PowerWater

Record No: D2012/522656
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Dr Patrick Walsh
Utilities Commissioner
Utilities Commission
GPO Box 915
Darwin NT 0801

Dear Pat

Re: Submission to the Second Draft of the Electricity Standards of Service Code

Thank you for the opportunity to comment on the second draft of the Electricity Standards of Service Code (the Draft Code) and the accompanying Draft Statement of Reasons.

As noted in previous submissions Power and Water supports the application of a new Electricity Standards of Service Code for electricity customers in the Northern Territory. However, there are a number of ongoing issues that were raised repeatedly in those earlier submissions that have not yet been resolved.

These issues relate predominantly to standard industry definitions, such as SAIDI and SAIFI performance measures, that are fundamental to the business drivers for the Corporation. These measures drive the Corporation's planning decisions, investment and work efforts. As such, when they are not set correctly they have the capacity to misdirect investment or create under-investment in crucial areas. Power and Water considers the setting of these basic and fundamental measures to be crucial for its business.

Given the importance of this, Power and Water has already devoted considerable time and effort in its submissions to the Utilities Commission at the officer and executive level. However, to date, Power and Water has seen little evidence that the previous communications with the Utilities Commission have been understood or appropriately addressed. Indeed, the latest Draft Code incorporates very few of the suggestions made by Power and Water throughout the entire consultation process.

Where there exists a misalignment between sound business practice and the measures determined by the Utilities Commission, Power and Water will continue to follow prudent business practice. The requirement from the Utilities Commission to produce alternative performance measures is a regulatory obligation for Power and Water that will receive priority. However, these measures offer no clear benefit to the business or its customers and are thus an extra cost burden that will result in higher charges to customers.

Power and Water requests that prior to finalising the Electricity Standards of Service Code, the Utilities Commission considers the comments raised in each of Power and Water's earlier submissions in response to the proposed Draft Code. Power and Water further requests that the Utilities Commission considers the Draft Code's requirements in terms of their ability to deliver a demonstrable benefit to customers that justifies the additional cost burden to Power and Water's business. The issues are outlined in Attachment A.

Please contact Mr Antoni Murphy, Acting Manager Regulation, Pricing and Economic Analysis on (08) 8985 7124 or email at antoni.murphy@powerwater.com.au if you have any queries in relation to this response.

Yours sincerely

Andrew Macrides
Managing Director

26 October 2012

Attachment A

NORTHERN TERRITORY OF AUSTRALIA

SUBMISSION BY POWER AND WATER CORPORATION TO THE SECOND DRAFT OF THE ELECTRICITY STANDARDS OF SERVICE CODE ISSUED BY THE UTILITIES COMMISSION

OCTOBER 2012

The following table provides a summary of Power and Water's comments on the Second Draft of the Electricity Standards of Service Code (Draft Code) and Draft Statement of Reasons. Please note that the order in which the comments are presented is based on the sequence of the contents of the Draft Code and Draft Statement of Reasons and not in order of priority.

#	**Section/Clause Reference**	**Issue**	**Comments**
1	Front Cover Draft Statement of Reasons	Typographical error	The title should read "Electricity Standards of Service Code" not "Electricity Standard of Service Code".
2	Section 3	Date for setting target standards and the associated implications for the 2014 Network Price Determination	In previous submissions Power and Water has emphasised the need to set target standards by 1 January 2013 to enable the associated service levels to be incorporated into the regulatory proposal for the 2014 Network Price Determination. Please refer to these previous submissions for Power and Water's detailed comments in this area.
3	Section 3	Target setting and the associated changes to new plant and associated cost implications	Power and Water seeks confirmation from the UC that the target setting process will take into account an appropriate planning horizon for associated upgrades or additions to existing plant.
4	Clause 4.3 & throughout.	Reporting using the IEEE 2.5 beta method	Power and Water has already raised the importance of adhering to national standards with regards to determining adjusted and unadjusted data. This benefits the business since it allows comparisons with other NEM jurisdictions, means that no data is "excluded" and ensures continuity in reporting. Please refer to previous submissions for Power and Water's detailed comments in this area.
5	Clause 6.2.3	The role of the system controller in determining a network outage.	In the previous submission, Power and Water expressed concern with the growing compliance costs for System Control and that existing system control charges fall short of the cost to provide these services. Power and Water welcomes the UC's response in the Draft Statement of Reasons that these costs be reviewed and welcomes dialogue in this area.

6	Schedule 1 and clauses 2.52-2.60 of Draft Statement of Reasons	Generation service performance indicators	Power and Water notes UC's disinclination to rationalise the proposed number of generation indicators to conform with reporting elsewhere. Power and Water has raised this in each of its previous submissions since the large number of indicators creates a substantial cost burden with no corresponding benefit to customers. Power and Water will supply these cost details to the UC on request. Power and Water also notes UC's comment in the Draft Statement of Reasons to consider removal of SAIDI and SAIFI at a later date. Power and Water questions the value in delaying this decision. If it is deemed sensible to exclude SAIDI and SAIFI requirements for Generation at some future point, then surely it would be prudent not to impose those costs in the first place.
7	Schedules 1 & 2	Incorrect definitions of SAIDI and SAIFI	Power and Water has raised this in previous submissions. SAIDI and SAIFI are commonly used performance measures and mainstream in the literature. However, the definitions given to them in the draft Code and its previous iteration, are incorrect and will yield spurious results. For example, using the industry standard definition the SAIDI figure for the Darwin region for the 2011-12 year was 266. When the formula from the Draft Code is applied, this figure becomes 14.5. Similarly with SAIFI, the industry standard definition produces a figure of 4.9 for the Darwin region for 2011-12. The formula from the Draft Code produces a figure of 0.02. Power and Water seeks confirmation from the UC that it is their intention to depart so drastically from existing standards. Please refer to previous submissions for Power and Water's detailed comments in this area.

8	Schedule 2 and Draft Statement of Reasons clause 2.94	Reference to feeder maps in definition of feeder categories	The Draft Statement of Reasons (clause 2.94) states that feeder and area definitions should no longer be defined in terms of the maps provided by Power and Water. However, the Draft Code defines the areas in accordance with the map provided by Power Networks. Power and Water considers this to be inconsistent. As stated in earlier submissions, Power and Water recommends that feeder categories are determined in accordance with industry standards to enable benchmarking with industry peers. Power and Water considers that it is important to invest prudently and the most appropriate way to achieve this is through national benchmarking. The ability to do this is lost when there is a departure from industry standards, furthermore the extent of the perceived benefit has not been reasonably established or justified. Please refer to previous submissions for Power and Water's detailed comments in this area.
9.	Schedule 2	Definition of"circuit"	Power and Water seeks clarification from the UC regarding the definition of a circuit for the purpose of reporting on the transmission indicators (ACOD, FCO). Power and Water assumes circuit is defined as an overhead and/or underground transmission line.
10	Table 4, Column 1	Formatting issue	The word "written" should not be in bold.
11	Schedule 2 Clauses 1.8.3 & 1.8.4	Phone Answering and Complaints for Networks	As raised in the previous submission, the system functionality does not support a separate reporting system for Power Networks.
12	Schedule 3, clause 1.1.3	Application of performance indicators to customers using up to 160 megawatt hours of electricity during the reporting period	Power and Water agrees that the performance indicators should apply to small customers. However, it seeks clarification that the Hardship indicator applies to domestic customers and not small businesses.
13	Schedule 3, clauses 1.1.3 and 1.1.5	Application of performance indicators to customers using up to 160 megawatt hours of electricity during the reporting period and the implication for the phone answering performance measure	Power and Water is in agreement that performance standards should apply to small customers consuming less then 160 MWh. However, in terms of the phone answering performance measure Power and Water will not be able to set a filter for those customers above and below 160 MWh and will thus report a totalised figure comprising all customers,

14	Table 5	Formatting issue	The words "Hardship" and "Written" should not be in bold.
15	Schedule 3, clause 1.1.7	Customer hardship measures	Power and Water is able to set up the suite of performance indicators proposed by the UC related to the *Stay Connected Policy*. However, in order to accommodate these new measures this will require changes to Power and Water Retail's current program, plus testing and training for staff. As such, Power and Water seeks confirmation from the UC that reporting against targets for these measures will only come into place for the 2013-14 reporting year onwards.