



Energy networks' regulatory performance report for 2016-17

SA Power Networks, ElectraNet and Australian Gas Networks

Executive summary

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Executive summary

The Essential Services Commission (**Commission**) publishes annual regulatory performance reports in relation to licensed energy networks operating in South Australia. These reports are intended to inform stakeholders and consumers of relevant service and operational performance outcomes during the year and to drive business accountability for performance. This 2016-17 regulatory performance report covers the period 1 July 2016 to 30 June 2017 and covers the following energy network businesses:

- ▶ SA Power Networks (electricity distribution)
- ▶ ElectraNet Pty Ltd (**ElectraNet**) (electricity transmission)
- ▶ Australian Gas Networks Ltd (**Australian Gas Networks**) (gas distribution)

This is the second year of a new regulatory period for SA Power Networks (running from 2015 to 2020), in which network reliability service standards applied for the performance of categories of feeder, rather than for regions (as in prior years). The regulatory period for ElectraNet runs from 2013 to 2018 and from 2016 to 2021 for Australian Gas Networks.

The Commission's key observations for 2016-17 are set out below.

SA Power Networks

- ▶ In 2016-17, SA Power Networks met all ten service standards.
- ▶ There were 125,462 Guaranteed Service Level (**GSL**) payments made totalling \$28.4 million. That was the highest amount since the regime's inception in 2005 (the previous highest amount was \$9.3 million in 2007-08) and over nine times the average annual payment amount over the past 11 years. Ninety-seven percent of GSL payments were made for duration of interruptions, and were mainly related to protracted outages following the severe weather event on 27-28 December 2016. The average payment per year since introduction has been \$3.03 million.
- ▶ There were nine Major Event Days (**MED**) in 2016-17, this is the highest recorded since 2005-06. MEDs was the highest contributor to interruptions on the distribution network since 2005-06. On average, the distribution network experiences three MEDs per year.
- ▶ For the customer service category, SA Power Networks met the standards for responsiveness to telephone calls and written enquiries.
- ▶ The Commission required SA Power Networks to provide evidence that it met the best endeavours service standard for Central Business District (CBD) feeders and Short Rural feeders, as it did not meet the Unplanned System Average Interruption Duration Index (USAIDI) targets for these feeders. The Commission reviewed and analysed the material provided, in its determination of SA Power Networks having met best endeavours.

The Commission notes that weather patterns during the 2016-17 period have caused more severe weather events, in addition to MEDs, than in previous years (confirmed by the Bureau of Meteorology). Such events can materially affect the performance of network reliability.

The Commission will continue to review trends in SA Power Networks' performance against all service standards, on a quarterly basis (or more frequently as required), to ensure the performance is appropriate and to ensure the early identification of potential systemic issues. In doing so, the Commission will liaise with of the Office of the Technical Regulator and other relevant regulatory authorities as required.

The Commission reviews the reliability service standards that apply to SA Power Networks every five years, prior to the commencement of a new price regulation period. It is currently reviewing the reliability standards that will apply to SA Power Networks for the 2020-2025 period. The overall objective for this review is to establish reliability standards for SA Power Networks that are valued by its customers. This will include considering both average reliability standards and the effectiveness of the current Guaranteed Service Level (GSL) scheme.

ElectraNet

- ▶ In 2016-17, ElectraNet met all three restoration service standards.
- ▶ There was one transmission line failure during the year (not including the events of 28 September 2016 that was the subject of a separate investigation and report). ElectraNet met the exit point reliability standard timeframe for restoring the transmission line capacity after the line failure.
- ▶ The number of interruptions was relatively low, at nine. However, the system minutes off supply has increased significantly to 13 minutes due to severe weather events during the year (in particular, the storms which occurred on 8 September and 28 September 2016).

Australian Gas Networks

- ▶ No formal service standards have been set for Australian Gas Networks for the current regulatory period; however, the following three service level measures are monitored:
 - responsiveness of the leaks and emergencies telephone number,
 - responsiveness to public reporting of gas leaks, and
 - customer interruptions.

The Commission has reviewed Australian Gas Networks' performance and notes that there were no significant, protracted interruptions to customers supply on the gas distribution network in the year.

A detailed 'time series data' set for SA Power Networks, ElectraNet and Australian Gas Networks performance outcomes is available on the Commission's website.



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