

Projects on the Go July 2022

Activities of OTTER
prepared for the
OTTER Customer Consultative Committee

Printed July 2022

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OTTER Customer Consultative Committee

Projects on the Go

Meeting 2/2022

July 2022

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1. Water and Sewerage

- a. 2022 Price Determination Investigation - release of Final Report and Determination and approval of TasWater's Price and Service Plan for the fourth regulatory period

Following the release of the Regulator's Final Report and Price Determination on 10 May 2022, TasWater submitted its revised Price and Service Plan (PSP) for the period from 1 July 2022 to 30 June 2026, including its Customer Contract and policies, for the Regulator's approval.

OTTER reviewed TasWater's PSP and found some minor errors and omissions, which TasWater subsequently amended. The Regulator approved TasWater's PSP and associated documents on 27 June 2022. The approved PSP took effect from 1 July 2022.

More information about the investigation, determination and TasWater's Price and Service Plan is available at: [2022 Water and Sewerage Price Determination Investigation](#)

The presentation to be delivered under Agenda Item 5 will provide further details.

- b. Report on the State of the Tasmanian Water and Sewerage Industry 2020-21

Under the *Water and Sewerage Industry Act 2008* (the Act), the Regulator is required to prepare a report on the state of the water and sewerage industry (SOIR), either at the request of the responsible Ministers or in the lead up to a price determination investigation.

By way of a jointly signed letter dated 10 December 2021, the Minister for Primary Industries and Water and the then Minister for Finance requested that the Regulator prepare a SOIR in respect of the 2020-21 financial year.

In accordance with the Act, the Director of Public Health, the Director of the Environment Protection Authority and the Secretary of the Department of Natural Resources and Environment Tasmania were consulted by the Regulator in the preparation of the report.

On 10 June 2022, the Regulator published the 2020-21 SOIR. Key facts include:

- TasWater provided water supply services to approximately 438 000 Tasmanians at 215 419 connected properties during 2020-21.
- TasWater provided sewerage services to 187 610 connected properties.
- The total potable water supplied to residential customers was 34 003 ML, a reduction of 6.2 per cent compared to 2019-20.
- Water supplied to non-residential customers increased by 5.7 per cent to 30 912 ML in 2020-21.
- TasWater achieved 100 per cent microbiological compliance across its network of reticulated water supply in 2020-21 for the third consecutive year.
- No long-term boil water alerts or public health alerts (do not consume) were issued during 2020-21.
- In 2020-21, TasWater received one Environmental Infringement Notice for failing to notify the Director, Environment Protection Authority Tasmania, within 24 hours after becoming aware of the release of a pollutant.
- TasWater reported one instance of non-compliance to the Dam Safety Regulator during 2020-21.

- Unaccounted for water continues to be a concern, with TasWater estimating that, during 2020-21, around 25 per cent of treated water was lost from the system.
- TasWater's estimated rate of real water loss, at 8.9 kL per kilometre of water main per day, was almost three times the median rate of 3.0 kL per day reported by equivalent mainland utilities.
- The prices to customers of water and sewerage services in 2020-21 remained unchanged from 2019-20 due to the price freeze.
- TasWater reported an underlying profit of \$16.3 million in 2020-21, compared to a loss of \$15.8 million for the previous year.
- TasWater's income increased by 4.5 per cent in 2020-21, compared to 2019-20, while its operating costs fell by 1.7 per cent.
- TasWater's total capital expenditure was \$177.6 million, an increase of 37.9 per cent from 2019-20 but below the target of \$193.3 million in its 2021-25 Corporate Plan. This was largely due to issues experienced in the first half of the financial year, including delays in commencing the Bryn Estyn water treatment plant upgrade, design challenges on two major dam projects and COVID-19 related travel restrictions.

The 2020-21 SOIR and accompanying Fact Sheet may be viewed on the Regulator's website at: [Performance Reporting | Office of the Tasmanian Economic Regulator](#).

2. Competitive neutrality complaint investigations

The Regulator's functions under the *Economic Regulator Act 2009* include conducting investigations, where appropriate, into complaints of breaches of the national competition policy (NCP) competitive neutrality principles (CNP) against State and local government bodies.

The Regulator has not received any competitive neutrality complaints since March 2022.

The Regulator has been monitoring the implementation of its recommendations to both the Hobart and Clarence City Councils regarding the pricing of certain services at their respective aquatic centres.

3. Energy

- a. 2022 Standing Offer Price Investigation and Determination and price approval for 2022-23

The Regulator completed the 2022 Standing Offer Electricity Price Investigation and made its determination for the period from 1 July 2022 to 30 June 2025 on 29 April 2022.

More information about the investigation and determination is available at: [2022 Standing Offer Price Investigation and Determination](#)

The Regulator approved Aurora Energy's prices for 2022-23 on 17 June 2022: [Standing Offer price approval for 2022-23](#)

The presentation to be delivered under Agenda Item 6 will provide further details.

- b. 2022 Regulated Feed-in Tariff Rate Investigation and Determination

The Regulator completed the 2022 Regulated Feed-in Tariff Rate Investigation and made its Determination for the period from 1 July 2022 to 30 June 2025 on 21 April 2022.

More information about the investigation and determination is available at: [2022 Regulated Feed-in Tariff Rate Investigation and Determination](#)

The Regulator determined the minimum regulated feed-in tariff rate for 2002-23 on 17 June 2022: [Regulated minimum feed-in tariff rate for 2022-23](#)

The presentation to be delivered under Agenda Item 4 will provide further details.

c. Energy in Tasmania

The Regulator published the annual performance report for Tasmania's energy sector, the *Energy in Tasmania Report 2020-21* on 18 March 2022.

The Report noted that the Tasmanian energy market continues to evolve, with wind and solar electricity generation sources playing an increasing role in meeting Tasmania's energy demand, and new electricity retailers entering the market. Over 2020-21, the increasing contribution of these generation technologies, combined with lower electricity prices in Victoria and lower inflows into Hydro Tasmania's dams resulted in Hydro Tasmania reducing its generation output and conserving dam storage levels. As a result of this, import volumes through Basslink were nearly twice as high as in 2019-20.

Compared to the previous year, the Tasmanian energy market experienced:

- a 0.6 per cent increase in electricity consumption, which matches the growth in customer numbers;
- a 9.3 per cent reduction in on-island generation (primarily from reduced hydro-electric generation), supplemented by net imports across Basslink, unlike in 2019-20 when there were net exports;
- a 34.9 per cent increase in wind generation, with two windfarms increasing to full capacity during the year;
- a 39.8 per cent increase in rooftop solar exports, as a result of growth in installations and an increase in the average generating capacity of installations;
- a continuation of the decline in gas-fired generation;
- an increase in electricity customers repaying debts, and an increase in the number of customers on voluntary payment plans; and
- an increase of almost three per cent in the number of natural gas customers.

The [Energy in Tasmania Report 2020-21](#) and Regulator's [Media Release](#) can be viewed on the OTTER website.

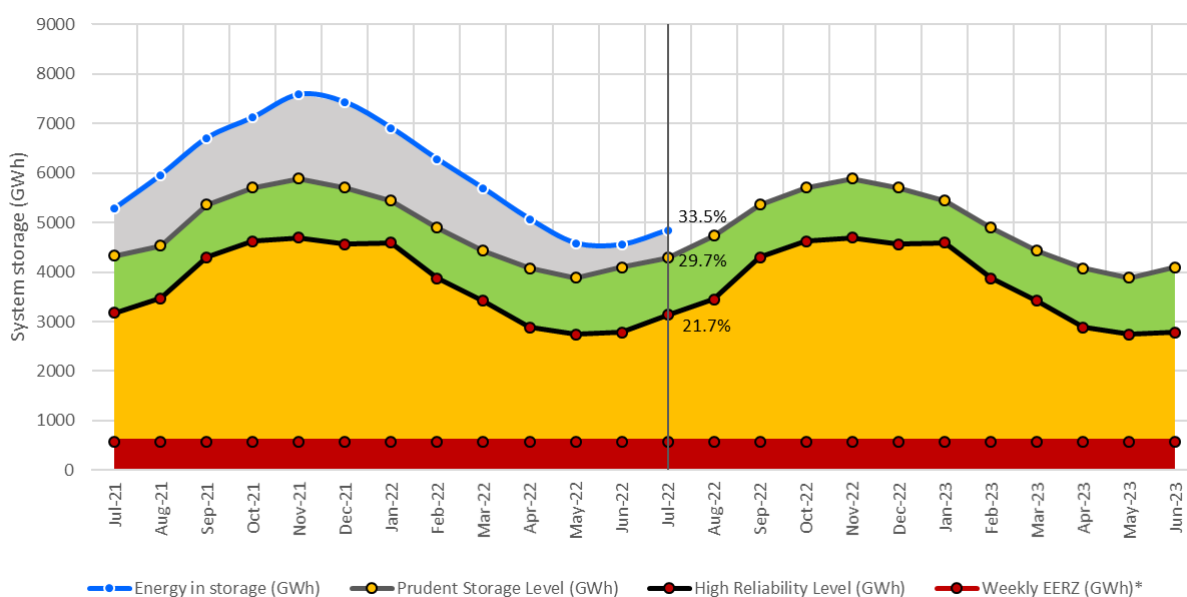
d. Energy Security Monitor and Assessor status update and overview of current energy security position

Energy in storage (EIS) as at 4 July 2022, the date of the most recent monthly dashboard, was at 33.5 per cent. EIS at this level is above the Prudent Storage Level (PSL), and well above the High Reliability Level (HRL) for that month. Energy in storage is equivalent to 5.2 months of demand, based on average seasonal demand.

Water storage levels declined in the first half of 2022 due to lower than average inflows. However, storage levels have stabilised since the beginning of May 2022. While the energy security risk is assessed as remaining very low, the Monitor and Assessor has requested more frequent updates from Hydro Tasmania so as increased monitoring can take place.

Energy on storage over the past year is shown below.

Energy in storage (mainland Tasmania) - July 2021 to July 2022*



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

As at 4 July 2022, Hydro Tasmania’s modelling shows storages remaining above the HRL over the next 120 days in approximately 99 per cent of its simulated inflow sequences, with entry into the HRL highly unlikely.

The monthly dashboards are available here: [Monthly dashboards](#)

e. Wholesale Contract Regulatory Instrument pricing investigation

The approvals made by the Regulator under the Wholesale Contract Regulatory Instrument (Instrument) expire on 30 June 2024.

As reported to members at the March 2022 OCCC, the Regulator had intended conducting a pricing investigation to review the approvals. The investigation was to be completed in June 2022 with new approvals commencing from 1 July 2022.

However, on 31 March 2022 the Regulator decided to not proceed with the investigation due to concerns raised by stakeholders about the uncertainty regarding the ASX continuing to offer Victorian peak futures contacts and how the outcomes from the ongoing policy debate regarding the Tasmanian Renewable Energy Target and the Tasmanian Renewable Energy Action Plan might affect the Instrument.

The Regulator therefore decided it would conduct an investigation during the first half of the 2024 calendar year unless one of the issues set out above or other, at this stage unknown, issues meant that it would be prudent to conduct an investigation before that time.

4. Water and Sewerage, Electricity and Gas Licensing

The Regulator renewed:

- Woolnorth Bluff Point Wind Firm Pty Ltd’s electricity generation licence for a further period of 10 years, effective on 27 May 2022;

- Simplot Australia Pty Ltd's electricity generation licence for a further period of 10 years, effective on 1 July 2022; and
- Basslink Pty Ltd's electricity transmission licence for a further period of 10 years, effective on 1 August 2022.

Weston Energy Pty Ltd surrendered its gas retail licence, effective on 30 June 2022. The Regulator understands that each of Weston Energy's Tasmanian customers has made alternative gas supply arrangements.

5. Codes and Guidelines

a. Tasmanian Electricity Code - vegetation management

On 6 June 2022, OTTER received a request from TasNetworks to amend Chapter 8A of the Tasmanian Electricity Code (TEC). Chapter 8A sets out the objectives for distribution powerline management in Tasmania, including vegetation clearance requirements for bare wires, insulated service cables, and aerial bundled cables. TasNetworks has proposed that the TEC be amended to prescribe vegetation clearance requirements for an additional cable type, called a covered conductor. TasNetworks' request is being reviewed and the Regulator will conduct consultation via the OTTER website in due course.

b. Water and Sewerage - Customer Service Code

In June 2022, the Regulator approved amendments to the Customer Service Code.

The amended Code (version 8) will take effect from 1 July 2022 and sets out the revised customer service standards approved by the Regulator for the fourth regulatory period.

The minimum service standards reflect the Regulator's decisions contained in the Final Report:

- improved service levels for water main breaks;
- improved service levels for unplanned water supply interruptions;
- new minimum standard for planned water supply interruptions based on the time nominated to affected customers;
- improved service levels for unaccounted for water;
- new service standard for real (water) losses;
- improved service levels for sewerage mains breaks and chokes;
- improved service levels for the containment of sewage spills;
- new service standard for critically notifiable sewage spills;
- new service standards for customer complaints, separated into water and sewerage categories;
- new service standard for calls resolved upon first contact; and
- new service standard for customer satisfaction score.

c. Water and Sewerage - Water and Sewerage Industry Performance and Information Reporting Guideline

In June 2022, the Regulator approved a revised Performance Reporting Guideline (Version 1.6), to take effect from 1 July 2022.

The performance reporting Guideline has been amended to reflect the customer service standards set out in the revised Schedule 1 of the Code. A number of minor additional amendments were also made to update references to legislative and national performance reporting requirements.

6. Electricity - Retail Quarterly Performance Reports

1st Energy, Aurora Energy, Shell Energy (previously ERM Power) and Energy Locals have provided their performance reports for Quarter 3 of 2021-22 as required under Regulation 12 of the *Electricity Supply Industry Regulations 2018*. Performance is reported in accordance with the AER's performance reporting procedures and guideline.

Summaries for each retailer are provided in Tables 1-7 inclusive in Appendix A below.

Appendix A - Retailer performance



Table 1: Aurora Energy quarterly performance – residential

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	244 043	243 330	243 254	241 219	241 969
APAYG customers	11	10	10	10	8
Payment difficulties					
customers repaying a debt	9 123	8 672	7 664	9 678	10 649
average amount \$	1 271	1 366	1 406	1 278	1 187
debt over \$500 but less than or equal to \$1 500	2 735	2 561	2 212	2 763	2 675
debt over \$1 500 but less than or equal to \$2 500	1 158	1 114	976	1 073	1 092
debt over \$2 500	1 375	1 457	1 346	1 477	1 491
Payment plans					
customers on a payment plan	5 535	5 018	6 336	5 964	5 601
customers who had their plan cancelled for non-payment	6 805	5 277	5 302	6 108	5 730
customers with 2 or more plans cancelled in the prev 12 months	4 083	3 373	3 382	3 583	3 445
Disconnections					
residential disconnections	0	0	153	182	207
concession customers disconnected	0	0	63	95	113
customers disconnected who were on a payment plan in the prev 12 months	0	0	27	54	86
customers disconnected on more than once occasion in prev 24 months	0	0	1	7	3
Reconnections					
reconnections within 7 days	0	0	60	75	70
customers on a payment plan in the prev 12 months reconnected within 7 days	0	0	11	15	31
concession customers reconnected within 7 days	0	0	28	31	42
APAYG - Prepayment meter (PPM) customers					
PPM customers with a concession	2	3	3	2	2
PPMs able to detect and report self-disconnections	0	0	0	0	0
PPM self-disconnection events	0	0	0	0	0
customers self-disconnected	0	0	0	0	0
average duration of self-disconnection events (minutes)	0	0	0	0	0
Hardship program					
customers on the hardship program	5 478	4 480	4 632	4 791	4 540
hardship customers with a concession	3 976	3 219	3 302	3 396	3 183

customers exiting the program	444	1 475	629	544	860
average debt upon entry to program \$	1 916	2 622	3 236	2 994	3 325
debt \$0 - \$500	7	40	27	33	24
debt over \$500 but less than or equal to \$1 500	45	143	198	198	167
debt over \$1 500 but less than or equal to \$2 500	184	106	161	164	129
debt over \$2 500	148	187	388	303	255
average debt \$	2 139	2 182	2 427	2 463	2 490
customers who successfully completed program	207	481	134	172	327
customers excluded from program for non-compliance	27	848	347	257	368
customers who transferred or left the retailer	210	146	148	115	165
Complaints (residential)					
billing	1 121	1 307	1 410	1 124	1 397
marketing	3	13	15	19	18
customer transfer	0	1	5	9	7
other	585	1515*	1179	879	744
TOTAL	1 709	2 836	2 609	2 031	2 166

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

Table 2: Aurora Energy quarterly performance – small business

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	29 620	29 387	28 881	28 883	28 842
market contracts	4 591	4 721	5 092	5 260	5 236
Total small business	34 211	34 108	33 973	34 143	34 078
Payment difficulties					
customers repaying a debt	398	425	357	347	296
average customer debt \$	2 231	2 033	2 104	1 810	1 708
Disconnections					
small business customers	0	0	5	10	5
Reconnections					
reconnections within 7 days	0	0	2	1	1
Complaints					
billing	63	74	73	84	44
marketing	0	0	0	0	0
customer transfer	1	0	0	0	0
other	40	33	27	18	25
TOTAL	104	107	100	102	69

Table 3: 1st Energy quarterly performance – residential

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	50	59	51	37	68
market offer	5 742	6 809	7 767	8 752	9 471
Payment difficulties					
customers repaying a debt	142	105	92	170	186
average amount \$	593	485	569	551	526
debt over \$500 but less than or equal to \$1 500	43	26	17	31	43
debt over \$1 500 but less than or equal to \$2 500	11	5	4	10	8
debt over \$2 500	0	3	6	7	6
Payment plans					
customers on a payment plan	107	98	134	145	121
customers who had their plan cancelled for non-payment	77	40	69	60	43
customers with 2 or more plans cancelled in the prev 12 months	42	0	34	0	51
Disconnections					
residential disconnections	26	30	31	22	34
concession customers disconnected	7	8	13	10	17
customers disconnected who were on a payment plan in the prev 12 months	15	21	24	13	26
customers disconnected on more than one occasion in prev 24 months	3	5	3	2	11
Reconnections					
reconnections within 7 days	10	16	20	14	22
customers on a payment plan in the prev 12 months reconnected within 7 days	8	13	19	11	20
concession customers reconnected within 7 days	5	5	11	7	12
Hardship program					
customers on the hardship program	22	36	54	38	63
hardship customers with a concession	10	12	35	24	46
customers exiting the program	15	12	21	52	48
average debt upon entry to program	647	949	326	685	654
debt \$0 - \$500	11	10	27	23	42
debt over \$500 but less than or equal to \$1 500	2	10	11	9	19
debt over \$1 500 but less than or equal to \$2 500	1	3	1	1	6
debt over \$2 500	2	3	0	3	6
average debt \$	892	810	699	645	1 004
customers who successfully completed program	0	0	1	5	5
customers excluded from program for non-compliance	12	8	17	36	33
customers who transferred or left the retailer	3	4	3	11	10
Complaints (residential)					
billing	55	35	47	25	82
marketing	5	3	0	1	2
customer transfer	5	6	3	1	1
other	25	31	29	17	39
TOTAL	90	75	79	44	124



Table 4: 1st Energy quarterly performance – small business

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	6	10	8	8	14
market contracts	910	969	1 041	1 053	1 005
Total small business	916	979	1 049	1 061	1 019
Payment difficulties					
customers repaying a debt	14	23	30	27	22
average customer debt \$	1 923	1 123	1 493	1 958	2 042
Disconnections					
small business customers	2	1	6	2	2
Reconnections					
reconnections within 7 days	0	0	4	2	0
Complaints					
billing	4	7	1	2	6
marketing	1	0	1	0	1
customer transfer	0	0	0	0	0
other	4	1	2	3	2
TOTAL	9	8	4	5	9

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Table 5: Shell Energy quarterly performance – small business

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	49	48	48	58	52
market contracts	72	70	73	69	68
Total small business	121	118	121	127	120
Payment difficulties					
customers repaying a debt	16	10	8	3	15
average customer debt \$	2 000	2 700	1 717	710	1 200
Disconnections					
small business customers	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
Complaints					
billing	0	0	0	0	0
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	0	0	0	0	0
TOTAL	0	0	0	0	0

Table 6: Energy Locals quarterly performance – residential

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
market offer	162	299	326	24	425
Payment difficulties					
customers repaying a debt	5	6	3	8	7
average amount \$	147	231	272	433	0
debt over \$500 but less than or equal to \$1 500	0	0	0	3	3
debt over \$1 500 but less than or equal to \$2 500	0	0	0	0	1
debt over \$2 500	0	0	0	0	0
Payment plans					
customers on payment plan	0	0	3	6	4
customers who had their plan cancelled for non-payment	0	0	0	2	2
customers with 2 + plans cancelled (past 12 months)	0	0	0	1	0
Disconnections					
residential disconnections	0	0	0	0	0
concession customers disconnected	0	0	0	0	0
customers disconnected who were on a payment plan in the previous 12 months	0	0	0	0	0
customers disconnected on more than once occasion in previous 24 months	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
customers on a payment plan in the previous 12 months reconnected within 7 days	0	0	0	0	0
concession customers reconnected within 7 days	0	0	0	0	0
Hardship program					
customers on the hardship program	0	0	0	0	2
hardship customers with a concession	0	0	0	0	2
customers exiting the program	0	0	0	0	0
average debt upon entry to program	0	0	0	0	17
debt \$0 - \$500	0	0	0	0	2
debt over \$500 but less than or equal to \$1 500	0	0	0	0	0
debt over \$1 500 but less than or equal to \$2 500	0	0	0	0	0
debt over \$2 500	0	0	0	0	0
average debt \$	0	0	0	0	17
customers who successfully completed program	0	0	0	0	0
customers excluded for non-compliance	0	0	0	0	0

customers who transferred or left the retailer	0	0	0	0	0
Complaints (residential)					
billing	2	0	1	1	0
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	1	0	0	0	0
TOTAL	3	0	1	1	0

Table 7: Energy Locals quarterly performance – small business

	2020-21	2020-21	2021-22	2021-22	2021-22
	Q3	Q4	Q1	Q2	Q3
Customer numbers					
standing offer	0	0	0	0	0
market contracts	38	38	38	371	31
Total small business	38	38	38	371	31
Payment difficulties					
customers repaying a debt	5	3	4	0	3
average customer debt \$	3 121	1 072	994	0	151
Disconnections					
small business customers	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	0	0
Complaints					
billing	0	0	0	0	0
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	0	0	0	0	0
TOTAL	0	0	0	0	0