



**This performance plan outlines the regulatory and advisory statutory work program for 2019-20 for the Essential Services Commission (Commission). The regulatory and advisory work undertaken by the Commission is supported by the corporate work program.**

## The Commission

The Commission is a statutory authority established as an independent economic regulator and advisory body under the Essential Services Commission Act 2002 (**ESC Act**).

The Commission's primary objective, as set out in the ESC Act, is the:

'...protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services'.

The ESC Act and various industry acts together provide the Commission with regulatory and advisory powers and functions.

The Commission regulates the provision of essential services in the [water and sewerage](#), [electricity](#), [gas](#), [maritime](#) and [rail](#) industries, and is the administrator of [REES](#). It also conducts formal public [inquiries](#) and provides advice to the South Australian Government on economic and regulatory matters.

Each industry regulated by the Commission has a dedicated page on our [website](#). These pages provide detailed information about the Commission's roles and functions in each industry.

## Strategy 2018-2021

The Commission's Strategy 2018-2021 (**Strategy**) outlines the changing environment for economic regulation and the Commission's strategic responses, along with priorities and performance indicators of success.

The Strategy articulates how the Commission will deliver its statutory work program, utilising stakeholder engagement and robust decision-making, to add value for South Australians.

Further information about the Commission's regulatory and advisory functions can be found within the Strategy.

A copy of the [Strategy](#) can be found at the Commission's website.

## Performance Plan 2019-20

The Performance Plan 2019-20 (**Plan**) has been prepared pursuant to Section 23 of the ESC Act.

The plan sets out the Commission's key regulatory and advisory projects of the statutory annual work program and is provided to the Treasurer for approval along with the Commission's Budget for 2019-20.

The major projects and annual program are provided in line with the three priorities outlined in the Strategy.

## People, culture and systems

At the Commission, our people, culture and systems underpin the achievement of our priorities.

The regulatory and advisory work undertaken by the Commission is supported by the corporate work program, which includes, but is not limited to, legal and corporate governance support, finance and budget management, strategy and performance planning and reporting, workforce and wellbeing initiatives, and information technology and systems support.

The Commission is committed to continuous improvement of all corporate support services with a focus on opportunities to improve key business systems, policies and processes to provide best value to the Commission, our stakeholders and consumers.

## Priority 1: We will establish consumer protection frameworks to promote the delivery of service levels valued by consumers at an efficient cost

We design and implement proportionate and robust regulatory regimes to protect consumers' interests at the lowest sustainable cost. The Commission is empowered to make industry codes, rules and guidelines under the Essential Services Commission Act. These codes, rules and guidelines are the means through which we establish consumer protection regimes in regulated industries and rules for operators in relevant industries. We also develop and implement service standards to protect consumers, which support the delivery of a level of service at the level valued by customers at an efficient price which permits the supplier to deliver at least that level of service in the long term.

Getting service levels right is important, as this is one of the key inputs to the prices paid for regulated services. While the Commission does not always regulate prices (for example, the Australian Energy Regulator is responsible for network price regulation in the energy sector), it is critical that service standard and price regulation work together to:

- ▶ ensure that customers receive the quality of service that they value and is cost-effective and feasible to deliver, and
- ▶ inform the prudent and efficient level of expenditure for the price determination.

Industry	Project	Requirement/outcome
Water	SA Water Regulatory Determination 2020	Make the SA Water regulatory determination to apply from 1 July 2020 to 30 June 2024 that will challenge SA Water to: <ul style="list-style-type: none"> <li>▶ provide water and sewerage services at the lowest sustainable price for the quality and reliability levels valued by customers, and</li> <li>▶ have in place sound long-term asset management, operating and financing strategies, which support the provision of those services for present and future customers.</li> </ul>
Energy	SA Power Networks electricity distribution reliability standards 2020-2025	Use latest reliability performance data to set the reliability standards to apply to SA Power Networks from 1 July 2020 to 30 June 2025, using the methodology set out in the Commission's final decision on SA Power Networks' reliability standards 2020-2025.
Energy	Review of ElectraNet's electricity transmission reliability standards 2023-2028	Commence review of electricity transmission reliability standards to apply to ElectraNet from 1 July 2023 to 30 June 2028. The standards should promote reliability benefits to customers that are greater than the costs of delivering them.
Energy	Review of Australian Gas Networks' gas distribution service standards 2021-2026	Finalise the review of service standards to apply to Australian Gas Networks from 1 July 2021 to 20 June 2026 (Q2 2018-19 – Q2 2019-20). The review should deliver service standards that customers are willing to pay for.
Rail	Review of revenues under the Tarcoola-Darwin rail access regime 2013-2018	Finalise the five-year review of revenues under the Tarcoola-Darwin rail access regime. This will assess whether or not the railway operator has earned excessive revenues between 1 July 2013 and 30 June 2018.
Rail	Review of intrastate rail access regime 2020-2025	Commence the five-year review of the effectiveness of the intrastate rail access regime. This will involve providing advice to the Government on whether or not the regime should continue from 31 October 2020 to 30 October 2025.

## Priority 2: We will keep regulated entities accountable to their customers through transparent monitoring and public reporting on performance

Priority 1 outlines the way we establish our regulatory frameworks to protect consumers. Priority 2 looks to ensure that consumers can access the benefits arising from those regulatory frameworks. We do this by using a risk-based approach in all of our work and engaging with regulated entities. This includes monitoring performance ensuring compliance with licence conditions, and public reporting by the Commission and regulated entities, on performance against service standards.

This priority is intended to:

- ▶ enhance consumer understanding of regulated entities and industry performance
- ▶ ensure licence and authorisation arrangements for regulated entities are robust and protect consumers
- ▶ ensure there is effective monitoring of, and compliance by, regulated entities
- ▶ ensure licensees have a clear understanding of their obligations, and
- ▶ ensure that energy retailers comply with Retailer Energy Efficiency Scheme (**REES**) requirements.

Industry	Project	Requirement/outcome
All	New Reporting Regime	This project will critically analyse and challenge our current information requirements and presentation methods to ensure: <ul style="list-style-type: none"> <li>▶ the information we collect is relevant so as to reduce reporting requirements and red tape, and</li> <li>▶ our reporting is targeted and relevant to the needs of stakeholders.</li> </ul>
All	Monitoring and Evaluation Framework	The Commission understands the community expects a strong compliance focus and verification of regulated entity performance. The Commission is reviewing and enhancing its compliance monitoring and evaluation framework, which will be applicable to all regulated entities.
All	Small-scale Network Inquiry	Ensure regulated entities are complying with the revised regulatory framework.
REES	REES 2021	Participate in the review of REES and implement any changes as a result of the review.
All	Administer the Commission's regulatory reporting framework	Enable enhanced consumer understanding of regulated entities' performance.
All	Administer the Commission's compliance and auditing framework	Ensure there is effective monitoring of, and compliance by, regulated entities.
Water, Electricity and Gas	Administer the Commission's licensing and authorisation framework	Ensure licence and authorisation arrangements for regulated entities across industries are robust and protect consumers.
REES	Administer REES	Ensure the efficient administration of the REES.

### Priority 3: We add value to South Australia by delivering impartial, credible and robust regulatory and economic advice

As an independent statutory authority charged with performing economic regulatory functions for the state of South Australia, we can contribute to the South Australian economy being strong and sustainable.

We will continue to build our internal research and advisory capability, and leverage off our existing knowledge, experience and relationships to support the delivery of our overall regulatory program and to provide advice to Government and stakeholders. In doing this we will take a Better Regulation approach, working with other regulators, showing leadership in regulatory matters and developing regulatory and advisory responses which meet the needs of our stakeholders, in the context of best practice, both nationally and internationally.

We will use robust engagement processes to obtain the widest range of views, evidence and information, and be responsive and agile to deliver in a timely way.

This priority is intended to:

- ▶ facilitate greater consideration of how we regulate
- ▶ anticipate and respond to regulatory, economic and technological developments in South Australia and nationally, and
- ▶ provide an advisory service to Government and stakeholders that supports the South Australian economy.

Industry	Project	Requirement/outcome
All	Conduct Part 7 ESC Act Inquiries	Conduct public inquiries initiated by the Commission (into any matters within our regulatory scope), by the Treasurer (into any matter) or by an industry Minister (into any matter concerning a regulated industry).
All	Provide advice to South Australian Government under section 5(f) of the ESC Act	Provide independent advice on economic and regulatory matters.
All	Undertake research for internal purposes	Build on knowledge, experience and relationships to support the delivery of our overall regulatory program.

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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