commission - National Performance Report audit Provide input into the development of the National Water Commission’s national performance report through gathering and auditing performance data supplied by SA Water.	Q2	Q2
SA Water Consumer Engagement Program Ensure that the consumer engagement work undertaken by SA Water in the lead up to the price determination for the next regulatory period is robust and can be relied on for regulatory decision-making purposes.	Q2	Q2

Minor and Intermediate Retailers Customer Engagement Work with Minor and Intermediate retailers to understand the preferences of their customers as part of the review of the regulatory framework for the next regulatory period.	Q2	Q4
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Minor and Intermediate Retailer Engagement Program Liaise with Minor and Intermediate retailers to ensure the smooth operation of the Commission's licensing, performance monitoring and reporting framework within water retail businesses.	Q2	Q4
ONGOING WORK	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
Collect, analyse and report on pricing outcomes by regulated entities	Ongoing	
Report to the Treasurer on 2016/17 Water Licence Fees, pursuant to section 24(3) of the Water Industry Act 2012.	Q3	Q4
Resolve any excluded services disputes	Ongoing	
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Issue licences and exemptions as required	Ongoing	
Administer licensing regime for water and sewerage operations	Ongoing	
Administer and review Industry Codes	Ongoing	
Administer and review Industry Guidelines	Ongoing	
Collect, analyse and report on compliance outcomes by regulated entities	Ongoing	
Undertake compliance action as required	Ongoing	
Collect, analyse and report on operational performance outcomes by regulated entities	Ongoing	
Collect, analyse and report on financial performance outcomes by regulated entities	Ongoing	
Develop and publish Annual Performance Reports	Q2	Q4

Energy (Electricity and Gas)

The Performance Plan 2015/16 covers responsibilities in the generation, distribution transmission and retail electricity and gas sectors.

Major projects and initiatives for 2015/16 include:

- ▲ Setting service standards for electricity transmission for 2018-2023
- ▲ Monitoring energy retail prices
- ▲ Review the need for ongoing regulation of the Retailer Feed-in Tariff, and
- ▲ Finalising the National Energy Retail Law (NERL) review as required under the NERL.

The Commission will oversee compliance and performance reporting by regulated businesses, and process and issue energy generation, transmission and distribution licences (including off grid and LPG). The Commission will report on the annual performance of electricity and gas distribution and transmission businesses.

The Commission will also administer the Power Line Environment Committee on behalf of the Minister for Energy and Mineral Resources.

PROJECTS	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
Service standards for electricity transmission for 2018-2023 Develop service standards to apply to Electranet for the regulatory period 2018 - 2023.	Q1	Q2
Develop and publish Ministerial Retail Pricing Report 2015 Meet requirement of Section 12 (1)(c) of the Electricity (General) Regulations 2012 and submit to the Minister for Mineral Resources and Energy, and publish on Commission website, a report monitoring the energy retail prices that were generally available to residential and small business customers during the previous financial year.	Q1	Q1
Review the need for ongoing regulation of the Retailer Feed-in Tariff Monitor the extent of competition for solar PV customers and Retailer Feed-in Tariff payments.	Q1	Q4
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
National Energy Retail Law Review Finalise the formal review process for the NERL review required under the National Energy Retail Law.	Q3 14/15	Q3 15/16

ONGOING WORK	COMMENCE	COMPLETE
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Issue licences and exemptions as required	Ongoing	
Administer the licensing regime for generation and wind generation operations	Ongoing	
Administer the licensing regime for transmission and distribution operations	Ongoing	
Administer the licensing regime for off-grid electricity operations	Ongoing	
Administer the licensing regime for Liquefied Petroleum Gas (LPG) operations	Ongoing	
Administer and review Industry Codes	Ongoing	
Administer and review Industry Guidelines	Ongoing	
Collect, analyse and report on compliance outcomes by regulated entities	Ongoing	
Undertake compliance action as required	Ongoing	
Collect, analyse and report on operational performance outcomes by regulated entities	Ongoing	
Develop and publish Annual Performance Reports	Q1	Q2
Develop and publish Significant Event Performance Reports	As required	
Administer Power Line Environment Committee Program	Ongoing	
Publish Powerline Environment Committee Annual Report	Q1	Q1
Review and approve safety, reliability, maintenance and technical management plans, in liaison with the Office of the Technical Regulator	Ongoing	
Undertake regulatory tasks assigned as part of the National Energy Customer Framework	Ongoing	

Retailer Energy Efficiency Scheme (REES)

On 1 January 2015, the REES was expanded to include small businesses. In 2015/16 the Commission will focus on the successful implementation of the amended REES scheme.

PROJECTS	COMMENCE	COMPLETE
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
REES IT system modification Modify the REES Information Technology System to provide for efficient and seamless data transfers between retailers and the Commission, and assist in the annual reporting process.	Q1	Q4
Liaison with obliged retailers and third party providers Ensure all stakeholders are aware of their revised responsibilities and requirements under the scheme.	Q1	Q2
ONGOING WORK	COMMENCE	COMPLETE
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Administer the Retailer Energy Efficiency Scheme	Ongoing	
Administer and review the REES Code	Ongoing	
Administer and review the REES Guideline	Ongoing	
Review and assess retailer compliance plans and information	Q3	Q4
Administer REES enforcement & penalty regime	As required	
Publish REES Bulletins	Ongoing	
Publish Annual Report on outcomes of the REES as per the Minister's Protocol	Ongoing	
Receive and process REES activity data reports from retailers	Quarterly	
Determine allocation of 2016 REES targets	Q2	Q3
Assess retailer achievement of targets	Quarterly/Annually	
REES "roadshows"	Q2 & Q4	
Stakeholder liaison (retailers, third parties and DSD)	Ongoing	
Liaise with other jurisdictions to ensure, as far as possible, national consistency in the administration and operation of energy efficiency schemes	Ongoing	

Rail – Tarcoola - Darwin

In 2015/16 the Commission will focus on finalising the review of Darwin – Tarcoola rail revenues and profits.

The Commission will administer the regulatory frameworks for the Tarcoola-Darwin rail access, including monitoring compliance and approving variations to rail access arrangements and resolving any disputes regarding rail access.

PROJECTS	COMMENCE	COMPLETE
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
Review of Tarcoola to Darwin railway revenues and profits Pursuant to section 50 of the AustralAsia Railway (Third Party Access) Act 1999, undertake a review of whether or not the profits earned for the provision of access to the Tarcoola to Darwin railway over the past 10 years have been excessive.	Q3 14-15	Q1 15-16
ONGOING WORK	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
Conciliate and arbitrate access disputes	As required	
Publish annual report on Commission's activities related to administration of the Tarcoola-Darwin rail access regime	Q1	Q1
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Monitor compliance of regulated entities and take compliance action as required	Ongoing	

Rail – Intrastate

In 2015/16 the main focus is to undertake a major review of the access regulation framework (scheduled for completion in 2015/16).

The Commission will administer the regulatory frameworks for the Intrastate rail access, including monitoring compliance and approving variations to rail access arrangements and resolving any disputes regarding rail access.

PROJECTS	COMMENCE	COMPLETE
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
Review of intrastate rail access regime Pursuant to section 7A of the Railways (Operations and Access) Act 1997, review the intrastate rail access regime to determine whether the access regime should continue to apply.	Q1	Q2
ONGOING WORK	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
Conciliate and arbitrate access disputes	As required	
Publish annual report on Commission's activities related to administration of the intrastate rail access regime	Q1	Q1
GOAL 2: Keep regulated businesses accountable by monitoring and reporting on service standards and licence requirements		
Monitor compliance of regulated entities and take compliance action as required	Ongoing	

Ports

The Commission will administer the regulatory frameworks for ports access, including monitoring compliance and approving variations to ports access arrangements and resolving any disputes regarding ports access.

PROJECTS	COMMENCE	COMPLETE
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
Ports Price and Access Review Pursuant to the Maritime Services (Access) Act 2000, conduct a review into the pricing and access regimes that apply to proclaimed ports in South Australia.	Q1	Q3
ONGOING WORK	COMMENCE	COMPLETE
GOAL 1: Establish consumer protection frameworks to promote the delivery of both service levels valued by consumers and efficient prices		
Monitor ports prices and publish 2015 ports price monitoring report	Ongoing	
Conciliate and arbitrate individual infrastructure access disputes	As required	

General Regulation

The Commission will continue to undertake general regulatory and administrative functions to support achievement of its statutory roles and functions.

PROJECT	COMMENCE	COMPLETE
GOAL 3: Consult genuinely and promote community understanding and engagement		
Upgrade and enhance the Commission website Upgrade the Commission website to enhance functionality.	Q1	Q4
Undertake a Stakeholder Survey Engage an independent organisation to undertake a survey of stakeholder perceptions of the Commission	Q3	Q4
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
Conduct Part 7 ESC Act Inquiries Conduct inquiries as referred from SA Government	As required	
Provide advice to SA Government under ESC Act As referred from SA Government	As required	
Develop a formal framework to govern the approach to regulation Develop a formal framework to govern the Commission's approach to developing, maintaining and applying regulation.	Q3 14/15	16/17
Develop and publish Strategic Plan 2016 - 2019 Develop the Commission's strategic direction and regulatory intentions for 2016 – 2019.	Q1	Q3
ONGOING WORK	COMMENCE	COMPLETE
GOAL 3: Consult genuinely and promote community understanding and engagement		
Co-ordinate and administer the Consumer Advisory Committee for water, electricity and gas	Ongoing	
Maintain a consultative approach to decision-making	Ongoing	
Develop relationships with regulated industries, consumers, Government, other regulators	Ongoing	
Refine communications methods and mechanisms	Ongoing	
Provide information and education to the general community	Ongoing	
GOAL 4: Contribute to a strong, sustainable economy in South Australia		
Contribute to the development of state and national regulatory frameworks	Ongoing	
Publish corporate Annual Report in accordance with legislative requirements	Q1	Q1

People, Processes and Systems

PROJECT	COMMENCE	COMPLETE
Develop licensee database system Develop a licensee database to enhance interaction and data capture with regulated entities	Q1	Q4
Develop the performance plan and budget for 2016/17 Pursuant to section 23 of the Essential Services Commission Act 2002, develop the Performance Plan and budget 2016/17	Q2	Q3
ONGOING WORK	COMMENCE	COMPLETE
Undertake end of year financial quality review and finalisation of EOY accounts	Q1	Q1
Ensure finance, procurement, human resources, work health and safety, information management and risk management policies and procedures are regularly reviewed, published and fully implemented	Ongoing	
Ensure all staff have a current personal development plan	Ongoing	
Undertake a staff culture survey	Q3	Q3
Develop a Workforce Strategy	Q3	Q4
Organise and conduct activities to strengthen internal relationships and teams	Quarterly	



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