

File No:

Alan Tregilgas
Utilities Commissioner
Utilities Commission
5th Floor, 38 Cavenagh Street
Darwin NT 0800

By Hand

Dear Alan

Re: Draft Standards of Service Code - Power and Water Corporation Submission

Power and Water Corporation (PWC) appreciates the opportunity to provide comments on the Draft Standards of Service Code (the Draft Code) released by the Utilities Commission (UC) on 5 August 2005.

PWC supports the development of a formalised service standard framework and therefore this response focuses on the practical and administrative application of the Draft Code.

PWC understands that the Draft Code sets the Initial Minimum Standards as the standards of service prevailing in 1999-00. Thereafter, alternative standards may be imposed from time to time by any regulatory regime administered by the UC or consistent with relevant national benchmarks.

PWC's interpretation of the key dates and specific reporting obligations under the Draft Code are as follows:

TIMEFRAME	EVENT
August 2004	Issues Paper released
19 November 2004	Submissions on Issues Paper due to UC
5 August 2005	Draft Code released
30 September 2005	Submissions on Draft Code due to UC
1 January 2006	Code takes effect
31 March 2006	Submit draft minimum reliability standards to the UC
30 June 2006	Submit draft minimum quality and customer service standards to the UC
30 June 2006	Benchmarks approved by UC

31 October 2006	First report on actual standards achieved against benchmarks for the financial year due to UC
31 December 2006	First annual compliance report published by UC
1 July 2009	Possible incentive or penalty mechanisms

PWC would like to raise the following areas of concern regarding the UC's Draft Code, with suggested specific amendments contained in attachments.

1. IES Reliability

PWC understands that the Draft Code excludes IES communities except for the few that are supplied from the main grid.

2. Initial Minimum Standards

The Initial Minimum Standards are the standards of service prevailing in 1999-00. PWC have measured and recorded the following indicators proposed by the Draft Code since 1999-00:

- System Average Interruption Duration Index (SAIDI);
- System Average Interruption Frequency Index (SAIFI); and
- Customer Average Interruption Duration Index (CAIDI).

Where data was not measured or recorded in 1999-00, it will be necessary for PWC to propose alternative minimum standards in its draft reliability standards submission in March 2006 and its draft quality and customer service standards submissions in June 2006. These indicators are likely to be based on historic data, current service levels and Statement of Corporate Intent targets. PWC is available to discuss this issue further with the UC if required.

3. Standards of Service Indicators

PWC supports the use of all the Quality and Customer Service indicators, and the use of SAIDI, CAIDI and SAIFI as network Reliability indicators, as outlined in Schedule 1 of the Draft Code. However, PWC is currently unable to report on two of the following indicators proposed by the UC relating to poorly-performing segments of the network:

- percentage of consumers who experience more than x interruptions per year, excluding momentary interruptions (less than one minute duration) (Schedule 1, clause 1.3a); and
- percentage of consumers who experience more than y minutes of interruptions per year (Schedule 1, clause 1.3c).

This information is available at the feeder level, however PWC is currently unable to measure this by consumer. It is possible to report on the number of consumers on a feeder, but not all consumers may be affected by an outage. Switching operations may result in some consumers being on a different feeder for periods of time during an outage. It is difficult to approximate this with any degree of accuracy. In order to commence proper data collection, communications infrastructure would need to be

installed on each substation or alternatively interval meters installed for all consumers, at considerable cost.

Additionally, while PWC is able to report on Generation outages, PWC disagrees with setting minimum standards for Generators without full consideration of the issues involved, such as reserve plant margins, the role played by System Control in load shedding and the impact of Independent Power Producers (IPPs). The cost of complying with standards relating to these measures could be considerable.

PWC would like to propose some minor amendments to the indicator definitions. The amendments proposed, including explanations, are outlined in Attachment A.

4. Exclusions

PWC believes that the issue of 'excluded or atypical events' has not been adequately dealt with in the Draft Code. Schedule 2, paragraph 1.3 makes reference that atypical events such as fires and storms should be excluded from the initial minimum standards. The basis for exclusions is most relevant in applying the network reliability indicators in Schedule 1, but should also apply for customer complaints. This is a critical element of any reliability standard and there are several different approaches that have been taken both nationally and internationally.

PWC proposes basing exclusions on the 2.5 beta method, which is an internationally accepted standard for excluding outages from reliability data. The 2.5 beta method removes the reliability data on days when the minutes off-supply exceeds a certain threshold, which is based on the distributor's historical reliability data. This is consistent with the approach that many interstate regulators have recently adopted (eg Queensland Competition Authority, *Service Quality Reporting Guidelines*, August 2005).

5. Clarification of Specific Clauses

PWC has identified certain areas of the Draft Code that it believes require further clarification. To this end, specific amendments have been suggested. These are outlined in Attachment B.

Please direct any comments or queries regarding this matter to Mr Darren Nelson – Manager, Regulatory Affairs & Economic Services - (on darrenb.nelson@powerwater.com.au and/or 08 8924 7922).

Yours sincerely

Kim Wood
Managing Director

September 2005

ATTACHMENT A: Proposed Amendments to Indicator Definitions

Indicator	Draft Code Definition	Business Unit Responsibility	Proposed Amendments and Comments
GENERATION INTERRUPTION DURATION – SAIDI	Average minutes of off-supply per customers	Generation	<p>Generation outages should be an exclusion.</p> <p>While Networks can separately identify these outages, service standards for Generators should not be established without full consideration of issues involved, such as reserve plant margins, spinning reserve or alternative sources of gas supply. The cost of complying with standards relating to these measures could be considerable.</p>
NETWORKS INTERRUPTION DURATION – SAIDI	Average minutes of off-supply per customers	Networks	Definition needs to include reference to exclusions/ excluded events.
INTERRUPTION FREQUENCY – SAIFI	Average number of interruptions per customer excluding momentary interruptions (less than one minute duration)	Networks	Definition needs to include reference to exclusions/ excluded events.
CUSTOMER INTERRUPTION DURATION - CAIDI	Average duration per customer excluding momentary interruptions (less than one minute duration)	Networks	Definition needs to include reference to exclusions/ excluded events.
POOR PERFORMING SEGMENTS – CUSTOMER INTERRUPTION FREQUENCY	Percentage of consumers who experience more than x interruptions per year, excluding momentary interruptions (less than one minute duration)	Networks	<p>Networks are currently unable to measure this with any accuracy.</p> <p>While they can report on number of customers on a feeder, not all customers may be affected by an outage. Switching operations in suburbs may result in some customers being on a different feeder for periods of time.</p> <p>An approximation could be used but this could be materially inaccurate.</p>
POOR PERFORMING SEGMENTS – FEEDER INTERRUPTION FREQUENCY	Percentage of feeders that experience more than x interruptions per year, excluding momentary interruptions (less than one minute duration)	Networks	Definition needs to include reference to exclusions/ excluded events.

Indicator	Draft Code Definition	Business Unit Responsibility	Suggested Amendments and Comments
POOR PERFORMING SEGMENTS – CUSTOMER INTERRUPTION DURATION	Percentage of consumers who experience more than y minutes of interruptions per year	Networks	<p>Networks are currently unable to measure this with any accuracy.</p> <p>While they can report on the number of customers on a feeder, not all customers may be affected by an outage. Switching operations in suburbs may result in some customers being on a different feeder for periods of time.</p> <p>An approximation could be used but this could be materially inaccurate.</p>
POOR PERFORMING SEGMENTS – FEEDER INTERRUPTION DURATION	Percentage of feeders that experience more than y minutes of interruptions per year	Networks	Definition needs to include reference to exclusions/ excluded events.
QUALITY OF SUPPLY	Number of complaints received in relation to voltage events such as voltage dips, swells, spikes etc.	Networks	PWC has no suggested amendments or comments regarding this indicator.
CUSTOMER SERVICE – CUSTOMER CONNECTIONS	Percentage of connections not provided within any regulated time limit and connections not provided by the date agreed with a customer	Networks	<p>PWC recommends the following definition:</p> <p><i>"Percentage of new connections not provided within the required time limit."</i></p>
CUSTOMER SERVICE – CALL CENTRE	The number and percentage of telephone calls responded to within 30 seconds from when the customer selects a human operator.	Retail	<p>PWC recommends the following definition:</p> <p><i>"The number and percentage of telephone calls responded to within 20 seconds from when the customer selects to speak to a human operator"</i>.</p>
CUSTOMER SERVICE – CUSTOMER COMPLAINTS	The number of customer complaints (a complaint is defined by Australian Standard 4269:1995 as any expression of dissatisfaction with a product or a service offered)	Retail	<p>It is assumed that customer complaints will only relate to the provision of non-contestable Electricity products and services. Customer complaints associated with Generation and System Control should be treated as an exclusion.</p> <p>Definition needs to include reference to exclusions/ excluded events</p>

ATTACHMENT B: Proposed Amendments to Specific Clauses of the Draft Code

SECTION	CLAUSE	ISSUE / COMMENT
5. Establishing Minimum Standards	5.1	Reference to clause 5.3 should possibly be to clause 5.2 and Schedules 1 & 2.
	5.2	Reference to clause 5.2 should possibly be to clause 5.1
	5.3	Reference to clause 5.2 should possibly be to clause 5.1
	5.4	Reference to clause 5.2 should possibly be to clause 5.1
	5.5	Reference to clause 5.2 should possibly be removed.
	5.6	Reference to clause 5.2 should possibly be to clause 5.1
11. Interpretation	11.2	<p>"Non Contestable Electricity Supply Service" definition appears ambiguous.</p> <p>PWC recommend the following re-draft:</p> <p>"Non Contestable Electricity Supply Service" includes Network Access Services and the services provided by a Regulated Electricity Entity with a retail licence to Non Contestable Customers.</p> <p>The above wording makes it clear that the definition includes the operations of two distinct licence holders, and therefore that the obligations of the distinct licence holders would most likely be different.</p>
	11.2	<p>"Regulated Electricity Entity" means, at the Commencement Date, the PWC Corporation and, after the Commencement Date, any licensed electricity entity so prescribed by the UC by a notice published in the Gazette."</p> <p>It is PWC's opinion that the Draft Code should apply to all regulated licensed electricity entities, not specifically PWC. This would be administratively easier and more transparent for potential market entrants (ie electricity retailers).</p> <p>PWC recommend a more generic definition of Regulated Electricity Entity, and if necessary the Code could contain a mechanism for the UC to exempt particular licensed entities (eg GEMMCO in Alyangula).</p>