



Off-Grid Regulatory Performance Report 2017-18

Key messages

- ▶ Electricity disconnections for non-payment increased from 75 in 2016-17 to 102 in 2017-18. Of these disconnections, 63 were reported by the District Council of Coober Pedy and 37 by the Municipal Council of Roxby Downs. 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 electricity supply interruptions decreased from 176 in 2016-17 to 160 in 2017-18. The majority of the unplanned interruptions (115) were reported in areas operated by Cowell Electric, and were caused by storms, lightning and switching issues. The Essential Services Commission (**Commission**) has reviewed each reported interruption and there do not appear to be any systemic issues or remediation action required.
- ▶ A review is being undertaken to see if there any compliance issues with the District Council of Coober Pedy's adherence to its licensing requirements.
- ▶ For LPG licensees, disconnections for non-payment increased from three in 2016-17 to seven in 2017-18.
- ▶ There were no unplanned supply interruptions reported for LPG customers in 2017-18.

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**).

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.

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.

Number of off-grid electricity connections and location

- ▶ In 2017-18, 5,849 customers were supplied through off-grid electricity networks, refer Table 1 (next page).

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

Off-grid electricity licensee performance

How performance is measured

The Commission has identified key metrics to monitor the performance of 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 to assess the adequacy of licensees' performance and whether the consumer protections are appropriate.

Disconnections and unplanned interruptions increased in 2017-18

Off-grid retailers reported that 102 customers were disconnected for non-payment of a bill in 2017-18, this is an increase on the 75 disconnections performed in 2016-17. Of these disconnections, 63 were reported by the District Council of Coober Pedy and 37 by the Municipal Council of Roxby Downs, 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 160 reported unplanned interruptions that impacted on residential customers in 2017-18; a decrease to the 176 reported for 2016-17. The majority of the unplanned interruptions (around 72 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 do not appear to be any systemic issues or remediation action required.

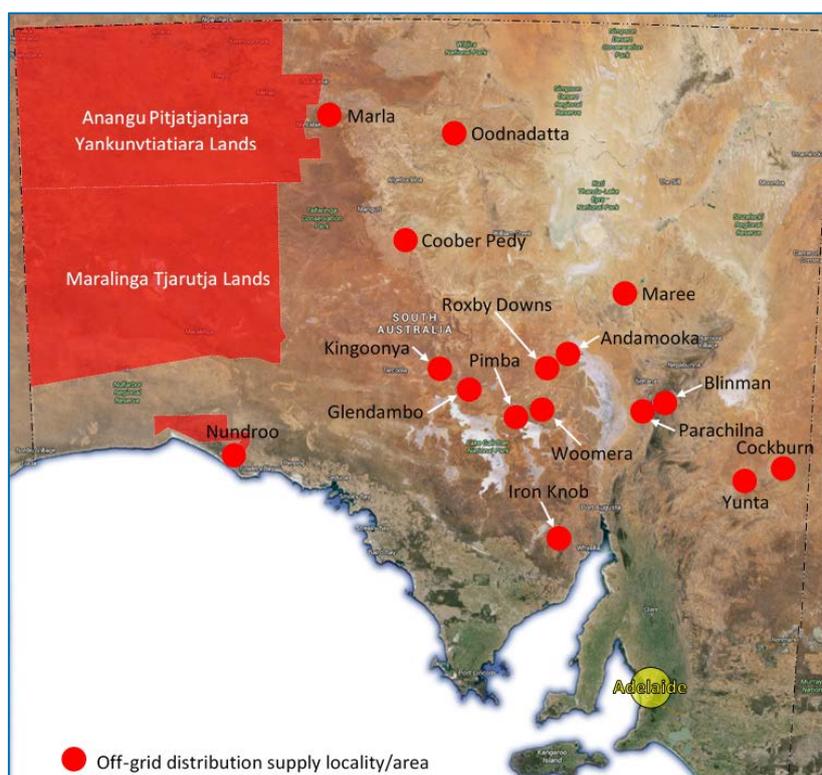
There were no major non-compliances reported by the licensees. However the Commission is investigating the District Council of Coober Pedy for compliance to its licensing requirements.

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 ^a	Inset network via ElectraNet	Olympic Dam	35
Cowell Electric Supply Pty Ltd	Cowell Electric Supply Pty Ltd	Off-grid supply	APY lands	1,498
	Exempt ^a	Inset network via OneSteel at Iron Knob	Iron Knob, Pimba, Woomera	165
Dalfoam Pty Ltd	Dalfoam Pty Ltd	Off-grid supply	Yunta	63
District Council of Coober Pedy	District Council of Coober Pedy	Off-grid supply	Coober Pedy	1,537
Jeril Enterprises Pty Ltd	Jeril Enterprises Pty Ltd	Off-grid supply	Andamooka	470
Municipal Council of Roxby Downs	Exempt ^a	Inset network via Olympic Dam	Roxby Downs	2,060
OneSteel Manufacturing Pty Ltd	Exempt ^a	Inset network via ElectraNet	Iron Knob, Iron Barron, Iron Lake	21
Total				5,849

^a 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: Locations provided with electricity through off-grid networks



LPG networks

There are several remote communities in South Australia that are not connected to a national gas network and are instead provided with liquefied petroleum gas (LPG) through standalone networks. The Commission regulates these services through the licensing and consumer protection regime under the Gas Act 1997 (Gas Act).

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).

Retail 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.

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.

Number of LPG connections and location

There are three licenced distributors and retailers providing services to around 3,568 customers through reticulated LPG networks in South Australia (Table 2 next page).

LPG licensee performance

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.

LPG licensee performance in 2017-18 was consistent with 2016-17

2017-18 was the third year that businesses distributing and retailing LPG through reticulated networks in South Australia were required to report to the Commission.

- ▶ Seven customers were disconnected for non-payment of a bill in 2017-18.
- ▶ There were no reported complaints regarding quality of supply with the LPG retailers.
- ▶ There were no reported distribution system interruptions in 2017-18.
- ▶ There were no major non compliances reported by the LPG retailers.

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	1,129
Origin Energy	Origin Energy	Roxby Downs, Victor Harbor, Renmark, Port Lincoln, Wallaroo, Cape Jaffa	2,374
Total			3,568

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.

Essential Services Commission
GPO Box 2605 ADELAIDE SA 5001

Telephone: (08) 8463 4444 E-mail: escosa@escosa.sa.gov.au Web: www.escosa.sa.gov.au