

# POST-NECF REVIEW OF REGULATORY INSTRUMENTS

*Final Decision*

September 2013



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The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the *protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services*. For more information, please visit [www.escosa.sa.gov.au](http://www.escosa.sa.gov.au).

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## GLOSSARY OF TERMS

<b>AER</b>	Australian Energy Regulator
<b>Electricity Act</b>	Electricity Act 1996
<b>Electricity Regulations</b>	Electricity (General) Regulations 2012
<b>Gas Act</b>	Gas Act 1997
<b>Gas Regulations</b>	Gas Regulations 2012
<b>NECF</b>	National Energy Customer Framework
<b>NEL</b>	National Electricity (South Australia) Act 1996
<b>NER</b>	National Electricity Rules
<b>NERL</b>	National Energy Retail Law (South Australia) Act
<b>NERR</b>	National Energy Retail Rules
<b>NGL</b>	National Gas (South Australia) Act 2008
<b>NGR</b>	National Gas Rules

# 1. BACKGROUND

The Essential Services Commission of South Australia is the independent economic regulator of the electricity, gas, ports, rail and water industries in South Australia. The Commission's primary objective is the ***protection of the long-term interests of South Australian consumers with respect to the price, quality and reliability of essential services.***

On 1 February 2013, primary responsibility for the regulation of South Australia's retail energy market transferred to the Australian Energy Regulator (**AER**) under the provisions of the National Energy Customer Framework (**NECF**). Until that time, the Commission had been the economic regulator for the energy retail market.

Following the commencement of the NECF, while still performing the full suite of regulatory functions for "off-grid" electricity and gas operations that are not part of the National Electricity Market (**NEM**), the Commission's energy-related regulatory roles for NEM-connected electricity and gas operations are limited. Those functions include matters such as setting network service standards, administering the Residential Energy Efficiency Scheme and administering specified NECF-transition obligations.

Subsequent to the Government's announcement on 18 December 2012 of its decision to implement the NECF on 1 February 2013, during January 2013 the Commission conducted a limited review of energy regulatory instruments, with resulting changes taking effect on and from 7 February 2013.

The purpose of that review was to facilitate the rapid introduction of the NECF. In undertaking the review, the Commission noted that there would be a requirement for further review post-1 February 2013, to streamline the Commission's residual regulatory framework. The Commission has now completed that further review, focussing on the following regulatory instruments which continue to apply following the transition to the NECF:

- ▲ Licences - SA Power Networks Electricity Distribution Licence; Envestra Ltd Gas Distribution Licence;
- ▲ Codes - Electricity Distribution Code; Gas Distribution Code; Energy Prepayment Meter System Code;
- ▲ Guidelines - Electricity Industry Guideline No. 1 - Transmission and System Control; Electricity Guideline No. 12 - Demand Management for Electricity Distribution Networks; Gas Guideline No. 1 - Regulatory Information Requirements Distribution System; Energy Guideline No. 4 Compliance Systems and Reporting; and
- ▲ Enforcement Policy.

The Commission sought stakeholder comment on the review and commenced public consultation on 12 March 2013. Submissions were received from:

- ▲ AGL Energy Ltd;
- ▲ SA Power Networks; and
- ▲ Envestra Ltd.<sup>1</sup>

After taking into account the issues raised in these submissions, the Commission released its Draft Decision on 24 May 2013 for further public consultation. A written submission was received from Envestra<sup>2</sup> and the Commission has also had detailed discussions with both Envestra and SA Power Networks in relation to specific licensing matters since that time.

The matters raised in the submissions at each stage were minor, with the primary focus on identifying and removing (where appropriate) obligations otherwise dealt with through the NECF.

This Final Decision paper sets out the Commission's decisions on each of those matters, highlighting necessary changes and the positions of parties in respect of proposals for amendment.

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<sup>1</sup> <http://www.escosa.sa.gov.au/projects/192/post-necf-review-of-regulatory-instruments.aspx#stage-list=1>.

<sup>2</sup> <http://www.escosa.sa.gov.au/projects/192/post-necf-review-of-regulatory-instruments.aspx#stage-list=3>.

## 2. LICENCES

Notwithstanding the introduction of the NECF and the regulatory obligations it imposes on electricity and gas distributors, under the Electricity Act 1996 and the Gas Act 1997, the Commission remains responsible for the licensing of those entities.

Those Acts set out various mandatory licence conditions which the Commission must include in licences but, as a result of amendments made to facilitate the implementation of the NECF, also provides that those mandatory conditions should not be included to the extent that the NECF deals with the same matter.

As a result, the key focus of the review of Envestra and SA Power Network's distribution licences was to identify areas where licence conditions should be removed or refined.

The Commission's power to vary licences in that way arises from the terms of those Acts. Under the Acts' provisions, the Commission can vary a licence at the request of a licensee, with the licensee's agreement or after giving the licensee reasonable notice of the proposed variation and allowing the entity a reasonable opportunity to make representations about the proposed variation

In this case, the Commission has sought the agreement of licensees and has also undertaken a public consultation process, to ensure that all relevant issues are identified and dealt with transparently.

### 2.1 SA Power Networks' Electricity Distribution Licence

SA Power Networks' on-grid electricity distribution licence was reviewed by the Commission to determine whether any clauses should be deleted or amended on the grounds of replication of provisions of the NECF.

SA Power Networks' remote areas electricity distribution licence was also reviewed to ensure it remained appropriate for off-grid customers and was consistent with other Commission instruments.

#### 2.1.1 SA Power Networks submission

SA Power Networks' submission to the Issues Paper recommended the removal of a number of clauses from its distribution licence due to either the implementation of the NECF.<sup>3</sup> Several administrative changes were also identified.

The clauses suggested for change covered the standard connection and supply contract, disconnection, ombudsman and disputes, demand management, retailer of last resort, co-ordination agreement and business to business (**B2B**) information exchange.

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<sup>3</sup> SA Power Networks' submission can be found at <http://www.escosa.sa.gov.au/projects/192/post-necf-review-of-regulatory-instruments.aspx>

### 2.1.2 Commission's draft decision

The Commission's draft decision was to accept all but one (as discussed below) of SA Power Networks' suggestions from, on the basis that the obligations concerned were covered by the NECF. In accepting the proposals, the Commission noted that adoption of the suggestions would only result in minor changes to existing obligations.

With respect to SA Power Networks' proposal to remove clause 11 (Ombudsman and disputes), the Commission noted that further discussions with SA Power Networks and the Energy and Water Ombudsman SA would be required to ensure that the obligations were fully covered under the NECF.

In particular, the Commission acknowledged that while the NECF places an obligation on distributors to *"be a member of, or subject to, an energy ombudsman scheme for each jurisdiction where it has small customers connected to its distribution system,"* (section 86 of the *National Energy Retail Law (South Australia) Act 2011* (NERL)) the requirement for the terms and conditions of that scheme to be approved by the Commission was not covered by the NECF and thus further consideration was required.

### 2.1.3 Commission consideration

Following further consideration of the matter of membership of the Ombudsman scheme as a condition of licence, and assisted by discussions with SA Power Networks and the Energy and Water Ombudsman SA, the Commission is satisfied that sections 81 and 86(2) of the NERL adequately address the matter and that the current licence condition should be varied to remove that requirements.

### 2.1.4 Commission's final decision

**The Commission's final decision is to remove clause 11, requiring SA Power Networks of be a member of the dispute resoltuion scheme operated by the Energy and Water Ombudsman SA, from SA Power Networks distribution licence on the basis that sections 81 and 86(2) of the NECF contain an obligation in the same terms.**

## 2.2 Envestra Ltd's Gas Distribution Licence

Envestra's gas distribution licence distribution licence was reviewed by the Commission to determine whether any clauses should be deleted or amended on the grounds of replication of provisions of the NECF. Envestra's initial submission

Envestra's submission recommended that a number of clauses be amended or removed from its distribution licence due to either the implementation of the NECF.<sup>4</sup> Administrative changes were also identified.

The clauses suggested for change related to compliance with applicable regulatory instruments, compliance with good gas industry practice, disconnection, ombudsman and disputes, accounts and separate business, information to the Commission, Safety, Reliability, Maintenance and Technical Management Plan, customer concessions, B2B information exchange, agreement with retailers, precondition to connection, reconnection after disconnection and definitions.

### *2.2.1 Commission's draft decision*

The Commission's draft decision was to accept a number of the suggestions from Envestra, as the obligations were covered by the NECF. In accepting the proposals, it was noted that adoption of Envestra's suggestions would result in minor changes to existing obligations.

Envestra also suggested the removal of certain clauses which the Commission did not support, as the obligations identified were statutory obligations under the Gas Act rather than obligations duplicated in the NECF and that they must therefore be retained. The specific clauses identified and the reasons for retaining each were set out as follows:

- ▲ **Clause 5.1(a), 5.1(b) and 5.1(c)** (Compliance with good gas industry practice): Envestra submitted that these clauses should be deleted, as being covered by other legislation, Guidelines and Codes hence failure to comply with this would be a failure to comply with clause 4.1 of the licence. The Commission noted that these clauses are not covered in the NECF and are required under the mandatory licence clause provisions of the Gas Act and therefore must be contained within the licence.
- ▲ **Clause 10.2** (Information to the Commission): Envestra submitted that this clause should be deleted, as this requirement is isolated to South Australia. The Commission noted that there was no reference to this requirement in the NECF and, a statutory requirement exists for this to be a condition of a licence pursuant to the Gas Act and must therefore remain a condition of the licence. It was further noted that, in any event, as the Commission retains responsibility for setting service standards it was appropriate to retain this clause as the Commission may require information on Envestra's operations from time to time to perform this function.
- ▲ **Clause 11** (Safety, Reliability, maintenance and technical management plan): Envestra submitted that this clause should be deleted, as it is covered by Regulation 49 of the Gas Regulations. The Commission noted that this obligation is not replicated in the NECF

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<sup>4</sup> Envestra's submission can be found at <http://www.escosa.sa.gov.au/projects/192/post-necf-review-of-regulatory-instruments.aspx>

and that a statutory requirement exists for this to be a condition of a licence pursuant to the Gas Act and concluded that it should remain a condition of the licence.

- ▲ **Clause 12** (Customer concession and community service obligations): Envestra submitted that this clause should be deleted, as it considered it not to be relevant to gas distribution. The Commission noted that this obligation is not replicated in the NECF and that a statutory requirement exists for this to be a condition of a licence pursuant to the Gas Act and must therefore remain a condition of the licence. The Commission noted that the Minister may choose to implement concession or community service obligations in the future.

Envestra proposed several other amendments and/or deletions to other clauses of the licence. The Commission's draft decision supported these proposals in part, however noted that further discussion was required on each as follows:

- ▲ **Clause 4.2(a) and 4.2(b)** (Compliance with applicable regulatory instruments): Envestra submitted that this clause should be amended to reflect that monitoring and reporting of compliance to the Commission excludes the monitoring and reporting of compliance to the AER. The Commission determined to undertake further discussion with Envestra in accordance with section 27(2) of the Gas Act regarding clause 4.2(a) and 4.2(b), with a view to modifying the clauses to reflect Envestra's intention.
- ▲ **Clause 8.1 and 8.2** (Ombudsman and disputes): Envestra submitted that this clause should be deleted because it is dealt with in the NECF. As was the case for SA Power Networks (refer above), the Commission noted that further discussions with Envestra and the Energy and Water Ombudsman SA would be required on this matter.
- ▲ **Clause 9** (Accounts and separate business): Envestra submitted that this clause should be as there is a duplicate obligation under the NECF. The Commission noted that it would review this requirement in light of the transfer of price regulation to the AER.

### *2.2.2 Envestra's submission to draft decision*

Envestra's submission provided additional comment on its proposals concerning clauses 8.1, 8.2, 9 and 10.2 further supporting its initial submission that these clauses should be removed from its licence:

- ▲ **Clause 8.1 and 8.2** (Ombudsman and disputes): Envestra reiterated the requirements of section 26B of the Gas Act which require the Commission to not impose a licence condition if satisfied that the condition would duplicate, or be inconsistent with regulatory requirements under the NECF. It further identified that the National Energy Retail Law (sections 81 and 86(2)) contain the obligations established in the distribution licence and therefore are in conflict with section 26B of the Gas Act and so should be deleted from the licence.
- ▲ **Clause 9** (Accounts and separate business): Envestra submitted that this clause was duplicated or inconsistent with the National Gas Law (**NGL**) (Part 2) and the National Gas Rules (**NGR**) (Part 6) and so should be deleted from the licence.

- ▲ **Clause 10.2** (Information to the Commission): Envestra acknowledged in its submission that this obligation is not a requirement of the NECF but proposed that it was not appropriate for this to remain a requirement because it considered that its financial capacity is the key indicator for its viability as a distributor and this was already provided for in clauses 10.1(a) and 10.3.

### 2.2.3 Commission comment

The Commission has considered these matters further and has reached the following positions:

- ▲ **Clause 4.1(a) and (b)** – The Commission will modify these clauses in order to make it clear that monitoring and reporting of compliance to the Commission excludes the monitoring and reporting of compliance to the AER, except to the extent that a breach of a NECF/AER requirement may be of such significance as to go to Envestra’s entitlement to hold a licence under the Act. As a result, Envestra will be required to report to the Commission on material breaches of those obligations.
- ▲ **Clause 8.1 and 8.2** – The Commission will remove these clauses as they are duplicated in the NECF.
- ▲ **Clause 9** – The Commission will remove this clause as it is duplicated in the NECF.
- ▲ **Clause 10.2** – The Commission confirms its draft position (which has since been accepted by Envestra) that, as this obligation is not duplicated within the NECF and that, as it is a statutory obligation under that Gas Act (section 25(1)(e)), the Commission is compelled to retain this clause 10.2.

### 2.2.4 Commission’s final decision

**The Commission’s final decision is:**

- ▲ **clauses 7, 8, 9, 14, 15 and 16 of Envestra’s gas distribution licence will be deleted on the ground that they are replicated within the NECF; and**
- ▲ **clauses 4.1(a) and (b) of Envestra’s gas distribution licence will be varied to reflect that monitoring and reporting of compliance to the Commission excludes the monitoring and reporting of compliance to the AER except for material breaches that may be of such significance to as to go to Envestra’s entitlement to hold a licence; and**
- ▲ **clause 10.2 of Envestra’s gas distribution licence will be retained.**

## 3. CODES

### 3.1 *Electricity Distribution Code*

The Electricity Distribution Code (**EDC**) was reviewed for minor amendments that may have reciprocal provisions in the NECF. The Commission did not identify any significant matters; however SA Power Networks, being the primary stakeholder, reviewed the EDC to clarify its position on relevant provisions.

#### 3.1.1 *SA Power Networks submission*

SA Power Networks noted that the reference to “Metrology” in Part D of the Preliminary Section of the EDC could be removed from “National Metrology Procedures” as there are a number of other procedures that require compliance and the term “National Procedures” would encompass all obligations.

SA Power Networks suggested the re-inclusion of the service standards for “Reconnection after Disconnection” (previously EDC clause 1.10) for re-energisation of a customer’s premises that has been de-energised at a retailer’s request or where distributor has de-energised the customer’s premises otherwise than at the request of the retailer. This is based on the fact that National Energy Retail Rules (**NERR**) Rule 122 refers to a distributor reconnecting a customer’s premises in accordance with the distributor jurisdictional service standards.

It was also suggested that clauses and references to small embedded generators should be removed from Chapter 2 of the EDC, as this class of generator is now covered by the Chapter 5A of the National Electricity Rules (**NER**).

#### 3.1.2 *Commission’s consideration*

The Commission’s accepts the first two suggestions submitted by SA Power Networks. The Commission noted that while reinstatement of the “Reconnection after Disconnection” was the only major change to the EDC, it did not represent a policy shift and would ensure the maintenance of current jurisdictional service standards within the EDC, as was the case prior to the February 2013 amendment.

For the reasons below, however, the Commission does not accept SA Power Network’s submission seeking removal of references to small embedded generators in Chapter 2 of the EDC.

It is clear that Chapter 5A of the NER covers, comprehensively, the connection requirements and obligations for distributors and for embedded generators that are both micro (small) embedded generators and non-registered embedded generators operating in and connected to the NEM. Thus, the provisions of Chapter 2 of the EDC are no longer applicable to small embedded generators captured by the NER and the Chapter has no effect in respect of those generators.

However, clause 2.1 of the EDC states that Chapter 2 regulates an embedded generator's access to a distribution network in South Australia where the National Electricity Rules *do not* apply in respect of the embedded generator and applies to distributors and embedded generators as set out in clause 2.1(b). On that basis, the clause should remain to deal with those cases.

### 3.1.3 Commission's final decision

**The Commission's final decision is that it will:**

▲ **vary the EDC to include a new clause 1.1.5 of the EDC, "Reconnection after Disconnection" in the following terms:**

"1.1.5 Reconnection after disconnection

Where a **distributor** is obliged under the **National Energy Retail Rules** to reconnect a **customer's supply address** the **distributor** must connect the **customer's supply address** in accordance with this clause;

(a) Request to distributor by 5 pm

Where the **customer** makes a request for reconnection to its **retailer** before 4.00 pm or to the **distributor** before 5.00 pm on a **business day**, the **distributor** must:

- (i) reconnect the supply address on the day of the request in the Adelaide Business Area and Major Metropolitan Areas; and
- (ii) use its best endeavours to reconnect on the day of the request in Other Areas and, in any event, by the next business day.

(b) Request to distributor between 5 pm and 10 pm

Where the **customer** makes a request for reconnection to its **retailer** after 4.00 pm and before 9.00 pm on a **business day**, or to its **distributor** after 5.00 pm and before 10.00 pm on a **business day**, and pays the **distributor's** reasonable after hours reconnection charge, the **distributor** must:

- (i) reconnect on the day requested by the customer in the Adelaide Business Area and Major Metropolitan Areas; and
- (ii) use its best endeavours to reconnect on the day requested by the customer in Other Areas and, in any event, by the next business day.

(c) Request to distributor after 10 pm

Where under clause 1.1.5 a **distributor** is obliged to reconnect a **customer** and the **customer** makes a request for reconnection to its **retailer** after 9.00 pm on a **business day** or to the **distributor** after 10.00 pm on a **business day**, the **distributor** must reconnect the **supply address** as soon as possible and in any event by the end of the next **business day**."

▲ **retain references to small embedded generators in Chapter 2 of the EDC.**

## 3.2 Gas Distribution Code

### 3.2.1 Envestra's initial submission

The Commission reviewed the Gas Distribution Code (**GDC**). Envestra submitted a comprehensive list of provisions in the GDC that it considered should be amended.

Envestra suggested the deletion of clause 2.1.1(a), which requires the distributor to establish and document operational and system security standards for its distribution system and for all connections and proposed connection in its safety, reliability, maintenance and technical management plan: Envestra noted that there appears to be a duplicate obligation in Regulation 49 of the Gas Regulations 2012. Clause 49(2)(a) requires amongst other things, the safe design, installation, commissioning, operation, maintenance and decommissioning of gas infrastructure owned or operated by the person.

Envestra suggested the deletion of clause 2.1.1(b), on the basis that it duplicates the obligation set out in Regulation 38(1)(c) of the Gas Regulations 2012. Regulation 38(1)(c) specifies the parameters for the delivery pressure at the outlet of the meter which measures gas supplied to the customer.

Envestra suggested the deletion of clause 2.1.1(c) on the basis that this obligation was covered by the terms and conditions of its Access Arrangement for the South Australian Network (i.e. the vehicle which sets out the terms and conditions, or otherwise, on a fair and reasonable basis). Clause 2.1.1(c) specifies that the delivery of gas at the delivery point must be delivered in accordance with the Access Arrangement.

Envestra suggested the deletion of clause 2.1.1 (d), on the basis that it duplicates the obligation in Regulation 38 of the Gas Regulations 2012. Regulation 38(1)(a) sets out the requirements for gas quality and odourisation and supersedes the GDC requirement.

Envestra suggested the deletion of clause 2.1.1(e), on the basis that it believes the obligation to provide the retailer with certain requirements of the distributor is now covered by the Deemed Standard Connection Contract in Schedule 2 of the NERR. (however, there appears to be no clause in the deemed contract that has the same contextual requirement).

Envestra submitted that clause 2.2.1, which deals with maintaining the capability and condition of the distribution system, should be deleted on the basis that there is a duplicate obligation in Regulation 38 of the Gas Regulations 2012, given that the maintenance of capability is about maintaining the pressure in the distribution system to supply customers. Clause 2.2.1 deals generally with maintaining an overall network condition and capability (i.e., fit-for-purpose) as distinct from being able to provide gas at the appropriate pressure.

Envestra submitted that clause 2.2.2, which protects customers when the cost of maintaining a connection may exceed the return on the asset, is no longer relevant, noting that this regulation commenced in the late 1990s due to a concern that, with the advent of the (then) Third Party Access Code, Envestra might disconnect domestic consumers where they were deemed non-profitable. Envestra suggested the concern was unfounded and that

it has never disconnected a customer on that basis and stated that it would not be economical or in Envestra's interest to do so. Nonetheless, clause 2.2.2 is there to protect consumers and to ensure the same level of service regardless of consumption and cost of maintaining a gas supply.

### *3.2.2 Commission's draft decision*

The Commission's draft decision expressed the view that duplication of regulatory requirements should be minimised. Further consideration was given to Envestra's proposals in regard to clauses 2.1 and 2.2, and the following was noted:

- ▲ **Clause 2.1.1(a)** - Regulation 49(2)(a) of the Gas Regulations requires amongst other things, a plan to deal with the safe design, installation, commissioning, operation, maintenance and decommissioning of gas infrastructure owned or operated by the person. Although it may appear that there are duplicate provisions in the GDC, the code requires that standards are established and documented as a distinct component in dealing with the creation of the required plan. A minor amendment to clause 2.1.1(a) was proposed so as to place an obligation on the distributor to establish and document the plan in accordance with the regulations.
- ▲ **Clause 2.1.1(b)** - Regulation 38(1)(c) of the Gas Regulations 2012 specifies the parameters for the delivery pressure at the outlet of the meter which measures gas supplied to the customer. The previous (1997) version of the Regulations also prescribed the delivery pressure, which is unchanged in the 2012 version. The reason such a code requirement was incorporated was that it provided limits for elevated pressure services which are becoming more popular. However concerns have been raised by the Technical Regulator as to the correctness of the current wording of code provision for elevated services. The Commission considered that this should be corrected and be retained in the code.
- ▲ **Clause 2.1.1(c)** - Envestra suggested the deletion of clause 2.1.1(c) because Envestra believes that this obligation is covered by the terms and conditions of its Access Arrangement for the South Australian Network. Clause 2.1.1(c) specifies that the delivery of gas at the delivery point must be delivered in accordance with that Access Arrangement i.e. as the vehicle which sets out the terms and conditions, or otherwise, on a fair and reasonable basis. Clause 2.1.1(c) ensures the integrity of the process which is undertaken in an open and transparent manner and that there is no deviation from the access arrangement.
- ▲ **Clause 2.1.1(d)** - Envestra suggested the deletion of clause 2.1.1(d) as it duplicates the obligation in Regulation 38 of the Gas Regulations 2012. Regulation 38(1)(a) sets out the requirements for gas quality and odourisation. This appears to be a duplicate code provision and is the Commission proposed that it be removed.
- ▲ **Clause 2.1.1(e)** - Envestra suggested the deletion of clause 2.1.1(e) as it believes the obligation to provide the retailer with certain requirements of the distributor is now covered by the Deemed Standard Connection Contract in Schedule 2 of the NERR. There

appears to be no clause in the deemed contract that has the same contextual requirement. However, clause 2.3.1(f) “Preconditions to Connection” appears to cover this aspect more broadly and would negate the need for retailer involvement; the customer would investigate the requirements directly with the distributor

- ▲ **Clause 2.2.1** - Envestra believes that clause 2.2.1 should be deleted. However, clause 2.2.1 deals in a general manner with maintaining an overall network condition and capability, i.e., fit-for-purpose, as distinct from the clause being limited to being able to provide gas at the appropriate pressure. The Commission considered that this code requirement should remain, as it is a fundamental requirement of the distributor to provide a sound and capable distribution network.
- ▲ **Clause 2.2.2** - Envestra believes that clause 2.2.2 is no longer relevant. However, clause 2.2.2 is a consumer protection instrument which ensures that a connection to the network that may not be cost effective is maintained; i.e., that connection point should receive the same level of service regardless of consumption and cost to maintain a gas supply.

The Commission’s draft decisions were as follows:

- ▲ **Clause 2.1.1(a)** would be updated so as to place a definitive obligation on the distributor to establish and document the plan in accordance with the regulations;
- ▲ **Clause 2.1.1(b)** would be amended in consultation with the Technical Regulator to clarify the pressure requirements for elevated pressure services;
- ▲ **Clause 2.1.1(c)** would be retained to ensure the integrity of the connection process and to ensure that there is no deviation from the provisions of the Access Arrangement;
- ▲ **Clause 2.1.1(d)** would be deleted as it duplicates the requirements of the Gas Regulations;
- ▲ **Clause 2.1.1(e)** would be deleted. Although there appeared to be no clause in the deemed contract that had the same contextual requirement, clause 2.3.1(f) “Preconditions to Connection” appeared to cover this aspect more broadly and would negate the need for retailer involvement;
- ▲ **Clauses 2.2.1 and 2.2.2** would be retained and remain unchanged.

### 3.2.3 *Envestra's submission to draft decision*

In its submission to the draft decision, Envestra raised the following issues with the Commission's draft decisions:

- ▲ **Clause 1.7** – *Reporting to the Commission* - while not originally commented on, Envestra submitted that it does not think it appropriate that a distributor must report to the Commission on its compliance with service standards set out in contracts which have been approved, and are governed, by the AER. Envestra submitted that reporting to the Commission on such matters is onerous and does not result in regulatory certainty and efficiency.
- ▲ **Clause 2.1.1(b)** – *Gas delivery pressure* – Envestra made no submission on this clause. However, it highlighted the amendment in the consultation draft that requires the gas delivery pressure to be in accordance with the Gas Regulations. The Draft Decision noted that consultation with the Technical Regulator is required to determine the delivery pressure requirements.
- ▲ **Clause 2.1.1(c)** – *Terms and conditions of gas delivery* – Envestra submitted that the integrity of the process is already captured within the terms and conditions of the access arrangement; and furthermore, that Envestra has obligations under the National Gas Law (NGL) and under contract law to comply with terms set out in the GDC. Accordingly, Envestra submitted that there is no risk for the Commission for deviation from the access arrangement and that, given that the AER has approved Envestra's terms and conditions and the AER has overall governance of the access arrangement process and compliance with the NGL, this clause is not required within GDC.
- ▲ **Clause 2.2.2** – *Maintenance on financial grounds* – Envestra submitted that its first priority in maintaining its infrastructure is the safety and integrity of the network. It also noted that it has a commercial obligation within the National Gas Rules (NGR) as a 'prudent service provider' to 'incur operational expenditure' which would 'achieve the lowest sustainable cost of delivering pipeline services' (Rule 91). Envestra submitted that the Commission's view on a connection point receiving the same level of service regardless of consumption and cost to maintain gas supply appeared to be inconsistent with Envestra's priorities but more importantly, Rule 91 of the NGR. Envestra submitted that clause 2.2.2 should be deleted on the above basis, notwithstanding Envestra's initial submission that the Commission's concerns with disconnecting non-profitable customers are unfounded.
- ▲ **Clause 2.3.1** – *Preconditions to connection* – Envestra noted that the Commission removed sub-clauses 2.3.1 (e) and (h) with no comment as to why. Envestra suggested that these sub-clauses be reinstated, as access to premises and changes to a customer's equipment are critical for new connection as well as reconnection work and therefore should be incorporated into the preconditions to connection. Envestra raised a particular concern that the removal of sub-paragraph (e) would diminish the current

requirement for a customer to satisfy a distributor that there is safe and convenient access to the metering installation and the customer's gas installation for connection and disconnection of supply, amongst other things, as this issue was not covered by the NERL. Envestra noted that the Deemed Standard Connection Contract under sections 70(1)-(3) of the NERL only comes into effect when the customer has either accepted the model standing offer (for a new connection) or when the customer's premises are reconnected (for an existing connection). Envestra expressed concern that the NERL only requires a customer to providing safe and convenient access to metering installations and gas installations once they have been connected to a distributor's network. The NERL does not contemplate that distributors need safe and convenient access prior to connection. Envestra submitted that the current wording in sub-paragraph (e) was sufficient to address access issues for both new connections and any other work required post-connection and should therefore be retained in the GDC.

Envestra further noted that the Commission did not adopt Envestra's proposal to amend the words "upon the request of a retailer" in the opening paragraph to "upon request" to ensure that the preconditions to connection apply to all applicants for a connection service and not just retailers.

- ▲ **Clause 2.3.2 – Fair and reasonable terms** – Envestra submitted that the Commission made no comment on Envestra's earlier submission which should be reconsidered. Envestra proposed the deletion of sub-paragraph 2.3.2 on the basis that the terms and conditions for connection were now regulated under Part 12 A of the NGR. In particular Rule 119 D(1)(c) requires the AER to approve Envestra's terms and condition for a basic connection service on the basis that they are satisfied that those terms and conditions are fair and reasonable. Rules 119 I-K also regulate the process for negotiated connection services. Furthermore, Rule 119 M obliges Envestra to comply with specified connection charges criteria if or when connection charges apply to a connection service.
- ▲ **Clause 2.4.1 – Reconnection of a supply address** – Envestra noted that the Commission made no comment on Envestra's earlier submission and submitted that reconsideration should be given to the reinstatement of the wording previously set out in GDC/04. It was also proposed to insert a new sub-clause (d) which read "*for any other reason for which the distributor is otherwise entitled to disconnect under the energy laws*" to provide consistency with Rule 119 of the NERR.

### 3.2.4 Commission Comment

The Commission has considered these matters further and notes the following in response:

- ▲ **Clause 1.7 – Reporting to the Commission** - The Commission notes Envestra's view on compliance with service standards that are administered by the AER. Clauses 1.7 1 and 1.7.2 were previously contained in the previous code under "Other Acts, codes and guidelines". However, as these clauses were aligned to reporting requirements they were moved under the new heading "Reporting to the Commission". Clause 1.7 is the fundamental requirement on which operational performance data is required by, and reported to, the Commission. The introduction of clause 1.7.3 is to provide consistency

with the reporting requirements of electricity distributors and to strengthen the reporting to provide comment as to performance improvement strategies on aspects that did not meet the required standard.

- ▲ **Clause 2.1.1(b)** – *Gas delivery pressure* – The Commission has consulted with the Technical Regulator to determine the preferred wording of clause 2.1.1(b). The Technical Regulator advised that the more prescriptive requirements of the code were better than those prescribed by the Gas Regulations because they inclusive of elevated pressure services. The wording suggested by the Technical Regulator at (b)(i)(A) and (B) is as follows:

- (b) maintain the delivery pressure of **gas** from the **distribution system** to ensure that:
  - (i) the operating pressure of the **gas** at the outlet of each meter set for recording a **customer's** consumption of **gas** is:
    - (A) 1kPa or more but less than 3kPa for low pressure mains: or
    - (B) 2.75kPa but less than 3.25 kPa for medium or high pressure mains;
    - (C) subject to any written requirement of the **customer** or agreement between the **Technical Regulator** and the **distributor** for **gas** to be supplied at more than 3kPa; and
  - (ii) the pressure of the **gas** at each such meter set is within the meter set manufacturer's designated pressure operating range;

In effect, the Regulations capture the above pressure requirements; i.e., the delivery pressure is to be between 1kPa and 3kPa. Delivery of gas at a pressure greater than 3kPa is subject to any written requirement of the customer or agreement between the Technical Regulator and the distributor. This provision would apply to clause 2.1.1(b)(i)(B). Given that the Technical Regulator recommends the differentiation between low, medium and high pressure mains the Commission is satisfied with the clause wording above meets the requirements of the Regulations and the technical applications of the OTR.

- ▲ **Clause 2.1.1(c)** – *Terms and conditions of gas delivery* – Although Envestra submitted that the process is already captured within the terms and conditions of its access arrangement, the Commission notes that this clause exists to cover parts of the gas distribution network that are not covered by the access arrangement. Twelve such delivery points, called 'farm taps', exist in the network. Farm taps are bulk gas supply points that supply larger commercial arrangements which need to be provided for by the GDC if they are not captured under the AER-approved terms and conditions.
- ▲ **Clause 2.2.2** – *Maintenance on financial grounds* – Envestra stated that its first priority in maintaining its infrastructure is the safety and integrity of the network. The Commission agrees with Envestra's safety priority which is supported by clause 2.2.2 such that, for example, maintenance should not be deferred, nor supply cut off, on network elements regardless of the return on the asset. The Commission does not consider the provisions of Rule 91 of the NGR, as put by Envestra, to be a valid argument in respect of clause 2.2.2, as Rule 91 refers to overall network and business operation

rather than a specific network portion or customer. The Commission remains of the view that clause 2.2.2 is relevant for consumer protection.

- ▲ **Clause 2.3.1 – Preconditions to connection** – Envestra noted that the Commission removed sub-clauses 2.3.1 (e) and (h) in the transition to the national regulatory framework with no comment as to why. The Commission removed the two clauses from the GDC as it considered that the requirements of clause 2.3.1(e) were covered by section 6.2 of the deemed contract under the NERR and that the requirements of clause 2.3.1(h) was covered by section 9.1 of the deemed contract.

Following further discussion with Envestra, it was agreed that clause 2.3.1(h) should be deleted and clause 2.3.1(e) should be retained. The Commission agrees that preconditions to connection should apply to all applicants for a connection service, not just retailers, and will therefore amend the words “upon the request of a retailer” in the opening paragraph of clause 2.3.1 to read “upon request”.

- ▲ **Clause 2.3.2 – Fair and reasonable terms** – The Commission notes Envestra’s submission and agrees that Rule 119 D of the NGR provides for the fair and reasonable application of charges associated with connection under a model standing offer (deemed contract). However, connections under rules 119 I-K and rule 119 M, which are associated with a negotiated contract, are afforded a layer of protection under clause 2.3.2 of the GDC. For this purpose the Commission believes clause 2.3.2 should be retained in the GDC.
- ▲ **Clause 2.4.1 – Reconnection of a supply address** – The Commission has reconsidered Envestra’s earlier submission noting that clause 2.4.1 has been retained in the consultation draft code GDC/06. The Commission agrees that the insertion of a new sub-clause (d) as proposed by Envestra would provide consistency with the NERR.

### 3.2.5 Commission’s final decision

The Commission’s final decisions are as follows:

**Clause 1.7 – Reporting to the Commission** - The Commission has decided that clause 1.7 of the code will be retained as drafted.

**Clause 2.1.1(b) – Gas delivery pressure** – The Commission will amend clause 2.1.1(b) to read:

(b) maintain the delivery pressure of **gas** from the **distribution system** to ensure that:

(i) the operating pressure of the **gas** at the outlet of each meter set for recording a **customer’s** consumption of **gas** is:

(A) 1kPa or more but less than 3kPa for low pressure mains: or

(B) 2.75kPa but less than 3.25 kPa for medium or high pressure mains;

(C) subject to any written requirement of the **customer** or agreement between the **Technical Regulator** and the **distributor** for **gas** to be supplied at more than 3kPa; and

(ii) the pressure of the **gas** at each such meter set is within the meter set

manufacturer's designated pressure operating range;

**Clause 2.1.1(c) – Terms and conditions of gas delivery** – The Commission has decided that clause 2.1.1(c) of the code will be retained as drafted.

**Clause 2.2.2 – Maintenance on financial grounds** – The Commission has decided that clause 2.2.2 of the code will be retained as drafted.

**Clause 2.3.1 – Preconditions to connection** – The Commission has decided to amend clause 2.3.1 to include a modified clause to replace old clause 2.3.1(e) (previously in GDC/04) and amend the wording of the opening paragraph from “...upon the request of a *retailer*...” to “...upon request.”. The complete clause 2.3.1 will read as follows:

2.3.1 Subject to the provisions of the **National Energy Retail Law** and the **National Gas Rules**, upon request, a **distributor** must connect to its **distribution system** that **customer's gas installation**, provided that:

- (a) the **gas installation** at the **supply address** complies with regulatory requirements and AS 5601;
- (b) the customer agrees to maintain the **gas installation** at the **supply address** in a safe condition;
- (c) the **customer** has a contract for the purchase of **gas** with a **retailer** which has a contract with the **distributor** for the haulage of **gas**;
- (d) in respect of a new **connection** the **distributor** has been provided with a completed certificate of compliance for the **customer's gas installation** work from the **gas installer**;
- (e) the **customer** satisfies the **distributor** that there is safe and convenient access to the **metering installation** and the **customer's gas installation** for:
  - (i) **connection** or disconnection of supply;
  - (ii) inspection or testing of **gas installations** or **metering installations**;
  - (iii) undertaking inspection, repairs, testing or maintenance of the **distribution system**; and
  - (iv) collection of **metering data**,in accordance with the provisions of this industry code and other industry codes made by the **Commission** from time to time;
- (f) the **customer** agrees to protect the **distributor's** equipment at the **customer's supply address** from damage and interference;
- (g) the **customer** provides to the **retailer** contact details of the owner (or the owner's agent) of the **supply address**, if the request is made in respect of a **supply address** that is a rental property;
- (h) the **customer** agrees to take reasonable precautions to minimise the risk of loss or damage to any equipment, premises or business of the **customer** which may result from poor quality or reliability of the **gas** supply;

- (i) an adequate **gas** supply is available at the required volume and pressure at the boundary of that **supply address**; and
- (j) any extensions or expansions that are required for the **connection** have been completed.

**Clause 2.3.2 – Fair and reasonable terms** – The Commission has decided that clause 2.3.2 of the code will be retained as drafted.

**Clause 2.4.1 – Reconnection of a supply address** –The Commission has decide to amend clause 2.4.1 to include subclause 2.4.1(d) “for any reason that the **distributor** is otherwise entitled to disconnect supply under the energy laws”.

### 3.3 Energy Prepayment Meter System Code

The Energy Prepayment Meter System Code (EPMSC) was reviewed to ensure obligations remain appropriate for off-grid suppliers/non-NERL retailers and to confirm consistency across Commission documents. The intent of the EPMSC remains unchanged.

The amendments to the EPMSC include removing references to obsolete industry codes, removing information relating to the pre-NECF regulatory framework as well as updating terminology and definitions as required.

#### 3.3.1 Commission's draft decision

Previously, the EPMSC referred to market contracts, standing contracts and default contracts. These types of contracts do not apply to off-grid suppliers and, as such, reference to them have been removed from the EPMSC.

An off-grid supplier is required to sell under 'standard terms and conditions' as a requirement of its licence. These standard terms and conditions are approved by the Commission in accordance with the Electricity Act or Gas Act. The EPMSC has been amended to refer to standard terms and conditions in this context.

Furthermore, where the EPMSC referred to definitions contained in other industry codes, these definitions have been incorporated directly into the EPMSC.

The Commission received one submission regarding the EPMSC from SA Power Networks as follows:

*Currently, this code is enacted on retailers through their ESCOSA issued retailer licenses which no longer exist. It is assumed that this document will need to be modified to be the "local instrument" referred to in NERL Part 2 Division 10.*

The Commission noted SA Power Networks comments and clarified that the EPMSC only applies to off-grid retailers, who continue to be licenced by the Commission.

#### 3.3.2 Commission comment

No submissions to the Draft Decision were received from stakeholders therefore the Commission has decided that it will amend the EPMSC in accordance with its Draft Decision.

#### 3.3.3 Commission's final decision

**The Commission's final decision is to amend the Energy Prepayment Meter System Code to remove references to obsolete industry codes and information relating to the pre-NECF regulatory framework. Terminology and definitions have been updated to ensure obligations remain appropriate for off-grid suppliers/non-NERL retailers.**

## 4. GUIDELINES

### 4.1 *Electricity Guideline No. 1 – Operational Performance Reporting*

Electricity Industry Guideline No. 1 was reviewed to reflect the shift of reporting certain aspects of performance from the Commission to the AER in accordance with the national regulatory framework requirements. This included removal of references to connection contracts under Part B of the EDC and removal of reporting proformas OP1.3 “time to provide written responses” and OP1.4 “planned interruptions”. Some proformas have been reformatted, however there is no change to the content of the reporting requirements.

#### 4.1.1 *SA Power Networks’ initial submission*

SA Power Networks submitted that references to the *connection and supply contracts* should be removed from the Guideline. The reporting of performance against GSL payments should refer to the new section of the EDC section 1.1.4.

SA Power Networks also suggested that all references to “*ETSA Utilities*” should be removed and replaced with “*Distributor*” on the basis that the Definitions section has a definition of *Distributor* as SA Power Networks.

SA Power Networks suggested the removal of OP 1.3 and OP 1.4 as the obligations pertaining to these reporting proformas have been removed from the EDC.

#### 4.1.2 *Commission’s draft decision*

The Commission’s draft decision was to adopt SA Power Networks’ suggested deletions and amendments.

#### 4.1.3 *Commission comment*

The Guideline will be amended to remove references to the *connection and supply contracts* and code references will be updated. Proformas OP 1.3 and OP 1.4 will be deleted from the Guideline and “*ETSA Utilities*” will be replaced by “*Distributor*” in the body of the document.

#### 4.1.4 *Commission’s final decision*

**The Commission’s final decision is to amend the guideline as follows:**

- ▲ **remove references to the *connection and supply contracts*;**
- ▲ **update code references;**
- ▲ **delete Proformas OP 1.3 and OP 1.4; and**
- ▲ **replace “*ETSA Utilities*” with “*Distributor*” in the body of the document.**

## 4.2 Electricity Guideline No. 12 - Demand Management for Electricity Distribution Networks

Electricity Guideline No. 12 will be reviewed at a later date. Its relevance will be assessed once the 2005-2010 Electricity Distribution Price Determination Demand Management funding is expended and it may possibly be repealed.<sup>5</sup>

## 4.3 Gas Guideline No. 1 - Regulatory Information Requirements Distribution System

Gas Guideline No. 1 was reviewed in the same manner as Electricity Guideline No. 1. Any aspects of the guideline that are now contained in the national regulatory framework have been deleted. Requirements of the Technical Regulator have been reviewed to ensure consistency across each agency.

### 4.3.1 Envestra's initial submission

Envestra noted that following the consultation process of the AER's *Performance Reporting Procedures and Guidelines*<sup>6</sup> there were no AER-imposed reporting requirements because existing jurisdictional performance reporting will continue in its place. In relation to proposed changes to Gas Guideline No. 1 Envestra therefore assumed that the reporting obligations will remain, albeit with changes that are necessary to align with the legislative changes.

In its original and subsequent submissions, Envestra provided a list of proposed amendments to Gas Guideline No. 1 as tabled below in a condensed form. The Commission's consideration on each matter is set out in the below table.

REFERENCE	ACTION
Clause 1.2.4 - Code and licence obligations	No longer relevant. Clause 3.6 has been deleted from the <i>Gas Distribution Code</i> . <b>Obligation contained in new clause 1.7.</b>
Clause 3. Index of Proformas – Recurring Information Requirements	Pending amendment of the proformas, amend the index accordingly. <b>Index of proformas to be updated as required.</b>
Proforma OP 1. Promptness of Connection	Delete report. Clauses 3.1 and 3.2 have been deleted from the <i>Gas Distribution Code</i> . <b>Agreed deletion.</b>
Proforma OP 2. Network Extension and Expansion Charges	Delete report. Clause 3.5 has been deleted from the <i>Gas Distribution Code</i> . <b>Agreed deletion.</b>
Proforma OP 3. Interruptions	Delete report. Clause 6 has been deleted from the <i>Gas Distribution Code</i> . <b>Agreed deletion – covered by NECF.</b>
Proforma OP 4. Major Interruptions	Delete report. Monthly and immediate reports are submitted to the Technical Regulator in accordance with Regulation 50 of the

<sup>5</sup> Refer <http://www.escosa.sa.gov.au/projects/35/electricity-distribution-price-review-2005-10.aspx>.

<sup>6</sup> Refer <http://www.aer.gov.au>.

REFERENCE	ACTION
	Gas Regulations 2012. <b><i>This reporting requirement should be retained for ESCOSA and Technical Regulator purposes - agreed position with the OTR.</i></b>
Proformas OP 5 and OP 6 (Legislative references)	Amend to reflect changes in legislation. Gas Regulations 1997 has been revoked and replaced with Gas Regulations 2012. Clause references to be updated to align with latest regulations. <b><i>Agreed amendment.</i></b>
Proforma OP 8. Complaints	Amend table. Clauses 3.1.1, 3.2.1, 6.2.1, 6.4.1 and 8 have been deleted from the <i>Gas Distribution Code</i> . Furthermore small customer complaints and disputes are now regulated under Part 4 of the <i>National Energy Retail Law</i> . Additionally, “reconnecting new tenants” and “disconnections in error” are now regulated by Part 6 of the <i>National Energy Retail Rules</i> . <b><i>This element requires further consultation with the Technical Regulator,</i></b>
Appendix Glossary	Pending amendment of the guidelines, amend the definitions accordingly. <b><i>Agreed amendment.</i></b>

#### 4.3.2 Commission’s draft decision

The Commission’s draft decision was to amend Gas Guideline No. 1 as noted in the above table.

#### 4.3.3 Envestra’s submission to draft decision

In its submission to the draft decision, Envestra raised the following issues with the Commission’s draft decisions:

REGULATORY OBLIGATION	ENVESTRA’S RESPONSE JUNE 2013
Clause 1.2	References to clauses 10.1, 10.4 and 11.1(f) of Envestra’s distribution licence will need to be amended when amendments to the licence are finalised and implemented. I.e. Clauses 7 will be deleted and clauses 8 and 9 are subject to further review.
Clause 1.2.4	Refer to Envestra’s response against clause 1.7 of the Gas Distribution Code.
Clause 3 Index of Proformas – Recurring Information Requirements	No further comment
Clause 3.2 Operational Information Requirements - Checklist	Envestra believes a typographical error has occurred with the frequency of reports. Former OP5 and OP6, now OP2 and OP3 respectively, are annual, not quarterly reports amendment is required to reflect this.
Proforma OP 1. Promptness of Connection	No further comment

Proforma OP 2. Network Expansion and Expansion Charges	No further comment
Proforma OP 3. Interruptions	No further comment
Proforma OP 4. Major Interruptions	Envestra submitted that the Commission reconsiders its March submission and deletes this report, reiterating that Regulation 50 of the Gas Regulations 2012 requires Envestra to report an unplanned interruption to the Technical Regulator within 24 hours of the event. Envestra therefore submitted that, given the reporting requirements in place, the additional reporting contributes to inefficient duplication of reporting.
Proforma OP 5. Statistical Information	Envestra notes that the Commission has incorporated a new table at b(ii) for “In-tested Meters Outside Specification” without providing comment as to why. Envestra seeks the Commission’s views on why this information must be reported.
Proforma OP 6. (a) Technical Information	No further comment
Proforma OP 6. (a) Technical Information Table, Regulation 11(1)(a)(i)	No further comment
Proforma OP 6. (a) Technical Information Table Regulation 11(1)(a)(ii) Regulation 11(1)(a)(iii) (in relation to hydrogen sulphide, Wobbe index, flame speed factor and average value)	No further comment
Proforma OP 6. (a) Technical Information Table Regulation 12(1)(b) and 12(1)(c)	No further comment
Proforma OP 8. Complaints	No further comment
Appendix and Glossary	No further comment

#### 4.3.4 Commission Comment

The Commission has considered Envestra’s submissions as set out above and makes the following comments in response, noting that where Envestra has offered no further comment, it has accepted the Commission’s Draft Decision on each regulatory obligation:

- ▲ **Clause 1.2** – Envestra has noted amendments should be made to references to clauses in its licence once the licence review, which is a part of this review, has been complete. The Commission notes this detail and will make the necessary amendments.

- ▲ **Clause 1.2.4** – Envestra referred to its submission regarding clause 1.7 of the GDC which the Commission has decided should remain as drafted. Consequently clause 1.2.4 will remain unchanged.
- ▲ **Clause 3.2 *Operational Information Requirements Checklist*** – Envestra has noted a typographical error in the Consultation Draft of the guideline. The Commission notes this detail and will make the necessary amendments.
- ▲ **Proforma OP 4 - *Major Interruptions*** – the Commission notes Envestra’s concerns with duplication of effort in reporting to the Commission and the Technical Regulator. However, the Commission is of the view that reporting on major interruptions, which is a requirement of the Technical Regulator, would present minimal effort for inclusion in the operational performance reporting as the data is already collected. The Commission believes that reporting this element of performance aids in assisting at a high level to highlight endemic issues, and, on that premise, should be retained.
- ▲ **Proforma OP 5. *Statistical Information*** – The Commission’s notes Envestra’s concern as to why the new table was incorporated in proforma OP 5. This matter was discussed further with Envestra and it was explained that the inclusion of the table was at the request of the Technical Regulator. The table comprised part of the reporting prior to the Service Standard Framework review in 2010 and was deleted at the request of the Technical Regulator, who subsequently advised the Commission of the oversight during 2012. This current review presented the opportunity for the re-inclusion of the table.

#### 4.3.5 *Commission’s final decision*

**The Commission final decisions on Gas Guideline No. 1 are as follows:**

- ▲ **Clauses 1.2 and 3.2 will be amended to include the correct references to Envestra’s licence and the reporting frequencies for OP 2 and OP 3;**
- ▲ **Clause 1.2.4 will remain as drafted to make it congruent with the corresponding provisions of Clause 1.7 of the GDC;**
- ▲ **Proforma OP 4 - Major Interruptions will be retained; and**
- ▲ **Proforma OP 5. Statistical Information - the table at b(ii) for “In-tested Meters Outside Specification” in proforma OP 5 will be reinstated.**

## 4.4 Energy Guideline No. 4 - Compliance Systems and Reporting

Energy Guideline No. 4 Compliance Systems and Reporting was reviewed to ensure that the obligations listed remain appropriate and to confirm consistency across Commission documents. This was an opportunity to improve the efficiency of regulatory compliance reporting for those who continue to be licensed by the Commission.

### 4.4.1 Commission's draft decision

The majority of the guideline will remain unchanged. Sections that previously applied to NERL retailers will be removed. The obligations applicable to transmission and distribution licences will be updated in accordance with the amendments made to the respective licences and industry codes (refer above).

Currently, distribution and transmission licences require quarterly reporting for a limited number of obligations (quarterly reporting is not required for retail or generation licences): referred to as "type 2" obligations. It was proposed that these "type 2" obligations, which are limited in number, be re-assessed and either promoted to "type 1" (immediate) reporting obligations or demoted to "type 3" (annual) reporting obligations. Removing "type 2" reporting obligations will improve efficiency for both regulated businesses and the Commission.

Energy Guideline 4 Compliance Systems and Reporting will be further amended to reflect the revised terms of other regulatory instruments described above as necessary.

### 4.4.2 Submissions to draft decision

One submission was received in regard to the Draft Decision from Envestra. Envestra had only minor comments in regard to typographical errors contained in Energy Guideline No. 4.

### 4.4.3 Commission's final decision

**The Commission's final decision on Energy Guideline No. 4 is to make the minor typographical amendments as suggested by Envestra.**

## 5. ENFORCEMENT POLICY

The Enforcement Policy was reviewed to ensure that its content is current and to confirm consistency across Commission documents.

### *5.1.1 Commission's draft decision*

Only minor amendments were proposed for the Enforcement Policy to reflect the Commission's increased functions under the Water Industry Act 2012.

### *5.1.2 Submissions to draft decision*

One submission was received in regard to the Enforcement Policy from Envestra. Envestra has no specific comments on this policy other than to propose that the Commission's approach to compliance and enforcement as set out in this policy should be aligned with the approaches, objectives and expectations set out in the current reporting guidelines.

### *5.1.3 Commission's final decision*

**The Commission's final decision on the Enforcement Policy is to make the minor typographical amendments as suggested by Envestra.**



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