



Review of the Guaranteed Service Level Scheme

Consultation Paper

March 2024

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1 INVITATION FOR SUBMISSIONS

This Consultation Paper has been prepared to assist interested persons and stakeholders in making submissions on the proposed amendments to the Guaranteed Service Level (GSL) Scheme currently applicable on mainland Tasmania (including Bruny Island). The Tasmanian Economic Regulator (the Regulator) will consider submissions prior to the proposed amendments to the GSL Scheme being finalised and taking effect.

It is the Regulator's policy to publish all submissions on the Office of the Tasmanian Economic Regulator's (OTTER) website unless the author of the submission requests confidentiality in relation to the submission (or any part of the submission). Those parts of a submission that are requested to be kept confidential should be submitted as an attachment to that part suitable for publication.

The Regulator will not publish submissions which contain material that the Regulator believes is, or could be, derogatory or defamatory.

Submissions should be received by close of business on 17 April 2024.

To facilitate the publication of submissions on the OTTER website, submissions in electronic form are preferred. Submissions and enquiries may be submitted to:

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Copies of this Consultation Paper and the draft *Guideline - Guaranteed Service Level Scheme, July 2024 - Version 4*, as well as the proposed revised supply reliability category boundary maps, are available on the OTTER website: www.economicregulator.tas.gov.au. Please access these documents via the "[Consultations](#)" tab.

A summary of proposed changes and recommendations has been provided at Section 3 of this Paper.

Following consideration of all submissions, the changes (with or without alteration) will be reflected in the final *Guideline - Guaranteed Service Level Scheme, July 2024 - Version 4* which, along with revised maps demonstrating the updated supply reliability category boundaries, will be published on the OTTER website.

2 REVIEW APPROACH

The Tasmanian Electricity Code (the Code) provides that a distribution network service provider (a distributor) must comply with any guideline, issued by the Regulator, which sets out the minimum level of network reliability performance to be provided to a customer by a distributor. The Guaranteed Service Level (GSL), which sets out such minimum levels of network reliability performance, is established in the Regulator's *GSL Guideline, July 2012 - Version 3* (the GSL Guideline). The Regulator may review the GSL Guideline after consultation with relevant interested parties.

The GSL Guideline requires TasNetworks Pty Ltd (TasNetworks), as the distributor for mainland Tasmania, to make payments to customers affected by outages when the frequency or duration of outages experienced by a customer exceed prescribed thresholds. The thresholds vary depending on where a customer's connection is located.

The GSL Guideline has not been amended since 2012, and the supply reliability category area boundaries have not been revised since the development of the category areas in 2007.

As such, the supply reliability category area boundaries have remained unchanged for a significant period of time, unadjusted for changes to reflect population growth, particularly on the edges of urban areas, and changes in load. In addition, the classification of some customers is likely to no longer be consistent with the classification of customers in other areas with similar population and load characteristics. This may lead to inconsistent GSL payments and, according to TasNetworks, could potentially lead to investment in electricity distribution infrastructure not being directed as the community would expect.

After representations from customers and TasNetworks on this matter, the Regulator proposed to conduct a review of the GSL Scheme, including an assessment of the current supply reliability category boundaries. The purpose of this review was to determine whether the current GSL arrangements remain appropriate or whether any changes should be introduced.

In conducting its review, the Regulator has considered the following:

1. the performance of TasNetworks against GSL requirements;
2. GSL arrangements in other Australian jurisdictions;
3. the level of GSL thresholds for the frequency and duration of outages;
4. whether there is a need for additional or different GSLs;
5. revisions to the supply reliability category boundaries that take into account changes to population and load since the area boundaries were developed;
6. the financial value of GSL payments;
7. how the payments are currently made to customers; and
8. any other matters the Regulator has considered relevant.

The Regulator's review has not extended to consideration of revisions to the supply reliability categories themselves or the supply reliability standards prescribed in the Code.

It is proposed that changes to the supply reliability category boundaries and the GSL Guideline will commence on 1 July 2024.

3 SUMMARY OF PROPOSED REVIEW OUTCOMES

3.1 Amendments to the GSL Guideline

Subject to the outcome of this consultation, the Regulator proposes to introduce the following amendments to the GSL Guideline (effective 1 July 2024).

- **Methods of payment:**

- Amendments to more clearly document that there must be an agreement between the distributor and the retailer for a customer's retailer to pass on a GSL payment to a customer on the distributor's behalf.
- Amendments to permit a retailer to use the GSL payment to offset any amounts that the customer owes the retailer.
- Amendments to permit a retailer to recover reasonable costs (the quantum of which is to be decided between, and agreed to by, the distributor and the retailer) from the distributor for doing so.
- Amendments to provide that, where a GSL payment is paid to a customer through the customer's retailer, the distributor is to, as soon as practicable, notify the customer in writing that the customer is entitled to the GSL payment which will be made through the customer's retailer.
- Amendments to provide that where the distributor makes the GSL payment to an affected customer the distributor must notify the customer in writing that the customer is entitled to the GSL payment.

- **GSL review mechanism:**

- Introduction of provisions to require the Regulator to, in conjunction with the distributor, complete a review of the relevant thresholds for frequency of outages GSL payments and single outage duration GSL payments, the value of the relevant GSL payments, and the methodology for determining the supply reliability category boundaries. The review must be completed no later than nine months prior to the start of the distributor's new regulatory control period (set for five years).
- Amendments to allow the revision of the supply reliability category boundaries more frequently than once every five years as determined necessary and as initiated by the Regulator at the request of the distributor, or by the Regulator on its own initiative.

- **Miscellaneous**

- Revisions to the terms "Urban", "Higher Density Rural" and "Higher Density Commercial" so that they read "Urban and Regional Centres", "High Density Rural" and "High Density Commercial" (as documented in the Code).
- Removal of the redundant terms "electricity supply industry" and "Energy Ombudsman" from the "Glossary" of the GSL Guideline.
- Inclusion, in the "Glossary", of definitions of the terms "regulatory control period", and "AER".

- Italicisation of the term “reliability” where used in the GSL Guideline as it is an already defined term in the “Glossary”.
- Revision of the definition of “exempted outage” in the GSL Guideline by removing the text “under section 22 (b) to (e) of the *Electricity Supply Industry (Tariff Customer) Regulations 1998*”.

All of the proposed amendments to the GSL Guideline are shown in marked-up format in the draft *Guideline - Guaranteed Service Level Scheme, July 2024 - Version 4*, available for viewing on the OTTER website at www.economicregulator.tas.gov.au.

3.2 Revised supply reliability category boundary maps

The Regulator proposes to apply, from 1 July 2024, the amended supply reliability category boundary maps, provided as attachments to this Paper and available for viewing on the OTTER website at www.economicregulator.tas.gov.au.

3.3 Future review of GSL thresholds

The Regulator proposes that the current GSL frequency and duration of outages thresholds be maintained and that they be reviewed by the end of 2028 (to inform TasNetworks’ distribution network Annual Pricing Proposal for submission to the AER for the regulatory control period commencing 1 July 2029).

3.4 Additional GSLs

The Regulator proposes to maintain the current frequency and duration of outages GSLs and not introduce any additional GSLs for TasNetworks’ 2024-29 regulatory control period.

3.5 Future review of GSL payments

The Regulator proposes that the current GSL payments be maintained and that they be reviewed by the end of 2028 (to inform TasNetworks’ distribution network Annual Pricing Proposal for submission to the AER for the regulatory control period commencing 1 July 2029).

4 TASMANIAN ELECTRICITY INDUSTRY

4.1 Current arrangements - distribution

The provision of electricity is an essential service that is integral to public safety, community health and well-being, and economic activity. The provision of electricity can be adversely affected by any number of events and considerable effort (and cost) is required by industry participants to ensure the safety and reliability of the electricity supply.

The Code, administered by the Regulator, sets out the detailed arrangements for the regulation of the Tasmanian electricity supply industry. The Code is provided for and enforceable under the *Electricity Supply Industry Act 1995*. The Code largely deals with the operation of the distribution network. It contains the technical standards for power quality, standards of service for embedded generators, and reliability of supply standards for the distribution network.

TasNetworks, owned by the Tasmanian Government, is the sole licensee for regulated distribution and transmission network services on mainland Tasmania. TasNetworks commenced operations on 1 July 2014, following the merger of Aurora Energy's distribution business and the then Transend Networks' transmission business.

TasNetworks is registered with the Australian Energy Market Operator (AEMO) to provide both transmission and distribution network services. TasNetworks is unique in the National Electricity Market (NEM) in that it is the only combined transmission and distribution operator providing services to all customers in its jurisdiction. As a monopoly provider of transmission and distribution network services, TasNetworks' revenue for these services is regulated by the Australian Energy Regulator (AER).

TasNetworks has an obligation to monitor and report against service measures and objectives to the AER and the Regulator. TasNetworks has an obligation under the Code to manage the reliability performance of its network, and to mitigate any reliability impacts on its customers and the broader Tasmanian community.

4.2 Reliability of supply

The distribution network across Tasmania consists predominantly of rural overhead lines, with underground lines located within central business districts and in some subdivisions and commercial centres in the urban/suburban areas. Whilst distribution system assets themselves are not overly complex, their management is difficult by virtue of the sheer number of the assets, variation in their age and condition, their spread throughout the State and the diverse nature of the environment in which the assets operate.

For the purposes of measuring distribution supply reliability, Tasmania has been divided into 101 geographical areas referred to as "communities". These communities were initially determined in 2007 by a working group containing representatives from a number of key electrical network stakeholders including OTTER, Aurora Energy (as the distribution service network provider at the time) and the Tasmanian Government. The working group identified the 101 communities using a methodology which accounted for an array of factors including: demographics; number and nature of customers; relative load size; strategic significance to the state; contribution to the state economy; and a number of geographic and spatial data sources.

Each community was assigned to one of five supply reliability categories for the purpose of establishing distribution network reliability standards under Chapter 8 of the Code:

- critical infrastructure (1 community);
- high density commercial (8 communities);
- urban and regional centres (32 communities);
- high density rural (33 communities); and
- lower density rural (27 communities).

The supply reliability categories allow reliability standards to be aligned more closely to the needs of the communities served by the network. The performance measures operate on the principle that it is appropriate to have different reliability standards for distinctly different types of distribution areas, and that similar distribution areas should expect similar levels of supply reliability.

The Code sets standards for reliability of supply performance (i.e. frequency and duration of interruptions, also called outages) at each category level. TasNetworks is required to use reasonable endeavours to ensure that each supply reliability community and category meets these standards. The Regulator monitors performance against the Code's reliability standards to ensure reasonable endeavours are being made to meet them.

Table 4.1 shows TasNetworks' performance against the Code's reliability of supply standards for 2018-19 through to 2022-23.

Table 4.1 Reliability of supply performance - 2018-19 to 2022-23

	2018-19	2019-20	2020-21	2021-22	2022-23	Standards
Critical Infrastructure						
SAIFI* (interruptions)	0.17	0.25	0.15	0.25	0.11	<0.2
SAIDI# (minutes)	55	27	15	70	28	<30
High Density Commercial						
SAIFI (interruptions)	0.42	0.33	0.46	0.76	0.35	<1
SAIDI (minutes)	57	56	62	88	43	<60
Urban and Regional Centres						
SAIFI (interruptions)	1.29	1.29	1.40	1.19	1.14	<2
SAIDI (minutes)	142	149	169	145	126	<120
High Density Rural						
SAIFI (interruptions)	2.45	2.56	2.36	2.57	2.84	<4
SAIDI (minutes)	294	323	305	351	342	<480
Lower Density Rural						
SAIFI (interruptions)	3.44	3.26	3.26	3.92	3.79	<6
SAIDI (minutes)	531	545	490	585	536	<600

* SAIFI = System Average Interruption Frequency Index

SAIDI = System Average Interruption Duration Index

During 2022-23, TasNetworks met the performance standard for the number of interruptions (SAIFI) in all supply reliability categories and met the performance standard for the duration of interruptions (SAIDI) in all supply reliability categories apart from “Urban and Regional Centres”.

It is, however, often more useful to examine performance across the 101 community areas, where the performance standards can be different from the standards for the relevant supply reliability category. This is presented in Table 4.2 which shows the number of individual communities in each supply reliability category where TasNetworks failed to meet the Code reliability of supply limits during 2022-23.

Table 4.2 TasNetworks’ performance in communities within supply reliability categories against Code standards for 2022-23

	SAIFI limit	Non-complying areas	SAIDI limit	Non-complying areas	Non-compliant in both measures
Critical Infrastructure (1)	0.2	0	30	0	0
High Density Commercial (8)	2	0	120	1	0
Urban and Regional Centres (32)	4	3	240	7	3
High Density Rural (33)	6	5	600	6	4
Lower Density Rural (27)	8	0	720	6	0

A summary of TasNetworks’ performance since 2018-19 across the 101 communities is presented in Table 4.3.

Table 4.3 Areas with non-compliance by TasNetworks

	2018-19	2019-20	2020-21	2021-22	2022-23
Non-complying with SAIFI standards	6	6	3	5	8
Non-complying with SAIDI standards	21	25	19	23	20
Non-complying with both measures	5	4	3	5	7

Instances of non-compliance were higher in 2022-23 than in 2021-22.

The standards in the Code are complemented by the GSL Scheme where distribution customers are paid an amount for prolonged or frequent interruption to their supply. The GSL Scheme sets limits for the duration and number of interruptions to a distribution customer’s supply and provides an incentive for TasNetworks to maintain a prescribed level of service.

4.3 GSL Scheme

A GSL Scheme has operated in Tasmania since 1 January 2004, when it was introduced by the then independent Tasmanian Energy Regulator. Under this Scheme, TasNetworks must make payments to customers that experience supply interruptions greater than the reliability supply threshold set for their particular reliability category. These payments relate to the number of interruptions and the duration of interruptions. GSL payments acknowledge the inconvenience customers experience when they receive poor reliability of service from TasNetworks. The payments are not intended to provide compensation for loss or inconvenience arising from poor reliability of service performance.

Minimum performance levels have been established for both frequency and duration of interruptions based on:

- the location of the customers' electrical installation;
- the number of power outages over a rolling 12-month period that customers experience at their electrical installation; and
- the duration of any interruption to power of a customer's electrical installation.

The current GSL Scheme thresholds and payment amounts are based on the supply reliability categories in the Code.

Table 4.4 lists the current reliability supply thresholds for each of the five supply reliability categories and the associated GSL payments.

Table 4.4 Reliability supply thresholds and GSL payments

Category	Single outage duration payment (hours)		Frequency of outage payment (rolling 12-month period)
Critical Infrastructure	>8	>16	10
High Density Commercial	>8	>16	10
Urban and Regional Centres	>8	>16	10
High Density Rural	>8	>16	13
Lower Density Rural	>12	>24	16
GSL Payment (\$)	80	160	80

Customers across the "Critical Infrastructure, High Density Commercial, Urban and Regional Centres, and High Density Rural" reliability categories that experience a single power interruption exceeding eight hours are entitled to an \$80 payment (\$160 for an interruption exceeding 16 hours). Customers across the "Lower Density Rural" reliability category are entitled to an \$80 payment when they experience a single power interruption exceeding 12 hours (\$160 for an interruption exceeding 24 hours).

Under the GSL Scheme, customers are entitled to an \$80 payment when they experience ten outages in the designated "Critical Infrastructure, High Density Commercial and Urban and Regional Centres" supply reliability areas, 13 outages in the designated "High Density Rural" area, or 16 outages in the designated "Lower Density Rural" areas in a rolling 12-month period.

Customers may also qualify for more than one payment for a power outage. If the customer qualifies for a single outage duration payment, that power outage may also contribute to a frequency of outages payment. If this happens the customer would receive both a single outage duration payment and frequency of outages payment for that power outage.

The GSL Guideline makes allowance for the exclusion of "exempted outages" in the consideration of a customer's entitlement to a GSL payment. Exempted outages, as defined in the GSL Guideline, include outages approved by the Regulator, on application from a distributor, in relation to "widespread interruptions to supply due to rare events".

"Rare events" are defined in the GSL Guideline as "any outages of such a scale that in the opinion of the Regulator, the distributor is not reasonably able to mitigate against."

TasNetworks is able to apply to the Regulator for an exemption from its obligation to pay GSL payments arising from interruptions to the distribution system caused by a rare event. The last exemption applications received by the Regulator were in 2009 from (the then) Aurora Energy's distribution business, which sought exemption from its obligation to pay single outage duration GSL payments arising from interruptions to the distribution system caused by windstorms which crossed Tasmania on 22 January 2009 and again on 15 April 2009.

After assessing the applications, the Regulator determined that interruptions to the Aurora Energy distribution network caused by the windstorms on these two occasions did not qualify as "rare events" hence were not "exempted outages" under clause 3.1.3 of the GSL Guideline. Accordingly, Aurora Energy was required to pay single outage duration GSL payments to eligible customers who were affected by these interruptions to their electricity supply.

More recently, in June 2022, parts of north and north-west Tasmania were impacted by a severe weather event. High winds, with gusts reported up to 170 kilometres per hour, impacted regions from Burnie through to the Fingal Valley. At the height of the storm, 20 000 customers were without power, with TasNetworks' crews managing 100 separate outages. In response to the significant impact on customers, TasNetworks chose not to exercise the option to apply to the Regulator for this storm event to be treated as an exempted outage under the GSL Scheme. Rather, TasNetworks honoured all GSL payments to impacted customers, estimated at that time total \$1.83 million¹. Due to the timing of this event, these payments are reflected in the data for the 2022-23 financial year in Table 4.5.

¹ *TasNetworks Annual Report 2021-22*, page 18.

4.4 GSL payment history

Table 4.5 lists the number and value of GSL payments made by TasNetworks for the past five financial years.

Table 4.5 GSL payments by TasNetworks

	2018-19	2019-20	2020-21	2021-22	2022-23
Late restoration payments >8 or >12 hours					
Number of payments made	8 704	9 322	10 337	6 648	17 930
Total paid (\$)	696 320	745 760	826 960	531 840	1 434 400
Late restoration payments >16 or > 24 hours					
Number of payments made	3 010	1 572	2 224	2 859	9 389
Total paid (\$)	481 600	251 520	355 840	457 600	1 502 240
Outage frequency payments > 10 outages					
Number of payments made	998	341	998	223	761
Total paid (\$)	53 440	27 280	79 840	17 840	60 880
Outage frequency payments > 13 outages					
Number of payments made	1 647	448	972	634	1 019
Total paid (\$)	131 760	35 840	77 760	50 720	81 520
Outage frequency payments > 16 outages					
Number of payments made	544	209	211	383	1 177
Total paid (\$)	43 520	16 720	16 880	30 640	94 160
Total					
Number of payments made	14 573	11 892	14 742	10 747	30 276
Total paid (\$)	1 406 640	1 077 120	1 357 280	1 088 640	3 173 200

As can be seen, the number and value of GSL payments can vary significantly from year to year. The number of payments and the amount paid in 2022-23 increased in all categories relative to 2021-22, resulting in an increase in the total number of payments made of nearly 20 000 payments. The value of GSL payments increased by \$2.1 million compared to 2021-22. The increase in GSL payments made during 2022-23 was representative of an increase in significant weather events resulting in extensive network damage, some of which occurred late in 2021-22 (with GSL payments subsequently being calculated and paid during the 2022-23 year).

4.5 Service Target Performance Incentive Scheme

The Regulator and the AER jointly undertake economic regulation of the electricity distribution services provided by TasNetworks. The Regulator's role is to set and review the reliability standards that apply to TasNetworks. The AER's role includes making five-yearly revenue determinations for TasNetworks, and administering the Service Target Performance Incentive Scheme (STPIS).

The STPIS is the main financial incentive mechanism in the broader service standard framework for TasNetworks. The purpose of the STPIS is to provide incentives for distributors to improve and maintain reliability performance where improvements are valued by customers.

The STPIS aims to ensure that service levels do not fall as distributors strive to achieve efficiency gains, typically associated with a reduction in expenditure. It balances other AER mechanisms that incentivise reduced expenditure, but do not take into account network performance.

The STPIS has four components: reliability of supply, quality of supply, customer service and a GSL Scheme. The AER decides how the STPIS will apply to each distributor as part of the revenue determination process. Targets are set as an average of five years' performance. The GSL STPIS component does not apply to TasNetworks because the entity remains subject to the GSL Scheme discussed in this Paper.

4.6 Funding of the GSL

The AER includes an allowance in TasNetworks' regulated revenue allowance for GSL Scheme payments during the regulatory control period, based on past GSL payments. As such, GSL Scheme payments up to this amount are funded by TasNetworks' customers.

If the total value of GSL payments exceeds the amount provided for in the allowance, then TasNetworks must fund the difference from its other revenue. This provides an extra incentive for TasNetworks to maintain reliability standards. Conversely, if the total value of GSL payments is less than the amount provided for in the allowance, TasNetworks can retain the difference.

The National Electricity Rules (NER) require that, at least three months prior to the beginning of each regulatory year, TasNetworks, as the operator of an electricity distribution network within the NEM, must submit an Annual Pricing Proposal for the AER's approval. At the time of writing, TasNetworks had already submitted its distribution network Annual Pricing Proposal to the AER for TasNetworks' next five year regulatory control period (1 July 2024 to 30 June 2029). As such, any changes to the GSL Scheme arising from this review will not be reflected in TasNetworks' revenue allowance over this period.

5 GSL ARRANGEMENTS IN OTHER JURISDICTIONS

Under the National Energy Customer Framework, distributors must comply with any applicable distributor service standards, including GSL Schemes. Customers (small customers only in some jurisdictions) who are connected directly to the distributor's network are subject to, by way of local legislation or codes, GSLs covering areas such as reliability, customer service, and connection and disconnection. Each jurisdiction prescribes GSL Schemes, generally for each distribution business. These GSL Schemes are determined by jurisdictional regulators and are usually included in a code or license conditions administered by the jurisdictional regulator.

GSL arrangements in most states and territories focus on connection performance, the timeliness of services, reliability of supply and the provision of notice to customers for planned interruptions. The levels of GSL payments for excessive duration or frequency of interruptions range from between \$80 and \$380 (depending on threshold). The tables in Appendix A of this Paper illustrate the various GSL arrangements currently applied in other jurisdictions. Some additional information on GSL arrangements across mainland states and territories, including payment arrangements and exclusions, is also provided in Appendix A.

A summary of the parameters provided for in GSL Schemes nationwide is presented in Table 5.1.

Table 5.1 - GSL arrangements in Tasmania and other jurisdictions

GSL Parameter	QLD	ACT	NSW	WA	VIC	NT	TAS	SA	AER ¹
Notice of planned interruption	Yes	Yes		Yes		Yes	Yes ²		Yes
Timeliness of new connections	Yes	Yes	Yes		Yes	Yes	Yes ²	Yes	Yes
Wrongful disconnection	Yes	Yes							
Missed scheduled appointment	Yes				Yes			Yes	
Interruption duration	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Interruption frequency	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes
Frequency of momentary interruptions					Yes				
Timely repair of faulty streetlights			Yes		Yes			Yes	Yes
Response time to complaints		Yes							Yes
Response time to notification of a problem		Yes							

1. The AER's Service Target Performance Incentive Scheme includes a GSL payments scheme that applies in states that do not have a jurisdictional GSL payments scheme. This scheme was developed based on the GSL payments schemes in each of the jurisdictions.
2. TasNetworks' Customer Charter provides payments for failing to notify a customer of a planned interruption and failing to make a connection on the agreed day.

6 GUARANTEED SERVICE LEVEL SCHEME - REVIEW

6.1 Supply reliability category boundaries

As previously discussed, Tasmania's supply reliability category boundaries were established in 2007, and have remained unchanged since that time, unadjusted for changes in the physical distribution network to accommodate "urban creep" or increased load. As such, it is possible that there are currently some distribution customers that may not be classified within the category to which they may be entitled.

As part of this review, TasNetworks has developed proposed updated supply reliability area boundaries. In reviewing the current boundaries, TasNetworks has applied the following policy expectations:

- equity such that a similar upgrade is afforded to all communities in a similar situation;
- that customers, within the communities concerned, are not being adversely affected; and
- transparency so that customers are able to find out if their and/or other communities have been upgraded.

In meeting these policy expectations, TasNetworks has:

- applied a similar set of reclassification criteria to all supply reliability area boundaries;
- ensured the reliability classification of a community (in which a significant development has taken place) has been upgraded and not downgraded;
- ensured that the review has been restricted to boundary adjustments to:
 - correct any material errors; and
 - reflect urban creep and load density changes, with the caution that "customers will not go backwards"; that is, the supply reliability standard would not reduce for any given customer.

TasNetworks has based its assessment upon the principle used in 2007 that electricity use density is the appropriate measure to establish both reliability category standards and community boundaries. In undertaking its analysis, TasNetworks has taken into consideration average transformer capacity and land parcel sizes to understand the characteristics of the existing supply reliability areas.

Currently, TasNetworks classifies areas as "Urban and Regional Centres" if they are supplied by a transformer with a capacity of above 300 kilovolt-amperes (kVA) and have a land parcel size below 16 000 square meters (m²). Areas are classified as "High Density Rural" if they are supplied by a transformer with a capacity of above 90kVA and below 150kVA and have a land parcel size of no less than 20 000m² and no more than 225 000m². "Lower Density Rural" areas are ones which are supplied by a transformer with a capacity of not more than 70kVA and that have a minimum land parcel size of 230 000m².

TasNetworks has applied these parameters across the existing Tasmanian electricity network to establish the new supply reliability area boundaries and generate new maps. Where areas did not fall within the defined limits, TasNetworks assessed boundaries on a case-by-case basis.

TasNetworks has proposed:

- extending the boundaries of seven out of eight “High Density Commercial” communities. Burnie is the only “High Density Commercial” community not to be extended;
- reclassifying (in whole or in part) twelve “High Density Rural” communities to the “Urban and Regional Centres” category (see Table 6.1); and
- reclassifying (in whole or in part) twelve “Lower Density Rural” communities to the “High Density Rural” category (see Table 6.1).

TasNetworks has not proposed any changes to the boundaries of the existing Hobart “Critical Infrastructure” zone.

Table 6.1 provides a summary of the communities across Tasmania that are proposed to be reclassified (either partly or wholly) into the “Urban and Regional Centres” or “High Density Rural” supply reliability categories. There are also extensions to a number of communities classified as “Urban and Regional Centres” and “High Density Rural”, which can be seen in the attached maps, but are too numerous to list individually.

Table 6.1 - Areas reclassified

New “Urban and Regional Centres”	New “High Density Rural”
Bicheno	Adventure Bay
Campbell Town	Campania
Coles Bay	Collinsvale
Evandale	Dennes Point
Oatlands	Dolphin Sands
Ranelagh	Dover
Richmond	Eggs and Bacon Bay
Sisters Beach	Miena
St Marys	Scamander, Beaumaris
Swansea	Southport
Triabunna-Orford	Tullah
Zeehan	Waratah

As a result of the proposed creation of new communities, the number of community areas will increase from 101 to 121. The 121 communities are assigned across the five supply reliability categories as follows:

- critical infrastructure (1 community);
- high density commercial (8 communities);
- urban and regional centres (44 communities - up from 32);
- high density rural (41 communities - up from 33); and
- lower density rural (27 communities).

The maps for the proposed revised supply reliability category boundaries are provided as attachments to this Paper and are also available for viewing on the OTTER website at www.economicregulator.tas.gov.au. TasNetworks has colour coded the various areas in each supply reliability category, clearly distinguishing those parcels of land that have been extended/upgraded (in terms of their category). The Regulator proposes that these updated maps apply from 1 July 2024.

Summary of proposed actions:

The Regulator proposes to apply, from 1 July 2024, the amended supply reliability category boundary maps, provided as attachments to this Paper and available for viewing on the OTTER website at www.economicregulator.tas.gov.au.

6.2 Thresholds for payment

In undertaking its review of the GSL Scheme, the Regulator has considered the set values and appropriateness of the existing GSL thresholds.

As previously noted in Section 4 of this Paper, the GSL Guideline requires TasNetworks to make payments to customers affected by outages when the frequency or duration of outages experienced by a customer exceed prescribed thresholds. The thresholds vary depending on which of 101 supply reliability communities and five supply reliability categories and the customer's connection are located.

Table 6.2 below outlines the frequency and duration of outage thresholds that currently apply in Tasmania. Upon comparison with the information presented in Table 6.3, it is noted that these thresholds are generally aligned with those of the GSL component of the AER's STPIS, and, upon review of the information presented in Appendix A, are also reasonably consistent with the range of thresholds for similar parameters applied in GSL Schemes across other states and territories.

Table 6.2 - Tasmania

Category	Single outage duration payment (hours)		Frequency of outage payment in 12 months
Critical Infrastructure	>8	>16	10
High Density Commercial	>8	>16	10
Urban and Regional Centres	>8	>16	10
High Density Rural	>8	>16	13
Lower Density Rural	>12	>24	16
GSL Payment (\$)	80	160	80

Table 6.3 - Australian Energy Regulator

Category	Duration of interruptions (hours)	Frequency of interruptions
CBD and Urban Feeder	≥12	≥9
Rural Feeders	≥18	≥15
Payment (\$)	80	80

The Regulator has worked with TasNetworks to obtain outage data to examine how many more, or less, GSL payments would potentially be made if the duration or frequency thresholds were adjusted. The Regulator was interested in identifying how GSL payment numbers and overall payment amounts would have varied, should thresholds have been different, in comparison to TasNetworks' reported GSL payments in 2020-21, 2021-22 and 2022-23.

However, the "total number of outages" data maintained by TasNetworks was not comparable to the records maintained with respect to outages which trigger a GSL payment, as one dataset is calculated/prepared to show all outages at a point in time and the other is maintained on a rolling 12-month basis. As such, historical outage information could not be manipulated to hypothetically reduce or increase threshold values, to provide a reasonably accurate estimate of the impact of adjusting thresholds.

However, it is reasonable to presume that lowering the current frequency and duration of outages thresholds would likely capture more customers impacted by outages and, in turn, equate to a greater number of GSL payments being made by TasNetworks.

As noted under Section 6.1 of this Paper, a change to the current supply reliability boundaries and categorisation of selected communities is proposed as part of this review, which will result in an associated increase in the number of customers in communities with increased reliability expectations. This, in turn, would equate to an increase in the number of GSL payments over the next regulatory control period (compared to not changing the boundaries and categorisation of communities), the material impact of which cannot currently be estimated with any certainty. It is, therefore, difficult to determine what, if any, additional financial impact on TasNetworks would be realised should the duration or frequency thresholds be revised at this time.

As such, and in light of the consistency with the range of threshold values for similar parameters in other states and territories, the Regulator is proposing to maintain the current thresholds.

The Regulator does, however, propose future periodic reviews, and updates where deemed required, of Tasmania's GSL duration and frequency thresholds to ensure that they remain realistic, achievable and align with the objectives of a GSL Scheme. To this end, it is proposed that the current thresholds be reviewed by the end of 2028, (to inform TasNetworks' distribution network Annual Pricing Proposal for submission to the AER for the regulatory control period commencing 1 July 2029).

Summary of proposed actions:

The Regulator proposes to maintain the current GSL thresholds for TasNetworks' 2024-29 regulatory control period.

The Regulator proposes that the current frequency and duration of outages thresholds be reviewed by the end of 2028, (to inform TasNetworks' distribution network Annual Pricing Proposal for submission to the AER for the regulatory control period commencing 1 July 2029).

6.3 Additional GSLs

As noted under Section 4.5 of this Paper, the AER decides how the STPIS applies to TasNetworks, as distributor, as part of its revenue determination process. Targets are set as an average of five years' performance.

The STPIS to apply to TasNetworks in the 2024-29 regulatory control period has been developed and implemented in accordance with clause 6.6.2 of the NER. The AER has determined that the GSLs set by STPIS will continue to not apply because TasNetworks remains subject to a jurisdictional GSL Scheme (as set out in the Code).

In addition to the GSL parameters captured as part of the Tasmanian GSL Scheme, TasNetworks has a series of customer service commitments, some of which are backed by a guarantee. In such instances, and where exceptional circumstances prevent TasNetworks from meeting its service promise, a customer is eligible for a payment. Such payments are documented in TasNetworks' Customer Charter and are outlined in Table 6.4 below.

Table 6.4 TasNetworks' customer guarantees

Guarantee	Description	Amount (\$)
Planned interruptions	Failure to notify a customer of a planned outage (written notice of the planned outage at least 4 business days in advance).	\$50
Connection of supply	Failure to make the connection to a home or business on the agreed day.	\$30 per business day late (max \$150)
Making a claim	Failure to respond to a claim within 10 business days	\$50 in addition to other payments that may be paid if claim successful.

A customer is required to apply to TasNetworks for the above payments, with payment, where approved, made to the customer via electronic funds transfer or cheque.

The service guarantees offered by TasNetworks are consistent with many payments offered in other states and territories with respect to connection performance, the provision of notice to customers for planned interruptions, and responding to claims (see Appendix A). Provision of notice for planned outage payments and connection of supply guarantee payments by TasNetworks are also in line with those of the STPIS.

TasNetworks' Customer Charter also commits to repairing faulty street lights within 7 business days, although there are no associated payments to a customer who reports a fault.

TasNetworks receives an allowance from the AER as part of TasNetworks' revenue determination and is required to report to the Regulator on its performance for Customer Charter service guarantee payments. While these service guarantees could be integrated into the GSL Guideline, it is not clear that there would be any benefit to doing so.

Summary of proposed actions:

The Regulator proposes to maintain the current frequency and duration of outages GSLs and not introduce any additional GSLs for TasNetworks' 2024-29 regulatory control period.

6.4 GSL payments

As part of this review, the Regulator has considered the value of the GSL payments currently payable when the frequency or duration of outages experienced by a customer exceed the prescribed thresholds. As previously noted, the GSL payments have remained unchanged since their introduction.

The main benefit provided by the GSL Scheme is some financial recognition of the inconvenience customers experience from poor reliability. Under the current framework for revenue regulation by the AER, the cost of GSL payments incurred by TasNetworks is recovered through regulated network charges as an operating expense.

While GSLs differ in each jurisdiction, meaning direct comparisons are not possible, the GSL payments in Tasmania are reasonably comparable with the range of payments for frequency or duration of outages in other jurisdictions (see Table 6.5 and Table 6.6 below).

Table 6.5 GSL payments for frequency of outages - interjurisdictional comparison

Parameter	Threshold	Amount (\$)
Tasmania		
Frequency of outages	10 outages - Urban and Regional Centres, High Density Commercial, Critical Infrastructure 13 outages - High Density Rural 16 outages - Lower Density Rural	\$80
Australian Capital Territory		
Frequency of interruptions	Customer experience more than 9 Unplanned sustained interruptions in a financial year	\$80
NSW		
Interruption frequency	<u>Metropolitan areas</u> : four interruptions of more than four hours duration within a financial year <u>Non-metropolitan</u> : and four interruptions of more than five hours duration within a financial year	\$80 per claim (max \$320)
South Australia		
Frequency of supply	>9 interruptions per annum	\$100
Victoria		
Annual frequency of unplanned interruptions (less than 1 minute each):	Level 1 - more than 8 Level 2 - more than 12 Level 3 - more than 20	\$130 \$190 \$380
Northern Territory (2023-24 payments)		
Frequency of unplanned network interruptions:	More than 12 unplanned network interruptions in a financial year	\$99.50 per financial year
Queensland (1 July 2020-30 June 2025)		
Interruption frequency	Number of interruptions in a financial year - <u>Energex</u> : CBD feeder, 10, urban feeder, 13; short rural feeder, 21 <u>Ergon Energy</u> : urban feeder, 13; short rural, long rural and isolated feeders, 21	\$124

Table 6.6 GSL payments for duration of outages - interjurisdictional comparison

Parameter	Threshold	Amount (\$)
Tasmania		
Duration of outages	8 hours - Urban and Regional Centres, High Density Commercial, Critical Infrastructure	\$80
	16 hours - Urban and Regional Centres, High Density Commercial, Critical Infrastructure	\$160
	8 hours - High Density Rural	\$80
	16 hours - High Density Rural	\$160
	8 hours - Lower Density Rural	\$80
	16 hours - Lower Density Rural	\$160
Australian Capital Territory		
Duration of interruptions (single events)	An unplanned sustained interruption lasts for 12 hours or longer	\$80
Total duration of interruptions (cumulative)	Total cumulative hours of unplanned sustained interruptions experienced by customer in a financial year is equal to or exceeds:	
	Level 1 - 20 hours	\$100
	Level 2 - 30 hours	\$150
	Level 3 - 60 hours	\$300
NSW		
Interruptions duration	<u>Metropolitan areas:</u> 12 hours (single interruption) <u>Non-metropolitan:</u> 18 hours (single interruption)	\$80 per claim (max \$320)
South Australia		
Duration of supply interruption	>20 and ≤30 hours	\$100
	>30 and ≤60 hours	\$150
	>60 hours	\$300
Victoria		
Annual duration of unplanned interruptions:	Level 1 - 18 hours or more	\$130
	Level 2 - 30 hours or more	\$190
	Level 3 - 60 hours or more	\$380
Northern Territory (2023-24 payments)		
Duration of a single unplanned network interruption:	More than 12 hours and less than 20 hours	\$99.50 per event
	More than 20 hours	\$155.50 per event
Cumulative duration of unplanned network interruptions:	More than 20 hours of unplanned network interruptions in a financial year	\$155.50 per financial year
Queensland (1 July 2020-30 June 2025)		
Interruption duration	CBD feeder: duration >8 hours Urban or short rural feeder: Duration >18 hours Long rural or isolated feeder: duration >24 hours	\$124
Western Australia		
Interruption duration	Exceeding 12 hours	\$120

In its 2023 review of its *Electricity Industry Performance Code (Standards of Service and Guaranteed Service Levels)*, the Utilities Commission of the Northern Territory decided to adjust GSL payments to account for changes in actual Darwin consumer price index, and then forecast inflation using the AER methodology to calculate future GSL payments for five years, and then apply an inflation adjustment of 2.5 per cent for any remaining years until the end of the next regulatory control period (30 June 2029).

The Queensland Competition Authority also reviewed its GSL thresholds, measures and payments in 2023 for the next regulatory control period (1 July 2025 to 30 June 2030). As part of that review it was determined that the real value of all GSL payments and caps would be maintained using actual and forecast inflation.

As previously noted in this Paper, a change to the current supply reliability boundaries is proposed, which has resulted in an increase in the number of customers in communities with increased reliability expectations. Whilst it is assumed that this will result in an increase in the number of GSL payments made over the next regulatory control period, it is difficult to estimate what additional financial impact would be realised should the value of GSL payments also be increased.

The Regulator also acknowledges that the proposed increase to Tasmania's current GSL payments has not been taken into account by the AER in the calculation of TasNetworks' revenue allowance for GSL Scheme payments for the regulatory control period commencing 1 July 2024. Consequently, TasNetworks could, potentially, be responsible for paying GSL payments beyond the quantum provided for by the AER for the next five years.

Noting that the value of GSL payments under the GSL Guideline are broadly comparable with those in several other jurisdictions, the Regulator proposes that the current value of GSL payments be maintained over the next regulatory control period so as to not introduce further unexpected expenditure for TasNetworks.

It is also proposed that the value of GSL payments be reviewed by the end of 2028. It is anticipated that, by that time, any impact on GSL payment numbers resulting from the currently proposed changes to supply reliability area boundaries will be better known. The 2028 review date will also provide sufficient opportunity for TasNetworks to include any proposed changes to the value of GSL payments in its distribution network Annual Pricing Proposal (submitted to the AER for the preparation of TasNetworks' five-yearly revenue determination for application from 1 July 2029).

Summary of proposed actions:

The Regulator proposes to maintain the current value of GSL payments for TasNetworks' 2024-29 regulatory control period.

The Regulator proposes that the value of GSL payments be reviewed by the end of 2028 (to inform TasNetworks' distribution network Annual Pricing Proposal for submission to the AER for the regulatory control period commencing 1 July 2029).

7 OTHER MATTERS FOR CONSIDERATION

7.1 Methods of payment

TasNetworks has historically made GSL payments to eligible customers via cheque. As required by the GSL Guideline, TasNetworks makes the payment to the customer at the customer's billing address for retail sale where practicable, but otherwise at the address where the customer's electrical installation is located. The GSL Guideline also provides that if TasNetworks as distributor makes a GSL payment directly to a customer, it is to make the payment as soon as practicable after the obligation arises. TasNetworks aims to have the cheque delivered to the customer within 12 weeks of the last power outage that qualified the customer for the GSL payment. Cheques are accompanied by a letter from TasNetworks to the customer providing details of the customer's eligibility for the GSL payment.

The GSL Guideline currently provides that the distributor is able to pay a GSL payment to a customer through the customer's retailer, but only if an agreement exists that provides for this to occur. In addition, the GSL Guideline currently prevents the retailer in using the GSL payment to offset any amounts that the customer owes the retailer without the customer's consent.

There are presently no agreements in place between TasNetworks and authorised electricity retailers in Tasmania for those retailers to pay GSL payments to affected customers on TasNetworks' behalf.

In October 2023, TasNetworks notified the Regulator of its intention to change its process for GSL payments from 1 July 2024. TasNetworks advised that this change is being driven by feedback from customers that they would prefer GSL payments to be applied to their electricity account, along with TasNetworks' bank no longer supporting the generation of cheques. TasNetworks noted that it intended to replicate the approach used by many distributors as prescribed by chapter 6B of the NER, utilising the distribution statement of charges to facilitate retailers passing network GSL payments on to customers via their energy bills.

Whilst cheques remain a valid form of payment and are administratively simple to process, it is noted that they are in universal decline, with some industry sectors having already eliminated cheque use. In June 2023, the Australian Government, as part of its *Strategic Plan for Australia's Payments System*, announced it would be removing legislative and other requirements that entrench payment by cheques. The Australian Government is also phasing out government usage of cheques by the end of 2028.

TasNetworks advised the Regulator that it had notified retailers of its decision to no longer make cheque payments direct to GSL recipients. Rather, TasNetworks would be making the payments to the retailers, with the retailers passing network GSL payments through via their bills from 1 July 2024. Whilst the current GSL Guideline facilitates a customer's retailer passing on GSL payments on behalf of the distributor, the Regulator intends to amend current drafting in the GSL Guideline to more clearly document that there must be an agreement between the distributor and the retailer for this to occur.

The Regulator notes that the GSL Guideline does not currently prescribe the methods of payment to be employed by the distributor or a customer's retailer in making a GSL payment to a customer. As such, a GSL payment may, as an example, be made to the affected customer by cheque, by electronic funds transfer to the customer's bank account, or by any other means agreed to with the affected customer. The Regulator considers the current provisions of the GSL Guideline to be sufficient and does not intend to introduce any prescriptive arrangements with respect to required methods of payment.

The Regulator does, however, intend to revise the GSL Guideline so that, where a GSL payment is to be paid to a customer through the customer's retailer, the retailer may use the GSL payment to offset any amount that the customer owes the retailer.

The GSL Guideline also currently provides that, where a GSL payment is paid to a customer through the customer's retailer, the distributor is to, as soon as practicable, notify the customer that the customer is entitled to the GSL payment, which will be made through the customer's retailer. The Regulator proposes that the GSL Guideline be amended to require the notification to be a "written" notification. Further, that the requirement for the distributor to provide written notification to an affected customer be extended to circumstances where the distributor makes the GSL payment to an affected customer and not just where payment is passed through the customer's retailer. TasNetworks currently accompanies its GSL payment cheques with a letter to the affected customer, so the introduction of a formal requirement for written notice from the distributor will not deviate greatly from current practice.

Where the retailer is to facilitate GSL payments on the distributor's behalf, the processing timeframe for such payments will need to align with the billing cycles of individual customers, with retailers using best endeavours to ensure that a GSL payment is reflected on the customer's next bill after that GSL payment is received from the distributor. The GSL Guideline currently provides that the retailer must pay the GSL payment to the customer as soon as practicable.

It is also proposed that provisions be introduced to the GSL Guideline to ensure that, where a retailer passes on the GSL payment to an affected customer on the distributor's behalf, the retailer is able to recover reasonable costs (the quantum of which is to be decided between the distributor and the retailer) from the distributor for doing so. This is in acknowledgement that the responsibility for ensuring supply reliability, and making payments to eligible customers lies with the distributor and not the retailer.

Summary of proposed actions:

The Regulator proposes to amend the GSL Guideline to more clearly document that there must be an agreement between the distributor and the retailer for a customer's retailer to pass on a GSL payment to a customer on the distributor's behalf.

The Regulator proposes to amend the GSL Guideline to provide that, where a GSL payment is paid to a customer through the customer's retailer, the retailer may use the GSL payment to offset any amount that the customer owes the retailer.

The Regulator proposes to amend the GSL Guideline so that where a retailer passes on the GSL payment to an affected customer on the distributor's behalf, the retailer is able to recover reasonable costs (the quantum of which is to be decided between the distributor and the retailer) from the distributor for doing so.

The Regulator proposes to amend the GSL Guideline to provide that, where a GSL payment is paid to a customer through the customer's retailer, the distributor is to, as soon as practicable, notify the customer in writing that the customer is entitled to the GSL payment which will be made through the customer's retailer.

The Regulator proposes to amend the GSL Guideline to provide that where the distributor makes the GSL payment to an affected customer, the distributor must notify the customer in writing that the customer is entitled to the GSL payment.

7.2 Frequency of review of GSL arrangements

As already noted, the GSL Guideline has not been amended since 2012, and the supply reliability category area boundaries have not been revised since the development of the supply reliability category areas in 2007.

This current review process has, therefore, given consideration to introducing review provisions to the GSL Guideline to ensure periodic assessment of GSL arrangements so that necessary adjustments may be made if and when circumstances change.

It is considered prudent that the GSL Scheme, thresholds, respective GSL payments and supply reliability areas be regularly examined to ensure that they remain relevant, realistic and achievable. The need to introduce a formal review mechanism in the GSL Guideline arises from many factors including, but not limited to, changing business requirements or shifts in customer expectations, advances in technology (which could impact TasNetworks' service delivery capabilities), as well as the need to ensure TasNetworks' ongoing compliance with relevant laws and regulations.

As previously discussed, the AER includes an allowance in TasNetworks' regulated revenue allowance for GSL Scheme payments. As such, reviewing GSL arrangements, including the appropriateness of the payment thresholds and associated payment amounts, should be done in advance of TasNetworks submitting its distribution network Annual Pricing Proposal to the AER.

Changing the supply reliability area boundaries will have an impact on reliability reporting, financial penalties and incentives associated with reliability performance and GSL payments. Given that this review has resulted in an increase in the number of customers in communities with increased reliability expectations, GSL payments will possibly increase. Any increase in future GSL payments by TasNetworks will need to be borne by TasNetworks because proposed boundary revisions have not been taken into account in the calculation of TasNetworks' revenue allowance for GSL Scheme payments for the period commencing 1 July 2024.

Targets for the AER's STPIS are based on historic performance for each supply reliability category and set as part of TasNetworks' regulatory determination. The GSL Scheme is complex since the "targets" are set by including a forecast level of GSL payments into the base year operating expenditure. Therefore, any change in supply reliability area boundaries that impact GSL payments cannot be easily accommodated by the AER mid-period since the base year operating expenditure can only be changed by material step changes which any change in the GSL Scheme would not meet. Given the variability in GSL payments year-on-year, and the fact that any future reviews are unlikely to reclassify more than a few percent of customers, the likelihood of a material impact is very small.

On the basis of the above, it is recommended that the current GSL Guideline be amended to include a review mechanism for GSL arrangements. It is proposed that provisions be introduced which will require the Regulator to, in conjunction with the distributor, complete a review of the relevant thresholds for frequency of outages GSL payments and single outage duration GSL payments, the value of the relevant GSL payments, and the methodology for determining the supply reliability category boundaries. It is proposed that such a review be completed no later than nine months prior to the start of the distributor's new regulatory control period (set for five years). This will, in turn, afford the distributor sufficient time to finalise its regulatory proposal to the AER as it relates to the GSL Scheme.

The supply reliability category boundary maps will subsequently be developed based on the approved methodology and published on the OTTER website at the commencement of each regulatory control

period. Whilst it is not intended that the boundary maps be altered mid-period, it is proposed that the GSL Guideline be amended to allow the revision of the boundaries more frequently than once every five years as determined necessary and as initiated by the Regulator at the request of the distributor, or by the Regulator's on its own initiative (to accommodate, for example, any unexpected significant population distribution changes so that the supply reliability area boundaries remain relevant and fair in their application).

Summary of proposed actions:

The Regulator proposes to introduce into the GSL Guideline the requirement that the Regulator complete, in conjunction with the distributor, a review of the relevant thresholds for frequency of outages GSL payments and single outage duration GSL payments, the value of the relevant GSL payments, and the methodology for determining the supply reliability category boundaries. It is proposed that such a review be completed no later than nine months prior to the start of the distributor's new regulatory control period (set for five years).

The Regulator proposes to amend the GSL Guideline to allow the revision of the supply reliability category boundaries more frequently than once every five years as determined necessary and as initiated by the Regulator at the request of the distributor, or by the Regulator on its own initiative.

7.3 Miscellaneous

The Code specifies the supply reliability categories as being:

- Critical Infrastructure;
- High Density Commercial;
- Urban and Regional Centres;
- High Density Rural; and
- Lower Density Rural.

Upon reviewing the GSL Guideline, the Regulator has identified inconsistencies in the naming of some of the supply reliability categories with how they are presented in the Code. Specifically, in the GSL Guideline the terms "Urban" and "Higher Density Rural" are used whereas in the Code these categories are documented, respectively, as being "Urban and Regional Centres" and "High Density Rural".

In the "Glossary" of the GSL Guideline there is also a definition of "Higher Density Commercial" whereas throughout the remainder of the GSL Guideline, and the Code, this particular supply reliability category is referred to as "High Density Commercial".

The Regulator proposes that reference to these aforementioned supply reliability categories in the GSL Guideline be amended so that their titles align with those published in the Code.

In addition, the Regulator has identified two redundant terms in the "Glossary" of the GSL Guideline. Currently the terms "electricity supply industry" and "Energy Ombudsman" are defined however neither are used in the document. The Regulator proposes that these two terms be removed.

The Regulator also identified that the currently defined term “reliability” had not been italicised where used throughout the GSL Guideline. The Regulator proposes to correct this drafting oversight and to italicise this term accordingly.

The Regulator has also proposed the inclusion, in the “Glossary”, of definitions of the terms “regulatory control period”, and “AER”.

In its review of the GSL Guideline, the Regulator also noted that the definition of “exempted outage” makes reference to an outage arising from disconnection under clauses 22 (b) to (e) of the *Electricity Supply Industry (Tariff Customers) Regulations 1998*. The Electricity Supply Industry (Tariff Customers) Regulations were, however, repealed in 2012 by the *Electricity Supply Industry (Customer) Regulations 2012* when National Energy Retail Law (NERL) commenced in Tasmania. The Regulator proposes, therefore, to amend the GSL Guideline by removing, in the definition of “exempted outage”, reference to the rescinded Electricity Supply Industry (Tariff Customers) Regulations.

Summary of proposed actions:

The Regulator proposes to revise, in the GSL Guideline, the terms “Urban”, “Higher Density Rural” and “Higher Density Commercial” so that they read “Urban and Regional Centres”, “High Density Rural” and “High Density Commercial” (as documented in the Code).

The Regulator proposes to remove, from the “Glossary” of the GSL Guideline, the redundant terms “electricity supply industry” and “Energy Ombudsman”.

The Regulator proposes to italicise the defined term “reliability” where used throughout the Guideline.

The Regulator proposes to include, in the “Glossary”, definitions of the terms “regulatory control period”, and “AER”.

The Regulator proposes to amend the definition of “exempted outage” in the GSL Guideline by removing the text “under section 22 (b) to (e) of the *Electricity Supply Industry (Tariff Customer) Regulations 1998*”.

APPENDIX A - GSL arrangements in other jurisdictions**Table A.2 - Australian Capital Territory**

Parameter	Threshold	Amount (\$)
Customer connection times	Connection not provided by required date	\$60 per day (max \$300)
Wrongful disconnection	Where customer is wrongfully disconnected	\$100
Responding to complaints	Upon receiving a complaint, utility does not: (1) acknowledge the complaint immediately or as soon as practicable; and (2) provide a response addressing the matters in the complaint within 20 business days.	\$20
Notice of planned interruption	(1) For Electricity and Gas Distributors, 4 business days' notice not given (2) For NERL retailers, 4 business days' notice not given, unless the NERL retailer has obtained consent from the customer for a shorter period.	\$50 \$50
Duration of interruptions (single events)	An unplanned sustained interruption lasts for 12 hours or longer	\$80
Total duration of interruptions (cumulative)	Total cumulative hours of unplanned sustained interruptions experienced by customer in a financial year is equal to or exceeds: Level 1 - 20 hours Level 2 - 30 hours Level 3 - 60 hours	\$100 \$150 \$300
Frequency of interruptions	Customer experience more than 9 unplanned sustained interruptions in a financial year	\$80
Response time to notification of a fault, problem or concern that affects the premises of the Customer	Utility fails to respond to: (1) if the notification relates to damage to, or a fault or problem with the network which is likely to affect public health, or is causing, or has the potential to cause, substantial damage or harm to a person or property, respond as soon as practicable and in any event within six hours; or (2) in all other cases, respond within 48 hours; and (3) resolve the problem or concern within the time specified in the response.	\$60 per day to a maximum of \$300

Source: *Independent Competition and Regulatory Commission, Consumer Protection Code, 2020.*

Table A.3 - Australian Energy Regulator

Parameter	Threshold	Amount (\$)
Frequency of interruptions	9 or more interruptions (CBD and urban feeder) 15 or more interruptions (rural feeders)	\$80
Duration of interruptions	12 hours or more (CBD and urban feeder) 18 hours or more (rural feeders)	\$80
Total duration of interruptions		
Level 1	20 hours or more	\$100
Level 2	30 hours or more	\$150
Level 3	60 hours or more	\$300
Streetlight repair	More than 5 days	\$25
New connections	Connection after the day agreed (per day, maximum \$300)	\$50
Notice of planned interruptions	Less than 4 days (excluding weekends and public holidays)	\$50

Source: *AER, Electricity distribution network service providers – Service Target Performance Incentive Scheme, version 2, November 2018.*

Table A.4 - New South Wales - Essential Energy

Parameter	Threshold	Amount (\$)
Interruption duration	Single interruption longer than 18 hours.	\$80 per claim (max \$320)
Interruption frequency	More than four interruptions, each of five hours duration within a financial year.	\$80 per claim (max \$320)
Connection on an agreed date	Connection service not provided on or before the date agreed.	\$60 per day (max \$300)
Faulty streetlights	Failure to repair faulty street lighting on or before the date agreed.	\$15

Source: *Essential Energy, Guaranteed Service Level Scheme*, Essential Energy website: [Essential Energy - Home](#).

Table A.5 - New South Wales - Ausgrid

Parameter	Threshold	Amount (\$)
Interruption duration	<u>Metropolitan areas</u> : 12 hours (single interruption) <u>Non-metropolitan</u> : 18 hours (single interruption)	\$80 per claim (max \$320)
Interruption frequency	<u>Metropolitan areas</u> : four interruptions of more than four hours duration within a financial year <u>Non-metropolitan</u> : and four interruptions of more than five hours duration within a financial year	\$80 per claim (max \$320)

Source: *Ausgrid, Guaranteed Service Level*, Ausgrid website: [Ausgrid - Home](#).

Table A.6 - New South Wales - Endeavour Energy

Parameter	Threshold	Amount (\$)
Interruption duration	<u>Metropolitan areas</u> : 12 hours (single interruption) <u>Non-metropolitan</u> : 18 hours (single interruption)	\$80 per claim (max \$320)
Interruption frequency	<u>Metropolitan areas</u> : 4 interruptions of more than 4 hours duration within a financial year <u>Non-metropolitan</u> : and 4 interruptions of more than 5 hours duration within a financial year	\$80 per claim (max \$320)

Source: Endeavour Energy Licence. IPART website: [IPART - Endeavour Energy Licence Conditions](#).

Table A.7 - South Australia

Parameter	Threshold	Amount (\$)
Frequency of supply	>9 interruptions per annum	\$100
Duration of supply interruption	>20 and ≤30 hours >30 and ≤60 hours >60 hours	\$100 \$150 \$300
Promptness of new connections	Within 6 business days	\$65 per day (max \$325)
Timeliness of street light repairs (metropolitan)	Within 5 business days	\$25 per 5 business day period
Timeliness of street light repairs (all other places/areas)	Within 10 business days	\$25 per 10 business day period

Note: ESCOSA has removed both street light repair GSL measures from version 14 of the code, which will apply from 1 July 2025.

Source: *Essential Services Commission of South Australia, Electricity Distribution Code version EDC/13*.

Table A.8 - Victoria

Parameter	Threshold	Amount (\$)
Annual duration of unplanned interruptions:	Level 1 18 hours or more Level 2 30 hours or more Level 3 60 hours or more	\$130 \$190 \$380
Sustained interruption on a major event day (where a customer has experienced 12 hours or more of sustained interruption on a major event day)	More than 12 hours, on a major event day	\$90
Annual frequency of unplanned interruptions (less than one minute each):	Level 1 More than 8 Level 2 More than 12 Level 3 More than 20	\$130 \$190 \$380
Annual frequency of momentary interruptions:	Level 1 More than 24 Level 2 More than 36	\$40 \$50
On time for appointments	More than 15 minutes late	\$35
New connections	Not by the date agreed	\$80 per day (max \$400)

Source: *Essential Services Commission, Electricity Distribution Code of Practice, Version 2, 1 May 2023.*

Table A.9 - Northern Territory

Parameter	Threshold	Amount (\$) 2023-24
Duration of a single unplanned network interruption:	More than 12 hours and less than 20 hours More than 20 hours	\$99.50 per event \$155.50 per event
Frequency of unplanned network interruptions:	More than 12 unplanned network interruptions in a financial year	\$99.50 per financial year
Cumulative duration of unplanned network interruptions:	More than 20 hours of unplanned network interruptions in a financial year	\$155.50 per financial year
Time for establishing a connection:	Re-connection of an existing premises – within one business day of receipt by the network entity of a valid request for re-connection from the small customer New connection of a customer's premises (excluding connections requiring network extension or augmentation) – within 5 business days of receipt by the network entity of a valid electrical certificate of compliance from the small customer, or as otherwise agreed with the customer	\$62 per day late, up to a maximum of \$300 \$62 per day late, up to a maximum of \$300
Time for giving notice of planned interruptions:	At least 2 business days' notice prior to the commencement of the day upon which the planned interruption will occur	\$62

Source: *Northern Territory Electricity Industry Performance Code, 25 October 2017 (Version 2 - as varied 8 June 2023).* Payment amounts as listed represent payments for 2023-24.

Table A.10 - Queensland

Parameter	Threshold	Amount (\$)
Wrongful disconnection	When a disconnection is wrongful under the electricity legislation	\$155
Connection	Connection is not provided by the agreed date	\$62 per day
Reconnection	Reconnection is not provided within the required time	\$62 per day
Appointments	Failure to attend appointments on time	\$62
Planned interruptions	Notice of a planned interruption to supply is not given	\$31 (residential) \$77 (small business)
Reliability - interruption duration	CBD feeder: duration >8 hours Urban or short rural feeder: Duration >18 hours Long rural or isolated feeder: duration >24 hours	\$124
Reliability - interruption frequency	Number of interruptions in a financial year - <u>Energex</u> : CBD feeder, 10; urban feeder, 13; short rural feeder, 21 <u>Ergon Energy</u> : urban feeder, 13; short rural, long rural and isolated feeders, 21	\$124

Source: Queensland Competition Authority, *Distribution network code - Electricity Distribution Network Code, Version 4*.

Table A.11 - Western Australia

Parameter	Threshold	Amount (\$)
Failure to give required notice of planned interruption	An electricity networks corporation fails to give an eligible person not less than 72 hours' notice of a planned interruption and the person, within 60 days after the interruption, applies to the electricity networks corporation for compensation.	\$20
Payment for supply interruptions exceeding 12 hours	The supply of electricity by a corporation to an eligible person is interrupted for more than 12 hours continuously, whether or not notice has been given to the person and the person, within 60 days after the interruption ceases, applies to the corporation for compensation.	\$120

Source: Western Australia, *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*.

Queensland

The Queensland Competition Authority's Electricity Distribution Network Code requires Energex and Ergon Energy (the distributors) to make GSL payments to small customers when the specified GSL targets are not met. Small customers are defined as customers who consume less than 100 megawatt hours annually.

The targets relate to the frequency and duration of customer outages as well as matters such as the timeliness of connections, reconnections and notices of planned interruptions.

The Electricity Distribution Network Code requires the distributors to monitor and report on their compliance with GSLs, and to publish quarterly compliance reports on their websites. Energex

supplies largely urbanised areas of south east Queensland, whereas Ergon Energy operates a wider distribution network spread across regional Queensland. Ergon Energy's network features a significant number of long, isolated feeders and lower customer densities. Consequently, the GSL outcomes of the distributors tend to differ, and performance comparisons cannot reliably be made from the reports.

Some interruptions are excluded when distributors are determining liability for GSL payments that relate to reliability, such as interruptions of one minute or less. Other exclusions include interruptions resulting from failure of the shared transmission grid and any failure of a customer's electrical installation. The distributors are also not obligated to pay interruption duration GSLs during the activation period where Disaster Recovery Funding Arrangements are activated.

The amount of GSL payments that a customer in Queensland can receive in one financial year for each electricity account is currently capped at \$496; this cap excludes GSL payments for wrongful disconnections.

The distributors must use best endeavours to automatically pay a customer when a GSL event occurs. Whilst the identification of GSLs is generally automated, if this does not occur, a customer has three months from the date of the GSL event to lodge a claim, or three months from the end of the financial year for an interruption frequency GSL payment claim. The Electricity Distribution Network Code provides that GSL payments can be made via cheque, electronic funds transfer or any means agreed to with the affected customer. Energex and Ergon Energy currently provide GSL payments to customers by cheque.

South Australia

Under the Essential Services Commission of South Australia's Electricity Distribution Code, SA Power Networks is required to comply with a GSL Scheme.

GSL duration payments for extended power interruptions apply when a customer experiences more than 20 hours of interruptions over a financial year. A flat payment is made to a customer who experiences more than nine outages a financial year.

To be eligible, a person needs to be the account holder at the affected property on 30 June. The GSL amount is automatically credited to the customer's retailer and reflected in the customer's electricity account. Each year, account holders will see the credit on the first electricity bill sent by their retailer after 9 September.

GSL payments for supply interruptions are made in respect of a customer's supply address. If a customer moves to a new address, the calculation of the total duration or frequency of interruptions in a year is reset at the new supply address.

The GSL Scheme is funded by all of SA Power Networks' customers. SA Power Networks has a separate compensation scheme that may be able to assist customers who have suffered loss or damage. However, there are limitations on the payments made under this scheme.

SA Power Networks does not need to make GSL payments for the following types of interruptions:

- transmission and generation failures;
- disconnections required in an emergency situation (for example, a bushfire);
- faults that are caused by, and only affect, a single customer;

- momentary interruptions (i.e. less than three minutes); and
- planned interruptions (where prior written notice is provided to customers).

GSL payments are also adjusted in situations where SA Power Networks cannot safely access its equipment (e.g. due to flooding, blocked roads, or an authority preventing access). In these instances, only part of an interruption will be counted when GSL payments are calculated.

ACT

Schedule 2 of the Independent Competition and Regulatory Commission's (ICRC's) Consumer Protection Code sets out the GSLs relevant to electricity distributors operating within the ACT.

A distributor must pay the applicable GSL payment to a customer when the service performance has not met the required GSL. Any GSL payments required to be made to a customer must be paid as soon as practicable after the obligation arises and the payment must be made irrespective of whether the affected customer has applied for the payment.

Under the Consumer Protection Code, GSL payments to a customer may be paid:

- by electronic funds transfer to the customer's bank account or cheque; or
- by deducting the amount of the payment from the amount payable by the customer under the next bill which is due after the GSL payment became payable; or
- as otherwise agreed with the customer.

A distributor must inform the customer that a GSL payment has been made and to which GSL it relates. A distributor and a NERL retailer must each use their best endeavours to provide each other at no cost and in a timely manner, information or documentation that the other reasonably requires to carry out their obligations to pay a GSL payment to the customer.

A distributor is not required to make a GSL payment when the GSL threshold for frequency of interruptions, duration of interruptions or total duration of interruptions is exceeded as a result of any of the following events:

- Electricity load shedding due to a generation shortfall.
- Automatic electricity load shedding due to the operation of under frequency relays following the occurrence of a power system under-frequency condition.
- Electricity load shedding at the direction of the AEMO or a system operator.
- Electricity load interruptions caused by a failure of the shared transmission network.
- Electricity load interruptions caused by a failure of transmission connection assets except where the interruptions were due to:
 - actions, or inactions, of the distributor that are inconsistent with good industry practice; or
 - inadequate planning of transmission connections and the distributor is responsible for transmission connection planning; or
 - electricity load caused by the exercise of any obligation, right or discretion imposed upon or provided for under Law.

- Electricity load interruptions caused or extended by a direction from state, territory or federal emergency services, provided that a fault in, or the operation of, the network did not cause, in whole or part, the event giving rise to the direction.

An event may also be excluded where daily unplanned SAIDI for the network exceeds the major event day boundary, as defined by the AER in the distributor STPIS.

A distributor must monitor its compliance with the Consumer Protection Code and the GSLs and report to the ICRC on an annual basis.

NSW

Under the current regulatory regime for the electricity industry, utilities operating in NSW are required to meet guaranteed customer service standards and to collect and report on a range of operating statistics. Guaranteed customer service standards are set out in the *Electricity Supply General Regulation 2001* and establish the minimum standard of service that a utility must provide to small customers in a range of service areas. Some guaranteed customer service standards also require the utility to pay a specified amount to the customer if it fails to meet this standard. In addition, the Independent Pricing and Regulatory Tribunal imposes a range of distribution reliability standards for electricity distributors operating in NSW.

Currently there are three electricity distributors operating in NSW, these being Ausgrid, Endeavour Energy, and Essential Energy. The GSLs that apply to each licence holder are outlined in their individual operating licences.

GSLs generally relate to connection arrangements, the length of time that a customer's supply of electricity is interrupted, and the frequency of such interruptions. In most instances customers do not have to apply for/claim a GSL payment as the distributors proactively identify and pay GSL payments to eligible small customers by way of cheque.

As outlined in a distributor's licence, the following interruptions of supply are excluded in calculating the interruption duration standard or the interruption frequency standard:

- an interruption resulting from a shortfall in generation, a failure or instability of the shared transmission system, or a request or direction from an emergency service organisation;
- a planned interruption;
- an interruption within a region in which a natural disaster has occurred and the responsible Minister has made a declaration of a Natural Disaster enabling the NSW Disaster Assistance Arrangements to apply in respect of that natural disaster for that region, and the interruption occurred during the period for which a declaration of a Natural Disaster and NSW Disaster Assistance Arrangements were in effect;
- an interruption caused by the effects of a severe thunderstorm or severe weather as advised by the Bureau of Meteorology; or
- an interruption caused by third party actions other than animal or vegetation interference (e.g. vehicle-hit-pole, vandalism) where the interruption is not also caused by any failure of the licence holder to comply with relevant plans, codes, guides or standards (e.g. low conductor clearance).

Western Australia

The Western Australian Government owns Western Power and Horizon Power, which operate the three major electricity networks in that state. Western Power operates the transmission and distribution systems within the South West Interconnected System (SWIS), the biggest electricity network in Western Australia. Currently, the only regulated electricity network is Western Power's SWIS.

The requirements for GSL payments for Western Power can be found in the *Electricity Industry (Network Quality and Reliability of Supply) Code 2005*. In accordance with that Code, Western Power must make a GSL payment to impacted customers when it does not meet the following quality and reliability standards of electricity distribution:

- failure to give required notice of planned interruption; and
- supply interruptions exceeding 12 hours.

Under the Electricity Industry (Network Quality and Reliability of Supply) Code, a person must apply to Western Power, as the electricity network corporation, for payment for Western Power's failure to give the required notice of planned interruption. Payment is not automatically recognised or processed. Where applications are deemed eligible, Western Power must pay the \$20 sum, in respect of the failure, to the person within 30 days after the application is made.

Likewise with the payment for supply interruptions exceeding 12 hours. In accordance with the Electricity Industry (Network Quality and Reliability of Supply) Code, in order to obtain the payment, the impacted person must, within 60 days after the interruption ceases, apply to Western Power for compensation. Where applications are deemed eligible, Western Power must pay the \$120 sum, in respect of the interruption, to the person within 30 days after the application is made.

Western Power processes payments by direct debit to bank accounts (having obtained BSB and Bank Account details from applicants on the relevant application forms). However, the Electricity Industry (Network Quality and Reliability of Supply) Code does provide that payments may also be made by the electricity network corporation to the retail licensee who supplies electricity to the person if there is an arrangement in force under which the sum will be paid or credited to the person, or (in a method) as agreed between the corporation and the person.

Western Power's *Annual Reliability and Power Quality Reports*, available on the Western Power website, provide data on the entity's annual GSL payments.

Victoria

The Essential Services Commission of Victoria's Electricity Distribution Code of Practice outlines the minimum service levels Victorian distributors must provide to their customers. It also requires the distributors to make GSL payments to customers in instance where those distributors fail to meet a specified level or threshold.

These minimum service levels cover:

- appointments that the distributor makes with the customer to inspect and service the network;
- delay or failure to connect new supply of electricity;
- delayed supply restoration; and

- low energy supply reliability.

The GSL payment scheme applies to small customers consuming 160MWh or less of electricity per year.

Payments range from \$35 to \$380 depending on a range of factors with the amounts set in the Electricity Distribution Code of Practice. Payments are usually applied automatically as a credit to a customer's power bill, with the distributor passing payments on to a customer's retailer within 60 business days of the end of the quarter in which the customer became eligible for payment. Retailers then apply the payment as a credit to a customer's electricity bill.

In some circumstances, a customer may be entitled to multiple payments but only one in each category.

Service level payments may not be payable if the unplanned outages are found to be caused by events outside a distributor's control. This may include supply interruptions due to transmission faults and are set out in the Electricity Distribution Code of Practice.

Northern Territory

Power and Water is currently the sole network service provider in the Northern Territory.

The Northern Territory Utilities Commission sets and monitors Power and Water's performance against the Electricity Industry Performance Code. The GSLs and respective payment amounts are set out in Schedule 1 of that Code. GSLs apply to eligible small customers (customers who use less than 160 megawatt hours per annum) connected to a regulated network (Darwin, Katherine, Tennant Creek, Alice Springs, Batchelor, Pine Creek and Adelaide River).

Power and Water automatically applies a credit to an impacted customer's account through their retailer. In accordance with the scheme, impacted customers do not need to request a GSL payment. The timing of a customer's GSL payment depends on their billing cycle.

Similar to arrangements in Tasmania, a customer may be eligible for multiple GSL payments where applicable to their circumstances.

The following interruptions of supply are excluded when calculating outage times for GSL payment eligibility:

- interruptions of one minute or less;
- interruptions due to generation problems;
- manual load shedding event caused by a short fall in generation;
- planned interruptions, where at least two business days' prior notice is given;
- interruptions caused or requested by the customer;
- some interruptions due to major natural events, as approved by the Utilities Commissioner;
- interruptions resulting from a directive of legislation or code; and
- interruptions resulting from a directive of a person in authority, including police, to maintain public safety.