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Dr Patrick Walsh
Utilities Commissioner
Utilities Commission
GPO Box 915
Darwin, NT 0801

Dear Dr Walsh

Review of NT Electricity Standards of Service Code

Power and Water Corporation ("PWC") understands that the Utilities Commission ("the Commission") will be reviewing the Northern Territory Electricity Standards of Service Code ("the Code") in advance of the upcoming 2019 Distribution Determination for PWC Power Networks. PWC supports this review and would like to provide a number of items for the Commission's consideration prior to the formal review process.

The Code should set jurisdictional planning standards that prescribe the level of service that the Network Service Provider ("NSP") should consider when planning and operating its network.

When developing its expenditure forecasts for the next regulatory control period, PWC will need to ensure that the forecasts align with, and are supported by, jurisdictional planning standards. As a result, PWC has an interest in standards set in the Code that are clear and simple to comply with. Additionally, it will be beneficial for the standards to be consistent with national approaches to network reliability. This will enable simplified reporting and consistent benchmarking with peers.

PWC notes that planning standards may drive expenditure. Standards that are extreme may result in excessive expenditure to achieve compliance. Similarly, standards that vary often create volatility in expenditure forecasts as the NSP attempts to deliver to changing reliability obligations.

The national regulatory framework is currently refocussing to accommodate customers' needs and views. PWC, as a customer-focussed business, recognises that it is important to consider the views of the customers that receive its services. Consequently, PWC suggests that the reviewed Code accounts for customer effects.

With this in mind, PWC notes the following, in relation to distribution networks:

- PWC supports the continued application of output standards (SAIDI[1], SAIFI[2], etc.), rather than input standards (such as 'n – 1'). Output standards will allow PWC to consider a range of solutions to address reliability issues; input standards prescribe a solution;
- The standards (SAIDI, SAIFI, etc.) should be set according to reflect customer preference, rather than their current calculation, which is based on the previous five years' reliability. This will reduce the volatility in distribution planning criteria; and
- These reliability measures should be consistent with the Distribution Reliability Measures Guideline to enable simplified reporting and consistent benchmarking with peers.

1 System Average Interruption Duration Index

2 System Average Interruption Frequency Index

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In relation to transmission networks,

- The standards set by the Code should be in the form of input standards. The loss of a transmission element affects a significant number of customers so it is therefore prudent to limit these effects through prescribed standards;
- The setting of the standards should be linked to the Value of Customer Reliability; that is, the economic cost to the community of the loss of a transmission element. This will mean that the amount of redundancy in the transmission network to any area will be linked to the economic effect of loss of supply to that area; and
- These reliability measures should be consistent with the Transmission Service Standards Guideline to enable simplified reporting and consistent benchmarking with peers.

PWC looks forward to working with the Commission to develop an Electricity Standards of Service Code that provides the best sustainable outcomes for customers.

Should you have any queries, please contact Jodi Triggs, Senior Manager Network Regulation at Jodi.Triggs@powerwater.com.au or on (08) 8985 8456.

Yours sincerely

Michael Thomson
Chief Executive
27 February 2017