



# Electricity Distribution Code review — customer service standards

---

# Contents

<b>1</b>	<b>SUMMARY</b>	<b>3</b>
<b>2</b>	<b>PLANNED OUTAGES</b>	<b>4</b>
2.1	Clarify that written notice includes notice via electronic means	4
2.2	Customers should receive communications through a single electronic communication channel	5
2.3	Notification of a cancellation should be made as soon as practicable	6
<b>3</b>	<b>GUARANTEED SERVICE LEVELS</b>	<b>8</b>
3.1	Material increase in GSL payments leading to higher network charges	8
3.2	Increasing low reliability payments	9
3.3	GSL payments should not apply for extreme weather events	11
3.4	Missed or late appointments GSL should be abolished	11
3.5	Amend the GSL for delayed new connections	13
3.6	Aligning the proposed exclusions from the GSLs with other frameworks	13
3.7	Reliability payments should only be made annually	13
<b>4</b>	<b>OTHER MATTERS</b>	<b>14</b>
4.1	Longer implementation timeframe	14
4.2	REFCL testing does not result in customer outages	15
4.3	New reporting requirements for solar	16
4.4	New reporting for GSL levels	16
	<b>APPENDIX A</b>	<b>17</b>

# 1 Summary

CitiPower, Powercor and United Energy welcome the opportunity to respond to the Essential Service Commission of Victoria's (ESCV) draft decision relating to customer standards contained in the Electricity Distribution Code (EDC).

## **Notifications relating to planned outages**

With respect to communications for planned outages, we support providing at least four business days' notice to customers of that outage, together with a high-level reason for the outage. However, we seek that:

- the reference to a 'written notice' include notification via an electronic means, in line with research indicating customers prefer electronic communications
- customers receive communications through a single suitable electronic channel, rather than requiring all available channels to be utilised to avoid over-notification that may lead to customer confusion.

We support the proposed obligation to notify customers where a planned outage is cancelled or rescheduled, together with a high-level reason for that change. However, we consider this notification should only be required to be made 'as soon as practicable' to customers, with no further timeframes or methods of notifying specified. We believe that including specific timeframes and methods will be detrimental to the customer experience in some common scenarios (for example, when cancellation decisions are made in the middle of the night).

## **Guaranteed service levels (GSL)**

We are concerned that the magnitude of the increases in proposed GSL payments to customers arising from the lower thresholds and higher payment levels will inflate network charges for all consumers. Affordability of electricity is a key focus for consumers, and the proposed GSLs do not appear to be based on an engagement program to discuss with consumers the relevant trade-offs. Further we note through our own engagement program, consumers preferred money be spent on improving reliability performance for worst served customers rather than additional or higher GSL payments.

Payments to customers following outages driven by extreme weather events should not be included in the GSL scheme. We will never be able to guarantee 100% reliability and hardening the network to prevent outages during extreme weather or major events will never be economic from a consumer's point of view.

Where our service to customers does not meet expectations and GSLs are payable, we consider that these should continue to be made annually.

## **Timing**

To align with the commencement of financial year regulatory reporting and the next regulatory period, we support the revised EDC coming into effect no earlier than 1 July 2021.

# 2 Planned outages

For planned outage notifications, we consider:

- a reference to a 'written notice' should be clarified to include notification via an electronic means to customers in advance of a planned outage
- customers should receive communications only through a single electronic channel, rather than requiring all available channels to be utilised
- notification of cancellation of a planned outage should be made 'as soon as practicable' to customers, rather than within one hour of a cancellation occurring which is not reasonable or practical

This section discusses the requirement to provide notification to customers at least four business days' in advance of a planned outage. It also discusses the proposals to provide notification relating to cancelled or rescheduled outages.

We support the ESCV draft decision not to require notification of unplanned outages.

## 2.1 Clarify that written notice includes notice via electronic means

Electronic communication allows us to provide customers with up-to-date information in a convenient, efficient, and cost-effective manner, and we welcome the ESCV addressing this issue. Electronic communication has benefits for the customer such as convenience, flexibility and speed of delivery, and thus should be the default communication channel.

We do not support the requirement that a 'written notice' be a written notice in hard-copy (clause 5.5.1), and that a written notice may instead be given only by electronic communication if the customer has given 'explicit informed consent' and related requirements (clauses 5.5.2A-H).

- The explicit informed consent (EIC) requirement is a higher standard for consent than the standard for consent required under the Electronic Transactions (Victoria) Act 2000 (ETA). The ETA says, in summary, that a requirement to give information in writing may be met by an electronic communication where the recipient 'consents' to the information being given by an electronic communication (section 8). However, the definition of 'consent' under the ETA is non-exhaustive and allows for inferred and other types of consent. The ETA says that 'consent includes consent that can reasonably be inferred from the conduct of the person concerned...' (section 3(1)). There is no need to align the EDC with the ETA consent requirements.
- The EIC requirement is inconsistent with the notice requirements under the Deemed Distribution Contracts, which allow notices, including of planned outages, to be sent in an electronic form (clause 15). Clarifying that a 'written notice' includes an electronic communication will align the EDC with the Deemed Distribution Contracts as varied in 2018.
- It is unlikely that distributors will ever be able to obtain explicit informed consent from many customers because of the time and cost of doing so. This will undermine our ability to provide convenient, efficient, and cost-effective electronic communication which consumers' desire. In addition, it will be logistically difficult to segregate the customers we have EICs for from the total list of customers we have to notify via hard-copy. The more difficult the EDC makes acquiring consent, the more difficult it will be to move away from hard copies resulting in provision of an increasingly inferior and less efficient hard-copy solution.
- We also note that under National Energy Customer Framework (NECF), Division 6 Rule 90(1B) requires the distributor to notify each affected customer *by any appropriate means* of the planned interruption at least four business days before the date of the interruption. The ESCV is proposing a greater requirement where EIC is required for electronic communication only of that notification. To align with the national framework,

EIC should not be required for distributors to provide four business days' notification of a planned interruption by electronic means only.

In our view, the optimum solution would be to amend the EDC to expressly clarify that a reference to a written notice includes an electronic notice. We also consider that this approach is in line with the preferences of the majority of customers, as well as in the long term interests of customers. However, should customers prefer paper copy only, we support them being able to opt-out of electronic communications and revert to paper if they wish.

## **2.2 Customers should receive communications through a single electronic communication channel**

Customers should receive notifications via a single electronic channel, rather than receiving communication via all available channels as proposed by the ESCV.

Customers should not be bombarded by all three communication channels, namely hard-copy, email and SMS. Customers may find this confusing and perceive this as spam, and therefore disengage and risk not being informed of an outage.

The bulk of our customers prefer to be contacted by SMS, which was confirmed in our literary survey supporting our response to the Issues Paper.<sup>1</sup> Similarly a survey by Orima Research commissioned by the ESCV for the draft decision found this conclusion as well (the survey found that 59% of respondents wanted to be notified by text message). We understand that customers would like the following notifications:

1. advance notification of the planned outage
2. a reminder just before the planned outage occurs
3. advice if the planned outage is cancelled
4. advice when the planned outage is completed.

We are concerned that by obligating distributors to provide planned outage communication via all three channels, customers will be overloaded with information and this could lead to confusion and a negative customer experience.

Consider the following scenario, which may arise under the current proposed amendments:

- 9 business days out from the planned outage, customer hard-copy notifications are ordered and sent (they will arrive within 3-5 business days), and customers receive two electronic notifications of the planned outage via email and SMS (these notifications arrive within minutes)
- 7 business days out the decision is made to cancel the outage
  - currently we would send a cancellation notification by mail (taking 3 to 5 business days) which we would expect to arrive the day after the original hard-copy notification arrives
  - under the proposed draft decision the customer will now also receive another two electronic notifications advising of the cancellation of the planned outage - by email and SMS (arriving within minutes)

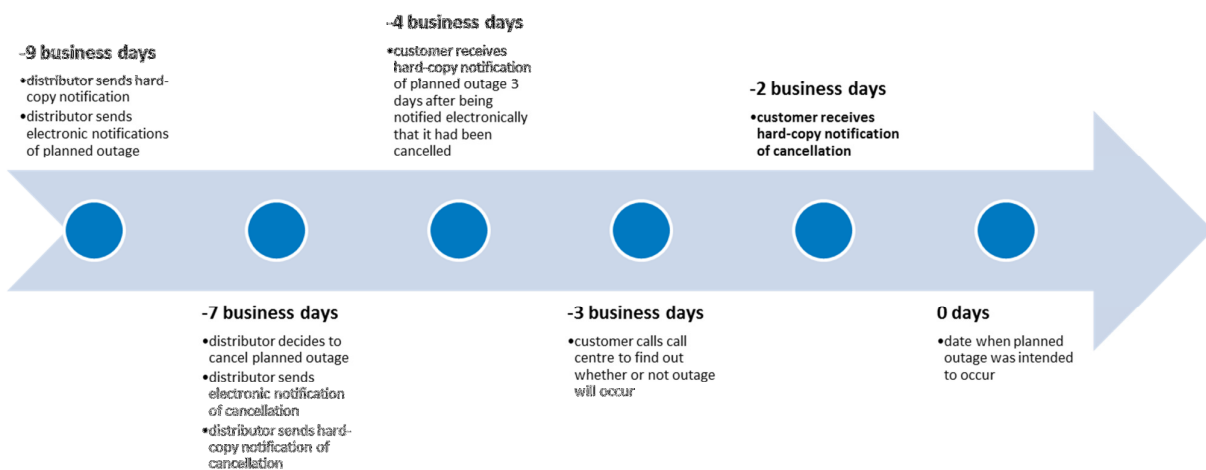
---

<sup>1</sup> Dr Robyn Stokes, Literature Review: Energy customer preferences, communication trends and regulatory requirements: proposed amendments to Victoria's Electricity Distribution Code (EDC), June 2018, p. 4.

- 6 to 4 business days out the customer will now receive the hard-copy outage notification in the mail having previously been advised electronically that it has been cancelled – customers are now unnecessarily confused and will contact the call centre to enquire why they have received the hard-copy notification when they have been twice advised electronically that it has been cancelled.

This scenario is also shown in the figure below.

Figure 1 Conflicting customer communications



Source: CitiPower, Powercor and United Energy

To limit confusion, we believe that electronic communication should be the default method. It is widely accepted and highly effective, and that only one form of electronic communication should be sent for clarity and consistency. It is not effective communication, nor in the interests of customers to be bombarded with multiple messages in multiple forms.

Whilst we believe electronic communication is the most effective means to communicate with our customers, we also recognise that some customers, albeit a relatively small proportion, do not wish to receive digital notifications, and so we support providing customers the option to continue to receive hard-copy written communications if they wish.

We understand the ESCV draft decision to provide life support customers with hard-copy written notice, however should the life support customer specifically request for electronic communications only, we should be able to support their choice.

### 2.3 Notification of a cancellation should be made as soon as practicable

We support the requirement to notify customers where we cancel or reschedule a planned outage, and provide a high-level reason why the planned outage was cancelled or rescheduled. However, the new obligation should be reasonable and practical. The cancellation and notification process can be complex and on this basis, we believe we should be required to notify 'as soon as practicable' after the decision is made to cancel. No further timeframes or methods of notifying should be specified.

The ESCV proposes we provide hard-copy and electronic notification of a cancellation if it is more than five days ahead of the planned outage, and only electronically if less than five days from the planned outage. Notifications via electronic means are proposed to be required within one hour of the decision to cancel the outage.

Our concerns with the proposed requirements are that:

- customers may receive conflicting communications regarding a planned outage if using a combination of hard-copy and electronic means, given the timing difference in the delivery of the communications (as discussed in section 2.2 above)
- decisions to cancel may not be made at times where it is appropriate for an immediate notification to a customer e.g. during the middle of the night

On this basis, we believe it would be more effective for us to notify the customer of the cancellation of a planned outage as soon as practicable once the decision is made to cancel.

# 3 Guaranteed Service Levels

For GSL payments, we consider:

- material increases in payments may result in higher network charges for all consumers
- threshold level for triggering payments should not materially decrease given our customers have indicated that they are satisfied with our current reliability levels. We also note the ESCV has not tested this recommendation with our customers
- payment levels should not be increasing given that network charges are declining in real terms
- extreme weather events should not be included in the GSL scheme as they distort the incentives contained in our regulatory regime
- missed or late appointments GSL should be abolished
- drafting of the GSL for delayed new connections could be improved
- reliability-related GSL payments to customers should continue to be made annually

The purpose of a GSL payments scheme is to compensate those customers who receive a level of service that is worse than a specified threshold or level. It is compensation for the inconvenience caused to the customer, in circumstances where it may not be economic to upgrade network supply. It is not a scheme to incentivise distributors to improve service to the worst served. In fact our own engagement found our customers would prefer GSL payments be redirected into improving services for worst served customers.

We believe the current GSL payments scheme is fit-for-purpose as it effectively identifies those in the bottom 1% of reliability performance in our network, and appropriately compensates customers for poor service and their inconvenience.

We support the ESCV proposal to limit the GSL scheme to residential and business customers who have, or should have, a smart meter.

## 3.1 Material increase in GSL payments leading to higher network charges

In an environment where the affordability of electricity has a high political focus, we do not consider the material increase in GSL payments, which will result in an increase in electricity distributions costs, is in the best interests of all customers, or has been shown to be our customers' preference.

The changes proposed by the ESCV will result in a material increase in the total amount of GSL payments made by distributors to customers, driven by:

- lowering of the threshold that triggers a payment
- increasing the value of the payment to customers.

The combination of these factors will lead to a two, three or even ten-fold increase in the total value of GSL payments that we make to customers in a given year, as shown in the table below.



Table 1 Increase in the value of GSL payments to customers

	CitiPower		Powercor		United Energy	
	Current scheme	Proposed scheme	Current scheme	Proposed scheme	Current scheme	Proposed scheme
2017	\$27,800	\$48,740	\$2,074,560	\$4,121,300	\$58,080	\$592,070
2018	\$62,240	\$123,850	\$2,796,980	\$7,673,800	\$813,440	\$3,234,140
2019	\$59,080	\$129,670	\$2,903,720	\$6,428,240	\$220,160	\$379,350
<b>Total</b>	<b>\$149,120</b>	<b>\$302,260</b>	<b>\$7,775,260</b>	<b>\$18,223,340</b>	<b>\$1,091,680</b>	<b>\$4,205,560</b>

Source: CitiPower, Powercor and United Energy

GSL payments are recovered from all customers, as they are reflected in our annual revenue requirement determined by the Australian Energy Regulator (AER). The increase in GSL payments will increase our operating expenditure and future revenue requirement, incrementally raising network tariffs for all customers over the 2021–2026 regulatory period.

Through our stakeholder engagement with customers, affordability is their primary concern. Indeed, affordability permeates every discussion we have about electricity. Participants in our stakeholder engagement program have consistently indicated that affordability is highly-valued, and many see current electricity prices as too expensive.<sup>2</sup>

In contrast, the ESCV's proposed GSLs do not appear to be based on an engagement program to discuss with consumers the relevant trade-offs.<sup>3</sup> We note the Essential Services Commission of South Australia (ESCoSA) engaged Oakley Greenwood to undertake a survey of residential and business customers which showed that consumers overall are satisfied with current reliability outcomes, and have limited willingness to pay for reliability improvements. The clear message from the customer survey was that consumers wanted a better-targeted and cheaper scheme, which customers pay through their electricity bills.

## 3.2 Increasing low reliability payments

The annual duration payments, which are the largest GSL category by value, are proposed to increase as a result of:

- lowering of the threshold that triggers a payment
- increasing the value of the payment to customers.

These are discussed in turn below.

### 3.2.1 Material decrease in the threshold that triggers a payment

We do not consider that the threshold level for GSL payments should materially decrease given our customers have indicated that they are satisfied with our current reliability levels. The decrease in the GSL threshold will

<sup>2</sup> See each CitiPower, Powercor, United Energy, Regulatory Proposal, January 2020.

<sup>3</sup> Refer Oakley Greenwood, Economic assessment of electricity distribution reliability standard packages, 26 June 2018. Available from: <https://www.escosa.sa.gov.au/projects-and-publications/projects/electricity/sa-power-networks-2020-reliability-standards-review>

result in increased bills to all customers, which we do not consider is representative of the wishes of our customers given our engagement activities over the past three years.

The base threshold for triggering a GSL payment for low reliability – annual duration has decreased by 40%. That is, if a customer experiences 12 hours off-supply in a given year, they will receive a GSL payment under the proposed scheme compared with 20 hours under the current scheme.

The ESCV suggests that the decrease in the threshold is "reflective of community expectations".<sup>4</sup> It has been calculated by taking a five-year average of high voltage (HV) feeder data at the worst 1%, as calculated through our annual regulatory information notices (RINs) to the AER. Outages on major event days (MED) and other exclusions have been removed from the data.<sup>5</sup>

Our customers have consistently informed us through our stakeholder engagement programs that they are satisfied with current levels of reliability. That said, they have indicated that they not willing to trade off current reliability for cost savings, however, they are willing to pay to improve reliability in areas with poorer service.<sup>6</sup>

The ESCV GSL scheme is not designed to act as an incentive to improve reliability to those areas. Rather, it seeks to acknowledge the inconvenience customers experience.

### 3.2.2 Increase in the value of the payment

The ESCV proposes to increase the value of payments to customers by \$10 across most GSL categories. The update to the payment levels is based on the changes in consumer price index (CPI) and value of customer reliability (VCR) studies since the last review of the GSL scheme, leading to an increase of around 7% in payment levels.<sup>7</sup>

The ESCV has failed to take into account that network charges have fallen in real terms since the last review of the GSL payment levels, as shown in the table below.

Table 2 Typical residential DUoS bill

	2015 (nominal)	2021 (proposed) (nominal) <sup>8</sup>	Nominal change	Real change (%)
CitiPower	\$256	\$274	\$18	-3%
Powercor	\$351	\$357	\$6	-8%
United Energy	\$285	\$289	\$4	-9%

Note: Based on typical customer consumption of 4,000kWh per annum  
Source: CitiPower, Powercor and United Energy

As a result, the increased GSL payment levels are proposed to increase as a proportion of the average annual distribution use of system (DUoS) charges to residential customer. Indeed, the proposed GSL payments for

<sup>4</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 41.

<sup>5</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 42.

<sup>6</sup> CitiPower, Regulatory Proposal, January 2020, p. 18; Powercor, Regulatory Proposal January 2020, p. 18.

<sup>7</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 47.

<sup>8</sup> Refer each CitiPower, Powercor, United Energy, Overview paper, January 2020, p. 8.

48 hours<sup>9</sup> off supply in a year (\$380) or 20 unplanned interruptions in a year (\$380) are greater than the annual revenue that we will receive from that customer for DUoS. In essence, all customers will be paying for those customers receiving the top GSL payment to be connected to our network that year.

### 3.3 GSL payments should not apply for extreme weather events

We consider that a GSL should not apply on a major event day (MED). The ESCV proposal for GSL payments of \$90 for outages of 12 hours or more on MEDs seeks to acknowledge the inconvenience to a customer from a single, large interruption, but appears motivated by the exceptional circumstances of the 2018 Australia Day weekend.

MEDs are days where the interruptions are not regarded as representative of daily operation, usually due to severe weather conditions on the day. Our customers understand that we do not guarantee 100% reliability and on days of extreme weather our overhead network is susceptible to the elements. On these extreme days, it is our objective to safely restore supply to our customers and prioritise those customers most in need.

As the ESCV is aware, MEDs are excluded from the operation of the AER's service target performance incentive scheme (STPIS). The STPIS incentivises us to maintain and, if economic, improve service performance. The exclusion of MEDs is on the basis that these outlier performance events may distort the incentive properties of the STPIS. That is, MEDs distort the underlying reliability of our networks, and it is not the intention of the STPIS for us to invest to protect the network from these types of events.

The ESCV highlights the 2018 Australia Day weekend outages which occurred due to extreme heatwaves. We, along with other distributors, provided affected customers with a one-off goodwill payment as agreed with the Victorian Government. We are therefore disappointed that this goodwill gesture has now been used to establish a precedent by the ESCV.

Severe weather events are outside of our control, and appear to be increasing in number and severity as a result of changes to our climatic conditions. As noted above, we are concerned that the MED GSL will contribute to a material increase in the total value of GSL payments to customers, thereby inefficiently driving up the network charges for all customers. We ask the ESCV to reconsider its position on this matter.

### 3.4 Missed or late appointments GSL should be abolished

The missed or late appointment GSL should be abolished for the following reasons:

- the GSL scheme is proposed to be limited to residential and business customers who have, or should have, a smart meter,<sup>10</sup> however where appointments are required, these are typically made with the Registered Electrical Contractor (REC) or a trades person rather than the end-customer
- the GSL structure may incentivise us to provide a degraded customer experience and commitment compared to what we have in place today
- the primary purpose of appointments (when originally included in the code) were for special meter reading activities related to energisation of sites, specifically fuse inserts/re-inserts, which are now conducted remotely following the introduction of smart meters.

---

<sup>9</sup> 0.5% of a year

<sup>10</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 63.

Firstly, the ESCV notes that customers and distributors still have appointments for solar installations, meter replacements, supply upgrades and alterations. Appointments made for solar installations, meter replacements, supply upgrades or any other alterations are not made with the electricity customer, but rather with trade allies (i.e. Registered Electrical Contractors) whom we have professional relationships with that are acting on behalf of the customer.

In terms of solar installations, we do not attend the site nor have appointments for the vast majority of solar connections. Our pre-approval (when required) and application processes for solar connections are either completed online or via paperwork (Electronic Work Request and Certificate of Electrical Safety), provided to us by the customer's energy retailer. Installations are completed by a REC. A Licenced Electrical Inspector (LEI) engaged by the REC assesses and certifies the compliance of the site to applicable regulatory instruments and provides us a Certificate of Electrical Safety (CES) for the site. We rely on this compliant CES and reprogram the meter remotely to account for the bidirectional flow of electricity - site inspection is not required by us. The protection and control requirement of embedded generation sites having installed inverter capacity >200 kVA is complex, and we would only attend these sites prior to connecting it to our network. There are significantly fewer of these types of installations per year compared to standard residential solar, which is the focus of the Solar Homes program.

Claims may be submitted and may be payable where we do not meet our commitments with the REC or other trade allies. This process sits outside of a late appointment GSL arrangement, and our view is that the late appointment GSL paid to the customer is not helpful or relevant in these cases.

Secondly, the GSL structure may incentivise us to provide a degraded customer experience and commitment compared to what we have in place today. Our current arrangements are:

- For CitiPower/Powercor: RECs are offered the eConnect online portal to apply for and confirm their preferred dates and times. RECs are offered available appointment slots having two hour window (e.g. 8-10am). RECs are provided with confirmation of their requested timeslot via email immediately. 48 hours before the applied appointment time slot, RECs receive an SMS/email with a specific appointment time within the two hour window that we will arrive (e.g. 8.50am).
- For United Energy: RECs apply for appointments and we confirm a specific date and time (e.g. 15 June 2020 at 8.50am) over the phone and confirm via SMS/email.

Under the ESCV proposal, we will be discouraged from offering the increased certainty that this method provides in fear of breaching GSL requirements for arriving 15 minutes late of the confirmed time. Instead, we would be incentivised not to confirm exact timeframes, and revert to a two or even four hour window<sup>11</sup> and only provide payments when outside of this time.

Finally, the ESCV agrees that the original reason for this GSL has been partly dealt with the through the deployment of smart meters.<sup>12</sup> We consider the GSL should not remain as we have been meeting our customer's service expectations, as evidenced through the low total value of payments made in this GSL category.

---

<sup>11</sup> As discussed in section 3.5 of the ESCV draft decision.

<sup>12</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 53.

### 3.5 Amend the GSL for delayed new connections

We consider that drafting of the GSL for delayed new connections could be improved. In particular, the proposed replacement clause 6.2(a) could provide better flexibility for both the customer and the distributor if the trigger for the GSL is failure to connect “by the agreed date...” instead of “on the day agreed...”.

This amendment better aligns with the ESCV draft decision, which states that 'we propose to make it explicit that customers are eligible for payments in the event their distributor fails to make the connection within 10 business days or by the agreed date'.<sup>13</sup>

This minor change provides the opportunity for distributors to bring forward connections where able and have customers connected sooner. It also protects distributors and customers from wasted truck visits where distributors arrive ready for a connection and a customer has not met their requirements of a compliant site (outlined in section 2.6 of the current EDC). It ensures that customers complete all required actions prior to confirming readiness and formal application with the distributor.

### 3.6 Aligning the proposed exclusions from the GSLs with other frameworks

We welcome further discussions with the ESCV on the how the exclusions from GSLs will practically operate. In particular, we seek clarity around the process for seeking approval from the ESCV for an exclusion and the timeframes in which they will be considered.

In relation to the exclusion on total fire ban and code red days, we request that this exclusion be extended to include circuit breakers in addition to automatic circuit reclosers and rapid earth fault current limiters.

### 3.7 Reliability payments should only be made annually

We support the continuation of annual payments for reliability, rather than the proposal for payments to be made 60 business days after the end of a quarter. This is because payments should be based on independently audited data.

Currently our reliability performance data, which is used as the basis for GSL payments, is independently reviewed as part of the RIN process. The AER also completes a review of all exclusions as part of the RIN review process. The RIN process provides confidence in the accuracy and robustness of the data. Following audit, these payments are made to the retailer who then adds it to the customer’s bill.

Using unaudited data and requiring distributors to make payments to retailers within 60 business days of the end of each quarter will not result in an improved outcome for our customers. We would not make payments for an excluded event (or MED) until the AER has made a decision on that event. Also, our payment is not made to the retailer until 60 business days following the end of a quarter. The customer would receive the GSL payments between one and three months later, depending on their billing cycle. Hence it could be up to six months before the customer receives the GSL payment. As a consequence, they may not see the correlation between the payment and the poor service in any event.

Finally, we do not consider a specific timeframe is necessary for connection GSL payments. Currently we pay the appointment and connection GSL payments as soon as practicable once it has been validated that a payment is applicable.

---

<sup>13</sup> ESCV, Electricity Distribution Code review - customer services standards, draft decision, 7 May 2020, p. 56.

# 4 Other matters

- The final decision should take effect no earlier than 1 July 2021
- There is no need to inform customers of possible outages when testing bushfire safety equipment, as the annual testing does not drive faults for end customers

## 4.1 Longer implementation timeframe

The final decision is proposed to take effect from 1 January 2021. We consider that this is insufficient time to enable us to make the required changes to systems and processes, nor allow full recovery of the proposed increase in GSL payments. We support a six month delay to the implementation of the final decision.

In terms of changes to systems and processes, we will need to undertake a range of activities including:

- amend IT systems to capture cumulative hours of unplanned outages per NMI, that can be reported on a quarterly basis
- update systems and processes to enable verification of the unplanned outage data on a quarterly basis
- update billing systems to enable payment of GSLs on a quarterly basis
- create a process to bulk upload customer details provided by retailers through the Australian Energy Market Operator (AEMO) B2B system to our customer information system
- create a system to record and store EIC provided by customers
- update our systems to enable electronic communications to customers and track those communications
- create an end-to-end process for cancellation of planned outages.

Sufficient time is required to address IT development, process design, compliance and governance matters as well as testing of the IT solution. We consider that the changes may take up to 12 months, given our current backlog of IT system changes driven by COVID-19 and the resultant delays to other IT amendments driven by other regulatory bodies.

Finally, we note we will be unable to recover the higher GSL payments over the period 1 January 2021 to 30 June 2021. This six month period falls within the transitional arrangements as our regulatory period moves from a calendar year to a financial year. Our operating expenditure will be calculated as the 2020 allowance trended forward by the relevant rate of change, and then halved. On this basis, we consider that the new GSL arrangements should not come into effect until 1 July 2021 at the earliest to ensure we are able to recover any changes to the GSL scheme proposed by the ESCV.

### 4.1.1 Alignment of momentary and sustained interruption definitions with AER commencement

The AER's changes to the definitions of momentary and sustained interruptions will be applicable from 1 July 2021. This is a further reason for the ESCV to implement the changes to the EDC from no earlier than 1 July 2021.

The ESCV has proposed to align the momentary and sustained interruption definitions with the national framework:

*"Draft decision 8 - Updating momentary and sustained interruption thresholds*

*We propose to update the definitions of sustained and momentary interruptions to align with the national framework where a momentary interruption is defined as less than three minutes and a sustained interruption is more than three minutes."*

Unless the implementation timeframes are aligned, we will be required to prepare two sets of data/reports to capture the above requirements.

## 4.2 REFCL testing does not result in customer outages

We do not support the proposed new obligation to notify customers of possible outages when we test our bushfire safety equipment.

The proposed new obligation does not define what testing of rapid earth fault current limiter (REFCL) means. In the Electricity Safety (Bushfire Mitigation) Amendment Regulations 2016 (the Regulations) we are required to provide details of testing to Energy Safe Victoria (ESV) that will be undertaken before the specified bushfire risk period each year. This testing is to ensure that our network meets required capacity. Therefore we assume that the definition of testing of REFCL in the EDC is for the demonstration of required capacity and is testing for compliance purposes conducted in the presence of representatives from ESV.

Since the REFCL program commenced, we have successfully commissioned and tested REFCLs at 10 zone substations. During this time we have undertaken over 3,000 earth fault tests, using our REFCL testing trailers to apply low and high impedance faults to validate the REFCL's performance. These earth fault tests are a combination of testing for internal purposes (i.e. a dry run ahead of compliance testing) and compliance testing with ESV observing.

Our first compliant substation, Gisborne, was tested in 2018 with members of ESV observing. Since then, we have conducted 2,285 tests in the presence of ESV for the purpose of demonstrating that our substations meet required capacity. These tests have been conducted at ten zone substations, with three stations tested in 2018 and 2019 and currently undergoing annual testing in 2020. So far three three stations have been tested (for the first time) in 2020.

We have experienced extremely low instances of failures coincident with REFCL compliance testing, with a total of eight faults occurring during 2,285 ESV-observed compliance tests (0.35%). These faults are:

- typically either a HV fuse operation or pole transformer failure and only result in a localised outage
- noted in our REFCL compliance reports submitted to ESV
- not necessarily solely-attributable to REFCL testing and may be caused by unrelated events, such as weather.

The greatest chance for a customer to experience an unplanned outage as a result of REFCL is during commissioning. During commissioning we expose the distribution network to the elevated REFCL phase-to-ground voltages for the first time. We refer to this part of commissioning as stress testing.

We conduct stress testing overnight (typically between 1am and 6am), raising the voltage on one phase at a time from 12.7kV to 22kV for approximately ten minutes. Once one phase has been tested, we proceed to test the next phase. This testing is conducted overnight to minimise inconvenience to customers should an unplanned outage occur. We already proactively inform the community of our presence and activities through media releases and other communication channels, as outlined in our REFCL stakeholder and communications plan. An example of a media release regarding recent stress testing at Ballarat North zone substation is provided in appendix A.

Lastly Victoria's REFCL program is a world-first for bushfire mitigation. The Victorian Government has supported the program through legislation, demonstrating their commitment to keeping their constituents safe. Informing customers of REFCL testing and the potential for resultant unplanned outages may reduce confidence in the technology and may cause unwarranted concern for our customers.

### **4.3 New reporting requirements for solar**

The ESCV has proposed we report new embedded generation application data, in cases where applications are subject to pre-approval for customers who use less than 40MWh per hour, and for solar systems considered basic connections. We have no concerns on reporting this data other than 'processing time for final approvals', as this is not a step in our process.

### **4.4 New reporting for GSL levels**

The ESCV has proposed that we report the GSL performance data in line with other RIN data. We have no concerns on providing this data at the same time we provide this data to the AER, noting that from 2021 onwards, RINs are submitted on a financial year basis, which means this will be provided in October rather than April.



# Appendix A



Monday, 20 April, 2020

## Testing continues for Ballarat safety devices

Testing of a new bushfire mitigation device being installed in Ballarat will continue this week as part of electricity distributor Powercor's program to further improve the safety of the network.

Powercor is installing Rapid Earth Fault Current Limiter devices (REFCLs) at the Ballarat North and Ballarat South zone substations. The devices operate in a similar way to a large safety switch on the network and are designed to minimise the chance of a spark occurring if a powerline comes into contact with the ground or a tree limb, thereby reducing the risk of fires starting from powerline faults.

As part of work to install the device in Ballarat North, Powercor crews will be conducting testing around between 1am and 6am on Tuesday, Wednesday and Thursday this week (21-23 April). Similar testing will also occur overnight on 4, 5 and 6 May.

Powercor REFCL Technical Director Andrew Bailey said the REFCL rollout was one of the most technically complex changes the electricity industry had seen in more than 30 years.

"The testing validates the replacement work that we have already conducted and identify whether other upgrades or changes need to be made to the local network to support the safety device," Mr Bailey said.

There are no outages planned during this work, however testing can occasionally cause unplanned outages.

"In the unlikely event of an outage, we have crews ready to respond as quickly and as safely as possible to get power back on to homes and businesses," Mr Bailey said.

During the 2019-2020 summer, Powercor had REFCLs at 10 Zone Substations in service and operating at heightened sensitivity settings on total fire ban days.

On 21 November 2019, which was Victoria's first code-red declared Total Fire Ban day (in Mallee and Northern Country) since Black Saturday, REFCLs detected and activated for six permanent faults and eight other faults. Between October and the end of January, there were 17 total fire ban days in western Victoria. On these days, REFCLs activated 13 times for permanent faults, 22 other faults and 75 temporary faults.

"REFCLs are keeping communities safer. They are providing our communities added protection and are improving the safety of our networks," Mr Bailey said.

Ballarat's REFCLs will both be in operation by April 2021.

For more information about REFCLs visit <https://www.powercor.com.au/safety/bushfire-mitigation-program/rapid-earth-fault-current-limiter/>