



Energy

# Off-grid Networks' Performance Report for 2016-17

## Electricity and Liquefied Petroleum Gas

**Enquiries concerning this Off-Grid Regulatory Performance Report 2016-17 should be addressed to:**

Essential Services Commission  
GPO Box 2605  
ADELAIDE SA 5001

Telephone: (08) 8463 4444  
Freecall: 1800 633 592 (SA and mobiles only)  
E-mail: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

# Table of contents

- Glossary of terms .....ii
- 1 Executive summary..... 1
- 2 Off-grid electricity networks ..... 2
  - 2.1 South Australian off-grid electricity networks ..... 2
  - 2.2 Regulatory regime ..... 3
    - 2.2.1 Consumer protections ..... 4
  - 2.3 Off-grid licensee performance ..... 4
    - 2.3.1 How performance is measured..... 4
    - 2.3.2 Disconnections and unplanned interruptions increased in 2016-17 ..... 5
- 3 LPG networks ..... 6
  - 3.1 South Australian LPG networks..... 6
  - 3.2 Regulatory regime ..... 6
    - 3.2.1 Consumer protections ..... 6
  - 3.3 LPG licensee performance ..... 7
    - 3.3.1 How performance is measured..... 7
    - 3.3.2 LPG licensee performance in 2016-17 was consistent with previous year ..... 7

## Glossary of terms

AER	Australian Energy Regulator
Commission	Essential Services Commission, established under the Essential Services Commission Act 2002
Electricity Act	Electricity Act 1996
ESC Act	Essential Services Commission Act 2002
Gas Act	Gas Act 1997
LPG	Liquefied Petroleum Gas
Regulator	Technical Regulator
SRMTMP	Safety, Reliability, Maintenance and Technical Management Plan
TJ	Terajoule
Treasurer	Treasurer for the South Australian Government

# 1 Executive summary

The Essential Services Commission (**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 reports annually on energy businesses' performance in delivering essential services to South Australian consumers. It covers the period 1 July 2016 to 30 June 2017.

Many remote locations not connected to the national electricity grid are provided with electricity through off-grid networks. The Commission's licensing and monitoring regime extends to regional areas of South Australia. Distribution and retail licences issued by the Commission authorise these activities and set out conditions for operating in the industry.

The Off-Grid Networks' Performance Report 2016-17 covers electricity and Liquefied Petroleum Gas (**LPG**) distributors and retailers who provide services to customers through standalone systems that are not connected to the National Electricity Market, or the main natural gas pipelines operated by Australian Gas Networks. The Commission regulates these services through the licensing and consumer protection regime under the Electricity Act 1996 (**Electricity Act**) and the Gas Act 1997 (**Gas Act**). There are approximately 5,800 electricity customers and 3,090 LPG customers in South Australia.

Our key observations for 2016-17 are set out below.

## Off-Grid Electricity Networks

- ▶ Disconnections for non-payment increased from 36 in 2015-16 to 75 in 2016-17. Of these 75 disconnections, 72 were reported by the District Council of Cooper Pedy. The reason given for this was an increase in electricity prices and customers' inability to pay. There have been no changes in the disconnection policy.
- ▶ Unplanned supply interruptions increased from 71 in 2015-16 to 176 in 2016-17. The majority of the unplanned interruptions (around 83 percent) were reported in areas operated by Cowell Electric, and were caused by storms, lightning and switching issues. The Commission has reviewed each reported interruption and there do not appear to be any systemic issues or remediation action required.

## LPG Licensees

- ▶ Disconnections for non-payment increased from one in 2015-16 to three in 2016-17.
- ▶ There were no unplanned supply interruptions reported for 2016-17.

The Commission has commenced an Inquiry into the regulatory arrangements for small-scale and off-grid water, electricity and gas service to ensure that the regulatory frameworks it applies is consistent with its primary statutory objective, and is proportionate and responsive to recent and emerging issues. This will include a review of the current performance reporting framework and metrics.

The Commission is currently considering of the issues raised through our public consultation and will release a Draft Report in 2018, for a further period of public consultation. Please refer to the Commission's website for further information.

## 2 Off-grid electricity networks

### 2.1 South Australian off-grid electricity networks

There are several remote communities in South Australia that are not connected to the national electricity market and are instead provided with electricity through standalone or off-grid networks. The Commission regulates these services through the licensing and consumer protection regime under the Electricity Act 1996 (**Electricity Act**).

In 2016-17, approximately 5,800 customers were supplied through off-grid electricity networks, refer (Table 1) below.

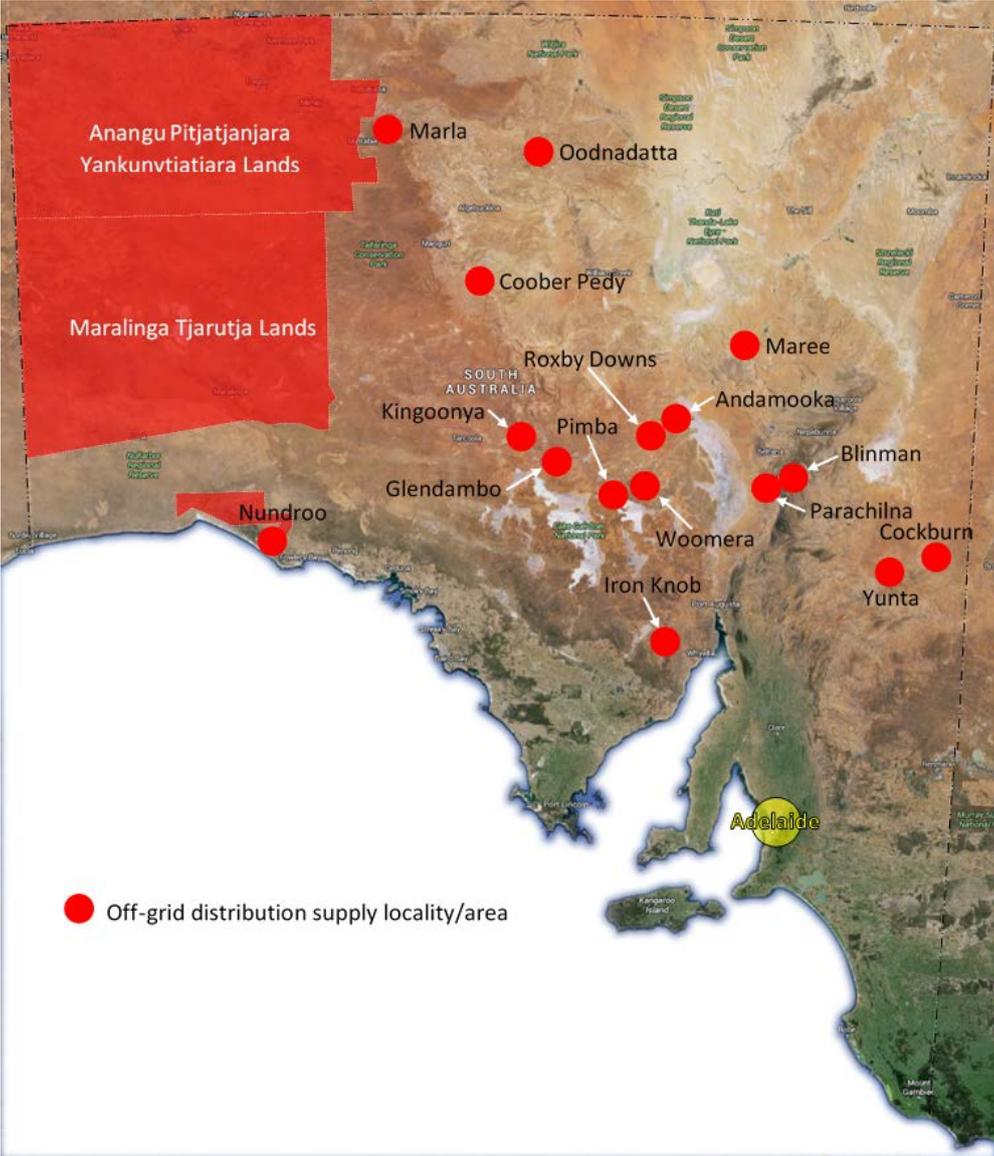
Table 1: South Australian Off-grid electricity networks

Distribution licensee	Retail licensee	Generation source	Location	Number of connections
BHP Billiton Olympic Dam Corporation Pty Ltd	Exempt <sup>a</sup>	Inset network via ElectraNet	Olympic Dam	40
Cowell Electric Supply Pty Ltd	Cowell Electric Supply Pty Ltd	Off-grid supply	APY lands - Amata, Blinman, Umuwa, Cockburn, Ernabella, Fregon, Indulkana, Glendambo, Kanpi, Kingoonya, Mannahill, Marla, Marree, Mimili, Muputja, Nundroo, Nyapari, Oak Valley, Oodnadatta, Parachilna, Pimba, Pipalyatjara, Umuwa, Wattarru, Watinuma, Woomera, Yalata, Yunyarinyi	1,472
	Exempt <sup>a</sup>	Inset network via OneSteel at Iron Knob	Iron Knob, Pimba, Woomera	161
Dalfoam Pty Ltd	Dalfoam Pty Ltd	Off-grid supply	Yunta	64
District Council of Coober Pedy	District Council of Coober Pedy	Off-grid supply	Coober Pedy	1,530
Jeril Enterprises Pty Ltd	Jeril Enterprises Pty Ltd	Off-grid supply	Andamooka	476
Municipal Council of Roxby Downs	Exempt <sup>a</sup>	Inset network via Olympic Dam	Roxby Downs	2,043
OneSteel Manufacturing Pty Ltd	Exempt <sup>a</sup>	Inset network via ElectraNet	Iron Knob, Iron Barron, Iron Lake	21
<b>Total</b>				<b>5,807</b>

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

Figure 1 shows the location of the off-grid electricity businesses licenced to operate in South Australia.

Figure 1: Locations provided with electricity through off-grid networks



## 2.2 Regulatory regime

The Commission licences all participants in the electricity supply industry where those participants engage in the generation of electricity, operation of a transmission or distribution network, power system control or the retailing of electricity (off-grid energy retailers only). The AER can issue exemptions under National Energy Retail Law exemption to entities providing retail services. These customers are still provided protection and performance monitoring in the national electricity and gas retail markets. The AER also issues authorisations to entities providing retail services.

Licensees are required to operate in accordance with specified licence requirements set out by the Commission. Off-grid licensees providing retail and distribution services have licence requirements broadly covering:

- ▶ Technical requirements – such as development of a Safety, Reliability, Maintenance and Technical Management Plan (SRMTMP), a connections policy and a metering plan (if applicable).
- ▶ Consumer protections – behavioural standards and minimum requirements to be complied with by retailers when dealing with their customers, including reliability of supply requirements.
- ▶ Reporting requirements and administrative matters.

Note that the Commission also regulates electricity generators through its licensing regime. All generation licences are available on the Commission's website at

<http://www.escosa.sa.gov.au/industry/electricity/licensing/licence-register>

### 2.2.1 Consumer protections

Customers of off-grid electricity licensees are afforded similar consumer protections to customers of on-grid energy licensees. Off-grid licensees' obligations to their customers, as set out in their licences, relate to:

- ▶ Customer supply contracts – requirement to develop standard terms and conditions on which it will connect customers' supply and sell and supply electricity.
- ▶ Customer dispute resolution procedures – requirement to have procedures in place, based on AS ISO 10002-2006 'Customer Satisfaction - Guidelines for Complaints Handling in Organisations'.
- ▶ Supply obligations – maintain the quality of supply and minimise interruptions; provide notice for planned interruptions; connect customers within agreed timeframes.
- ▶ Customer service obligations – provision of regular bills and information to be included on the bill; conduct regular meter readings; dealing with billing disputes (including undercharging and overcharging); minimum payment methods; offering flexible payment arrangements; rules for security deposits.
- ▶ Disconnections and restoration of supply – retailer obligations around disconnecting customer supply for non-payment; prohibitions on disconnection; timeliness for restoration of supply.

## 2.3 Off-grid licensee performance

### 2.3.1 How performance is measured

The Commission has identified key metrics to monitor the performance off-grid licensees over time. These include:

- ▶ 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 in assessing the adequacy of licensee performance and whether the consumer protections are appropriate.

### 2.3.2 Disconnections and unplanned interruptions increased in 2016-17

Off-grid retailers reported that 75 customers were disconnected for non-payment of a bill in 2016-17, this is more than double the amount of the 36 disconnections performed in 2015-16. Of the 75 disconnections, 72 were reported by the District Council of Cooper Pedy, the reason given for this was an increase in electricity prices and customers' inability to pay. There have been no changes in the disconnection policy.

There were 176 reported unplanned interruptions that impacted on residential customers in 2016-17; an increase to the 71 reported for 2015-16. The majority of the unplanned interruptions (around 83 percent) were reported in areas operated by Cowell Electric, and were predominately caused by storms, lightning and switching issues. The Commission has reviewed each reported interruption and there does not appear to be any systemic issues or remediation action required.

There were no reported compliance issues during the year.

## 3 LPG networks

### 3.1 South Australian LPG networks

There are three licenced distributors and retailers providing services to around 3,090 customers through reticulated LPG networks in South Australia (Table 2). The Commission regulates these services through the licensing and consumer protection regime under the Gas Act 1997 (**Gas Act**).

Table 2: South Australian LPG networks

Distributor licensee	Retail licensee	Location	Number of connections
Elgas Limited	Elgas Limited	Clare (Hanlins Rise)	65
Environmental Land Services (Aust) Pty Ltd	Elgas Limited	Mount Barker	638
Origin Energy	Origin Energy	Roxby Downs, Victor Harbor, Renmark, Port Lincoln, Wallaroo, Cape Jaffa	2,387
<b>Total</b>			<b>3,090</b>

### 3.2 Regulatory regime

Those who engage in the activity of distributing and retailing LPG through reticulated networks in South Australia are required to be licenced by the Commission. Licensees are required to comply with the Reticulated LPG Industry Code. The Reticulated LPG Industry Code contains provisions relating to the sale and supply of reticulated LPG to small customers (customers consuming less than 1TJ of LPG annually).

Retailer licences and the Reticulated LPG Industry Code set the following broad obligations for licensees:

- ▶ Technical requirements – such as development of a SRMTMP, a connections policy and a metering plan (if applicable).
- ▶ Consumer protections – behavioural standards and minimum requirements to be complied with by retailers when dealing with their customers, including reliability of supply requirements.
- ▶ Reporting requirements and administrative matters.

#### 3.2.1 Consumer protections

Customers receiving reticulated LPG are afforded similar consumer protections to customers of on-grid natural gas retailers. LPG licensees' obligations to their customers, as set out in the Reticulated LPG Industry Code, relate to:

- ▶ Customer supply contracts – requirement to develop standard terms and conditions, and provide contractual information disclosure, on which it will connect customers' supply, and sell and supply LPG.
- ▶ Customer dispute resolution procedures – requirement to have procedures in place, in accordance with AS ISO 10002-2006 'Customer Satisfaction - Guidelines for Complaints Handling in Organisations'.

- ▶ Supply obligations – maintain the quality of supply and minimise interruptions; provide notice for planned interruptions; connect customers within agreed timeframes.
- ▶ Customer service obligations – provision of regular bills and information to be included on the bill; conduct regular meter readings; dealing with billing disputes (including undercharging and overcharging); minimum payment methods; offering flexible payment arrangements; rules for security deposits; publishing fees and charges; rules for changing tariffs; methods of communication with customers.
- ▶ Disconnections and restoration of supply – retailer obligations around disconnecting customer supply for non-payment; prohibitions on disconnection; timeliness for restoration of supply.

### **3.3 LPG licensee performance**

#### **3.3.1 How performance is measured**

The Commission has identified key metrics to monitor the performance over time of LPG licensees. These include:

- ▶ disconnections for non-payment of a bill made by each off-grid retailer
- ▶ quality of supply complaints for each LPG retailer
- ▶ the number and duration of interruptions of supply for each off-grid distributor, and
- ▶ licensees' compliance with their licence requirements.

Over time this assists the Commission in assessing the adequacy of licensee performance and whether the consumer protections are appropriate.

#### **3.3.2 LPG licensee performance in 2016-17 was consistent with previous year**

2016-17 was the third year that businesses distributing and retailing LPG through reticulated networks in South Australia were required to report to the Commission.

Three customers were disconnected for non-payment of a bill in 2016-17. There was no reported distribution system interruptions in 2016-17

There were no reported compliance issues during the year.



The Essential Services Commission  
Level 1, 151 Pirie Street Adelaide SA 5000  
GPO Box 2605 Adelaide SA 5001  
T 08 8463 4444

E [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au) | W [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au)