

Projects on the Go October 2021

Activities of OTTER
prepared for the
OTTER Customer Consultative Committee

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OTTER Customer Consultative Committee
Projects on the Go
Meeting 3/2021
October 2021

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1. Water and Sewerage

a. 2022 Price Determination Investigation

TasWater submitted its proposed price and service plan (PSP) for the fourth regulatory period on 30 June 2021. OTTER is currently assessing TasWater's proposed PSP against the requirements set out in the legislation and the Regulator's *Price and Service Plan Guideline* (April 2021). OTTER is also analysing TasWater's forecasts and pricing model. TasWater's PSP and a public version of its pricing model is available on the Regulator's website.

The Regulator appointed a consortium comprising: Carisbrooke Consulting Group; Utilities Regulation Advisory and Strategic Infrastructure Planning Advisory (CCGUS) as its consultant to review TasWater's actual, budgeted and forecast capital (capex) and operating expenditure (opex) for the period from 1 July 2018 to 30 June 2021, 2021-22 and the fourth regulatory period (1 July 2022 to 30 June 2026) respectively.

On 14 October 2021, the Regulator decided to extend the timeframes for the release of his Draft Report and proposed Determination. The Regulator made this decision so as he has sufficient time to:

- fully consider the proposals set out in TasWater's proposed Price and Service Plan; and
- conduct targeted consultation, before releasing his Draft Report and proposed determination, in relation to TasWater's sewerage charging, trade waste and developer charges proposals (see further below).

The Regulator also decided to extend the timeframes for the completion of CCGUS' review of TasWater's opex and capex.

As a result of these decisions, the Regulator intends releasing its Draft Report for public consultation in early February 2022. Submissions will be due by mid-March 2022. The Regulator will release its Final Report and make its Determination in early May 2022 with the new prices applying from 1 July 2022.

In relation to consultation, the Regulator invites customers and stakeholders to:

- ask questions or provide comments by emailing office@economicregulator.tas.gov.au;
- submit feedback on TasWater's proposal;
- talk to an OTTER team member about any issues or concerns you might have; and / or
- attend one of the planned online public forums.

These forums provide an opportunity for stakeholders to express their views and raise questions about TasWater's proposals. The forums will be held during November 2021 prior to the completion of the Regulator's Draft Report and proposed determination.

To register your interest, please send OTTER an email indicating the forum/s you would like to attend (click on one of the topics below).

[Trade waste charges](#)

[Developer charges](#)

[Sewerage charging](#)

[Service levels](#)

Each forum will run for approximately 1 hour and session days and times will depend on the level of interest received. OTTER will send further information to registered participants via email in late October / early November 2021.

OCCC members are encouraged to invite their members to participate in the consultation process.

To follow the development of the Regulator's draft decisions, you can also subscribe to the Regulator's mailing list by emailing office@economicregulator.tas.gov.au.

2. Taxis

a. 2021 Owner-Operator Taxi Licence Reserve Prices Investigation

Under the Taxi and Hire Industry Act 2008, the Regulator is required to determine the minimum price (reserve price) from 1 December 2021 to 31 December 2025 for which an owner-operator taxi licence (OOTL) can be purchased from the Transport Commission. There are 24 taxi areas in Tasmania and the Act specifies that, for this first price determination, the reserve price for any taxi area must not decrease for more than 10 per cent annually.

The objectives of the determination is to assist in the development of efficient pricing and competition for taxi licences and to promote a safe taxi transport system that responds adequately to consumer demand for taxi services. After consulting with the taxi industry across Tasmania during August and September, on 1 October 2021, the Regulator released a draft report and determination for public consultation.

The draft report and determination sets out the Regulator's approach for determining the reserve price in each of the 24 taxi areas against the objectives of the determination, as well as the draft reserve prices until 2025.

The draft report and determination proposed applying the 10 per cent reduction to 16 of the 24 taxi areas, based on the downward market trends in taxi licence trades and/or perceived lack of competition in these areas, and proposed applying a five per cent reduction to three taxi areas based on perceived higher level of competition and/or less downward trends in taxi licence trades, and proposed no change to the reserve prices in the remaining five taxi areas based on perceived sufficient level of competition.

The public consultation closed on 22 October 2021. To date, the Regulator received one submission from an OOTL holder to the draft report and determination, which strongly opposed the proposed reduction in reserve prices for the Hobart taxi area.

b. 2021 Taxi Fare Methodology Inquiry

The Regulator was directed by the Minister for Finance and the Minister for Infrastructure and Transport to conduct an inquiry into, and recommend appropriate methodologies for, setting taxi fares in Tasmania, on 2 July 2021.

The Regulator is to provide a final report by 28 February 2022.

This is the second such inquiry conducted by the Regulator, the first inquiry was conducted in 2012-13. Since then, there have been a number of significant changes affecting the taxi industry in Tasmania, including the introduction of ride-sourcing, expansion of community transport services and the impact of COVID-19 related restrictions.

The Regulator has engaged a consultant to assist with the inquiry.

The Regulator intends to release a consultation paper and the consultant's draft report for public consultation on 19 November 2021.

3. Motor Accidents Insurance Board (MAIB) 2021 pricing investigation

In July 2021 the Regulator released its Final Report in relation to its investigation into the pricing policies of the Motor Accidents Insurance Board (MAIB). It contains the Regulator's conclusions and recommendations for maximum MAIB premiums to apply for the four years beginning 1 December 2021.

In preparing its Report, the Regulator reviewed the MAIB's forecasts of claims and expenses, sought independent actuarial advice and considered matters raised in submissions.

In its Final Report, the Regulator recommended:

- that most Tasmanian vehicle owners continue to pay the same MAIB premium from 1 December 2021 to 30 November 2022 as they have been paying this year, with the premium for a standard motor car remaining at \$282 (excluding duty).
- small increases in the premiums for owners of medium to large motorcycles and ride-sourcing vehicles such as Uber vehicles.
- premiums for caravans, heavy trailers, plant and machinery, farm tractors and special interest vehicles to decrease by between 15 to 24 per cent from 1 December 2021.
- vehicles used for car sharing (ie peer-to-peer car rentals and membership schemes) are to remain in Class 8 (Hire and Drive Vehicles) as proposed by the MAIB.
- eligible asylum seekers and eligible pensioners continue to receive a 20% discount on one class 1 or class 2 motor vehicle.
- MAIB premiums from 1 December 2022 may be indexed each year to 2024-25 by the increase in earnings (Average Weekly Ordinary Time Earnings).

The Report and other information relating to the investigation can be found at <https://www.economicregulator.tas.gov.au/maib/2021-maib-pricing-policies-investigation>

The decision on the level of maximum premiums is made by the Tasmanian Government and is set out in an Order tabled before both Houses of Parliament.

The [*Economic Regulator \(MAIB Premiums\) Order 2021*](#) (MAIB Premium Order) was made on 15 September 2021 in accordance with section 36(3) of the Economic Regulator Act. The Order specifies the maximum premiums MAIB can charge for each of the four years covered by the Order (1 December 2021 to 30 November 2025 inclusive).

The Order is consistent with the Regulator's recommendations set out in its Final Report. The Order is also largely in the same format as the 2017 Order.

Under the *Economic Regulator Act 2009* the MAIB must seek the Regulator's approval of its proposed premiums. The Regulator approves the proposed premiums if they are consistent with the Order.

The MAIB is expected to seek the Regulator's approval of premiums to apply from 1 December 2021, during November 2021.

4. Energy

a. 2022 Standing Offer prices

Under the *Electricity Supply Industry Act 1995*, the Regulator is required to determine the maximum standing offer prices Aurora Energy may charge small customers on mainland Tasmania under standard retail contracts.


The 2016 Standing Offer Price Determination (SO) expires on 30 June 2022. The Regulator is required by legislation to conduct a pricing investigation prior to making a new determination in relation to SO prices.

Prior to commencing the investigation, the Regulator released a draft Approach Paper on 1 April 2021 for public consultation. The draft Paper set out the methodology the Regulator intends applying in its pricing investigation and, consequentially, its 2022 Determination. Consultation closed on 7 May 2021 with nine submissions received. The Regulator published the final Approach Paper in September 2021.

The SO investigation commenced on 15 October 2021 with the receipt of Aurora Energy's submission. The submission is available on the Regulator's website.

The Regulator will consult on a draft report and draft determination between late January 2022 and mid-March 2022. The Regulator will release his final report and make the associated determination by the end of April 2022.

More information about the investigation is available at: <https://www.economicregulator.tas.gov.au/electricity/pricing/retail/2022-standing-offer-investigation-and-determination>.

Interested parties are encouraged to subscribe to the Regulator's mailing list to receive news and updates about the investigation. Select [Contact us](#)  to subscribe.


b. Regulated feed-in tariff rate investigation

The Regulator is conducting an investigation to determine the regulated electricity feed-in tariff to apply from 1 July 2022.

Under the *Electricity Supply Industry Act 1995*, the Regulator must determine the minimum feed-in tariff rate that retailers are obliged to offer customers with eligible generation systems on mainland Tasmania.

The Regulator will consult on a draft report and draft determination between late January 2022 and mid-March 2022. The Regulator will release his final report and make a determination by the end of April 2022.

More information about the investigation is available at: <https://www.economicregulator.tas.gov.au/electricity/pricing/feed-in-tariffs/2022-regulated-feed-in-tariff-rate-investigation-and-determination>.

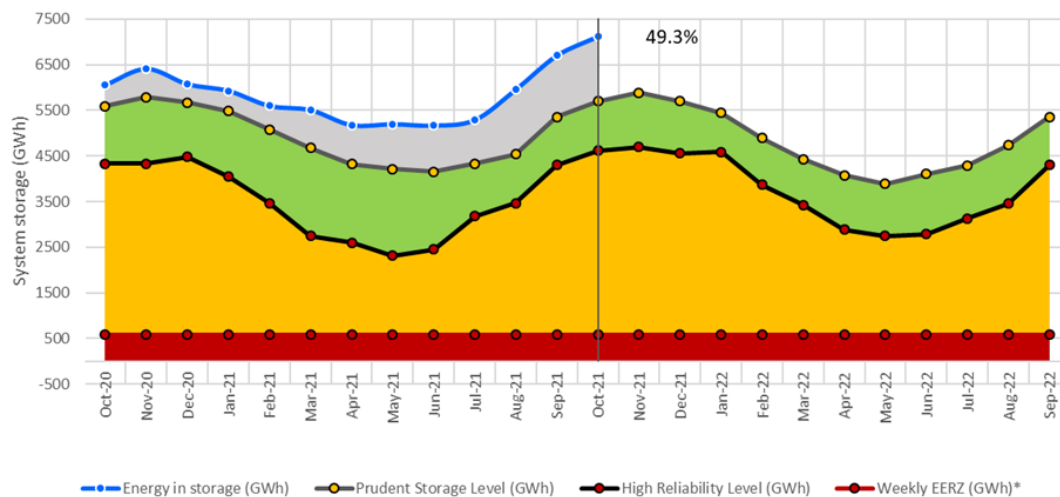
Interested parties are encouraged to subscribe to the Regulator's mailing list to receive news and updates about the investigation. Select [Contact us](#)  to subscribe.

c. Energy Security Monitor and Assessor status update and overview of current energy security position

Energy in storage (EIS) as at 4 October 2021, the date of the most recent monthly dashboard, was at 49.3 per cent. EIS at this level is above the Prudent Storage Level (PSL), and well above

the High Reliability Level (HRL), for October and is able to supply approximately 8.3 months of demand, based on average seasonal demand. Energy on storage over the past year is shown below.

Energy in storage (mainland Tasmania) - October 2020 to September 2022*



* The HRL and PSL profiles were revised in August 2021, taking effect from 1 September 2021. This chart shows the revised profiles starting from September 2021.

As at 4 October 2021, Hydro Tasmania reported that storages remain above the HRL over the next 120 days in all of its simulated inflow sequences.

The monthly dashboards are available here: <https://www.economicregulator.tas.gov.au/about-us/energy-security-monitor-and-assessor>

The Monitor and Assessor recently reviewed the PSL and HRL profiles due to two new large scale wind farms - the Granville Harbour Wind Farm and the Cattle Hill Wind Farm - commencing operations.

On 20 May 2021, the Regulator provided the outcomes of its review and its advice to the Minister for Energy and Emissions Reduction, the Hon Guy Barnett MP (the Minister). The Regulator's advice provided can be found [here](#).

The Minister accepted the Regulator's advice and instructed the Department of State Growth to prepare an Order setting out the revised profiles. The making of the *Energy Co-ordination and Planning Order 2021* was published on 1 September 2021, with the revised profiles taking effect as at 1 September 2021.

5. Electricity - Retail and Distribution Quarterly Performance Reports

a. Retail Performance Report

1st Energy, Aurora Energy, , and Shell Energy (previously ERM Power) have provided their performance reports for Q4, 2020-21 as required under Regulation 12 of the *Electricity Supply Industry Regulations 2018*. Energy Locals had not provided its Q4 report at the time of writing and has been contacted regarding this omission. Performance measures are

reported in accordance with the AER's performance reporting procedures and guideline. Summaries for each retailer are provided in Tables 1-7 inclusive in Appendix A below.

d. Distribution Performance Report

Under the revised Electricity Supply Industry Performance and Information Reporting Guideline, July 2021, TasNetworks is no longer required to provide quarterly performance reports. TasNetworks will provide its annual performance report for 2020-21 by 31 October 2021, as required under clause 12.8.2 of the Tasmanian Electricity Code. This will be provided to OCCC for at the December 2021 meeting.

6. Water and Sewerage, Electricity and Gas Licensing

On 30 July 2021, the Regulator received an application for an electricity transmission licence from Marinus Link Pty Ltd to operate those parts of a proposed High Voltage Direct Current electricity interconnector between Tasmania and Victoria located in Tasmania. The Regulator invited submissions from interested parties on the application. No submissions were received.

The Regulator issued a transmission licence to Marinus Link Pty Ltd on 3 September 2021, for a period of ten years.

7. Codes and Guidelines

On 22 April 2021, the Regulator received a request from Tas Gas Retail Pty Ltd seeking an amendment to the Gas Customer Transfer and Reconciliation Code (the Transfer Code) to allow customers switching from one retailer to another to nominate a retrospective date on their customer transfer notice. The Transfer Code does not currently allow a retrospective transfer date, unless it is required to correct an erroneous transfer.

Allowing customers to nominate the date of the most recent meter read as the transfer date will save customers who take up this option the \$110.00 cost of a special meter read. The relevant gas entities have collaborated to create systems and processes to allow for the fair allocation of gas used where a retrospective transfer date is nominated.

The Regulator has conducted consultation on the proposed amendments. Submissions were received from Tas Gas Retail, Tas Gas Networks, and Aurora Energy, and all parties supported the proposed amendments.

The Regulator is now assessing the proposed amendments in the context of these submissions.

8. Tasmanian Economic Regulator 2020-21 Annual Report

The 2020-21 Annual Report of the Tasmanian Economic Regulator has been completed and is scheduled to be tabled in the Tasmanian Parliament in the week commencing 25 October 2021. Once it is tabled it will be loaded onto the Regulator's website.

9. Appendix A - Retailer performance



Table 1: Aurora Energy quarterly performance – residential

	2019-20	2020-21	2020-21	2020-21	2020-21
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	244 684	244 468	244 332	244 043	243 330
APAYG customers	26	20	14	11	10
Payment difficulties					
customers repaying a debt	7 655	6 167	8 678	9 123	8 672
average amount \$	889	1 040	1 130	1 271	1 366
debt over \$500 but less than or equal to \$1 500	2 225	1 973	2 694	2 735	2 561
debt over \$1 500 but less than or equal to \$2 500	650	690	1 083	1 158	1 114
debt over \$2 500	627	619	1 026	1 375	1 457
Payment plans					
customers on a payment plan	2 614	3 838	7 069	5 535	5 018
customers who had their plan cancelled for non-payment	925	557	6 981	6 805	5 277
customers with 2 or more plans cancelled in the prev 12 months	311	150	4 211	4 083	3 373
Disconnections					
residential disconnections	0	0	0	0	0
concession customers disconnected	0	0	0	0	0
customers disconnected who were on a payment plan in the prev 12 months	0	0	0	0	0
customers disconnected on more than once occasion in prev 24 months	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
customers on a payment plan in the prev 12 months reconnected within 7 days	0	0	0	0	0
concession customers reconnected within 7 days	0	0	0	0	0
APAYG - Prepayment meter (PPM) customers					
PPM customers with a concession	9	6	6	2	3
PPMs able to detect and report self-disconnections	0	0	0	0	0
PPM self-disconnection events	0	0	0	0	0
customers self-disconnected	0	0	0	0	0
average duration of self-disconnection events (minutes)	0	0	0	0	0
Hardship program					
customers on the hardship program	5 191	5 449	5 773	5 478	4 480
hardship customers with a concession	3 618	3 802	4 036	3 976	3 219
customers exiting the program	222	239	228	444	1 475
average debt upon entry to program \$	1 720	1 587	1 720	1 916	2 622
debt \$0 - \$500	89	66	66	7	40
debt over \$500 but less than or equal to \$1 500	263	230	258	45	143
debt over \$1 500 but less than or equal to \$2 500	91	115	119	184	106

debt over \$2 500	79	86	172	148	187
average debt \$	1 401	1 715	1 869	2 139	2 182
customers who successfully completed program	114	108	81	207	481
customers excluded from program for non-compliance	4	6	17	27	848
customers who transferred or left the retailer	104	125	130	210	146
Complaints (residential)					
billing	1 670	2 022	1 187	1 121	1 307
marketing	0	0	0	3	13
customer transfer	0	0	0	0	1
other	862	1 054	535	585	1515*
TOTAL	2 532	3 076	1 722	1 709	2 836

* The majority of these complaints relate to the migration of customers to a new customer management system, which resulted in a change to their original account number

Table 2: Aurora Energy quarterly performance – small business

	2019-20	2020-21	2020-21	2020-21	2020-21
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	31 250	30 621	30 455	29 620	29 387
market contracts	3 756	3 960	3 989	4 591	4 721
Total small business	35 006	34 581	34 444	34 211	34 108
Payment difficulties					
customers repaying a debt	404	328	379	398	425
average customer debt \$	1 542	1 695	1 776	2 231	2 033
Disconnections					
small business customers	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
Complaints					
billing	130	156	109	63	74
marketing	0	0	0	0	0
customer transfer	0	0	0	1	0
other	55	52	37	40	33
TOTAL	185	208	146	104	107

Table 3: 1st Energy quarterly performance – residential

	2019-20	2020-21	2020-21	2020-21	2020-21
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	0	33	50	50	59
market offer	3 512	4 207	5 036	5 742	6 809
Payment difficulties					
customers repaying a debt	72	74	123	142	105
average amount \$	557	694	614	593	485
debt over \$500 but less than or equal to \$1 500	16	28	26	43	26
debt over \$1 500 but less than or equal to \$2 500	1	4	10	11	5
debt over \$2 500	4	4	5	0	3
Payment plans					
customers on a payment plan	107	94	94	107	98
customers who had their plan cancelled for non-payment	43	61	67	77	40
customers with 2 or more plans cancelled in the prev 12 months	19	25	25	42	0
Disconnections					
residential disconnections	0	5	17	26	30
concession customers disconnected	0	0	4	7	8
customers disconnected who were on a payment plan in the prev 12 months	0	3	6	15	21
customers disconnected on more than one occasion in prev 24 months	0	0	1	3	5
Reconnections					
reconnections within 7 days	0	3	3	10	16
customers on a payment plan in the prev 12 months reconnected within 7 days	0	3	3	8	13
concession customers reconnected within 7 days	0	0	3	5	5
Hardship program					
customers on the hardship program	6	13	21	22	36
hardship customers with a concession	4	4	7	10	12
customers exiting the program	5	1	6	15	12
average debt upon entry to program	749	231	493	647	949
debt \$0 - \$500	1	6	8	11	10
debt over \$500 but less than or equal to \$1 500	0	2	5	2	10
debt over \$1 500 but less than or equal to \$2 500	0	0	1	1	3
debt over \$2 500	0	0	0	2	3
average debt \$	749	447	914	892	810
customers who successfully completed program	0	0	1	0	0
customers excluded from program for non-compliance	3	1	4	12	8
customers who transferred or left the retailer	2	0	1	3	4
Complaints (residential)					
billing	15	16	37	55	35
marketing	0	0	1	5	3
customer transfer	1	3	3	5	6
other	12	10	25	25	31
TOTAL	28	29	66	90	75



Table 4: 1st Energy quarterly performance – small business

	2019-20	2020-21	2020-21	2020-21	2020-21
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	0	8	4	6	10
market contracts	643	726	808	910	969
Total small business	643	734	812	916	979
Payment difficulties					
customers repaying a debt	18	38	14	14	23
average customer debt \$	1 422	405	1 772	1 923	1 123
Disconnections					
small business customers	0	0	4	2	1
Reconnections					
reconnections within 7 days	0	0	1	0	0
Complaints					
billing	0	3	3	4	7
marketing	0	0	1	1	0
customer transfer	0	1	0	0	0
other	1	1	2	4	1
TOTAL	1	5	6	9	8

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Table 5: Shell Energy quarterly performance – small business

	2019-20	2020-21	2020-21	2020-21	2020-21
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	44	59	53	49	48
market contracts	61	75	68	72	70
Total small business	105	134	121	121	118
Payment difficulties					
customers repaying a debt	0	7	13	16	10
average customer debt \$	0	3 568	907	2 000	2 700
Disconnections					
small business customers	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
Complaints					
billing	0	0	0	0	0
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	0	0	0	0	0
TOTAL	0	0	0	0	0