

23 November 2006

Doc No: C/06/17560

Mr Peter Stolp  
Office of the Tasmanian Energy Regulator  
GPO Box 770  
Hobart 7001

Dear Mr Stolp

### **DISTRIBUTION NETWORK PERFORMANCE STANDARDS**

I refer to your letter dated 3 November 2006 to the Commission regarding the above matter and would like to offer the following comments.

1. The Office of the Tasmanian Energy Regulator's approach in linking the infrastructure cost to the level of service standards on reliability of supply provides a good basis for the proposed minimum performance standards.
2. The proposed classifications for customer groups are not consistent with the national reporting standards as defined by the *National Regulatory Reporting for Electricity Distribution and Retailing Businesses* (March 2002) published by the ACCC. I understand that the proposed classifications are location specific for Tasmania. In order to be able to compare Aurora Energy's performance with its peers from other states, the distribution business should also monitor its network performance based on the national reporting framework.
3. Regarding the GSL scheme, please note that the Commission has recently enhanced its GSL scheme on reliability of supply measures. Table 1 of the attachment shows the differences between the new and previous GSL schemes for Victorian customers. GSL schemes are typically designed to direct regulated distribution businesses' attention to the worst served customers. Experience of the Commission with the Victorian distribution businesses shows that this type of schemes works effectively in conjunction with a service incentive scheme (the S factor) for improving supply reliability. Further information about the Commission's S factor service incentive scheme is contained in the Commission's *2006-10 Electricity Price Review Final Decision Volume 1*.
4. Regular publication of network performance is also effective to encourage improvement to service levels.

Please contacted me on telephone 03 9651 3205 if you want to discuss this matter further.

Yours sincerely



David Chan

**Manager, Network Standards**

## Attachment

**Table 1: GSL payments scheme**

	Level 1		Level 2		Level 3	
	Threshold	Payment	Threshold	Payment	Threshold	Payment
<b>2006–10 regulatory period</b>						
Annual cumulative duration of interruptions	20 hrs	\$100	30 hrs	\$150	60 hrs	\$300
Annual number of interruptions	10	\$100	15	\$150	30	\$300
Momentary interruptions	24	\$25	36	\$35		
<b>2001–05 regulatory period</b>						
Duration of interruption	12 hrs	\$80				
Annual number of interruptions (urban)	9	\$80				
Annual number of interruptions (rural)	15	\$80				

*Note: Momentary interruptions are those supply interruptions of less than one minute in duration*