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Essential Services Commission
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Dear Commissioners

Essential Services Commission - Electricity Distribution Code Review

EnergyAustralia is one of Australia's largest energy companies with over 2.6 million electricity and gas accounts in NSW, Victoria, Queensland, South Australia, and the Australian Capital Territory. We also own and operate a multi-billion dollar energy generation portfolio across Australia, including coal, gas, and wind assets with control of over 4,500MW of generation in the National Electricity Market (NEM).

EnergyAustralia welcomes the opportunity to make this submission to the issues paper for the review of the Electricity Distribution Code (the Code). The Code has provided protections to Victorian customers by outlining a distributor's requirements and obligations, and we emphatically encourage this be the forefront in the consideration of any potential changes.

We believe that harmonisation of the Code with national regulation would be largely beneficial. In particular, the relationship between retailers and distributors should be formally outlined – where appropriate – in the Code.

The retailer to distributor dispute process is currently the remit of the Use of System Agreement, as such it does not provide retailers with the protection required to ensure retailers do not absorb inaccurate or unfair charges. Charges that retailers are unable to pass through result in dispute, and where the dispute function is not clearly outlined in regulation the reality is unsuccessful disputes will ultimately result in the charges smoothed across retailers' customer base via increased costs.

Responses to specific questions outlined in the issues paper are addressed in the following pages.

If you would like to discuss this submission, please contact me on [REDACTED] or [REDACTED].

Regards

Sarah Ogilvie
Industry Regulation Leader

1. Notifying customers during an unplanned power outage

1.1 Should we set an obligation on distributors to proactively contact vulnerable (such as life support) customers before a potential unplanned outage?

Vulnerable customers should be treated as a priority in any outage, planned or unplanned. Ideally the distributor will notify these customers once it is aware of an unplanned outage. However, the reality is that there is little capacity to identify unplanned outages beforehand and this is when the notification would have the greatest impact.

A threshold for when a distributor is obligated to contact customers relying on life support equipment is entirely reasonable. We would also suggest increased consideration for distributors to notify customers in high risk areas before events such as significant storms, flooding, or bushfires.

Defining vulnerable customers in the Code should avoid a broad range of customers; currently vulnerable customers can include any customers that are unable to afford their consumption, not specifically life support customers. A customer may be vulnerable based on their capacity to pay bills; however, this does not make them more reliant on distribution contact from a customer that has the capacity to pay.

1.2 How should we update the current obligation on distributors informing government departments of unplanned long outages?

Updating the minimum timeframe required for an unplanned outage (24 hours) in line with the current practice of distributors to notify government departments when the unplanned outage may not reach this threshold, is a sensible approach. We would suggest considering whether any changes are necessary if distributors are already acting in line with the proposed change and assessing if notification to government departments is entirely necessary for unplanned outages less than 24 hours.

2. Notifying customers of planned power outages

2.1 What form of notification or engagement should be provided to customers by electricity distributors before a planned outage?

Varying levels of engagement are required based on the length of the proposed outage and the customers it will impact. For instance, an outage in an area that will impact businesses during business hours would need more personal engagement and advice than an outage that will impact residential properties at a time where many residents are not at home.

In person community engagement should be considered for outages that will exceed a reasonable threshold – >12 hours – this will enable business and residential customers to receive adequate advice on the outage in preparation. Whereas for shorter outages the current notification process would be sufficient.

2.2 Should we impose a new obligation to notify customers of a cancelled or rescheduled planned outage?

It is reasonable to require a distributor to notify customers that a planned outage has been cancelled, and we would agree that there should be an obligation on this. We would expect that there is still some allowance for distributors in situations outside of their control, such as extreme weather events. It is worth considering that the obligation would factor in extreme weather events as a reason that notification on a planned outage might not be achieved within a preferred timeframe, in the same respect there should be consideration on obligations for distributors to warn customers that the planned outage may be cancelled if there are extreme weather events forecast.

3. Guaranteed Service Level scheme

3.1 Should the purpose of the scheme be redirected to address poor service or something else altogether?

The Australian Energy Regulator (AER) has proposed a Customer Service Incentive Scheme, we believe that this is the appropriate format for achieving better customer service results. Linking customer service to the GSL scheme is difficult as perception of customer service is something that varies greatly depending on customer and incident.

3.2 Are there other ways we should think about improving service levels for the worst parts of the network in the code?

The AER's Service Target Performance Incentive Scheme (STPIS) is designed to promote increased emphasis on reliability, it does however not consider the immediate impacts of the worst impacted customers. As is noted in the paper the GSL scheme does not affect the revenue distributors could receive, therefore any detriment to a distributor from poor service as identified in the STPIS is countered via the additional revenue approved by the AER for poor reliability by the GSL scheme.

Essentially it doesn't seem appropriate to approve revenue for distributors in relation to payments they will make for their poor reliability; however, it is also not acceptable for the worst impacted customers to lose the only form of compensation they will receive because of experiencing poor reliability.

We would suggest that reliability payments in the form of GSLs should continue, and that the ESC should consider advocating to the AER that the GSL scheme should be an additional revenue impact, in line with the STPIS. It is our view that the STPIS is a moderate incentive and there would be room for additional reliability requirements/expectations in order to improve overall standards.

3.3 Is each payment category still fit-for-purpose in meeting the overall purpose of the scheme?

Each category is still fit-for-purpose. The timeframes or triggers within each category could be altered in-line with community expectations. For example, urban and rural customers experiencing outages of >12 hours and for multiple outages. These timeframes should be re-examined and distributors should have to report on why network reliability has not improved since the previous limits were set.

3.4 Should customers receive a low reliability payment and a restoration payment?

It is stated in the issues paper that the low reliability payment is to acknowledge customers who are unlikely to ever receive service improvements due to the cost associated with improving their supply. This would suggest that there is a need for both a low reliability and a restoration payment; either to compensate a customer that is receiving unacceptable service or with the continued emphasis to a distributor to consider improvements to their network.

If it is unlikely that service improvements will ever occur then the amount provided to these customers should be increased; the percentage of low reliability compared to other customers that are paying the same daily service charge, i.e. two customers in a distribution area are paying the same daily service charge, yet one is receiving 30% less reliability. This discrepancy should be a reduction in the customers daily supply charge or an amount increased to the GSL payment, when the mean difference is calculated for all low reliability customers compared to the rest of the network.

3.5 Are there new categories that we should consider including in the scheme?

There is scope within the GSL scheme to address additional areas of poor service, such as delays in processing applications, and installation of solar systems. There is a financial impact for customers when a solar installation is delayed and an expectation that there should not be any unreasonable impediments.

3.6 Should we change our principle of worst served customer to capture systemic poor performance?

The ESC should consider changing the principal of worst served customer to additionally capture systemic poor performance. The worst served customers should also continue to factor in customers that have historically had reliable service, as it is a customer's expectation that any reliability issue is the responsibility of the distributor and this is something they have been contributing to improvements in their daily supply charge.

3.7 Are there any outage scenarios we should include or exclude from the scheme?

Customers make significant contributions to the ongoing maintenance of the network; therefore, it is reasonable to expect that any unplanned outages that are within the control of the network should be considered under the GSL scheme.

It is not reasonable to expect a distributor should be liable for GSL payments in instances that they are unable to supply; for example, lack of reserve, or transmission fault (not in the distribution network).

4. Voltage standards

4.1 Should the commission review the distributor's voltage standards in the way distributors should manage voltage?

Australian Standards are industry-recognised and therefore should be considered. However, the current voltage standards are appropriate and fit for purpose, and it is not clear from the issues paper what benefit there would be to customers from changing the voltage standards.

4.2 What are the appropriate customer protections relating to voltage management that we should consider?

It is vital that any changes do not impact the Electricity Industry Guideline 11 – Voltage Variation Compensation. The protections provided to customers under this guideline ensure that any voltage variation event which has damaged a customer's property/appliances will result in compensation.

The guideline is in place because it is reasonable to expect that a distributor will maintain the voltage at an acceptable range - as part of the daily & supply charges paid by customers - and if the protections did not exist that compensation claims would require litigation by customers if they could afford it; which would be a financial burden on customer and distributor, and limitation for vulnerable customers.

5. Supply frequency

5.1 Is there a need to consider the management of frequency in micro-grids and stand-alone power systems? And is it appropriate for these standards to be considered in the Electricity Distribution Code?

Supply frequency should be considered within micro-grids and stand-alone power systems, particularly when these systems are not considered as part of an independent island scenario. When a system is considered 'removed' from the distribution network by an independent island scenario, the Code should not apply, as the frequency is no longer managed by AEMO, the parties involved will not be covered by the Code, and there will be Australian Standards setting the minimum standards for stand-alone power systems (AS4509) and inverters (AS4777.2).

We believe that the ESC should consider rule changes that have occurred/ proposed to the NER (i.e. FCAS through aggregated DER).

5.2 Should we consider expanding the existing standards to capture all embedded generation technology?

All embedded generation technology should be considered within the Code; however, we believe that the technical requirements are better placed under the remit of the Australian Standards, as the Code is specific for distributors.

It is worth considering in instances where the capacity of the embedded generation load exceeds a limit that could create significant risk for the network, that the embedded generator should be reassessed by AEMO (as the frequency manager) and as such considered under the Code.

5.3 Aggregation is a new and evolving model in the energy landscape. What matters should we be taking into consideration?

In the current understanding of an aggregator the Code does not seem to be the appropriate as aggregation is operating within the distribution network, it therefore will be under the control/limits of the distributors.

We believe that new and evolving models must be registered and conform with Australian Standards, and distribution requirements. The Code should consider how it describes the requirements for new and evolving models to interact with the distribution network.

5.4 Should we retire our register and harmonise by requiring distributors to comply with the national register only?

The ESC register should be retired in favour of the national register.

6.1 Other code issues

The ESC should ensure that where possible the definitions in the Code mirror those that are defined in the National Energy Rules and the Electricity Act.