



STATEMENT OF REASONS

FINAL DECISION

Electricity Industry Performance Code
(Standards of Service and Guaranteed Service Level)

October 2017

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Glossary

Term	Definition
2014 Network Price Determination	The Network Price Determination relating to the supply of regulated network access services during the 2014-19 regulatory control period. Regulation of the 2014 determination was subsequently transferred to the Australian Energy Regulator (AER) on 1 July 2015
AER	Australian Energy Regulator
CBD	Central business district
Commission	Utilities Commission of the Northern Territory
CPI	consumer price index
DIA	Darwin International Airport
EDL	Energy Development Ltd
EIP	Electricity Industry Performance (Code)
ENTPA	<i>Electricity Networks (Third Party Access) Act</i>
ERA	<i>Electricity Reform Act</i>
ESS	Electricity Standards of Service (Code)
GSL	guaranteed service level
Jacana Energy	Jacana Energy is a government owned electricity retail corporation established in accordance with the <i>Government Owned Corporations Act</i>
NEM	National Electricity Market
NER	National Electricity Rules
Network Access Code	A code made under the <i>Electricity Networks Third Party Access Act</i> (Northern Territory)
Network Price Determination	A determination made by the Commission relating to the prices of regulated network access services under clause 20 and 21 of the <i>Utilities Commission Act</i> , clause 43 of the <i>Electricity Reform Act</i> and clause 66 of the Network Access Code
Network service provider	As defined in the National Electricity Rules
Minister	The Treasurer acting as the Regulatory Minister

Term	Definition
PWC	Power and Water Corporation is a government owned corporation established in accordance with the <i>Government Owned Corporations Act</i>
regulated network access services	Has the meaning given in the Network Access Code
regulatory control period	The period between major network access service price reviews, during which time the methodology used in setting prices for regulated network access services is held constant
Rimfire Energy	An entity licenced to retail electricity in the Northern Territory
SAIDI	System Average Interruption Duration Index – the average number of minutes that a customer is without supply in a given period
SAIFI	System Average Interruption Frequency Index – the average number of times a customer’s supply is interrupted in a given period
standard control services	A term used by PWC internally to describe regulated network access services
STPIS	Service Target Performance Incentive Scheme
System Control	PWC holds a licence to conduct system control functions. An independently operated business unit within PWC, known as System Control provides these services
System Control Technical Code	A code made by PWC and approved by the Commission that sets out the controller’s competitively neutral operating protocols, arrangements for system security and system dispatch, as well as arrangements for the interruption of supply, and System Control’s market operation activities
UC Act	<i>Utilities Commission Act</i>

Chapter 1: Introduction

Overview

- 1.1 In July 2017 the Utilities Commission of the Northern Territory (Commission) published a proposed Code along with a Statement of Reasons. The Commission intended to merge the Electricity Standards of Service Code (ESS Code) and the Guaranteed Service Level Code (GSL Code) into a new Electricity Industry Performance Code (EIP Code) (Attachment A).
- 1.2 For a full discussion of all of the changes and amendments please refer to the July 2017 publication: [Statement of Reasons – Proposed amendments to the Electricity Standards of Service Code and the Guaranteed Service Level Code.](#)
- 1.3 This paper concentrates on explaining the changes from the proposed code to the final code.
- 1.4 The overarching changes to the ESS and GSL codes include:
 - combining the ESS and GSL codes into one new EIP Code
 - simplification of language and consistency with the Electricity Retail Supply Code
 - the EIP Code sets out the process for network entities to set performance targets. The EIP Code attempts to make the setting of targets more flexible and focussed on customer requirements
 - bringing forward the requirement for generators and retailers to report to the Commission from 1 November to 31 August each year
 - inserting a requirement for network entities to report on GSL performance and payments
 - regarding GSL payments, increasing flexibility for networks and retailers in the way they credit customers
 - inserting a requirement to undertake three yearly audits on performance indicators
 - regarding network entities' performance standards, updating event classified as exemptions to match the Australian Energy Regulator's (AER) definitions
 - updating the feeder classification to match national reporting requirements
 - regarding network entities, removing the transmission reporting requirements
 - regarding GSL minimum performance requirements, removing the distinction between urban and rural customers, resulting in increased minimum performance standards for rural customers
 - increasing the value of GSL payments by the consumer price index (CPI)
 - increasing retail reporting requirements and directly linking to national reporting requirements.

Background

- 1.5 The ESS and GSL codes have been in existence for over five years. Depending on Government reforms to the electricity industry, the new EIP Code may be in use for a further five years.
- 1.6 The Commission has decided to merge the two codes into a new EIP Code.
- 1.7 The ESS Code establishes reporting requirements for electricity licence holders – network, retailers and generators. Additionally, it establishes the process that network entities must follow when setting targets for service standards.
- 1.8 The GSL Code establishes the GSL scheme, which sets minimum standards of customer service that network entities (network licence holders) have to achieve. If a network entity breaches this minimum level of service then the network entity has to make payments to the impacted customers.
- 1.9 Clause 5 of the GSL Code specifically requires the performance indicators, GSLs and GSL payment amounts specified in clause 2.1.4 of that code to be reviewed prior to the beginning of each regulatory control period applicable to the network entities.
- 1.10 Power and Water Corporation's (PWC) network business unit has started preparation for its determination by the AER, which will establish network prices from 1 July 2019. Before PWC makes its submission to the AER, it is preferable for the Commission to have set performance targets, GSL performance measures and payment levels.
- 1.11 The Commission has been focused on updating the performance measures and reporting requirements to be consistent with national requirements and reduce administrative obligations on licence holders. However, due to the unique circumstance of the Territory's electricity market, some Territory specific reporting is required.
- 1.12 Additionally, the Commission has attempted to make the new code more precise and functional, and it has been drafted in plain English.

Submissions

- 1.13 In March 2017 the Commission published a Request for Submissions, followed by the proposed code and Statement of Reasons in July 2017. Interested parties and stakeholders were invited to provide comment on all papers.
- 1.14 For the initial consultation, submissions were received from PWC, Jacana Energy, Energy Developments (EDL) and Somerville Community Services. For the second consultation process the Commission received submissions from PWC, Jacana Energy, EDL and Darwin International Airport (DIA).
- 1.15 The Commission has met with stakeholders to discuss various aspects of the codes.
- 1.16 The Commission has received advice from external consultants regarding the adequacy of the performance and GSL indicators and whether they are consistent with those used in

other Australian jurisdictions. The consultant (CQ Partners) has focused on generator, network and GSL performance indicators.

- 1.17 The Commission has also received legal advice to ensure the code is functional and consistent with other codes made by the Commission.
- 1.18 The Commission has considered all submissions and external expert advice and has met with interested stakeholders.
- 1.19 This Statement of Reasons sets out the Commission's final decision on the form and content of the EIP Code.
- 1.20 The final code has been released in conjunction with this Statement of Reasons.

About the Utilities Commission of the Northern Territory

- 1.21 The Commission is an independent statutory authority responsible for the economic regulation of the electricity supply industry, which is governed by the *Utilities Commission Act* (UC Act), the *Electricity Reform Act* (ERA), the *Electricity Networks (Third Party Access) Act* (ENTPA), and associated legislation.
- 1.22 Under the UC Act, the Commission has the power to make codes and rules if authorised to do so under a relevant industry legislation. The UC Act prescribes a code-making process for the creation, variation and revocation of industry codes, which requires the Commission to (among other things)¹:
 - consult with the Minister (the Treasurer)² and representative bodies and participants in the regulated industry;
 - give notice of the making, variation or revocation of a code to the Minister, and to each licensed entity to which the code applies; and
 - ensure copies of the code are made available for inspection by the public.

Structure of the Paper

- 1.23 The Commission's considerations and discussion of individual issues has been organised into the following chapters:
 - Chapter 2: Merging the codes and amendments relating to clauses 1 to 7 of the merged codes
 - Chapter 3: Schedule 1 – Guarantee Service Level Scheme
 - Chapter 4: Schedule 2 – Generation Services Performance Indicators changes
 - Chapter 5: Schedule 3 – Network Services Performance Indicators

¹ Section 24 *Utilities Commission Act*.

² Administrative Arrangements Order as at 12 September 2016.

- Chapter 6: Schedule 4 – Retail Services Performance Indicators
- Chapter 7: Schedule 5 – Transitional arrangements
- Chapter 8: Schedules 6 and 7 – Statement of compliance and definitions.

Chapter 2: Amendments to the Codes

- 2.1 The EIP Code has seven main clauses and seven schedules. Chapter 2 focuses on the seven main clauses of the code.

Combining codes

Decision

- 2.2 The Commission has combined the ESS and GSL codes into the EIP Code. There is no change from the Commission's draft decision.

Discussion

- 2.3 Combining the ESS and GSL codes is primarily due to the significant crossover (including reporting requirements) and similarity of the codes. Joining the codes will also help ensure consistency across the codes now and in the future.
- 2.4 The current codes are based on the Utilities Commission Regulations (clause 2B), which authorises the Commission to make codes dealing with service standards and payments for poor services.

Submissions

- 2.5 In the initial consultation process EDL suggested the codes should not be combined. No other submissions have been received on this topic.

Title

Decision

- 2.6 As the Commission has combined the ESS and GSL codes, a new name was required.
- 2.7 The proposed name is the Electricity Industry Performance Code (Standards of Service and Guaranteed Service Level).
- 2.8 There is no change from the Commission's draft decision. There were no submissions on this topic.

Clause 1 – Changes to the objective, scope and matters to be considered (ESS and GSL codes)

Decision

- 2.9 The proposed Code included an object clause, but the March 2017 Statement of Reasons set out that the Commission would remove this clause. However, an administrative oversight left the Object Clause in the proposed EIP Code. The Commission has removed the Object Clause from the final code.
- 2.10 The Commission has re-ordered the final code, but made no other changes of substance compared to the proposed code. No submissions were received on this topic.

Clause 2 – Amending the EIP Code (ESS and GSL codes)

2.11 Clause 2 of the EIP Code sets out the process for making amendments to the code.

Decision

2.12 In the proposed code the Commission added a reference to interested stakeholders being able to seek changes to the code. This reference is to remain in the final version.

2.13 Additionally, based on legal advice the Commission has added a clause on what the Commission will have regard to when amending the EIP Code. This ensures consistency with the Commission’s proposed Electricity Retail Supply Code.

Discussion

2.14 The Commission has made minimal editorial changes, compared to the proposed EIP Code. No submissions were received on this topic.

Clause 3 – Target standards (ESS Code)

2.15 Clause 3 of the EIP Code establishes the process for network entities and the Commission to follow when setting network performance targets.

Decision

2.16 The Commission’s proposed EIP Code made a number of changes to the process of setting targets, including the requirement targets be based on the five-year average.

2.17 Compared to the proposed code, the Commission has removed the reference to the network entity being required to provide additional information to the Commission within 10 business days and has made some minor edits.

Discussion

2.18 The initial proposed amendments to this clause included changes to the way in which proposed target standards must be calculated, and the requirement for more detailed information to be provided to the Commission to justify new targets.

2.19 The Commission has removed the obligation for averaging the preceding five years of data. However, historical performance will continue to be a key consideration when setting targets. This amendment reflects the change in maturity in the electricity market in the Territory.

2.20 Consequently, under the new target standard methodology, network service providers will have the opportunity to reduce their levels of service standards given appropriate justification and evidence of stakeholder engagement.

2.21 Additionally, the proposed ESS Code stated that where a network entity requests a new target and the Commission seeks additional information, the network entity must provide the supplementary information within 10 business days.

2.22 PWC’s latest submission has requested this time restriction be removed.

- 2.23 The Commission agrees that it limits the Commission's ability to work with PWC and has removed this clause.

Submissions

- 2.24 As part of the initial consultation process the Commission received a submission from PWC on this issue. PWC also provided a submission on the proposed code, which requested greater flexibility in timelines when providing additional data.

Clause 4 – Guaranteed Service Level Scheme

- 2.25 Clause 4 of the EIP Code sets out the GSL scheme. The GSL scheme establishes a minimum level of service to be provided by network entities for small customers (less than 160 megawatt hours per annum).
- 2.26 If this minimum level of service is not achieved then the network entity is to make a payment to the impacted small customer.

Decision

- 2.27 In the proposed EIP Code the Commission proposed a number of changes to the GSL scheme.
- 2.28 The Commission has made one change of note compared to the proposed code. The network entities deadline for annual GSL calculations has been changed to 31 August each year. This is an extension from the proposed 45 days to approximately 60 days. The Commission has also made some minor edits to the final code, but otherwise it remains substantially unchanged compared to the proposed code.

Discussion: Rural and urban customers

- 2.29 As per the proposed code, the Commission has removed the distinction between urban and rural customers. Currently, the GSL Code uses feeder categories to differentiate between urban (metropolitan) customers and rural customers for some of the GSL service standards.
- 2.30 The GSL Code relies upon a list of feeders, which was supplied by PWC when the code was originally established. However, this approach is problematic as it is difficult for customers to understand how their property will be treated for the purposes of GSL payments.
- 2.31 Additionally, it requires continuous updates from PWC to take into account any augmentation of the system by PWC.
- 2.32 The Commission, with PWC, has investigated other possible methods to easily distinguish between different customers, for example, using land zoning, changing the definition of feeder categories or using town boundaries. However, the Commission and PWC Networks have been unable to find a satisfactory method that does not require significant manual intervention. Defining who is an urban or rural customer in Darwin is a particularly difficult exercise where there are a number of rural suburbs within easy reach of Palmerston and Darwin.

2.33 The main impact of the Commission's proposal is to improve minimum levels of service for rural customers in relationship to frequency of interruptions from 16 to 14 interruptions per annum and establishment of a new connection from 10 to five days.

Submissions

2.34 Submissions received as part of the initial consultation process included comments from Jacana Energy and PWC.

2.35 Furthermore, both Jacana Energy and PWC provided submissions in response to the proposed code. Both submissions raised concerns that the higher minimum standard for rural customers regarding new connections changing from 10 days to five days, may increase costs.

2.36 However, neither submission provided detailed information on what the expected increases in costs would be.

2.37 While the Commission acknowledges this change, in isolation, may result in increased costs, the Commission does not expect the increase to be material.

2.38 Additionally, any rise in costs needs to be considered in light of the overall benefits of changes made to the code.

2.39 While PWC is currently not required to report on its GSL payments, PWC has provided the Commission with information on GSL payments for 2015-16. Table 1 sets out GSL payments for 2015-16.

Table 1: Power networks – GSL customer payments 2015-16

GSL performance measure	Total paid
Single interruption greater than 12 hours	\$24 045
Frequency of interruptions greater than 16 outages on rural feeder	\$29 520
Frequency of interruptions greater than 12 outages on urban feeder	\$29 200
Cumulative outage greater than 20 hours	\$95 875
Time for establishing a reconnection	\$1 150
Time for establishing a new connection	\$3 700
Time for giving notice of planned interruptions	\$10 600
Keeping appointments	0
Time for responding to a written enquiry related to the regulated network	0
Total	\$194 090

2.40 Table 1 highlights categories currently using feeder categories to set differing levels of minimum services. Total payments for GSLs are relatively small, in particular for the GSLs that distinguish between urban and rural customers. This indicates PWC is meeting its minimum requirements in the vast majority of cases.

- 2.41 Of the \$30 000 in payment in 2015-16 relating to categories with urban and rural distinction only \$3 700 related to new connections. The Commission understands these payments relate to urban customers, noting as per the 2015-16 Power System Review, PWC has achieved the 10-day connection time line 100 per cent of the time in 2014-15 and 2015-16 (page 106).
- 2.42 The Commission also notes that there is currently no distinction between urban and rural customers for reconnections. PWC is expected to reconnect all customers within 24 hours.
- 2.43 The Commission notes this change in performance standard arises from PWC's request to update feeder categories to the national definitions.
- 2.44 With this update, the feeder categories are no longer appropriate for distinguishing between rural and urban customers.
- 2.45 Updating feeder categories to national standards should provide PWC with a number of administrative savings. Additionally, removing the distinction between rural and urban customers should provide additional GSL administration savings.
- 2.46 However, the biggest benefit is likely that it will be easier for customers to understand their rights regarding GSL payments and removes confusion around why some customers are urban and some are rural.
- 2.47 Overall, the Commission believes all of the benefits from these changes outweigh any potential costs.

Discussion: Financial year performance

- 2.48 The Commission proposed that where a GSL performance measure relates to a financial year, the network calculates and provides the GSL payments within 45 days of the end of the financial year.
- 2.49 PWC's submission has requested this be extended to 60 days to allow it to run end of financial year reports and time to investigate the information. The Commission has lengthened the 45 day time limit to 60 days. The deadline is now 31 August each year.

Clause 5 – Reporting

- 2.50 Clause 5 of the EIP Code sets out the reporting requirements for retail, network and generation entities.

Decision

- 2.51 The Commission recommended a number of changes in its proposed code, most prominently was the bringing forward of reporting dates for generators and retailers, and the reporting by network entities of GSL performance and payments.
- 2.52 The proposed code allows electricity entities to request extensions to reporting requirements. This has been updated to allow for the Commission to approve extensions and exemptions from reporting requirements.

- 2.53 Other intended changes to the code relate to the requirement for network entities to provide draft information by 30 September. After consultation with PWC this proposal has been removed.
- 2.54 The proposed code also required network entities to provide early notification of a natural event within 10 business days. After discussions with PWC, the Commission has changed it to 14 business days, which aligns to the notification period required for PWC's System Control business unit.

Discussion: Exemptions

- 2.55 DIA's submission suggested that the code should allow the Commission to provide not only extensions but also exemptions from reporting certain performance indicators.
- 2.56 This request is in the context of uncertainty on the appropriateness of the current generation performance indicators for non-scheduled generators.
- 2.57 Potential issues with the generation performance indicators are discussed further in Chapter 4.
- 2.58 However, due to the uncertainty with generation performance indicators and possibility of a number of new licenced entities entering the market over the next few years, the Commission agrees this additional flexibility would improve the functionality of the EIP Code.

Discussion: Timing

- 2.59 PWC also provided a submission on this topic.
- 2.60 Noting that the information provided by the licenced entities is incorporated into the Commission's annual Power System Review report, the Commission proposed network entities provide draft numbers (that is, without prejudice) by 30 September and final numbers by 31 October. After discussions with PWC it has become evident the draft information available at this time would be of limited value. Consequently, the Commission has removed this requirement.

Clause 6 – Data quality

- 2.61 Clause 6 of the EIP Code sets out the minimum data quality requirements including auditing requirements.

Decision

- 2.62 There were a number of planned changes to this clause including requiring three yearly audits of the performance indicators. The Commission has made some minor edits to this clause, but otherwise the final clause remains the same as the proposed.

Discussion

- 2.63 Regular independent audits are necessary to provide electricity consumers, stakeholders and the Commission with confidence and assurance the quality of data is satisfactory and reports created from the data are useful and accurate.

- 2.64 The Commission is seeking audits to be undertaken by the licence holders with oversight from the Commission. The audits can be part of larger internal audit program undertaken by the electricity entity.

Submissions

- 2.65 PWC provided a submission as part of the initial consultation process.
- 2.66 No further submissions have been received on this topic.

Clause 7 – Data segmentation

- 2.67 Clause 7 of the EIP Code sets out the data segmentation requirements for retail, network and generation entities.

Decision

- 2.68 There were a number of proposed changes to this clause. Most notably, regarding network entities, aligning outage exclusions to AER definitions and removing the need to report on planned outages.
- 2.69 The Commission has made some minor edits to this clause, but otherwise the final clause remains the same as the proposed.

Discussion

- 2.70 Regarding network reporting, the Commission finds it appropriate to adopt the outage exclusion criteria from the AER's Service Target Performance Incentive Scheme (STPIS) in order for reporting to be consistent with national standards.
- 2.71 The change means the following will no longer be classified as exclusions:
- a) a traffic accident
 - b) an act of vandalism
 - c) a network interruption caused by a customer's electrical installation
 - d) planned interruptions (where more than two business days' notice is given).

Submissions

- 2.72 PWC provided a submission on this topic as part of the initial consultation process. No further submissions have been received.

Chapter 3: Schedule 1 – Guaranteed Service Level Scheme

- 3.1 Schedule 1 of the EIP Code provides additional information on the GSL scheme, including the list of GSL service standards and associated payments.

Decision

- 3.2 There were a number of proposed changes to this clause including setting GSL payments for each year of the determination. The Commission has made some minor edits to this clause, but otherwise the final clause remains the same as proposed.
- 3.3 The submissions that discussed GSL payments raised concerns around the timing of the annual calculations and the change from 10 to five days for new connections.
- 3.4 Both of these issues have been discussed in clause 4.

Chapter 4: Schedule 2 – Generation Services Performance Indicators

- 4.1 Schedule 2 of the EIP Code provides additional information on the generation service performance indicators, including the list of service performance indicators and associated definitions and formulas.

Decision

- 4.2 In the proposed code the Commission recommended minimal changes to this clause.
- 4.3 The only change of substance was the Commission acknowledged some of the information was confidential. The Commission has made some minor edits to this clause, but otherwise the final clause remains as proposed.
- 4.4 The Commission will undertake further review of generation performance indicators over 2017-18 to ensure they are appropriate for all types of generators, including gas, solar and batteries.

Discussion

- 4.5 As part of drafting the proposed code the Commission engaged CQ Partners to provide technical advice on generator, network and GSL performance indicators.

Submissions and discussion: General

- 4.6 DIA provided a submission on the proposed code raising concerns the performance indicators are not well suited to solar (intermittent/non-synchronised) generation. Similarly, EDL has also provided two submissions (one during the initial consultation process and one on the proposed code) concerning whether the generation services' performance indicators are appropriate for all generators.
- 4.7 CQ Partners have reviewed the submission and advised that nationally generators are classified as scheduled and non-scheduled.
- 4.8 Generally, coal and gas are scheduled generators and intermittent generators such as solar are classed as non-scheduled.
- 4.9 The Commission understands national reporting requirements for non-scheduled generators are minimal.
- 4.10 The Commission 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.
- 4.11 Finally, it is noted the Commission has some flexibility on reporting requirements that can be used in the short term where appropriate.

Submissions and discussion: System Interruptions

- 4.12 The report by CQ Partners outlined that generators within the National Electricity Market (NEM) are not required to report on System Average Interruption Duration Index (SAIDI)

and System Average Interruption frequency Index (SAIFI) as it is a function of distribution network service providers. However, CQ Partners note these regions in the NEM have interconnectivity and redundancy that ensures any generator outages do not result in customer impact. This is in contrast with the Northern Territory, which does experience customer impacts as a result of generator outage.

- 4.13 The report by CQ Partners concludes SAIDI and SAIFI reporting should remain a requirement in Schedule 2 given the relevance of generator outages and resulting customer impacts that are unique to the Territory.
- 4.14 CQ Partners have reviewed EDL's latest submission and continue to believe SAIDI and SAIFI information should be reported by all major generators (scheduled generators) in the Territory. The Commission believes EDL's gas generators at Pine Creek are a major contributor to the Territory system and it is important for the performance of Pine Creek to be reported on a regular basis.
- 4.15 System Control has indicated, where a major incident occurs resulting in a under-frequency load shedding event, EDL and system control will be required to work together to understand the cause.
- 4.16 Thus EDL will have the required information to report on these indicators.
- 4.17 The separate review into generation reporting will examine all indicators including the SAIDI and SAIFI indicators.
- 4.18 It is also noted the Commission has some flexibility on reporting requirements, which can be used in the short term where appropriate.

Chapter 5: Schedule 3 – Network Services Performance Indicators

- 5.1 Schedule 3 of the EIP Code provides additional information on the network service performance indicators, including the list of service performance indicators and associated definitions and formulas.

Decision

- 5.2 In the Commission's proposed EIP Code there were a number of proposed changes to this schedule with the main change relating to the incorporation of transmission assets into distribution assets. Now network entities are only required to report on distribution assets.
- 5.3 Other proposed changes related to:
- aligning feeder definitions to national definitions
 - simplifying 'poor feeder' definitions
 - simplifying reporting on connections
 - removing of the requirement to report on written correspondence
 - minor adjustments to the SAIDI and SAIFI definitions.
- 5.4 The Commission has made some minor edits to this schedule, including removing the segmentation of the connection performance indicator from the central business district CBD, urban and rural areas to regional.

Discussion transmission

- 5.5 AER stated in its framework and approach for PWC's next determination that it will treat PWC's transmission assets as distribution assets for the purposes of economic regulation.
- 5.6 In order to keep the new code consistent with the regulatory oversight of the AER, the Commission finds it appropriate to remove the transmission network performance indicators and have the associated assets reported under the distribution network performance indicators.

Discussion - Connections

- 5.7 In the proposed code, although not documented, a number of connection indicators were removed to avoid doubling up of reporting information. The indicators will now be reported as part of the GSL reporting requirements.
- 5.8 However, one connection indicator remains; the number and average length of time of new connections to new subdivisions. This indicator and its associated segmentation was not updated to take into account the EIP Code no longer references CBD, urban and rural areas.
- 5.9 In the final code, the indicators no longer reference 'urban areas' but rather covers all areas and the segmentation of the indicators is to be by region rather than CBD, urban and rural areas.

Submissions

- 5.10 PWC noted in its initial submission that its transmission and distribution systems were both classified as distribution for the purpose of regulation in accordance with the National Electricity Rules (NER). For that reason, PWC called for transmission network performance indicators to be removed from the code. No new submissions have been received on this topic.

Chapter 6: Schedule 4 – Retail Service Performance Indicators

- 6.1 Schedule 4 of the EIP Code provides additional information on the retail service performance indicators, including the list of service performance indicators and associated definitions and formulas.

Decision

- 6.2 In the Commission's proposed EIP Code, there were a number of proposed changes to this clause including aligning the reporting obligations to the AER's retail reporting requirements. The Commission has made some minor edits to this clause, but otherwise the final clause remains as proposed.

Discussion

- 6.3 With the aim of aligning Territory reporting standards with the NEM, the Commission has adopted a range of performance indicators from AER's Retail Performance Reporting, Procedures and Guidelines.
- 6.4 The two main areas of new indicators relate to handling customer experience difficulties, prepayment meters and disconnection.
- 6.5 In all, the Commission is seeking information on 14 new indicators, which is a substantial increase.
- 6.6 Offsetting this increase and consistent with the GSL scheme and network service performance standard, the Commission has removed the performance indicator relating to the average time taken to respond to written correspondence.
- 6.7 The Commission believes with the change in customer preferences and communication channels that, although written correspondence includes electronic responses, an average response time provides limited value on assessing the entities' customer performance.
- 6.8 Customers' expectations regarding reasonable response times depends on what communication method is used.
- 6.9 For example, the expected response to Twitter is in the hours, compared to posted correspondence that traditionally has taken days response. For immediate responses, customers would generally call their retailer.
- 6.10 Hence, the importance of the performance indicators relating to calls to an operator.
- 6.11 Additionally, the substance of the response is as important as the time taken to respond.
- 6.12 If there are issues with the substance then this should be captured within the complaint service performance indicator.

Submissions

- 6.13 Somerville Community Services provided a submission as part of the initial consultation process. Jacana Energy also made a submission that stated responsiveness to written inquiries is not a sound indicator of the quality of service. Jacana Energy also discussed the

benefits of making hardship programs mandatory for retailers, which as noted by Jacana Energy, is outside the scope of this review.

- 6.14 Jacana Energy also provided a submission on the proposed code that raises issues relating to the ability to collect information on pre-paid meters, as the traditional token meters do not have the technology to record disconnections.
- 6.15 The Commission acknowledges there may be some difficulties in collecting this data, especially with the current fleet of meters. However, over time it is the Commission's expectation this information will become available. The Commission will work with retailers on these performance indicators. The Commission also notes clause 5.1.3 has been updated to allow exemptions from reporting requirements where appropriate.

Chapter 7: Schedule 5 – Transitional Arrangements

- 7.1 Schedule 4 of the EIP Code provides information on the transition from the current ESS and GSL codes to the EIP Code.

Decision

- 7.2 The Commission put forward transitional arrangements, noting network entities (PWC Networks) is currently in a determination period, and any changes to the code and reporting requirements should be designed to take place as part of the next determination.
- 7.3 The Commission has made some minor edits to this clause but otherwise the final clause remains the same as proposed.

Discussion

- 7.4 Clause 1 (application), 2 (amending), 3 (targets), 4 (GSL), 6 (data quality) and 7 (data segmentation) apply from date of publication.
- 7.5 The process to be followed for setting targets for the 2019 determination are to be based on clause 3 (targets) and schedule 3 (network performance indicators) of the EIP Code.
- 7.6 The licenced entities will be given 12 months to improve processes to allow them to report to the Commission by the new dates. Reports for the 2016-17 financial year are to be provided by 1 November 2017 (no change). Reporting for the 2017-18 financial year are to be based on clause 5 (reporting) of the EIP Code.
- 7.7 Clause 6 of the code applies from 1 July 2018. Thus, initial audits of the performance indicators must be undertaken for either the 2018-19, 2019-20 or 2020-21 financial reports.
- 7.8 The generation entities' reporting requirements have not changed.
- 7.9 They are required to report against the revised schedule 2 (generation service performance indicators) for the 2016-17 financial year onwards.
- 7.10 Network entities are to report against schedule 2 of the old ESS Code (including transmission performance indicators) for the 2014-15 to 2018-19 determination period, excluding poor feeder information. Network entities will report against schedule 3 (network performance indicators) from 2019-20 onwards.
- 7.11 Regarding the poor feeders clause of schedule 3 of the EIP Code, network entities are to report against the new poor feeders clause from 2016-17 onwards. This is because network entities already have this information available.
- 7.12 Retail entities are to report against the previous ESS's schedule 3 for the 2016-17 financial year. From 2017-18 onwards, retail entities are to report against Schedule 4 of the EIP Code. Where a retail entity has difficulties reporting against individual performance measures, the retail entity will be able to apply for extensions or exemptions under Clause 5 of the EIP Code.

Submissions

- 7.13 PWC's initial submission details that the new code should apply from 1 July 2019, in line with its next determination period. No new submissions were received on this topic.

Chapter 8: Schedule 6 – Responsibility Statement and Schedule 7 – Definitions

Decision: Responsibility Statement

- 8.1 No changes to the Responsibility Statement are suggested other than updating changes in the code names.
- 8.2 Minor changes to definitions are required to ensure consistency with the other amendments proposed within the new code.

Decision: Definitions

- 8.3 A number of definitions have been updated and obsolete definitions have been removed.
- 8.4 DIA's submission suggests changing the definition of generator away from the definition in the ENTPA. The ENTPA is scheduled for repeal from 1 July 2019, as part of the Government's reforms of the Northern Territory's electricity market.
- 8.5 Therefore it is appropriate to remove reference to the ENTPA so the Code does not require further updating after 1 July 2019. The following definitions had references to the ENTPA removed: generation entity; generation unit; network entity; and regulatory control period.
- 8.6 As compared to the ESS Code, GSL Code and Feeder Guidelines, the following definitions were updated to provide consistency with the AER definitions: CBD feeders (now in the Feeder Guidelines); feeder category; rural long feeders; rural short feeders; urban feeders; and SAIDI. The definitions for distribution assets and distribution network connection assets have been updated to include transmission assets.
- 8.7 Definitions removed, as they are not referenced in the EIP Code include: complaint category; customer hardship program; electricity bill; electricity network; entry point; implementation date; network access code; Power and Water Corporation; PAWC Networks; PWC Retail; rural area; selling; transformer-related event; transformer network-related event; and urban area.
- 8.8 New definitions include: AER; legacy ESS Code; NER; planned network interruption; SAIFI; unplanned network interruption.

Chapter 9: Feeder Category Guidelines

Decision:

- 9.1 To approve an updated Feeder Category Guideline, which is consistent with the AER's definition on feeder categories.
- 9.2 The guidelines have also been simplified to make it easier to read.

Discussion

- 9.3 PWC requested the feeder categories be update to match the AER definitions.
- 9.4 The new definitions are now:
 - **CBD feeder** is a feeder in one or more geographic areas determined by the relevant participating jurisdiction as supplying electricity to predominantly commercial high-rise buildings, supplied by a predominantly underground distribution network containing significant interconnection and redundancy when compared to urban areas;
 - **urban feeder** is a feeder that is not a CBD feeder and has a maximum demand (which can be weather-normalised) over the feeder route length greater than 0.3 MVA/km;
 - **short rural feeder** is a feeder with a total feeder route length less than 200 km that is not a CBD feeder or urban feeder; and
 - **long rural feeder** is a feeder with a total feeder route length greater than 200 km that is not a CBD feeder or urban feeder.