

Network target standards

An electricity network service provider is required under the [Electricity Industry Performance Code](#) to develop [network target standards](#) for a regulatory control period and submit the proposed target standards to the Commission for approval.

[Network target standards](#) are standards of performance based on System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency Index (SAIFI). SAIDI is an index showing the duration customers are without power and SAIFI is an index showing the frequency of interruptions to a customer’s electricity supply. SAIDI and SAIFI target standards are required for each feeder category, which includes CBD, Urban, Rural Short and Rural Long feeder categories.

The Commission approved Power and Water Corporation’s (PWC) current [network target standards](#), in respect of the 2019-24 regulatory control period, on 28 March 2018. These are published on the Commission’s [website](#).

Clause 3.1.8 of the [Electricity Industry Performance Code](#) requires the Commission to make a decision on the network entity’s proposed network target standards [submission](#) within three months of receipt of the submission, provided the submission is complete and sufficient stakeholder engagement has been undertaken.

Power and Water Corporation’s submission

On 20 December 2022, the Commission received a [submission](#) from PWC proposing [network target standards](#) for the next regulatory control period (2024-29) in accordance with clause 3.1 of the [Electricity Industry Performance Code](#).

PWC’s [submission](#) proposed [network target standards](#) for the 2024-29 regulatory control period as shown in Table 1.

Table 1: Proposed Network Target Standards

Feeder category	Measure	PWC five-year average network performance	Current target (1 July 2019 to 30 June 2024)	Proposed target (1 July 2024 to 30 June 2029)	Improvement
CBD	SAIDI	5.4	4.0	4.0	0%
	SAIFI	0.1	0.1	0.1	0%
Urban	SAIDI	80.9	140.0	80.0	43%
	SAIFI	1.4	2.0	1.4	30%
Rural Short	SAIDI	247.0	190.0	190.0	0%
	SAIFI	3.6	3.0	3.0	0%
Rural Long	SAIDI	1265.1	1500.0	1260.0	16%
	SAIFI	16.3	19.0	15.0	21%

Consultation

In accordance with clause 3.1.5 of the [Electricity Industry Performance Code](#), and good regulatory practice, the Commission conducted a public [consultation](#) to inform its decision on the proposed network target standards [submission](#). One [submission](#) was received from Jacana Energy.

Jacana Energy stated it is supportive of PWC's approach to proposing new [network target standards](#) and commends PWC's efforts for direct engagement with key customer segments.

Jacana Energy advised of several concerns with PWC's [submission](#), including: it is not clear how the proposed targets will provide reliability improvements to poorly-served customers; the proposed targets for the Urban and Rural Long feeder categories are marginally below PWC's historic five-year average performance; and insufficient benchmarking information is included in PWC's submission.

Jacana Energy suggests maintaining the existing targets for the Urban and Rural Long feeder categories to provide a more sustainable and achievable outcome for customers, noting that network augmentation may not be the only solution in some circumstances. Further, Jacana Energy encourages PWC and the Commission to consider the implications of the presence of distributed, variable renewable energy sources on the network, and the role customers play in the energy transition, when setting [network target standards](#).

Commission's position and reasons

The Commission considers that PWC's approach to determining its proposed [network target standards](#), being to base the proposed target standards on PWC's average network performance over the last five years in respect of each feeder category, is reasonable and consistent with the approach used to determine the current approved target standards for the 2019-2024 regulatory period. The Commission notes determining network target standards with reference to the network entity's five-year average performance is also consistent with the general approach to determining the reliability of supply component of the Australian Energy Regulator's (AER) [service target performance incentive scheme](#) (STPIS).

PWC's proposed [network target standards](#) would be an improvement in the Urban and Rural Long feeder categories compared to the current standards. The current target standards for the CBD and Rural Short feeder categories are proposed to be retained for the next regulatory control period, noting PWC's average network performance for the previous five years was below the target standards for these feeder categories.

The Commission agrees with Jacana Energy that the benchmarking information provided in PWC's [submission](#) did not consider network target standards for other distribution network service providers and has undertaken its own analysis, which found that the current target standards for the Urban and Rural Long feeder categories are comparatively poor compared with those of network entities in other jurisdictions and the proposed targets represent a substantial improvement, particularly in respect of the Urban feeder category.

The Commission disagrees with Jacana Energy's suggestion that maintaining the existing targets for the Urban and Rural Long feeder categories would provide a more sustainable and achievable outcome for customers, noting that the proposed Urban and Rural Long targets are based on PWC's historical performance, indicating that this level of network reliability is achievable. The Commission considers that the proposed targets incentivise PWC to at least

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maintain, if not improve network reliability in these feeder categories, which is a beneficial and likely sustainable outcome for customers, noting PWC’s [submission](#) indicates that expenditure at a similar magnitude as historical expenditure is expected to result in consistent performance going forward.

The Commission considers that in the absence of other network reliability schemes, such as the AER’s [STPIS](#), approved [network target standards](#) under the [Electricity Industry Performance Code](#) continue to provide an important mechanism to incentivise maintaining and improving network reliability (noting the AER’s [Final framework and approach for Power and Water Corporation for the 2024-2029 regulatory control period – July 2022](#) determines STPIS will not apply to PWC in the 2024-2029 regulatory period).

While the presence of distributed, variable renewable energy sources may have implications related to network planning and broader concerns about network security, the Commission does not consider this is directly relevant to the consideration of PWC’s proposed network target standards and the establishment of [network target standards](#) under the [Electricity Industry Performance Code](#).

Decision

Given PWC’s proposed network target standards are consistent with maintaining or improving current levels of reliability, are based on PWC’s historical performance, are more consistent with the reliability standards of network entities in other jurisdictions, and should not require additional expenditure to achieve, the Commission has approved the [network target standards](#) as proposed in PWC’s [submission](#) (without conditions or variation). The approved network target standards for PWC for the 2024-2029 regulatory period are shown in Table 2.

Table 2: Commission approved target (2024 to 2029)

Feeder category	SAIDI (minutes)	SAIFI (interruptions)
CBD	4	0.1
Urban	80	1.4
Rural Short	190	3.0
Rural Long	1260	15.0

In accordance with clause 3.3.1 of the [Electricity Industry Performance Code](#), PWC must use its best endeavours to meet the approved network target standards.