

Projects on the Go September 2019

Activities of OTTER
prepared for the
OTTER Customer Consultative Committee

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OTTER Customer Consultative Committee

Projects on the Go

Meeting 3/2019

Thursday 19 September 2019

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1. Water and Sewerage

a. TasWater quarterly capital expenditure update (Q4 2018-19)

TasWater's capital expenditure over the third regulatory period (1 July 2018 - 30 June 2021) is forecast by TasWater to be around \$467 million.

TasWater's capital expenditure budget for 2018-19, based on its 2019-2023 Corporate Plan, was \$145 million (marginally above the \$143 million forecast for that year as part of TasWater's Price and Service Plan for the third regulatory period).

TasWater's fourth quarter report indicates that capital expenditure for 2018-19 totalled \$131 million. Compared with the PSP3 forecast, there was a \$12 million shortfall in 2018-19.

TasWater states that the shortfall is primarily due to the transitioning of projects into its Capital Delivery Office (CDO) and the associated changes to the way that projects will be delivered. TasWater states that it expects the expenditure shortfall to be made up in the second and third years of the third regulatory period now that the CDO is fully operational.

TasWater also states that 80 per cent of its planned key outcomes for 2018-19 were achieved, including:

- approximately 40km of CCTV delivered for the assessment of sewer main conditions;
- completion of the Regional Towns Water Supply Improvement Project;
- renewal of 9.9km of sewer mains;
- installation of approximately 9 700 water meters;
- completion of the Girdlestone Reservoir;
- approximately 10.5 km of water main renewals;
- relocation of the Huonville SPS; and
- securing surety of water supply in the Swansea Dam.

TasWater has listed 35 projects and 18 programs over the regulatory period. No projects were added or removed during the fourth quarter.

b. Next pricing investigation

The Regulator published its Price and Service Plan Guideline for the fourth regulatory period in June 2019. The Guideline sets out the minimum information that TasWater must provide for the next price determination investigation. Under the Guideline, TasWater is required to submit its proposed price and service plan by 30 June 2020 with the Regulator's next investigation commencing on 1 July 2020. The current regulatory period ends on 30 June 2021.

On 26 June 2019, the Regulator declared the duration of the fourth regulatory period to be four years, ie from 1 July 2021 to 30 June 2025. The end date of the fourth regulatory period aligns with the duration of the price capping arrangements agreed on 1 May 2018 between the State Government, TasWater and the Chief Representative of the Owners' Representatives Group.¹

¹ A price freeze for the 2019-20 financial year and a cap on annual price increases of 3.5 per cent until 1 July 2025.

2. Prescribed Body Inquiry

In August 2019, the Treasurer directed the Regulator to inquire into Aurora Energy's competitive behaviour and pricing policies by conducting a prescribed body inquiry under the Economic Regulator Act 2009.

The Terms of Reference require the Regulator to deliver a report on the findings of the prescribed body inquiry to the Treasurer and the Minister for Energy by 31 January 2020.

3. Energy

a. Time-varying feed-in tariff investigation

The Treasurer asked the Tasmanian Economic Regulator to investigate the feasibility and effectiveness of introducing a time varying feed-in tariff in Tasmania. The matter was considered in the 2019 Regulated Feed-In Tariff Rate Investigation, which was completed in May 2019. However, at the time the Regulator decided that further information was required in order to make a thorough assessment.

In September 2019, the Regulator wrote to stakeholders in the Tasmanian electricity industry seeking detailed information on the potential costs and benefits of establishing time-varying feed-in tariffs in Tasmania.

The Regulator will issue a separate report to the Treasurer on the feasibility of introducing a time varying feed in tariff by December 2019.

b. Retail

1stEnergy, a Victorian based retailer operating in Victoria, New South Wales and Queensland, entered the Tasmanian electricity market in February 2019.

The Regulator has written to 1stEnergy requiring it to submit copies of the quarterly and annual retail performance reports that are lodged with the Australian Energy Regulator under its *AER (Retail Law) Performance Reporting Procedures and Guidelines (April 2018)*, as required of Aurora Energy. 1stEnergy's first report was received in July 2019 and the results are reflected in the attached retail performance report for Q4, 2018-19.

c. Wholesale Contract Pricing investigations

The Regulator is responsible for regulating some of Hydro Tasmania's wholesale contract activities. The Regulator carries out this function by making approvals that are contained within the Wholesale Contract Regulatory Instrument (Instrument).

The change in the National Electricity Rules to a 5 minute settlement period in the electricity spot market (from 30 minutes) from 1 July 2021 meant the approvals made by the Regulator would no longer be consistent with the settlement arrangements in the National Electricity Market.

However, the Regulator is required by law to conduct an investigation before revoking or making approvals. Consequently, the Regulator conducted a pricing investigation in late June 2019 and made new approvals which provided an interim solution to this issue.

The Regulator is undertaking another investigation with the objective of implementing a longer-term solution to address the change in the settlement period. The investigation will determine whether to revoke the existing approvals and whether to make new approvals.

The Regulator's proposals are set out in a consultation paper available on the Regulator's website. The Regulator's final report in relation to the investigation will be published by 30 September 2019.

d. 2019 Network Reliability Review

On 1 July 2019, the Regulator released the draft Terms of Reference for the 2019 Network Reliability Review (Review) for consultation. The Regulator received one submission from TasNetworks.

On 7 August 2019, the Regulator published the final Terms of Reference for the review, including a revised timetable, which will see the Review completed by 31 January 2020. The Terms of Reference include a commitment by the Regulator to meet with stakeholders as part of the review.

e. Energy Security Monitor and Assessor update

Energy in storage (EIS) as at 2 September 2019, the date of the most recent monthly dashboard, was at 46.4 per cent. EIS at this level is above the September Prudent Storage Level (PSL) and well above the High Reliability Level (HRL) for September and is able to supply 7.8 months of demand based on average seasonal demand of around 860 GWh.

The Basslink interconnector is unavailable as of 24 August 2019. On 26 August 2019 Basslink Pty Ltd advised that, based on information available at that time, the interconnector will be offline until mid-October 2019.

Hydro Tasmania reports that storages remain above the HRL over the next 90 days in all of its simulated inflow sequences. Hydro Tasmania's most recent modelling of the adequacy of its water storages accounts for Basslink's unavailability.

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

With the expected commencement in early 2020 of new large scale wind farms at Cattle Hill and Granville Harbour, the Regulator, in its role as Monitor and Assessor, has commenced a review of the HRL and PSL profiles to assess whether the current profiles will be appropriate once the wind farms start generating. These two wind farms are expected to add about 8 per cent to the State's electricity output. In the event that the review determines that changes are required to the profiles, the Monitor and Assessor, after consulting with the Energy Security Co-ordinator, is required to advise the Minister for Energy of the revised profiles.

f. Decommissioning of Aurora Pay As You Go product

Following a review, Aurora Energy is decommissioning its Pay As You Go product (APAYG). An alternative product called Aurora Pay As You Go plus (APAYG+) is available and is enabled by advanced meters (communications enabled interval meters or Type 4) and is being offered with a standard retail contract Residential Time-of-Use tariff (Tariff 93).

Existing APAYG customers have to choose between Aurora Energy's standing offer tariffs T31/41 or T93, or T93 with the APAYG+ app, or select another retailer and choose one of their products. The app costs \$40 per year and is offered on an opt-in basis under a separate unregulated contract.

Of the 18 516 APAYG customers who have provided their legal consent to transition from APAYG and who have opted to [swap to other Aurora Energy](#) products:

- 8 984 (48.5%) customers have selected APAYG+;
- 5 996 (32.4%) customers selected Tariff 93 (ie T93 without the APAYG+ app); and
- 3 536 (19.1%) customers selected Tariff 31/41.

Approximately 1,500 customers are yet to select a product to replace their APAYG product. Aurora Energy’s PAYG Transition Team has made multiple contacts with these customers and is soon to begin the next phase of customer engagement in the decommissioning process. Aurora Energy has advised that the next phase involves sending out a further round of letters to these customers.

4. Electricity - Retail and Distribution Quarterly Performance Reports (Q4, 2018-19)

a. Retail Performance Report

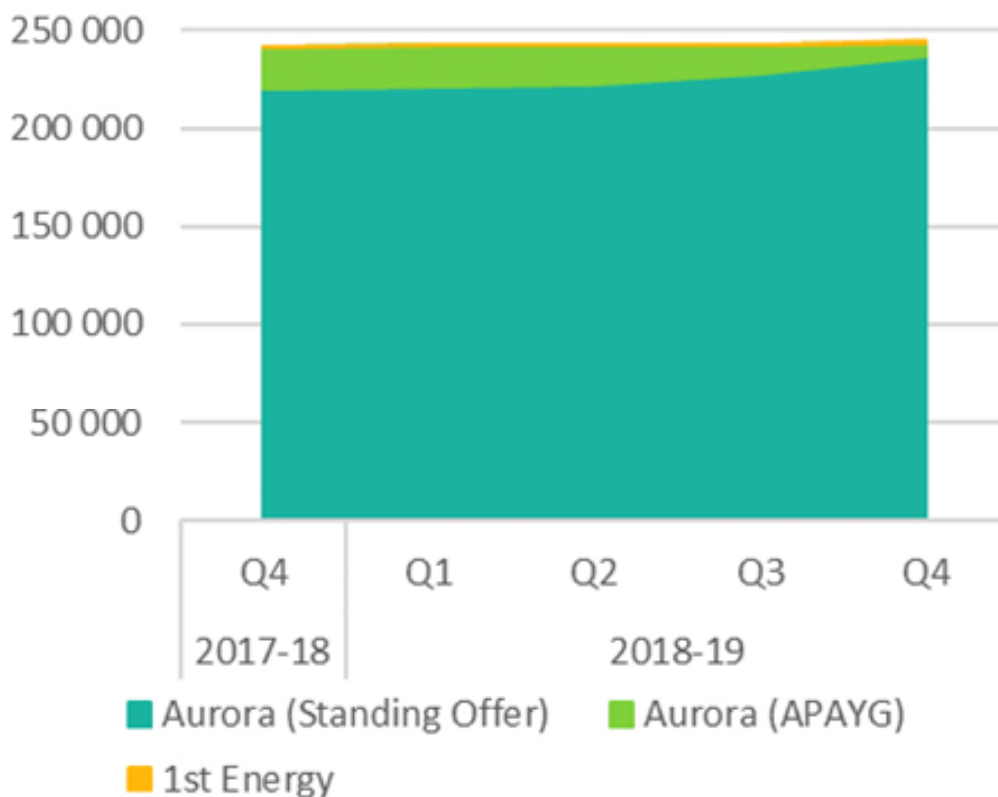
Both 1st Energy and Aurora Energy have provided their performance report for Q4, 2018-19 as required by Regulation 13 of the *Electricity Supply Industry Regulations 2008*.² Details of ERM Power’s performance in the business sector has also been included below.

Performance measures are reported in accordance with the AER’s performance reporting procedures and guideline and are provided in the Appendices.

A summary of selected performance measures is shown below.

i. Residential Summary

Figure 1 Customer numbers



² These regulations were remade in 2018 as the *Electricity Supply Industry Regulations 2018*. The 2018 regulations were unchanged from those made in 2008.

Figure 2 Number of disconnections

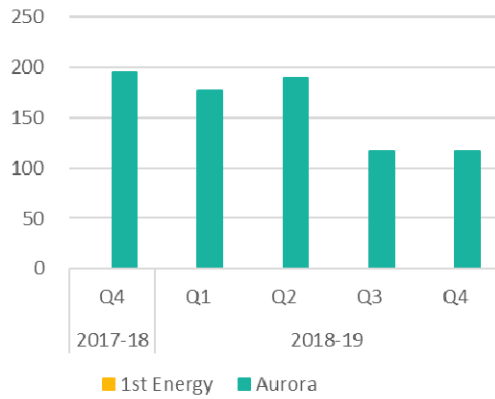


Figure 3 Customers on a payment plan

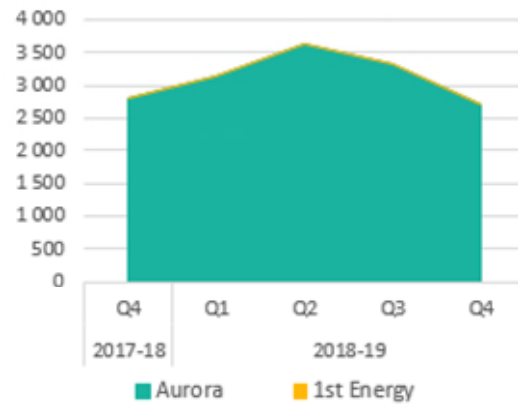


Figure 4 Customers repaying a debt and average debt

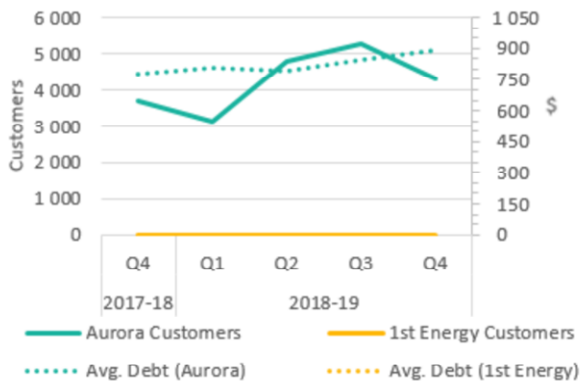


Figure 5 Aurora Energy customers (excluding concession) on hardship program and average debt upon entry to the program

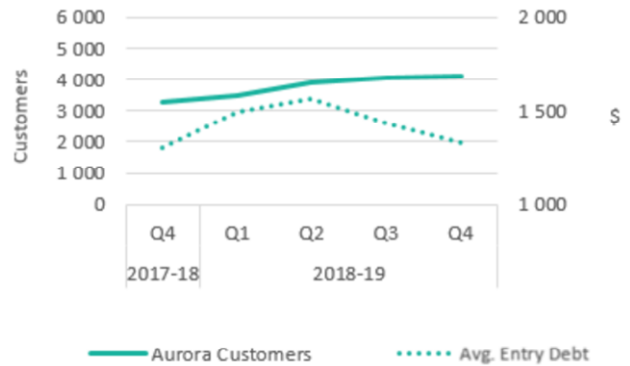


Figure 6 Aurora Energy concession customers on hardship program and average debt upon entry to the program

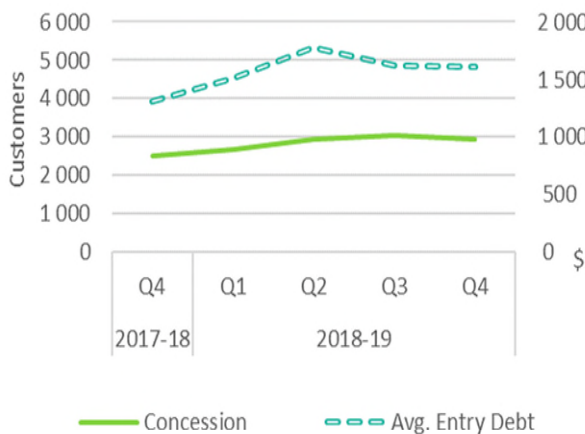


Figure 7 1st Energy customers (including concession) on hardship program and average debt upon entry to the program

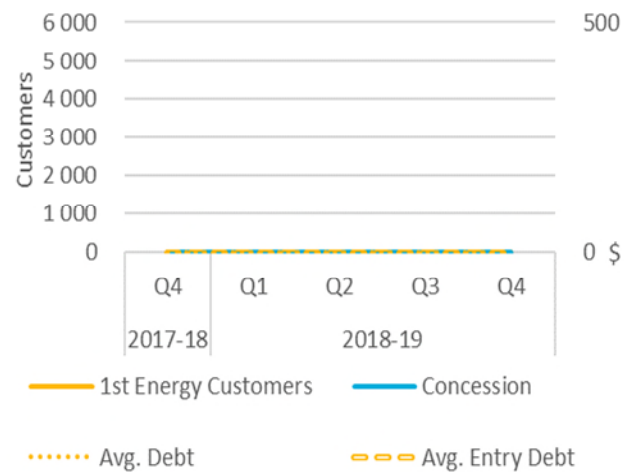
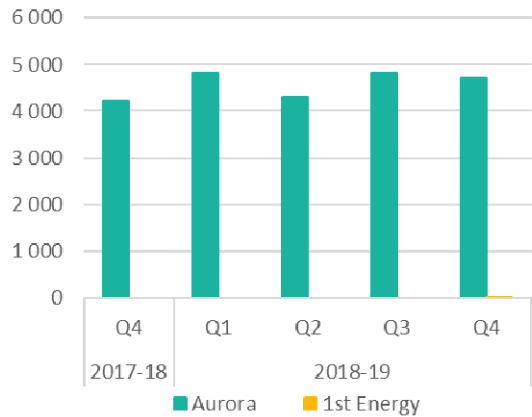


Figure 8 Total complaints to the relevant entity



ii. Small Business Summary

Figure 9 Customer numbers

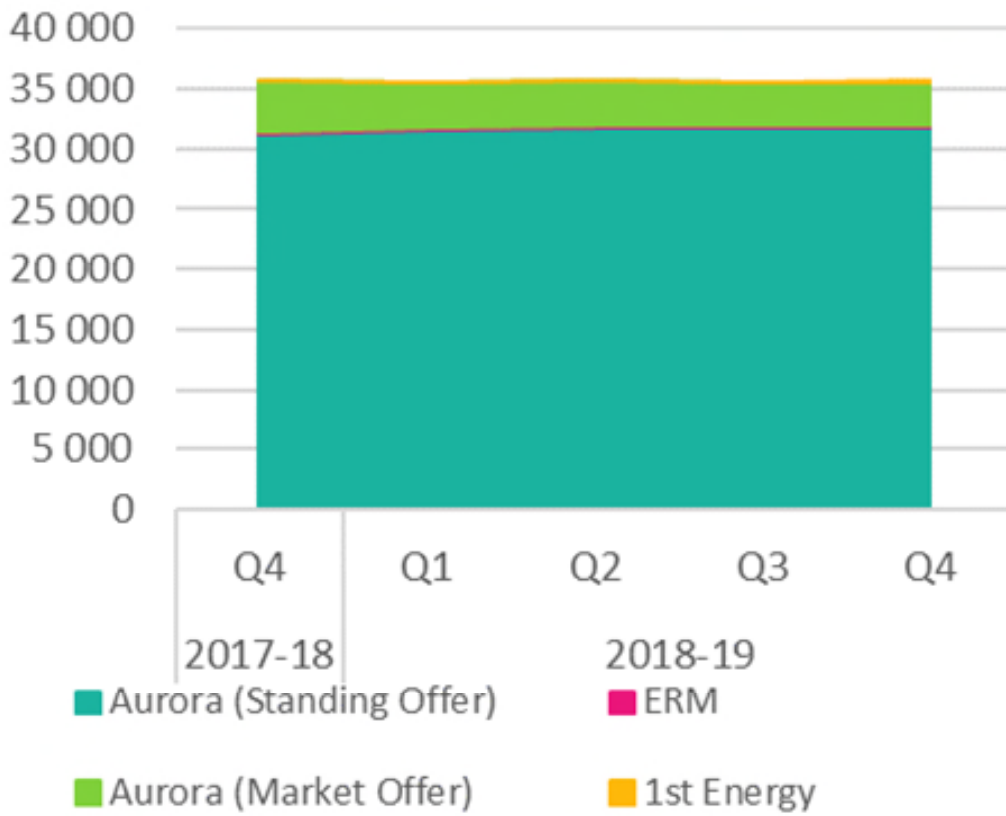


Figure 10 Disconnections

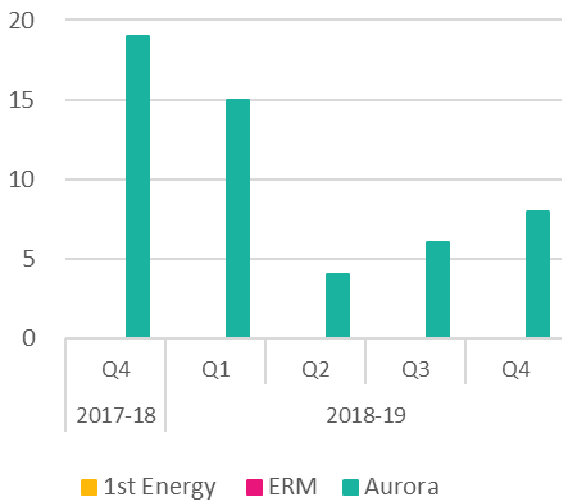


Figure 11 Total complaints to the relevant entity

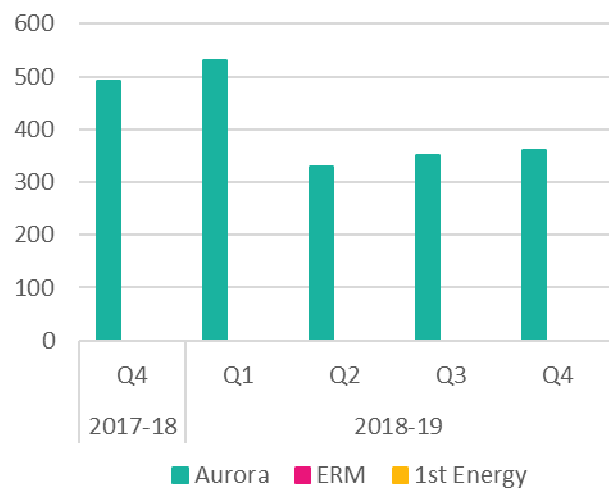


Figure 12 Aurora Energy customers repaying a debt and average debt

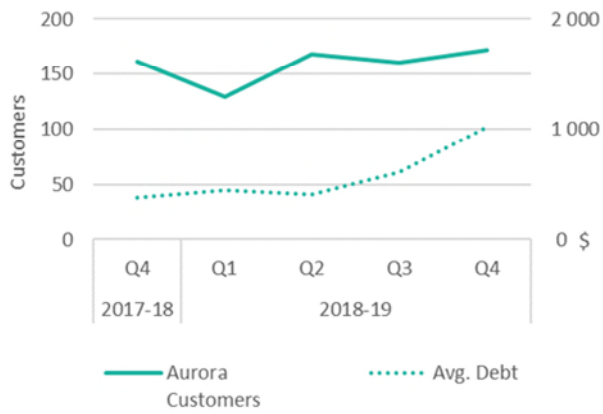


Figure 13 1st Energy customers repaying a debt and average debt

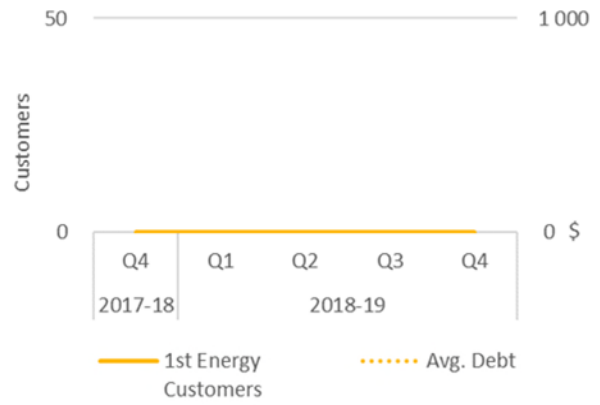
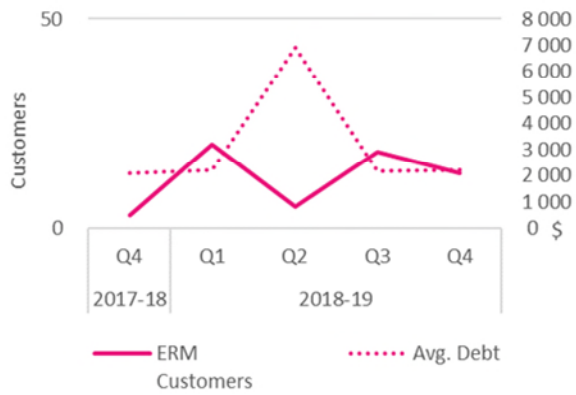


Figure 14 ERM customers repaying a debt and average debt



b. Distribution Performance Report - TasNetworks

TasNetworks has provided its performance report for Q4, 2018-19.

Network performance is measured by:

- System Average Interruption Duration Index (SAIDI) - the total duration (in minutes) of all outages divided by the number of customers served (this provides a measure of the average outage duration experienced by each customer).
- System Average Interruption Frequency Index (SAIFI) - the total number of interruptions divided by the number of customers served (this provides a measure of the average number of interruptions experienced by each customer).
- Customer Average Interruption Duration Index (CAIDI) - the total duration (in minutes) of all outages divided by the total number of interruptions (this provides a measure of the average time taken to repair an interruption to supply).
- Momentary Average Interruption Frequency Index (MAIFI) - the total number of momentary interruptions divided by the number of customers served (this provides a measure of the average number of momentary interruptions experienced by each customer).

Table 1 shows TasNetworks' recent performance on a per customer basis. A summary of quarterly performance for the 101 Communities across Tasmania is provided in Appendix 6.

Table 1 Overall system performance

	2017/2018	2018/2019	2018/2019	2018/2019	2018/2019
	Q4	Q1	Q2	Q3	Q4
SAIFI	0.61	0.58	0.33	0.49	0.35
SAIDI (minutes)	142.72	77.89	40.36	56.71	46.77
CAIDI (minutes)	232.30	134.01	121.01	115.24	133.80
MAIFI	1.11	1.41	0.79	1.57	0.70

Figure 15 and Figure 16 show the outage causes and the contribution those outages made to SAIFI and SAIDI performance respectively.

Figure 15 Contributions to SAIFI

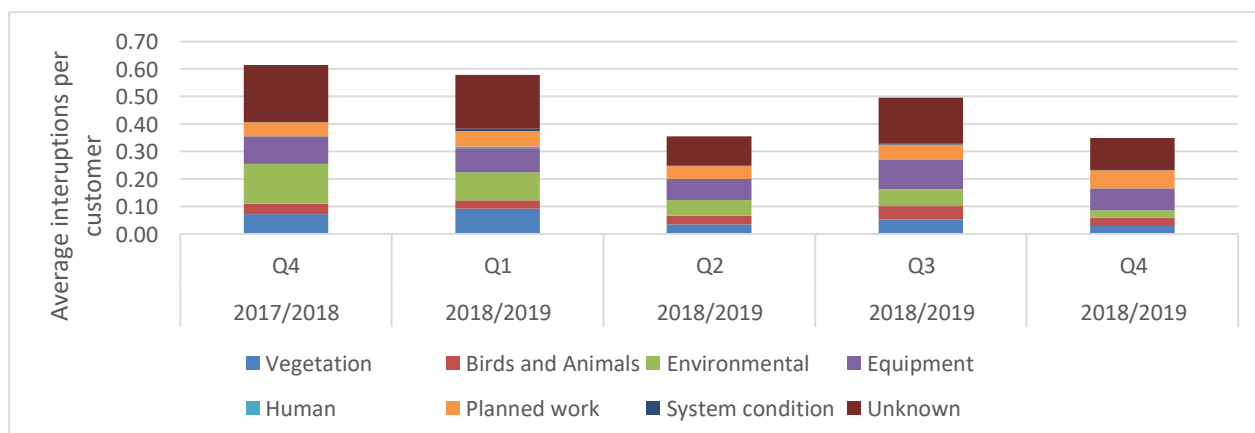
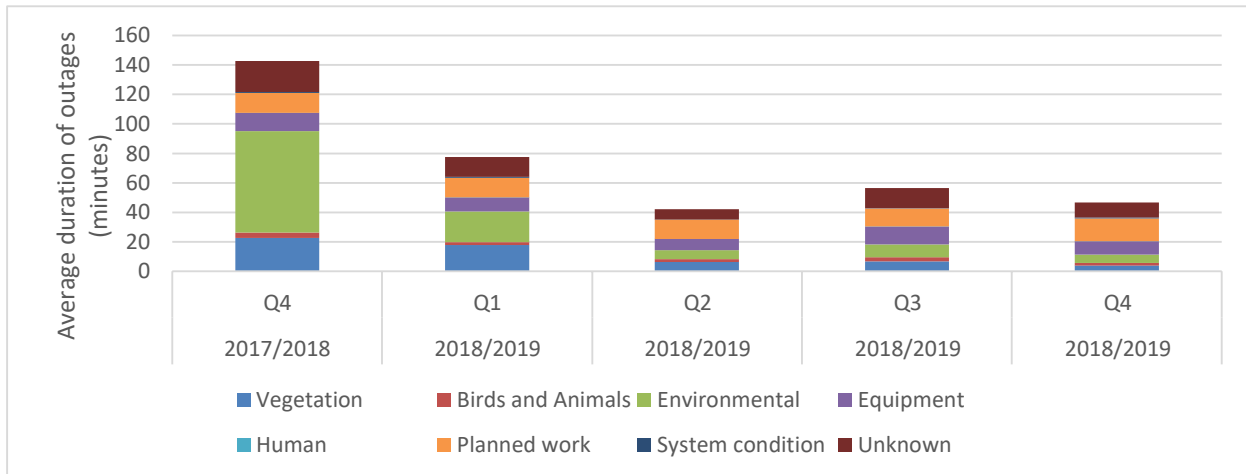


Figure 16 Contributions to SAIDI



5. Water and Sewerage, Electricity and Gas Licensing Update

Granville Harbour Operations Pty Ltd - issue of a new electricity generation licence

On 26 August 2019, the Regulator issued an electricity generation licence to Granville Harbour Operations Pty Ltd to operate a number of wind turbines at Granville Harbour. The combined installed generation capacity will be 111.6 MW. The licence is for a period of 10 years, effective from 1 October 2019.

6. Appendices

Appendix 1: Aurora Energy quarterly performance – residential



	2017-18	2018-19	2018-19	2018-19	2018-19
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	220 049	221 719	223 041	228 741	236 879
APAYG customers	21 076	20 479	19 711	14 549	6 989
Payment difficulties					
debt repayment	3 710	3 147	4 775	5 277	4 292
average amount	776	806	794	844	892
debt \$500 - \$1 500	965	835	1 345	1 577	1 217
debt \$1 500 - \$2 500	263	246	365	429	396
debt over \$2 500	240	216	309	370	333
Payment plans					
customers on payment plan	2 797	3 155	3 619	3 311	2 725
customers who had their plan cancelled for non-payment	847	810	1 019	1 143	1 109
customers with 2 or more plans cancelled in the last 12 months	249	248	307	316	380
Disconnections					
				16	
residential disconnections	195	177	189	116	116
concession customers disconnected	71	64	87	54	49
payment plan customers disconnected	51	46	46	41	43
customers disconnected more than once in 24 months	4	11	13	13	11
Reconnections					
				0	
reconnections (within 7 days)	88	89	97	33	41
payment plan customers	19	21	19	16	17
concession customers	32	31	51	10	16
APAYG - Prepayment meter (PPM) customers					
				0	0
PPM customers with a concession	11 304	11 017	10 704	8 949	333
PPMs able to report self-disconnections	10 841	9 955	9 953	8 338	172
PPM self-disconnection events	852	816	628	392	1 014
customers self-disconnected	680	672	514	330	4 464
average duration of self-disconnection events (minutes)	247	280	220	315	9 198
Hardship program					
customers on the hardship program	3 251	3 490	3 893	4 065	4 090
hardship customers with a concession	2 492	2 667	2 954	3 048	2 949
customers denied access	0	0	0	0	0
customers exiting the program	517	440	449	153	160
average debt upon entry to program	1 304	1 510	1 772	1 621	1 605
debt \$0 - \$500	93	90	97	108	90
debt \$500 - \$1 500	283	345	415	394	258
debt \$1 500 - \$2 500	137	146	183	156	146
debt over \$2 500	101	98	157	75	123
average debt	1 304	1 497	1 560	1 431	1 328
customers who successfully completed program	200	144	0	153	160
customers excluded from program	174	170	210	325	275
customers who transferred	143	126	133	167	157
Complaints (residential)					
billing	2 655	3 332	2 754	2 547	2 134
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	1 576	1 496	1 541	2 270	2 596
TOTAL	4 231	4 828	4 295	4 817	4 730

Appendix 2: Aurora Energy quarterly performance – small business



	2017-18	2018-19	2018-19	2018-19	2018-19
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	31 276	31 542	31 802	31 831	31 826
market contracts	4 192	3 899	3 750	3 598	3 550
Total small business	35 468	35 441	35 552	35 429	35 376
Payment difficulties					
customers repaying a debt	162	129	168	161	172
average customer debt	386	453	415	608	1 014
Disconnections					
small business customers	19	15	4	6	8
Reconnections					
reconnections (within 7 days)	2	6	2	1	0
Complaints					
billing	401	422	281	274	270
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	91	109	48	76	90
TOTAL	492	531	329	350	360

Appendix 3: 1st Energy quarterly performance – residential



	2017-18	2018-19	2018-19	2018-19	2018-19
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	-	-	-	-	0
market contracts	-	-	-	-	794
Payment difficulties					
debt repayment	-	-	-	-	0
average amount	-	-	-	-	0
debt \$500 - \$1 500	-	-	-	-	0
debt \$1 500 - \$2 500	-	-	-	-	0
debt over \$2 500	-	-	-	-	0
Payment plans					
customers on payment plan	-	-	-	-	3
customers who had their plan cancelled for non-payment	-	-	-	-	0
customers with 2 or more plans cancelled in the last 12 months	-	-	-	-	0
Disconnections					
residential disconnections	-	-	-	-	0
concession customers disconnected	-	-	-	-	0
payment plan customers disconnected	-	-	-	-	0
customers disconnected more than once in 24 months	-	-	-	-	0
Reconnections					
reconnections (within 7 days)	-	-	-	-	0
payment plan customers	-	-	-	-	0
concession customers	-	-	-	-	0
Hardship program					
customers on the hardship program	-	-	-	-	0
hardship customers with a concession	-	-	-	-	0
customers denied access	-	-	-	-	0
customers exiting the program	-	-	-	-	0
average debt upon entry to program	-	-	-	-	0
debt \$0 - \$500	-	-	-	-	0
debt \$500 - \$1 500	-	-	-	-	0
debt \$1 500 - \$2 500	-	-	-	-	0
debt over \$2 500	-	-	-	-	0
average debt	-	-	-	-	0
customers who successfully completed program	-	-	-	-	0
customers excluded from program	-	-	-	-	0
customers who transferred	-	-	-	-	0
Complaints (residential)					
billing	-	-	-	-	1
marketing	-	-	-	-	2
customer transfer	-	-	-	-	0
other	-	-	-	-	0
TOTAL	-	-	-	-	3

Appendix 4: 1st Energy quarterly performance – small business



	2017-18	2018-19	2018-19	2018-19	2018-19
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	-	-	-	-	0
market contracts	-	-	-	-	98
Total small business	-	-	-	-	98
Payment difficulties					
customers repaying a debt	-	-	-	-	0
average customer debt	-	-	-	-	0
Disconnections					
small business customers	-	-	-	-	0
Reconnections					
reconnections (within 7 days)	-	-	-	-	0
Complaints					
billing	-	-	-	-	0
marketing	-	-	-	-	0
customer transfer	-	-	-	-	0
other	-	-	-	-	0
TOTAL	-	-	-	-	0



Appendix 5: ERM Power quarterly performance – small business

	2017-18	2018-19	2018-19	2018-19	2018-19
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	9	17	18	49	21
market contracts	171	162	161	156	166
Total small business	180	179	179	205	187
Payment difficulties					
customers repaying a debt	3	20	5	18	13
average customer debt	2 059	2 221	6 900	2 161	2 216
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

Appendix 6: TasNetworks distribution performance



Community and category performance

Communities Exceeding Duration or Frequency Standards

	2017/2018		2018/2019		
	Q3	Q4	Q1	Q2	Q3
Number of communities where the SAIFI standard was exceeded	16	11	17	7	10
Number of communities where the SAIDI standard was exceeded	38	38	26	11	16
Number of communities where either the SAIDI or SAIFI standard was exceeded	39	39	29	13	20

Community Category Performance - SAIFI

	2017/2018		2018/2019			Annual Target
	Q3	Q4	Q1	Q2	Q3	
Critical Infrastructure	0.00	0.05	0.12	0.00	0.01	0.20
High Density Commercial	0.09	0.19	0.27	0.03	0.05	1.00
Urban and Regional Centres	0.44	0.47	0.37	0.26	0.36	2.00
Higher Density Rural	0.93	1.02	0.95	0.41	0.66	4.00
Lower Density Rural	1.06	0.93	1.16	0.60	0.97	6.00

Community Category Performance - SAIDI

	2017/2018		2018/2019			Annual Target
	Q3	Q4	Q1	Q2	Q3	
Critical Infrastructure	0.09	4.57	32.25	0.59	1.62	30
High Density Commercial	14.06	44.09	29.52	7.93	6.87	60
Urban and Regional Centres	58.34	111.59	40.11	29.71	39.01	120
Higher Density Rural	151.81	216.08	110.05	47.89	86.46	480
Lower Density Rural	208.18	220.25	215.93	83.04	110.26	600

Customer Service

Customer service performance indicators

	2017/2018			2018/2019	
	Q3	Q4	Q1	Q2	Q3
<i>Call Centre performance</i>					
Calls received	15 733	15 369	12 194	7 846	10 581
Calls answered within 30 seconds	63.11%	65.03%	79.47%	85.59%	79.40%
<i>Supply Reliability</i>					
New Connections	569	843	857	627	574
Customer charter payments / value	14/\$1 320	56/\$6 480	131/\$16 410	92/\$11 010	105/\$11 760
Complaints - reliability / quality of supply/complaints as a percentage of installations	127 (0.04%)	138 (0.05%)	113 (0.04%)	72 (0.24%)	68 (0.23%)
Reconnections	6 597	6 012	6 059	5 188	5 760
Total Customer Charter payments for reconnections (number / \$)	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0
Street Lighting reported faults	296	915	766	293	376
Street lighting customer charter payments (number / \$)	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0
GSL - Number of payments	6 056	20 644	5 612	1 070	3 344
Amount	\$ 555 200	\$ 2 279 360	\$ 589 120	\$ 93 680	\$ 191 360