

ELECTRICITY INDUSTRY PERFORMANCE CODE (STANDARDS OF SERVICE AND GUARANTEED SERVICE LEVELS) REVIEW

ISSUES PAPER

September 2020

Disclaimer

This Issues Paper has been prepared by the Utilities Commission in accordance with the *Utilities Commission Act 2000* and the Utilities Commission Regulations. To the maximum extent permitted by law, the Utilities Commission disclaims and excludes all liability for any loss, claim, demand, damages, costs and expenses of any nature (whether or not foreseeable and whether direct, indirect or consequential and whether arising from negligence or otherwise):

- suffered or incurred by any person relying or acting on any information provided in, referred to or omitted from, this document or
- arising as a result of, or in connection with, information in this document being inaccurate or incomplete in any way or by reason of any reliance on it by any person, including by reason of any negligence, default or lack of care.

Table of Contents

Table of Contents	2
Glossary	3
INTRODUCTION	5
Purpose of the Review	5
About the Utilities Commission	5
Submissions	5
Timetable	6
ABOUT THE REVIEW	7
Background	7
Legislative requirements and review process	10
Scope of the Review	11
ISSUES FOR CONSIDERATION	12
Administrative errors	12
Application	12
GSL and GSL payment amounts periodic review	14
Independent audit obligations	15
Excluded interruptions	15
Schedule 2 Generation services performance indicators	17
Schedule 3 Network services performance indicators	19
Schedule 4 Retail services performance indicators	20
Darwin and Katherine region segmentation	25
Additional stakeholder issues	25
APPENDICES	26
Appendix A: Consolidated list of questions for stakeholders	26

Glossary

AER	Australian Energy Regulator
AER Guidelines	AER (Retail Law) Performance Reporting Procedures and Guidelines
Audit Guidelines	The commission's proposed Electricity Industry Performance Code Independent Compliance Audit Guidelines
Commission	The Utilities Commission of the Northern Territory
EIP Code	Electricity Industry Performance Code (Electricity Standards of Service and Guaranteed Service Levels)
Electricity supply industry	Means the industry involved in the generation, supply and sale of electricity or other operations of a kind prescribed by the Electricity Reform Regulations
Entura	A specialist consulting firm engaged by the commission from time to time
ER Act	<i>Electricity Reform Act 2000</i>
ERS Code	Electricity Retail Supply Code
ESS Code	Electricity Standards of Service Code
Generator	A business (or a component of a business) which holds a licence authorising the generation of electricity, or whose application for such a licence is currently under consideration by the commission
GSL	Guaranteed service level
GSL Code	Guaranteed Service Level Code
IPP	Independent Power Producer
Licence	Means a licence granted by the commission under the <i>Electricity Reform Act 2000</i>
MW	Megawatt
NECF	National Energy Customer Framework
NMI	National Meter Identifier
NTERR	Northern Territory Electricity Retail Review
NTPSPR	Northern Territory Power System Performance Review
Regulatory control period	In respect of a Network Service Provider, a period of not less than five regulatory years for which the provider is subject to a control mechanism imposed by a distribution determination.

Responsible Minister	The Minister to whom the <i>Utilities Commission Act 2000</i> is committed, currently the Treasurer
Retailer	Means a business (or component of a business) which holds a licence authorising the selling of electricity to end users, or whose application for such licence is currently under consideration by the commission
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
UC Act	<i>Utilities Commission Act 2000</i>

INTRODUCTION

Purpose of the Review

The Utilities Commission (the commission) is reviewing the Electricity Industry Performance Code (Standards of Service and Guaranteed Service Level) (EIP Code) to address a number of known issues and to ensure its content and operation is of continued relevance and effectiveness for the electricity supply industry in the Northern Territory.¹

About the Utilities Commission

The commission is an independent statutory body established by the *Utilities Commission Act 2000* (UC Act) with defined roles and functions for economic regulation in the electricity, water and sewerage industries and declared ports in the Northern Territory.²

The commission seeks to protect the long-term interests of consumers of services provided by regulated industries with respect to price, reliability and quality.

The commission aims to ensure consumer requirements are met by enhancing the economic efficiency of regulated industries through promoting competition, fair and efficient market conduct and effective independent regulation.

The commission has functions under various Acts (and associated regulations) including the UC Act, *Electricity Reform Act 2000* (ER Act), *Water Supply and Sewerage Services Act 2000* and the *Ports Management Act 2015*.

Submissions

This Issues Paper identifies matters to be considered as part of the review of the EIP Code and invites submissions from all stakeholders. The Issues Paper includes a series of explicit questions to stakeholders, which appear like this:

Question 1	Example question?
------------	-------------------

The commission encourages stakeholders to provide sufficient detail in their submissions, including any alternative approaches the commission should consider and why, in order to aid the commission in its review.

All interested parties are invited to make submissions on the Issues Paper, or any other issue relevant to the review by **28 October 2020**.

¹ Section 24(9) of the UC Act.

² Regulated industries for the purpose of the UC Act are declared by section 13 of the ER Act, section 7(1) and (2) of the *Water Supply and Sewerage Services Act 2000* and section 119(1) of the *Ports Management Act 2015*.

In the interest of transparency, the commission strongly encourages all stakeholders to make their submissions publicly available, and to keep any confidential information to a minimum.

Confidential information may include:

- information that could affect the competitive position of an entity or other person or
- information that is commercially sensitive for some other reason.

Submissions must clearly specify the document (or part of it) that contains confidential information. A version of the submission suitable for publication (that is, with any confidential information removed) should also be submitted.

To facilitate publication, submissions should be provided electronically by email to utilities.commission@nt.gov.au in Adobe Acrobat or Microsoft Word format.

Any questions regarding this Issues Paper or the review should be directed to the commission by telephone (08) 8999 5480 or email utilities.commission@nt.gov.au.

Timetable

The review is expected to be completed by the end of the 2020-21 financial year. The key dates for the review, subject to stakeholder feedback, are shown in Table 1.

Table 1 EIP Code Review key dates

Stage	Time
Issues Paper released	September 2020
Public consultation	September - October 2020
Draft version of updated EIP Code released	March 2021
Public consultation	March - April 2021
Final version of updated EIP Code released	June 2021

Following approval by the commission, the revised EIP Code will be available on the commission's website www.utilicom.nt.gov.au.

ABOUT THE REVIEW

Background

The commission is reviewing the EIP Code to address a number of known issues and to ensure its content and operation is of continued relevance and effectiveness for the electricity supply industry in the Northern Territory.³

The commission is responsible for the promotion and safeguard of competition and fair and efficient market conduct or, in the absence of a competitive market, the simulation of competitive market conduct and the prevention of the misuse of monopoly power.

The commission has, among others, the following functions⁴:

- to develop, monitor and enforce compliance with and promote improvement in standards and conditions of service and supply under relevant industry regulation Acts
- to make, monitor the operation of, and review from time to time, codes and rules relating to the conduct or operations of a regulated industry or licensed entities under relevant industry regulations Acts.

The commission is authorised to make a code relating to the standards of service by licensed entities in the electricity supply industry⁵, which may deal with:

- standards of service by licensed entities in the electricity supply industry
- performance measures for standards of service by licensed entities in the electricity supply industry
- payments to certain customers if specified standards of service are not met.

Accordingly, the commission published the Electricity Standards of Service Code (ESS Code) with effect from 1 January 2006 and the Guaranteed Service Level (GSL) Code (GSL Code) with effect from 1 January 2012.

The objectives of the ESS Code were to:

- establish standards of service and performance measures in the electricity supply industry
- develop, monitor and enforce compliance with and promote improvement in standards of service by electricity entities in the electricity supply industry
- require electricity entities to have adequate systems in place which allow for regular reporting of actual performance in accordance with the ESS Code.

³ Section 24(9) of the UC Act.

⁴ Section 6(1)(c) and (d) respectively of the UC Act.

⁵ Regulation 2B of the Utilities Commission Regulations.

The objectives of the GSL Code were to establish:

- a GSL scheme providing for GSL payments to be made by a network provider to small customers where the supply of electricity and other related services does not meet the pre-determined GSLs
- a dispute resolution process for the GSL Code.

In 2017, a significant review of the ESS and GSL Codes was undertaken by the commission and the two codes were merged into a single code, namely the EIP Code (with effect from 25 October 2017, including a number of transitional arrangements). Along with the introduction of the EIP Code, associated Feeder Guidelines were varied and commenced on the same date.

As part of, and subsequent to, the review of the ESS and GSL Codes, the commission committed to further reviews and has identified a number of issues which should be addressed as part of a review. These commitments and issues are discussed below.

Commitment for another review

In its Final Decision Statement of Reasons, following the review of the ESS and GSL Codes and making of the EIP Code, the commission stated there is merit in undertaking further review of the generation performance indicators to ensure that they are appropriate for not only current generators, but also future generators, including batteries and renewable energy. However, not to delay other changes to the EIP Code, the commission committed to a separate review into generation performance indicators. The commission has not yet conducted this review.

Of relevance, both EDL NGD (NT) Pty Ltd, through a submission to the commission regarding the proposed EIP Code, and Entura, through its work on the 2018-19 Northern Territory Power System Performance Review (NTPSPR), have raised concerns in relation to the reporting of System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI) for generators. In response to both instances, the commission committed to consideration of SAIDI and SAIFI reporting by generators in a subsequent review.

Through generation licensees reporting against Schedule 2 Generation Services Performance Indicators (Schedule 2) of the EIP Code, the commission also highlighted it would undertake a review of the EIP Code, as part of issuing a direction under clause 1.6 of the EIP Code to address a number of anomalies (that also existed in the former ESS Code) that may have impacted the accuracy of data reported to the commission.

The known anomalies are isolated to Schedule 2 and Schedule 7 Definitions and Interpretation (Schedule 7) and relate to the examples provided in S.2.4.4 Equivalent Partial Outage Hours, S.2.4.7 Equivalent Availability Factor and S.2.4.9 Equivalent Forced Outage Factor. Further, the definitions of 'Unit derating for a generating unit' and 'Unit derating value for a generating unit' may have been misleading.

The commission's direction was issued on 20 November 2018 and states any annual reporting against the EIP code is done in accordance with the revised schedules, until a variation to the EIP Code is made or advised otherwise by the commission.

EIP Code Audit Guidance

The EIP Code requires an electricity entity to periodically collect and maintain data (in connection with the target standards, performance indicators or reporting requirements) as is reasonably sufficient for the purpose of complying with its obligations under the EIP Code, and enabling the commission to perform its functions under the EIP Code⁶. Further, electricity entities are required to submit to the commission a report on their actual performance in the financial year against the performance indicators set out in the EIP Code.

To ensure compliance with the EIP Code, it places an obligation on electricity entities to undertake an independent audit at least once every three years for each performance indicator that the electricity entity is required to report against⁷. However, the commission identified there may be a number of gaps or obligations that would benefit from further clarification to assist both the commission and licensees. Accordingly, the commission is proposing to publish Independent Compliance Audit Guidelines (Audit Guidelines), and provided a draft on its website for public consultation on 16 June 2020⁸.

It may be appropriate to incorporate the entire, or elements of, the proposed Audit Guidelines into an updated EIP Code. However, the commission notes, while this matter is being considered as part of the EIP Code, there is a more immediate need to assist electricity entities in meeting their EIP Code clause 6.2 obligation, noting the first auditing period is from 2017-18 to 2019-20.

Other known issues

In addition to the issues identified above, through the operation of the EIP Code, the commission has become aware of a number issues and or gaps that would benefit from being reviewed and addressed to improve the operation of the EIP code, provide clarification to licensees and protect the interests of customers.

Further, the commission has committed to including consideration of a number of issues in a review of the EIP Code in its published NTPSPR and Northern Territory Electricity Retail Reviews (NTERR), such as condition monitoring and preventative maintenance reporting, worst performing feeder reporting, customer service performance indicators and customer complaint categories.

As the current EIP Code has only been in effect for just under three years, and licensees have committed significant resources to align their reporting to the EIP Code, the review is limited to the known issues raised above, and any additional issues raised by stakeholders during consultation or identified by a technical expert following a high-level review, where appropriate.

⁶ Clause 6.1.1(a)

⁷ Clause 6.2

⁸ <https://utilicom.nt.gov.au/projects/projects/electricity-industry-performance-code-independent-compliance-audit-guidelines>

Legislative requirements and review process

In the Northern Territory, the commission is authorised to make codes or rules (including varying or revoking codes) relating to the conduct or operations of a regulated industry or licensed entities, which includes the standards of service by licensed entities in the electricity supply industry.⁹ The ER Act defines an electricity entity as ‘a person licensed under Part 3 to carry on operations in the electricity supply industry and includes (where the context requires) a person who has been licensed to carry on operations in the electricity supply industry under that Part whose licence has been suspended or cancelled or has expired.’

Regulation 2B of the Utilities Commission Regulations states a code in relation to standards of service may deal with the following:

- standards of service by licensed entities in the electricity supply industry
- performance measures for standards of service by licensed entities in the electricity supply industry
- payments to certain customers if specified standards of service are not met.

The associated EIP Code commenced on 25 October 2017, following a significant review, and subsequent merging, of the ESS and GSL Codes.

In accordance with section 24(4) of the UC Act, the commission will consult with the responsible Minister, representative bodies and industry participants before varying the EIP Code. The responsible Minister is the Treasurer. The Commission will also consult with the Minister for Renewables, Energy and Essential Services as a stakeholder, being the Minister responsible for the relevant parts of the ER Act.

Through this Issues Paper, the commission seeks to engage the public and stakeholders to advise them the commission is considering varying the EIP Code and to invite submissions on any issues that should be considered as part of the review.

Subsequently, the commission will seek feedback from the public and stakeholders on a draft version of the revised EIP Code, which will inform the final version.

In accordance with the EIP Code, in making its decision to vary or revoke any part of the EIP Code, the commission will:

- seek to promote and achieve the object of the UC Act
- seek to promote and achieve the object of the ER Act
- have regard to matters listed in section 6(2) of the UC Act
- have regard to good electricity industry practice.

As required by section 24 of the UC Act, the commission will give notice of any variation of the EIP Code to the responsible Minister and each licensed entity to which the EIP Code applies. A notice advising of variations to the EIP Code will be published in the Northern Territory

⁹ Section 24 of the UC Act and clause 2.1.1 of the EIP Code.

Government Gazette. The commission will also publish a copy of the revised EIP Code on its website www.utilicom.nt.gov.au.

Scope of the Review

The review of the EIP Code will be limited to the following matters:

1. a review of Schedule 2 (Generation Services Performance Indicators) to fulfil commitments made by the commission in its Final Decision in relation to the introduction of the EIP Code and to address the issues dealt with by the commission issued direction on 20 November 2018
2. a review of Schedule 7 (Definitions and Interpretation) to address the issues dealt with by the commission issued direction on 20 November 2018
3. consideration of incorporating the entire, or elements of, the proposed Independent Compliance Audit Guidelines into the EIP Code
4. addressing a number of issues and or gaps identified through the operation of the EIP Code
5. consideration of a number of issues identified in the NTPSPR and NTERRs in relation to the EIP Code
6. a high-level review of the EIP Code by a technical expert and subsequent consideration of any issues identified.
7. consideration and addressing additional issues raised by stakeholders during consultation, where appropriate, and with the assistance of a technical expert as required.

ISSUES FOR CONSIDERATION

This section of the Issues Paper provides detail regarding a number of known issues and matters identified through the operation of the EIP Code and previous reviews, and poses a series of related questions to stakeholders.

Administrative errors

EIP Code reference: [Administration](#)

The table of contents in the published EIP Code does not include schedules 1 to 7, which the commission understands has led to confusion amongst stakeholders in relation to their existence and location.

Further, the commission has identified a number of minor wording errors throughout the EIP Code that will be addressed as part of the review.

Question 1 Are there any administrative related errors that should be considered by the commission as part of the review?

Application

EIP Code reference: [Clause 1.4 Application and Schedule 7 Definitions and interpretation](#)

Definitions included in the EIP Code that are relevant to this section are listed in Table 2.

Table 2 Relevant EIP Code definitions

Term	EIP Code definition
Code	This Electricity Industry Performance Code.
Electricity entity/entities	Has the meaning given in the ER Act.
Generation entity/entities	An electricity entity that provides generation services.
Generation services	The services provided by an electricity entity that is licensed to generate electricity for sale under the ER Act and excludes the services provided by an Independent Power Producer.
Independent Power Producer	An electricity entity identified as an 'Independent Power Producer' in the relevant generation licence issued by the commission in accordance with the ER Act.
Network services	Has the meaning given in the ER Act.
Regulated network	An electricity network that is subject to price regulation by the AER or the commission. For the avoidance of doubt, the regulated network ceases at the electrical installation.

Retail services	The services provided by an electricity entity that is licensed to trade in electricity and to retail electricity to customers under the ER Act.
-----------------	--

Clause 1.4.1 of the EIP Code states ‘this Code applies to electricity entities in the Northern Territory.’ Further, clause 1.4.2 of the EIP Code states ‘to avoid doubt, this Code will only apply to an electricity entity to the extent that it provides generation services, network services, or retail services in the regulated network.’

The term ‘electricity entity/entities’ is defined in the EIP Code as having the same meaning as given in the ER Act, which is ‘a person licensed under Part 3 to carry on operations in the electricity supply industry and includes (where the context requires) a person who has been licensed to carry on operations in the electricity supply industry under that Part whose licence has been suspended or cancelled or has expired.’

However, the interpretation of where the EIP Code applies may benefit from additional clarification. The current interpretation is that it applies in the ‘regulated network’ which is defined as ‘electricity networks subject to price regulation’. While the EIP Code is only intended to apply to the Darwin-Katherine, Alice Springs and Tennant Creek power systems, it could be interpreted as an electricity network in which other forms of price regulation are applicable, such as an electricity pricing order, if the term ‘electricity network’ is not adequately defined.

The recently updated Electricity Retail Supply Code (ERS Code) addresses the same issue of its applicability in relation to the regulated power systems. Relevantly, clause 10.7.1 of the ERS Code states ‘this clause 10.7 only applies in relation to an electricity network where Network Access Legislation does not apply.’ The term ‘electricity network’ is defined in the ERS Code as ‘the meaning given to that term in the *Electricity Reform Act 2000*’, and the term ‘Network Access Legislation’ is defined in the ERS Code as ‘the legislation regulating connection to and use of electricity networks as in force in the Northern Territory from time to time, being the National Electricity (NT) Rules.’

A similar approach could be adopted in the EIP Code (although in reverse) to improve electricity entities’ understanding of the application of the EIP Code.

Question 2	Does the EIP Code require additional clarification to make it clear that it is only applicable to electricity entities providing the relevant services in the Darwin-Katherine, Alice Springs and Tennant Creek power systems?
------------	--

Clause 5.1.1 of the EIP Code requires ‘generator entities’ to submit to the commission a report on their actual performance against the performance indicators for the previous financial year. The EIP Code defines ‘generation entity/entities’ as ‘an electricity entity that provides generation services.’ However, currently Independent Power Producer (IPP) licensees¹⁰ are

¹⁰ A special generation licence (independent power producer) allows the licensee to generate electricity to be sold only under contract to a licensed generator. This licence has fewer obligations than a standard generation licence.

excluded from the definition of 'generation services', and therefore not required to report against the EIP Code.

Given the importance of generation performance and its potential impact on system security, as recently highlighted in the Commission's Independent Investigation of Alice Springs System Black Incident on 13 October 2019 report, there is currently a greater scrutiny on generator performance.

However, as discussed above, IPP licensees are not required to report against the EIP Code, and generation licensees that buy IPP licensees' generation are also not required to report the associated generation performance against the EIP Code. Accordingly, the commission consider this may be a gap, noting there are currently two IPP licensees operating in the Territory's regulated power systems, being LMS Energy Pty Ltd and Uterne Power Plant Pty Ltd in the Darwin-Katherine and Alice Springs power systems respectively.

Question 3 Should IPP licensees be excluded from the definition of 'generation services', and why?

GSL and GSL payment amounts periodic review

EIP Code reference: [Clause 2 Adding to or amending this code](#)

Definitions included in the EIP Code that are relevant to this section are listed in Table 3.

Table 3 Relevant EIP Code definitions

Term	EIP Code definition
Regulatory control period	Has the meaning given under the National Electricity Rules.

The previous GSL Code, which was replaced by the EIP Code, included a clause which stated 'the commission must review the performance measures, guaranteed service levels and GSL payment amounts in clause 2.1.4 prior to the beginning of each regulatory control period.' This clause was not included in the subsequent (current) EIP Code.

While clause 3 of the EIP Code deals with network target standards for a regulatory control period, and covers the process of a network entity developing and submitting target standards for a regulatory control period for approval by the commission, it does not reference GSL and GSL payment amounts.

In relation to a review of GSL payment amounts, the current GSL payment amounts are only determined until the end of 2023-24 (the end of the current regulatory control period for electricity networks, which is regulated by the Australian Energy Regulator (AER)).

Question 4 Should the EIP Code include a clause to review GSLs and GSL payment amounts prior to the beginning of each regulatory control period?

Independent audit obligations

EIP Code reference: Clause 6.2 Periodic audit of data

In accordance with clauses 5.1.1 and 5.1.2 of the EIP Code, electricity entities are required to submit to the commission a report on their actual performance in the financial year against the performance indicators set out in the EIP Code. Clause 6.1.1 of the EIP Code requires an electricity entity to periodically collect and maintain data (in connection with the target standards, performance indicators or reporting requirements) as is reasonably sufficient for the purpose of complying with its obligations under the EIP Code, and enabling the commission to perform its functions under the EIP Code¹¹.

To ensure compliance with the EIP Code, it places an obligation on electricity entities to undertake an independent audit at least once every three years for each performance indicator that the electricity entity is required to report against¹². However, the commission identified there may be a number of gaps or obligations that would benefit from further clarification to assist the commission and electricity entities.

Accordingly, the commission published Electricity Industry Performance Code Independent Compliance Audit Guidelines (Audit Guidelines) on its website on 3 September 2020, <https://utilicom.nt.gov.au/publications/codes-and-guidelines/eip-code-independent-compliance-audit-guidelines.pdf>.

However, it may be appropriate to incorporate the entire, or elements of, the Audit Guidelines into an updated EIP Code.

Question 5 Should the EIP Code include the entire, or elements of, the Audit Guidelines into an updated EIP Code, and why?

Excluded interruptions

EIP Code reference: Clause 7.2.3 Adjusted and unadjusted performance indicators, Schedule 1 Guaranteed Service Level scheme (table 1), and Schedule 7 Definitions and interpretation

Definitions included in the EIP Code that are relevant to this section are listed in Table 4.

Table 4 Relevant EIP Code definitions.

Term	EIP Code definition
Connected	To form a physical link between a regulated network and a premises to allow the flow of electricity.

¹¹ Clause 6.1.1(a)

¹² Clause 6.2

Interruption	A temporary unavailability or temporary curtailment of supply of electricity to a premises, but does not include unavailability or curtailment in accordance with terms and conditions of that contract for supply of electricity at that premises.
GSL payment	A guaranteed service level payment to be made in accordance with clause 4 of the amount set out in schedule 1.
Guaranteed service level	A guaranteed service level set out in Table 1 of schedule 1.
Network entity	An electricity entity that provides network services.
Premises	The address for which a small customer has a contract for the supply of electricity.
Small customer	In relation to a premises that is connected or proposed to be connected to a regulated network, refers to a customer that is taking or is likely to take less than 160 megawatt hours of electricity in a financial year at the premises.
Supply	Has the meaning given under the ER Act.

When the ESS and GSL Codes were reviewed and combined into the EIP Code, the separate lists of exclusions included in each code were combined and made consistent with the AER's Service Target Performance Incentive Scheme.

An outcome of combining the codes is that the resulting list of exclusions in clause 7.2.3 of the EIP Code does not include planned maintenance. The commission notes that while this may have been appropriate in terms of the previous ESS Code related provisions, it may have had unintended consequences for the GSL Code related provisions of the EIP Code, as it may be interpreted that planned maintenance is subject to GSLs and GSL payments if the interruption meets the relevant thresholds for duration and frequency based GSL.

Notably, in the commission's Review of Options for Implementation of a Customer Service Incentive Scheme for Electricity Customers Final Decision (published on the commission's website in 2010), which was the foundation of the GSL Code, the commission discusses and explicitly states that planned interruptions (where the relevant notice is given) are excluded from GSL payments in relation to duration and frequency based GSLs.

Consistent with the commission's intent, a high-level review of relevant legislation and publications of other jurisdictions, such as South Australia, Western Australia and Victoria, indicates GSL related payments in those jurisdictions in relation to frequency and or duration based GSL interruptions also exclude planned interruptions.

- | | |
|------------|---|
| Question 6 | Is it reasonable that planned maintenance be excluded from duration and frequency based GSLs, and why? |
| Question 7 | Other than in relation to planned maintenance (as covered in the above question), are the current clause 7.2.3 exclusions in the EIP Code appropriate and adequately defined for all obligations under the EIP Code, and why? |
| Question 8 | If the current clause 7.2.3 exclusions in the EIP Code are not appropriate and adequately defined in relation to the matters in the previous question, how should the exclusions be changed? |

Clause 4.1.3 of the EIP Code states 'if a network entity does not meet a guaranteed service level in relation to a small customer it must pay that small customer the relevant GSL payment set out in schedule 1 for that guaranteed service level in accordance with this clause 4'. Schedule 1 of the EIP Code lists four GSL in relation to the duration and frequency of interruptions, two for 'duration of a single interruption', and one for 'frequency of interruptions' and 'cumulative duration of interruptions.'

The current definition of 'interruption' in the EIP Code is 'a temporary unavailability or temporary curtailment of supply of electricity to a premises, but does not include unavailability or curtailment in accordance with terms and conditions of that contract for supply of electricity at that premises.' However, as a contract for supply is at the discretion of the network entity and may include any type of outage, there is a possibility all interruptions are deemed excluded from the EIP Code definition of 'interruption', noting the commission has no oversight of the terms and conditions of the contract for supply. This may be inconsistent with the intent of GSL payments outlined in the EIP Code.

- | | |
|-------------|---|
| Question 9 | Is the current EIP Code definition of 'interruption' appropriate in relation to GSLs and GSL payments, and is there a possibility all interruptions could be excluded from GSL payments, should the terms and conditions of the contract for supply include all types of interruption, and why? |
| Question 10 | If the current EIP Code definition of 'interruption' is not appropriate in relation to GSLs and GSL payments, how could it be improved? |

Schedule 2 Generation services performance indicators

EIP Code reference: [Schedule 2 Generation services performance indicators](#) and [Schedule 7 Definitions and interpretation](#)

Definitions explicitly included in the EIP Code that are relevant to this section are listed in Table 5.

Table 5 Relevant EIP Code definitions.

Term	EIP Code definition (consistent with the direction issued by the commission on 20 November 2018 ¹³)
Unit derating	For a generating unit occurs when the generating unit is partially operational and its operating capacity is reduced to less than its gross maximum capacity by the unit derating value.
Unit derating value	For a generating unit is equal to the difference (expressed in MW) between the gross maximum capacity and the operating capacity of the generating unit when operating considerations necessitate a unit derating.

In the commission's Final Decision Statement of Reasons in relation to the EIP Code, following the review of the ESS and GSL Codes, the commission stated it "believes that there is merit in undertaking further review of the generation performance indicators to ensure that they are appropriate for not only current generators, but also future generators including batteries and renewable energy. However, as the commission does not want to delay the other changes to the EIP Code the commission will conduct a separate review into generation performance indicators."

In response to EDL NGD (NT) Pty Ltd's submission regarding the proposed EIP Code, in which it raised issues in relation to the reporting of SAIDI and SAIFI performance indicators for generation entities, the commission stated "the separate review into generation reporting will examine all indicators including the SAIDI and SAIFI indicators."

Of relevance, in the 2018-19 NTPSPR, Entura considered whether SAIDI and SAIFI is still sensible or useful given the introduction of additional independent generation, other than as a whole of system measure. Entura's response stated "on balance, in Entura's opinion, SAIDI and SAIFI remain valid indices of overall generation performance for now." Consequently, the commission stated in the 2018-19 NTPSPR "the reporting requirements within the schedules of the EIP Code, including the reporting of SAIDI and SAIFI, will be considered by the commission as part of a future review of the EIP Code."

- Question 11 Are the current Schedule 2 generation services performance indicators appropriate for current and future generators, including renewable energy and batteries, and why?

Question 12 If the current Schedule 2 generation services performance indicators are not appropriate for current and future generators, including renewable energy and batteries, what indicators should the commission consider, and why?

¹³ <https://utilicom.nt.gov.au/publications/correspondence-directions-and-notice/electricity-industry-performance-code-direction>

Through the operation of the EIP Code, and more specifically generation licensees reporting against the Schedule 2, the commission highlighted it would undertake a review of the EIP Code, as part of issuing a direction under clause 1.6 of the EIP Code to address a number of anomalies (that also existed in the former ESS Code) that may have impacted the accuracy of data reported to the commission.

The known anomalies are isolated to Schedule 2 and Schedule 7 and relate to the examples provided in S.2.4.4 Equivalent Partial Outage Hours, S.2.4.7 Equivalent Availability Factor and S.2.4.9 Equivalent Forced Outage Factor. Further, the definitions of 'Unit derating for a generating unit' and 'Unit derating value for a generating unit' may have been misleading, and have been subsequently replaced with 'unit derating' and 'unit derating value' in accordance with the direction issued by the commission on 20 November 2018¹⁴.

Question 13 Does the commission's direction issued on 20 November 2018 adequately address the identified issues, and why?

Entura found in the commission's 2017-18 NTPSPR there is a need for improved performance and condition monitoring of generators. The commission stated it would "seek input from generation licence holders as to an appropriate level of reporting regarding this aspect of asset operation and management as part of the commission's review of the EIP Code." Further, the commission is now tracking this as a recommendation as part of the NTPSPR process.

Question 14 Should generators be required to report to the commission in relation to performance and condition monitoring, and why?

Question 15 Should it be decided generators are required to report to the commission in relation to performance and condition monitoring, what is an appropriate level of reporting, and why?

Schedule 3 Network services performance indicators

EIP Code reference: [Schedule 3 Network services performance indicators](#)

Schedule 3 Network services performance indicators requires network entities to report on the five worst performing feeders in each feeder category. In the commission's 2018-19 NTPSPR, Entura stated "Entura considers an improved approach may be to set a threshold for identifying problematic performance of individual feeders, which works to a more objective basis, rather than a list of top five worst performing feeder." In response the commission stated "the reporting requirements within the schedules of the EIP Code will be considered by the commission as part of a future review of the EIP Code."

Further, the commission notes the five worst performing feeders in each feeder category is determined by SAIDI performance alone and does not consider SAIFI performance.

¹⁴ <https://utilicom.nt.gov.au/publications/correspondence-directions-and-notice/electricity-industry-performance-code-direction>

- Question 16 Should network entities be required to report on the worst performing feeders, and why?
- Question 17 If network entities are required to report on the worst performing feeders, should a threshold for identifying problematic performance of individual feeders be used rather than the five worst feeders in each category, and why?
- Question 18 Should feeder performance be determined on SAIFI performance as well as SAIDI performance, and if so, how should this be done and why?

Schedule 4 Retail services performance indicators

EIP Code reference: [Schedule 4 Retail services performance indicators](#) and [Schedule 7 Definitions and interpretation](#)

Definitions included in the EIP Code that are relevant to this section are listed in Table 6.

[Table 6 Relevant EIP Code definitions.](#)

Term	EIP Code definition
AER	Australian Energy Regulator.
Customer(s)	Has the meaning given in the ER Act.
Performance indicators	The 'performance indicators' prescribed in schedules 1 to 4 of this code.
Residential customer	A customer who purchases electricity principally for its own personal, household or domestic use at premises.
Retail services	The services provided by an electricity entity that is licensed to trade in electricity and to retail electricity to customers under the ER Act.
Small customer	In relation to a premises that is connected or proposed to be connected to a regulated network, refers to a customer that is taking or is likely to take less than 160 megawatt hours of electricity in a financial year at the premises.

When the EIP Code was introduced, in the interest of aligning with national reporting requirements, the EIP Code included a number of AER retail services performance indicators in Schedule 4 Retail Services Performance Indicators (Schedule 4).

Schedule 4 (S.4.2.2) of the EIP Code states 'where indicated in Table 4, for the purpose of calculating AER retail services performance indicators, retail entities must be consistent with the AER's, AER (Retail Law) Performance Reporting Procedures and Guidelines (or equivalent), as updated from time to time.'

This approach has resulted in a number of issues in relation to definitions, interpretation and understanding of the intent of the relevant AER retail services performance indicators included in the AER (Retail Law) Performance Reporting Procedures and Guidelines (AER Guidelines).

A number of issues discussed in the following section of the Issues Paper are related to relying on the AER Guidelines.

- | | |
|-------------|--|
| Question 19 | Should Schedule 4 of the EIP Code include AER retail services performance indicators, where possible, or should all retail services performance indicators be Territory specific, and why? |
| Question 20 | If Schedule 4 of the EIP Code includes AER retail services performance indicators, is it appropriate to simply reference the AER Guidelines or should these performance indicators be explicitly included in the EIP Code? |
| Question 21 | If Schedule 4 of the EIP Code includes AER retail services performance indicators, are additional definitions, interpretation or clarifications required to improve the operation of the EIP Code (other than the ones discussed in this section of the Issues Paper)? |

In jurisdictions covered by the National Energy Customer Framework (NECF)¹⁵, based on advice from Jacana Energy and the AER, the commission understands some retailers report on debt related performance indicators by calculating debt from the bill issued date, whereas some retailers calculate debt from the bill due date. The AER Guidelines are silent on this issue. Following a request from Jacana Energy, and in the absence of clarity in the AER Guidelines, the commission provided clarification to Jacana Energy that it expects debt to be calculated from the bill due date.

Further, the AER Guidelines use the terms 'energy bill debt' and 'debt', however it does not indicate if there is a distinction between the two terms. The AER Guidelines explicitly defines 'energy bill debt' as 'the dollar amount owed to the retailer for the sale and supply of gas or electricity, excluding other services, which has been outstanding to the energy retailer for a period of 90 calendar days or more', however does not provide a definition for 'debt' when it appears without the preceding term 'energy bill.'

Following discussion with Jacana Energy, the commission provided guidance to Jacana Energy that it considers 'energy bill debt' appropriately defined in the AER Guidelines, calculated from the bill due date. However, the definition of 'debt' when not preceded by the term 'energy bill', is to be more broad and capture the amount owed to a retailer, calculated from the bill due date, regardless of how long it has been outstanding (i.e. not only greater than 90 days).

¹⁵ NECF applies in the Australian Capital Territory, New South Wales, Queensland, South Australia and Tasmania, but not Victoria, Western Australia or the Northern Territory.

These issues arise from relying on the AER Guidelines for retail services performance indicators in the EIP Code.

- | | |
|-------------|---|
| Question 22 | If Schedule 4 of the EIP Code includes AER retail services performance indicators, should the date from which debt is calculated and the term 'debt' be defined in the EIP Code, and why? |
| Question 23 | If it is decided that the term 'debt' should be defined in the EIP Code, is it appropriate to define 'debt' as 'the amount owed to a retailer from the bill due date, regardless of how long it has been outstanding', and why? |

Schedule 4 of the EIP Code requires retailers to report on the number of complaints received segmented by complaint categories, which include the AER Guidelines defined categories of 'billing', 'energy marketing', 'customer transfers' and 'other', and the Territory specific 'hardship' complaint category. The commission notes that retailers' reporting against the EIP Code in relation to complaints has been dominated by the 'billing' and 'other' complaints categories.

The reporting of a large number of 'other' complaints may indicate this category is too broad, the remaining complaint categories are not broad enough or there are not a sufficient number of appropriate complaint categories. The large number of complaints categorised as 'other' may potentially be masking complaint trends. The commission stated in the 2018-19 NTERR in relation to the 'other' complaints category "the commission intends on reviewing retail service performance indicators as part of its next review of the EIP Code."

Further, the AER introduced a new complaint category in 2018-19 for complaints related specifically to smart meters, which includes complaints regarding installation, installation delay, cost, data, privacy and de-energisation. The commission stated in the 2018-19 NTERR in relation to the AER's 'smart meter' complaint category "this category has not been adopted by the commission, although may be considered when the EIP Code is next reviewed."

These issues arise from relying on the AER Guidelines for retail services performance indicators in the EIP Code.

- | | |
|-------------|--|
| Question 24 | If Schedule 4 of the EIP Code includes AER retail services performance indicators, are the current complaint categories adequate to capture sufficient detail regarding complaints, and why? |
| Question 25 | If the current complaint categories are not adequate to capture sufficient detail regarding complaints, what complaint categories should be used and what should they include? |
| Question 26 | Should the EIP Code include the AER's 'smart meter' complaint category, and why? |

Schedule 4 of the EIP Code requires retailers to report on their performance in relation to small customers in accordance with the AER Guidelines for various indicators, which requires reporting of small customers further segmented by residential and small business customers. However, while Schedule 7 of the EIP code defines 'residential customers', it is silent on the definition of a 'small business customer'. The AER Guidelines refer to the National Retail Law

for its definitions of ‘customer’, ‘small customer’, ‘residential customer’ and ‘small business customer’, which may not be relevant in the Territory.

Following a request by Jacana Energy, the commission provided advice to Jacana Energy that it considers a ‘residential customer’ to be ‘a customer defined by the Electricity Pricing Order as a domestic customer, and therefore charged a domestic tariff, and consumes or is likely to consume less than 160 MWh per annum’, and a ‘small business customer’ to be ‘a customer defined by the Electricity Pricing Order as a commercial customer, and therefore charged a commercial tariff, and consumes or is likely to consume less than 160 MWh per annum’, for reporting purposes.

The commission notes as retailers are required to report on all small customers, it may be inferred that a ‘small business customer’ is any customer not already defined by the EIP Code as a ‘residential customer’.

This issue arises from relying on the AER Guidelines for retail services performance indicators in the EIP Code.

Question 27 Is the current definition of ‘residential customer’ and ‘small customer’ in the EIP Code sufficient, and or does a definition of ‘small business customer’ need to be added, and why?

Schedule 4 of the EIP Code requires retailers to report the number of customers by meter type, and while this indicator appears under a heading of ‘pre-payment meters’, it does not explicitly state it is only in relation to pre-payment meters.

The commission notes that one major retailer recently advised the commission that meter type data is held by the Power and Water Corporation, and therefore it is unable to report on meter type data more broadly than pre-payment meters.

While the commission accepted the retailer’s reasoning, and provided an exemption for the purpose of 2018-19 and 2019-20 EIP Code reporting, the commission did not provide an exemption for future periods on the basis that the obligation for retailers to report the number of customers by meter type would be reviewed as part of the EIP Code review.

The commission notes that retailers in other jurisdictions hold and use customer meter type data, as it assists in developing tailored innovative tariffs for their customers, among other things.

While the commission understands that the Territory’s electricity supply industry and associated regulatory framework is different, and that electricity tariffs are regulated for most customers, there is always a possibility that government could make changes to electricity pricing structures and tariffs in the future. Accordingly, it may be useful for retailers to seek to gather and hold customer meter data.

Question 28 Should the EIP Code explicitly define the meter types to be reported as part of Schedule 4, and why?

Question 29 Should the requirement to report customers by meter type continue to be a retail services performance indicator or should it be a network services performance indicator, and why?

Schedule 4 of the EIP Code requires retailers to report on customer service performance in relation to telephone responsiveness. The commission stated in the 2018-19 NTERR “the commission acknowledges that it is not appropriate to rely on telephone responsiveness alone in assessing the level of a retailer’s customer service.” Further, the commission stated it “will consider the benefits and costs of expanding the data retailers are required to report in relation to customer service performance indicators when it next reviews the EIP Code.”

Question 30 Should Schedule 4 of the EIP Code in relation to customer service performance be expanded to capture more than telephone responsiveness, and if so what additional performance indicators could be included?

Clause 5.5.1 of the EIP Code states on receipt of a report submitted under clause 5 (Reporting), the commission ‘must publish an assessment of the report within a reasonable time.’

In order for the commission to adequately provide a comprehensive and appropriate assessment against a number of the performance indicators reported by electricity entities against the EIP Code, the commission requires retailer customer number data segmented by region, customer type and consumption level, however this data is not currently required as part of the EIP Code, rather it is collected as part of other regulatory processes.

Question 31 Is it appropriate for electricity entities providing retail services to report on the number of customers segmented by region, customer type and consumption level, as part of Schedule 4 of the EIP Code, and why?

The EIP Code currently refers to the ER Act for the definition of ‘customer’, which states:

‘means a person who receives, or wants to receive, a supply of electricity for final consumption and includes:

- (a) the occupier for the time being a place to which electricity is supplied;
- (b) where the context requires – a person seeking electricity supply; and
- (c) a person of a class declared by the Regulations to be customers.’

The commission considers this definition too broad for the purpose of reporting against Schedule 4 of the EIP Code and it does not adequately define customers, and may lead to differences between retailers. Accordingly, this may impact the quality of the commission’s assessment of performance.

For reporting purposes, a customer can be defined as a National Meter Identifier (NMI) connection point, site/premise or customer account. Following discussions with Jacana Energy, the commission advised Jacana Energy for retail reporting purposes, it considers a ‘customer’ to be a NMI connection point.

The commission notes that this approach may result in the reporting of NMI connection points where a site is vacant or has no active account, however it is unlikely to materially impact the results.

Question 32 Should the EIP Code define a ‘customer’ for the purpose of reporting against Schedule 4 as a ‘National Meter Identifier (NMI) connection point’, and why?

Darwin and Katherine region segmentation

EIP Code reference: [Schedule 7 Definitions and interpretation](#)

Definitions included in the EIP Code that are relevant to this section are listed in Table 7.

Table 7 Relevant EIP Code definitions.

Term	EIP Code definition
Region	<p>Includes the:</p> <ul style="list-style-type: none"> • Darwin region; • Katherine region; • Tennant Creek region; and • Alice Springs region.

A number of performance indicators in the EIP Code that electricity entities are required to report against require segmentation by region. The EIP Code requires electricity entities to segment the Darwin-Katherine power system into separate Darwin and Katherine regions, however the boundary of the two regions is not defined in the EIP Code.

Following a request from Jacana Energy, the commission advised Jacana Energy for reporting purposes against Schedule 4 of the EIP Code the boundary between the Darwin and Katherine regions occurs between Manton Dam and Pine Creek, with customers able to be supplied by the Darwin 11 and 22 kV network classified as the Darwin region and customers able to be supplied by the Katherine 11 and 22 kV network classified as the Katherine region, noting the commission understands the Darwin and Katherine 11 and 22 kV networks are not physically connected.

Question 33 Should the EIP Code define the Darwin and Katherine regions for reporting segmentation purposes, and is the definition provided by the commission appropriate, and why?

Additional stakeholder issues

As part of the scope of the EIP Code review, the commission welcomes additional stakeholder feedback in relation to issues not already identified in this Issues Paper, and will consider and address additional issues raised by stakeholders during consultation, where appropriate, and with the assistance of a technical expert as required.

Question 34 Are there any issues not already identified in this Issues Paper the commission should consider as part of the EIP Code review, and if so what should it consider and why?

APPENDICES

Appendix A: Consolidated list of questions for stakeholders

Question number	Question	Issues Paper
Question 1	Are there any administrative related errors that should be considered by the commission as part of the review?	Page 12
Question 2	Does the EIP Code require additional clarification to make it clear that it is only applicable to electricity entities providing the relevant services in the Darwin-Katherine, Alice Springs and Tennant Creek power systems?	Page 13
Question 3	Should IPP licensees be excluded from the definition of 'generation services', and why?	Page 14
Question 4	Should the EIP Code include a clause to review GSLs and GSL payment amounts prior to the beginning of each regulatory control period?	Page 14
Question 5	Should the EIP Code include the entire, or elements of, the Audit Guidelines into an updated EIP Code, and why?	Page 15
Question 6	Is it reasonable that planned maintenance be excluded from duration and frequency based GSLs, and why?	Page 17
Question 7	Other than in relation to planned maintenance (as covered in the above question), are the current clause 7.2.3 exclusions in the EIP Code appropriate and adequately defined for all obligations under the EIP Code, and why?	Page 17
Question 8	If the current clause 7.2.3 exclusions in the EIP Code are not appropriate and adequately defined in relation to the matters in the previous question, how should the exclusions be changed?	Page 17
Question 9	Is the current EIP Code definition of 'interruption' appropriate in relation to GSLs and GSL payments, and is there a possibility all interruptions could be excluded from GSL payments, should the terms and conditions of the contract for supply include all types of interruption, and why?	Page 17
Question 10	If the current EIP Code definition of 'interruption' is not appropriate in relation to GSLs and GSL payments, how could it be improved?	Page 17
Question 11	Are the current Schedule 2 generation services performance indicators appropriate for current and future generators, including renewable energy and batteries, and why?	Page 18

Question number	Question	Issues Paper
Question 12	If the current Schedule 2 generation services performance indicators are not appropriate for current and future generators, including renewable energy and batteries, what indicators should the commission consider, and why?	Page 18
Question 13	Does the commission's direction issued on 20 November 2018 adequately address the identified issues, and why?	Page 19
Question 14	Should generators be required to report to the commission in relation to performance and condition monitoring, and why?	Page 19
Question 15	Should it be decided generators are required to report to the commission in relation to performance and condition monitoring, what is an appropriate level of reporting, and why?	Page 19
Question 16	Should network entities be required to report on the worst performing feeders, and why?	Page 20
Question 17	If network entities are required to report on the worst performing feeders, should a threshold for identifying problematic performance of individual feeders be used rather than the five worst feeders in each category, and why?	Page 20
Question 18	Should feeder performance be determined on SAIFI performance as well as SAIDI performance, and if so, how should this be done and why?	Page 20
Question 19	Should Schedule 4 of the EIP Code include AER retail services performance indicators, where possible, or should all retail services performance indicators be Territory specific, and why?	Page 21
Question 20	If Schedule 4 of the EIP Code includes AER retail services performance indicators, is it appropriate to simply reference the AER Guidelines or should these performance indicators be explicitly included in the EIP Code?	Page 21
Question 21	If Schedule 4 of the EIP Code includes AER retail services performance indicators, are additional definitions, interpretation or clarifications required to improve the operation of the EIP Code (other than the ones discussed in this section of the Issues Paper)?	Page 21
Question 22	If Schedule 4 of the EIP Code includes AER retail services performance indicators, should the date from which debt is calculated and the term 'debt' be defined in the EIP Code, and why?	Page 22

Question number	Question	Issues Paper
Question 23	If it is decided that the term 'debt' should be defined in the EIP Code, is it appropriate to define 'debt' as 'the amount owed to a retailer from the bill due date, regardless of how long it has been outstanding', and why?	Page 22
Question 24	If Schedule 4 of the EIP Code includes AER retail services performance indicators, are the current complaint categories adequate to capture sufficient detail regarding complaints, and why?	Page 22
Question 25	If the current complaint categories are not adequate to capture sufficient detail regarding complaints, what complaint categories should be used and what should they include?	Page 22
Question 26	Should the EIP Code include the AER's 'smart meter' complaint category, and why?	Page 22
Question 27	Is the current definition of 'residential customer' and 'small customer' in the EIP Code sufficient, and or does a definition of 'small business customer' need to be added, and why?	Page 23
Question 28	Should the EIP Code explicitly define the meter types to be reported as part of Schedule 4, and why?	Page 23
Question 29	Should the requirement to report customer by meter type continue to be a retail services performance indicator or should it be a network services performance indicator, and why?	Page 23
Question 30	Should Schedule 4 of the EIP Code in relation to customer service performance be expanded to capture more than telephone responsiveness, and if so what additional performance indicators could be included?	Page 24
Question 31	Is it appropriate for electricity entities providing retail services to report on the number of customers segmented by region, customer type and consumption level, as part of Schedule 4 of the EIP Code, and why?	Page 24
Question 32	Should the EIP Code define a 'customer' for the purpose of reporting against Schedule 4 as a 'National Meter Identifier (NMI) connection point', and why?	Page 25
Question 33	Should the EIP Code define the Darwin and Katherine regions for reporting segmentation purposes, and is the definition provided by the commission appropriate, and why?	Page 25
Question 34	Are there any issues not already identified in this Issues Paper the commission should consider as part of the EIP Code review, and if so what should it consider and why?	Page 25