

Record No: D2012/364254
Container No: F2010/3082

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

Dear Pat

**Re: Further Questions from Utilities Commission on Submission to
Draft Standards of Service Code and Consultation Paper**

I write regarding your request for further information on Power and Water's submission to the Utilities Commission's (UC's) Draft Standards of Service Code (Draft Code) and accompanying Consultation Paper.

Power and Water has addressed each of the queries raised by the UC and where requested has provided more detail. Nevertheless, there still remain some issues with regards to the proposed new Standards of Service Code. These are outlined in Attachment A.

Please contact Ms Djuna Pollard, Manager Regulation, Pricing and Economic Analysis on (08) 8985 8431 or email at djuna.pollard@powerwater.com.au if you have any queries in relation to this response.

Yours sincerely



Andrew Macrides
Managing Director

3 August 2012

GPO Box 1921 DARWIN NT 0801



NORTHERN TERRITORY OF AUSTRALIA

DRAFT STANDARDS OF SERVICE CODE:

**RESPONSE BY POWER AND WATER CORPORATION
TO THE UTILITIES COMMISSION'S REQUEST FOR
FURTHER INFORMATION ON SUBMISSION**

AUGUST 2012

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

#	Section/Clause Reference	Issue	Comments
1	Clauses 3.1, 6.2, Schedules 1 and 2	In its submission to the Draft Standards of Service Code, PWC Power Networks (Power Networks) stressed the importance of adhering to the IEEE-1366 industry standard in its Standards of Service Reporting for distribution indices. This would ensure PWC's continued ability to benchmark across jurisdictions and to maintain consistency in reporting over time for the purposes of its business operations. The 2.5 beta method forms part of these industry standards and allows interruptions data to be split into "adjusted" and "unadjusted" data sets according to a prescribed methodology that identifies particular major event days. The UC's view is that there are problems with the use of the 2.5 beta method under the current Standards of Service framework that demonstrate underlying problems with the pure IEEE approach. Consequently, they propose a set of exclusions for defining the adjusted and unadjusted data sets.	PWC notes that the industry standard does not involve the <i>exclusion</i> of any data. Rather, it sets out a statistical method for splitting the data into two sets for further detailed analysis. This is important since for the purposes of gaining an understanding of the impact of interruptions on customers it is necessary for PWC to consider the data in its totality regardless of perceived or actual fault. This then has a direct influence on PWC's business planning, capital expenditure, and resource allocation. PWC also has concerns with the adoption of the approach proposed by the UC since this may have unintended consequences particularly in terms of target setting and reporting. Power Networks feel that the addition of Major Event Days in SAIDI targets will potentially dilute the relevance of the targets due to the annual variability and magnitude of Major Event Days compared to the day-to-day interruption data. PWC notes UC's argument that the 2.5 beta method is inappropriate since large events (such as the Casuarina Zone Substation incident) may be classified as a Major Event Day. Power Networks consider that the Casuarina event is an example of how a Major Event Day should be analysed. This failure was studied in detail, was well documented, and was adjusted out of the day-to-day reliability figures in line with the Standards of Service Code at the time. However the Casuarina failure and subsequent reports were the catalyst for a multitude of positive changes in the Power Networks business.

		Finally, Power Networks is concerned that adopting an alternative approach to industry accepted standards will result in increased costs to the organisation of keeping multiple sets of data to satisfy the conditions of the UC while maintaining consistency in business planning operations. For these reasons Power Networks again strongly supports the use of the industry accepted method of IEEE 1366 for data adjustments.
2	Clause 6.2.3 (c)	In submission PWC raised the issue that the new data segmentation requirements proposed by the UC would impose additional costs to System Control. The UC questioned what these costs might be. System Control is happy to record and report to the UC and other relevant participants those network outages that have occurred as a result of the System Controller exercising appropriate action. However, the System Controller emphasises that that UC has increased compliance obligations and reporting requirements on System Control without any acknowledgement of these increased costs. While additional requirements may appear small, the cumulative impact is an increase in the tasks required by the System Controller. Consequently, the System Controller would like to review the current System Control charge of 0.1 cents/ kwh and seek approval from the UC. This will take into account all the recent changes that have been imposed by UC.
3	Schedule 1 Table 1 in Draft Code and Table 1.2 in Consultation Paper	PWC seeks clarification as to which set of indicators the UC intends to use. There is an additional performance indicator outlined in Table 1 of the Draft Code that does not appear in Table 1.2 of the Consultation Paper. This is Equivalent Forced Outage Factor (EFOF). This was raised in the previous submission but not addressed by UC.

4	Schedule 1 Table 1	The inclusion of SAIDI and SAIFI indicators for generation performance. In previous correspondence with the UC, PWC has raised the issue of the applicability of SAIDI and SAIFI indicators for gauging Generation's performance. At that stage, the comments of Evans & Peck were raised (in the context of the Power System Review). The UC disputes that comments made by Evans and Peck are with reference to generation and instead refer to target setting for distribution networks. This is incorrect. The comment from Evans & Peck, on Page 85 of the <i>Power System Review</i> states, "E&P does not believe that the SAIDI and SAIFI measures normally applied to network are particularly relevant to generation."	System Control suggests an alternative measure to SAIDI and SAIFI, which considers the system as a whole. System minutes are a global benchmark for measuring the severity of interruptions to customers. One system minute is equivalent to the loss of the entire system for one minute at annual peak. An example of this is below: The Darwin-Katherine Peak is 287MW The System Minutes calculation is derived as follows: MW Lost*duration of loss in minutes = MW-Minutes. MW-Minutes/System Peak = System Minutes. So, if 30MW load is lost for 45 minutes, the calculation is $30\text{MW} \times 45\text{min} = 1350/287 = 4.70$ System Minutes. For Alice Springs, the Peak is 57MW. So, if 8MW is lost for 15 minutes, the system minute calculation is $8 \times 15/57 = 2.1$ system-minutes.
5	Schedule 1 Table 1	The SAIDI and SAIFI indicators require reporting in terms of power system and region. As noted in the previous submission, this will duplicate information.	PWC Generation proposes to report on the three power systems: • Darwin-Katherine power system; • Tennant Creek power system; and • Alice Springs power system. In so doing they will provide data without duplication.

6	Schedule 2, Clause 1.6	In its submission to the Draft Standards of Service Code, PWC noted that SAIDI and SAIFI are defined as distribution performance indicators rather than transmission indicators. The very limited number of transmission customers results in low value data if SAIDI and SAIFI are used in this manner.	As noted in the submission and subsequent discussion with the UC staff, Power Networks is able to report on SAIDI and SAIFI by outage <i>cause code</i> at the DNSP level.
7	Schedule 2, Table 3	Reporting distribution network performance indicators by power system, region and feeder category.	As noted in terms of the generation performance indicators, this segmentation involves a duplication of information. PWC considers this unnecessary with power system <i>or</i> region being appropriate measures, not both.
8	Schedule 2	Clarity in performance measures	This was raised in submission to the Draft Standards of Service Code since PWC found that there were definitional issues with the performance measures for each of the categories and there were inconsistencies between the Draft Code and Consultation Paper. PWC notes that the UC are engaging consultants to advise on this aspect of the Code and welcome that development. Power Networks also requests that if possible, the Code is written in a manner similar to previous codes where definitions are maintained consistently throughout the document. As it stands, the proposed code must be read in sequential order to make sense and may result in potentially unclear interpretation of the performance indicators. Power Networks consider that this change could be easily achieved whilst maintaining the legal requirements for the document that are of concern to the UC.

9	Schedule 3, Clause 1.1.5 The Draft Report requires that the percentage and total number of complaints, associated with retail services are segmented into complaint categories. PWC Retail intends to segment complaints into the following categories: • total disconnections in error • credit listing in error • delayed connection (connection not performed within specified timeframes) • bill issues - where process has not been followed • Complaints related to PWC's Stay Connected Policy (hardship scheme) The UC has requested that two additional categories be added: • Customer transfers • Energy marketing
---	---

PWC Retail is able to add the additional categories to their complaint categories.

However, it should be noted that in its entirety the customer transfer process involves a number of aspects of the organisation, PWC Generation, Power Networks, and Regulation, Pricing and Economic Analysis, and PWC Retail. A complaint received by PWC Retail may pertain to one or more business units. Should the complaint on customer transfer or energy marketing refer to an alternative retailer, PWC Retail will not capture that complaint.

10	Schedule 3, Clause 1.1.6	The Draft Report called for: - the total number of disconnections for failure to pay and reconnections in the same name; - the total number of customer service and customer complaints; - the total number of calls relating to the collection of security deposits; and - the total number of calls associated with social welfare concessions, including membership of pensioner concession schemes and other relevant schemes. In its response PWC proposed alternative measures which better measure customer hardship and PWC Retail's handling of this issue, namely: - Number of current residential customers on Retail Hardship Program as at 30 June each financial year; - Number of current residential customers that completed Retail's Hardship Program for the financial year ending 30 June; - Number of current residential customers on Retail's Hardship Program receiving hardship vouchers for the financial year ending 30 June; and - Number of current residential ceased customers whilst on Retail's Hardship Program for the financial year ending 30 June.	The UC sought clarification regarding the final bullet point in PWC's proposed hardship performance measures: - Number of current residential ceased customers whilst on Retail's Hardship Program for the financial year ending 30 June. This refers to the number of customers who were on the hardship program but who ceased to be a customer of PWC Retail during the financial year in question. A typical example would be a "Stay Connected Customer" who moves away from the Northern Territory, and so by definition, ceases to be a customer of PWC Retail. In terms of the additional indicators proposed by the UC, PWC Retail has reviewed its processes to see which of these indicators can be accommodated by reallocating existing resources. Where this is possible, these indicators have been included. As such, PWC Retail proposes to add the following: - Number of residential electricity customers denied access to the hardship program during each calendar month of the reporting period; - The average energy bill debt for those electricity hardship program customers who entered the hardship program during the reporting period; - The number of electricity customers who entered the hardship program during the reporting period, with an energy bill debt that was: (a) between \$0 and \$500; (b) over \$500 but less than \$1,500; (c) over \$1,500 but less than \$2,500; (d) \$2,500 or more; and
----	-----------------------------	--	---

	The UC sought clarification on the final point and proposed a further 7 indicators: • Number of residential electricity customers denied access to the hardship program during each calendar month of the reporting period; • The average energy bill debt for those electricity hardship program customers who entered the hardship program during the reporting period; • The number of electricity customers who entered the hardship program during the reporting period, with an energy bill debt that was: (e) between \$0 and \$500; (f) over \$500 but less than \$1,500; (g) over \$1,500 but less than \$2,500; (h) \$2,500 or more. • Total number of electricity customers who exited the hardship program during the reporting year, who: (a) Successfully completed the hardship program or exited with the agreement of the retailer; (b) Were excluded or removed from the program for non-compliance; (c) Switched, transferred or left the retailer. • Number of residential electricity customers disconnected for non-payment of a bill during the reporting period, who successfully completed the hardship program, or exited by agreement with the retailer, in the previous 12 months; • Number of residential customers who successfully completed the hardship program or exited by agreement with the retailer in the previous 12 months, who were reconnected in the same name and at the same address within 7 days of disconnection for non-payment; • Retailers must provide a written summary on the types of assistance offered and provided to hardship customers throughout the reporting period.	• Total number of electricity customers who exited the hardship program during the reporting year, who: (a) Successfully completed the hardship program or exited with the agreement of the retailer; (b) Were excluded or removed from the program for non-compliance. PWC does not propose to include the number of customers who "switched, transferred or left the retailer", since this is reported by the performance measures that it already intends to include. After careful consideration, PWC concludes that the additional 3 indicators proposed by UC would require added resourcing for PWC Retail at a significant cost. Therefore, PWC Retail requests that the UC considers whether the benefit from these extra 3 indicators is sufficient to warrant the additional costs. Finally, unless directed otherwise PWC will interpret hardship measures as applying to domestic customers alone.
--	--	--