

Projects on the Go September 2020

Activities of OTTER
prepared for the
OTTER Customer Consultative Committee

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OTTER Customer Consultative Committee

Projects on the Go

Meeting 3/2020

September 2020

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1. Water and Sewerage

a. Next pricing investigation - status update

The 2018 Water and Sewerage Price Determination is scheduled to expire on 30 June 2021. The Regulator is required by legislation to conduct a price investigation prior to making new price determination and therefore expected to be conducting a water and sewerage investigation during 2020-21.

In response to the COVID-19 pandemic, TasWater wrote to the Tasmanian Government on 2 April 2020 asking it to extend the duration of the third regulatory period by one year to 30 June 2022, and defer the requirement to submit a proposed price and service plan (PSP) to the Regulator by one year, with a new submission date of 30 June 2021.

The Minister for Finance informed the Regulator on 12 June 2020 that the Government intended seeking approval to introduce amendments to the *Water and Sewerage Industry Act 2008* (Industry Act) in the upcoming spring session of Parliament which will:

- extend the end of the current regulatory period for PSP 3 from 30 June 2021 to 30 June 2022; and
- fix the period of PSP 4 to be from 1 July 2022 to 30 June 2026.

On 22 June 2020, the Regulator published a revised PSP Guideline for the fourth regulatory period to account for the revised dates and issued a fresh notice to TasWater requiring it to submit its proposed PSP to the Regulator by 30 June 2021.

The next water and sewerage investigation will therefore take place during 2021-22.

b. 2019-20 Report on the State of the Tasmanian Water and Sewerage Industry

Under the Industry Act, the Regulator is required to prepare a report on the state of the Tasmanian water and sewerage industry (State of the Industry Report):

- within three months before a regulated entity is required to submit a proposed price and service plan; or
- at any other time when directed to do so by the Minister for Primary Industries and Water and the Minister for Finance.

In preparing the State of the Industry Report, the Regulator is required to consult with the Director of Public Health, the Director of the Environment Protection Authority, the Secretary of the responsible Department in relation to the *Water Management Act 1999* (Department of Primary Industries, Parks, Water and Environment) and any other person that the Regulator considers appropriate.

The objective of the State of the Industry Report is to assess TasWater's performance (as a regulated entity) in providing water and sewerage services and identify key priorities for improved performance of the industry. Publication of the State of the Industry Report also ensures TasWater is accountable for its performance.

The publication of annual performance information assists in meeting the Industry Act's objectives of protecting the long-term interests of customers and providing for the safe, environmentally responsible, efficient and sustainable provision of reliable and secure water services and sewerage services to the Tasmanian community.

The third regulatory period for the water and sewerage sector was to cease on 30 June 2021, with the 2021 Water and Sewerage Price Determination Investigation to commence in July 2020. However, as explained in 1a. above, due to the uncertainty arising from the restrictions and economic impacts resulting from the coronavirus pandemic, the Government agreed to TasWater's request to extend the third regulatory period.

As such, the Regulator is required to prepare a State of the Industry Report for 2019-20, to be released after 31 March 2021 and before 30 June 2021 (ie within three months before TasWater's submission of its proposed price and service plan).

The 2019-20 State of the Industry Report will be prepared using a similar structure and format as that of the 2018-19 State of the Industry Report. It will focus on key performance outcomes during the year and priorities for improving performance.

The 2019-20 State of the Industry Report is expected to be published in early April 2021, after the release of the Bureau of Meteorology's Urban National Performance Report for 2019-20 in March 2021.

2. Motor Accidents Insurance Board (MAIB) 2021 pricing inquiry

Treasury is currently developing the terms of reference (ToR) for the 2021 investigation by the Regulator into the MAIB's pricing policies. OTTER met with Treasury staff in August 2020 to discuss the investigation and the development of the ToR. Draft ToR were provided to the Regulator for comment on 8 September 2020. Treasury advised that it also intended seeking comments on the draft ToR from the Department of State Growth and the MAIB.

It is expected that the ToR will be issued in December 2020. The Regulator will seek submissions on the ToR and the MAIB's preliminary submission in February/March 2021. There will also be opportunity for further consultation when the Regulator releases its Draft Report.

Further details and a timeline for the inquiry will be provided on the Regulator's website at <https://www.economicregulator.tas.gov.au/other-industries/maib>

3. Competitive Neutrality - Update on current 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 (CNPs) against State and local government bodies.

In August and September 2020, the Regulator commenced investigations into the alleged contravention of the competitive neutrality principles by two local councils in southern Tasmania. The complaint alleged that the councils set prices for swimming and fitness services that do not reflect the full costs that a private provider would face in providing such services.

If the first or second complaint are found to be justified, the Regulator's investigation report will be provided to the Minister for Finance and the Minister for Local Government, as well as the council and the complainant, in September 2020 and October 2020 respectively.

No further competitive neutrality complaints have been received by the Regulator since June 2020.

4. Energy

a. Next Standing Offer prices and regulated FiT Rate investigations

Under the *Electricity Supply Industry Act 1995*, the Regulator is required to make a price-regulated retail service (standing offer) price determination of the maximum prices Aurora Energy may charge small customers on mainland Tasmania under standard retail contracts.

The Regulator is also required under the Act to make a regulated feed-in tariff rate determination, which sets the minimum rate authorised retailers are to pay standard feed-in tariff customers for excess energy exported to mainland Tasmania's electricity grid.

Both the 2019 Regulated Feed-in Tariff Rate Determination (FiT) and the 2016 Standing Offer Price Determination (SO) are scheduled to expire on 30 June 2021. The Regulator is required by legislation to conduct separate price investigations prior to making new price determinations and therefore expected to be conducting FiT and SO investigations during 2020-21.

On 20 July 2020, the Premier wrote to the Regulator and advised that, due to the impact of the COVID-19 pandemic, the Government will introduce legislation during 2020-21 to extend the expiry date of the FiT and SO determinations by one year to 30 June 2022.

The next FiT and SO investigations will therefore take place during 2021-22.

b. 2019-20 Energy in Tasmania report

Under the ESI Act and the *Gas Industry Act 2019*, the Regulator is to prepare a state of the industry report for the electricity and gas industry in Tasmania.

This report is based on performance information provided to the Regulator by entities involved in the relevant industries in their respective annual performance report or annual return, which is to be provided by 30 September 2020.

OTTER will commence drafting the EIT Report for 2019-20 after receiving the performance information from entities.

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

Energy in storage (EIS) as at 7 September 2020, the date of the most recent EIS data, was at 39.8 per cent. This is above the Prudent Storage Level (PSL) for September of 35.4 per cent and well above the High Reliability Level (HRL) for September of 29.0 per cent.

As at 7 September 2020, the date of the most recent monthly dashboard, Hydro Tasmania reports that storages remain above the High Reliability Level over the next 90 days in all of its simulated inflow sequences.

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

The Regulator, in its role as Energy Security Monitor and Assessor, is currently reviewing the existing PSL and HRL profiles to account for the impact of the additional generation expected

from the large scale Cattle Hill and Granville Harbour wind farms. It is anticipated that the Monitor and Assessor will report on the outcomes from its review to the Minister for Energy in the second half of 2020.

Cattle Hill and Granville Harbour wind farms began generating in December 2019 and February 2020 respectively and are expected to be fully operational in the second half of 2020.

5. Electricity - Retail and Distribution Quarterly Performance Reports (Q4, 2019-20)

a. Retail Performance Report

1st Energy, Aurora Energy, Energy Locals and ERM Power have provided their performance reports for Q4, 2019-20 as required by Regulation 12 of the *Electricity Supply Industry Regulations 2018*. Performance measures are reported in accordance with the AER's performance reporting procedures and guideline. Summaries for each retailer are provided in Appendices 1-7 inclusive.

b. Distribution Performance Report

TasNetworks has provided its performance report for Q4, 2019-20.

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 8.

Table 1 Overall system performance

	2018/2019	2019/2020	2019/2020	2019/2020	2019/2020
	Q4	Q1	Q2	Q3	Q4
SAIFI	0.35	0.45	0.49	0.38	0.43
SAIDI (minutes)	46.66	75.00	61.87	49.90	45.75
CAIDI (minutes)	133.55	166.83	125.33	132.84	104.75
MAIFI	0.71	0.81	0.76	0.79	0.74

Figure 1 and Figure 2 show the outage causes and the contribution those outages made to SAIFI and SAIDI performance respectively.

Figure 1 Contributions to SAIFI

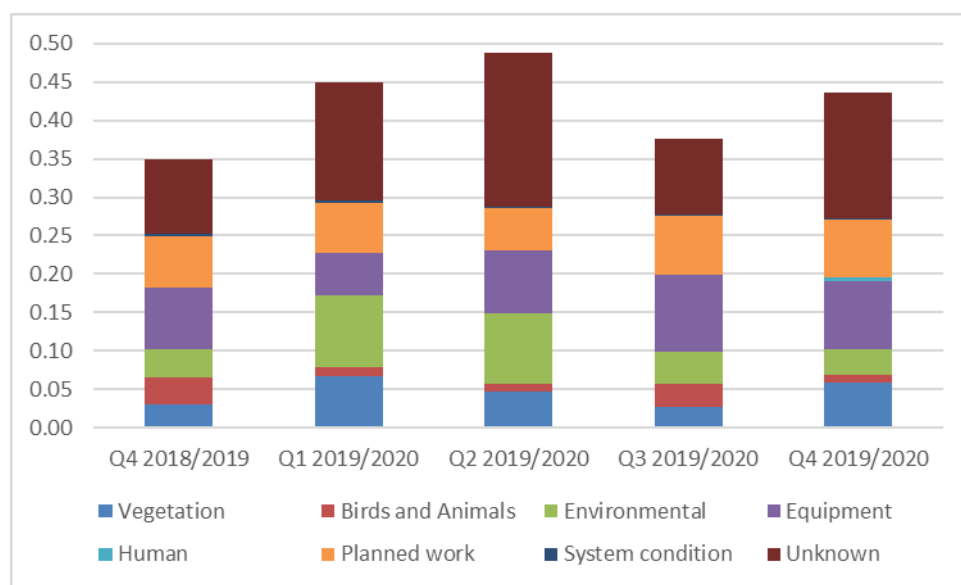
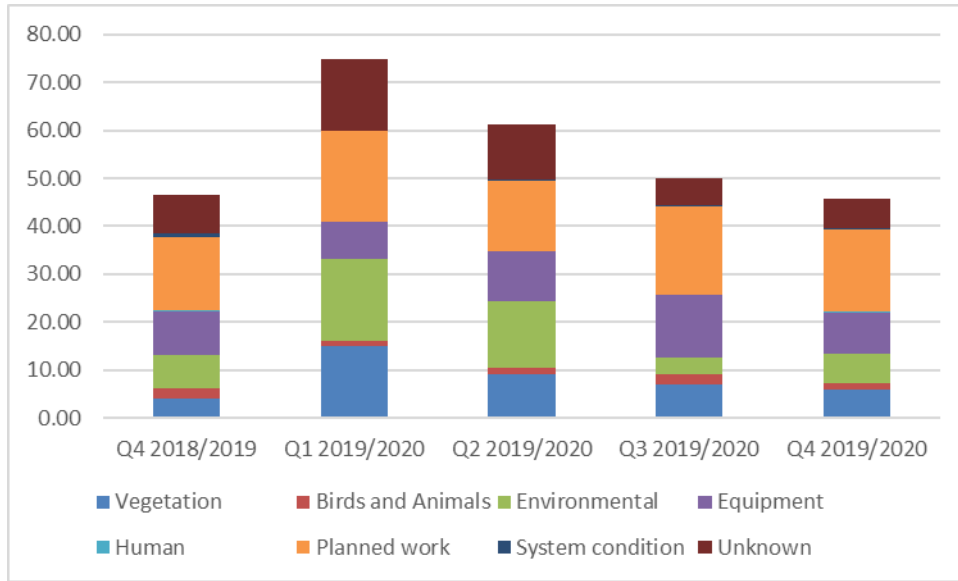


Figure 2 Contributions to SAIDI



6. Water and Sewerage, Electricity and Gas Licensing (update)

There are no water and sewerage, electricity or gas licensing updates.

7. Appendices



Appendix 1: Aurora Energy quarterly performance – residential

	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	236 879	242 618	243 419	243 497	244 684
APAYG customers	6 989	3 575	342	34	26
Payment difficulties					
customers repaying a debt	4 292	3 853	5 794	6 392	7 655
average amount \$	892	939	895	919	889
debt over \$500 but less than or equal to \$1 500	1 217	1 123	1 690	1 894	2 225
debt over \$1 500 but less than or equal to \$2 500	396	340	521	580	650
debt over \$2 500	333	340	445	552	627
Payment plans					
customers on a payment plan	2 725	3 172	3 593	3 418	2 614
customers who had their plan cancelled for non-payment	1 109	723	1 022	1 082	925
customers with 2 or more plans cancelled in the prev 12 months	380	239	321	276	311
Disconnections					
residential disconnections	116	168	147	156	0
concession customers disconnected	49	76	68	80	0
customers disconnected who were on a payment plan in the prev 12 months	43	55	53	44	0
customers disconnected on more than once occasion in prev 24 months	11	4	5	4	0
Reconnections					
reconnections within 7 days	41	80	67	54	0
customers on a payment plan in the prev 12 months reconnected within 7 days	17	23	16	10	0
concession customers reconnected within 7 days	16	35	30	28	0
APAYG - Prepayment meter (PPM) customers					
PPM customers with a concession	5 201	1 723	258	21	9
PPMs able to detect and report self-disconnections	4 589	1 121	113	0	0
PPM self-disconnection events	657	362	68	0	0
customers self-disconnected	539	270	53	0	0
average duration of self-disconnection events (minutes)	69	239	343	0	0
Hardship program					
customers on the hardship program	4 090	4 425	4 786	4 891	5 191
hardship customers with a concession	2 949	3 146	3 445	3 482	3 618
customers exiting the program	592	581	588	670	222
average debt upon entry to program \$	1 605	1 538	1 620	1 725	1 720
debt \$0 - \$500	90	94	138	99	89
debt over \$500 but less than or equal to \$1 500	258	465	430	350	263
debt over \$1 500 but less than or equal to \$2 500	146	206	193	170	91

debt over \$2 500	123	151	188	156	79
average debt \$	1 328	1 529	1 578	1 470	1 401
customers who successfully completed program	160	151	141	149	114
customers excluded from program for non-compliance	275	299	311	342	4
customers who transferred or left the retailer	157	131	136	179	104
Complaints (residential)					
billing	2 134	1 838	1 896	1 607	1 670
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	2 596	1 552	947	798	862
TOTAL	4 730	3 390	2 843	2 405	2 532

Appendix 2: Aurora Energy quarterly performance – small business



	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	31 826	31 740	31 526	31 319	31 250
market contracts	3 550	3 493	3 621	3 710	3 756
Total small business	35 376	35 233	35 147	35 029	35 006
Payment difficulties					
customers repaying a debt	172	172	222	211	404
average customer debt \$	1 014	1 199	1 530	1 873	1 542
Disconnections					
small business customers	8	12	5	1	0
Reconnections					
reconnections within 7 days	0	2	1	0	0
Complaints					
billing	270	241	160	187	130
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	90	80	86	88	55
TOTAL	360	321	246	275	185

Appendix 3: 1st Energy quarterly performance – residential

	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
market offer	794	1 584	2 360	3 101	3 512
Payment difficulties					
customers repaying a debt	0	14	44	62	72
average amount \$	0	185	592	365	557
debt over \$500 but less than or equal to \$1 500	0	1	12	12	16
debt over \$1 500 but less than or equal to \$2 500	0	0	5	3	1
debt over \$2 500	0	0	0	0	4
Payment plans					
customers on a payment plan	3	25	44	84	107
customers who had their plan cancelled for non-payment	0	14	31	33	43
customers with 2 or more plans cancelled in the prev 12 months	0	0	4	8	19
Disconnections					
residential disconnections	0	0	2	9	0
concession customers disconnected	0	0	0	0	0
customers disconnected who were on a payment plan in the prev 12 months	0	0	0	3	0
customers disconnected on more than once occasion in prev 24 months	0	0	0	0	0
Reconnections					
reconnections within 7 days	0	0	0	5	0
customers on a payment plan in the prev 12 months reconnected within 7 days	0	0	0	2	0
concession customers reconnected within 7 days	0	0	0	0	0
Hardship program					
customers on the hardship program	0	4	8	10	6
hardship customers with a concession	0	1	2	7	4
customers exiting the program	0	0	3	6	5
average debt upon entry to program	0	52	276	616	749
debt \$0 - \$500	0	0	6	5	1
debt over \$500 but less than or equal to \$1 500	0	0	1	2	0
debt over \$1 500 but less than or equal to \$2 500	0	0	0	1	0
debt over \$2 500	0	0	0	0	0
average debt \$	0	168	241	451	749
customers who successfully completed program	0	0	0	0	0
customers excluded from program for non-compliance	0	0	1	3	3
customers who transferred or left the retailer	0	0	2	3	2
Complaints (residential)					
billing	1	0	8	11	15
marketing	2	1	0	0	0
customer transfer	0	0	0	1	1
other	0	1	6	9	12
TOTAL	3	2	14	21	28



Appendix 4: 1st Energy quarterly performance – small business

	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	0	0	0	0	0
market contracts	98	407	529	598	643
Total small business	98	407	529	598	643
Payment difficulties					
customers repaying a debt	0	0	5	3	18
average customer debt \$	0	0	1 828	3 024	1 422
Disconnections					
small business customers	0	0	0	4	0
Reconnections					
reconnections within 7 days	0	0	0	1	0
Complaints					
billing	0	0	1	0	0
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	0	0	1	0	1
TOTAL	0	0	2	0	1



Appendix 5: ERM Power quarterly performance – small business

	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	21	41	41	39	44
market contracts	166	74	68	64	61
Total small business	187	115	109	103	105
Payment difficulties					
customers repaying a debt	13	4	8	3	0
average customer debt \$	2 216	1 652	1 569	221	0
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: Energy Locals quarterly performance – residential



	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
market offer	-	0	15	20	22
Payment difficulties					
customers repaying a debt	-	0	0	0	0
average amount \$	-	0	0	0	0
debt over \$500 but less than or equal to \$1 500	-	0	0	0	0
debt over \$1 500 but less than or equal to \$2 500	-	0	0	0	0
debt over \$2 500	-	0	0	0	0
Payment plans					
customers on payment plan	-	0	0	0	0
customers who had their plan cancelled for non-payment	-	0	0	0	0
customers with 2 + plans cancelled (past 12 months)	-	0	0	0	0
Disconnections					
residential disconnections	-	0	0	0	0
concession customers disconnected	-	0	0	0	0
customers disconnected who were on a payment plan in the previous 12 months	-	0	0	0	0
customers disconnected on more than once occasion in previous 24 months	-	0	0	0	0
Reconnections					
reconnections within 7 days	-	0	0	0	0
customers on a payment plan in the previous 12 months reconnected within 7 days	-	0	0	0	0
concession customers reconnected within 7 days	-	0	0	0	0
Hardship program					
customers on the hardship program	-	0	0	0	0
hardship customers with a concession	-	0	0	0	0
customers exiting the program	-	0	0	0	0
average debt upon entry to program	-	0	0	0	0
debt \$0 - \$500	-	0	0	0	0
debt over \$500 but less than or equal to \$1 500	-	0	0	0	0
debt over \$1 500 but less than or equal to \$2 500	-	0	0	0	0
debt over \$2 500	-	0	0	0	0
average debt \$	-	0	0	0	0
customers who successfully completed program	-	0	0	0	0
customers excluded for non-compliance	-	0	0	0	0
customers who transferred or left the retailer	-	0	0	0	0
Complaints (residential)					
billing	-	0	0	0	0
marketing	-	0	0	0	0
customer transfer	-	0	0	0	0
other	-	0	0	0	0
TOTAL	-	0	0	0	0

Appendix 7: Energy Locals quarterly performance – small business



	2018-19	2019-20	2019-20	2019-20	2019-20
	Q4	Q1	Q2	Q3	Q4
Customer numbers					
standing offer	-	0	0	0	0
market contracts	-	9	24	38	39
Total small business	-	9	24	38	39
Payment difficulties					
customers repaying a debt	-	0	1	1	0
average customer debt \$	-	0	7 819	7 182	0
Disconnections					
small business customers	-	0	0	0	0
Reconnections					
reconnections within 7 days	-	0	0	0	0
Complaints					
billing	-	0	0	0	0
marketing	-	0	0	0	0
customer transfer	-	0	0	0	0
other	-	0	0	0	0
TOTAL	-	0	0	0	0

Appendix 8: TasNetworks' distribution performance



Community and category performance

Communities Exceeding Duration or Frequency Standards

	18/19		2019/20		
	Q4	Q1	Q2	Q3	Q4
Number of communities where the SAIFI standard was exceeded	8	7	14	8	12
Number of communities where the SAIDI standard was exceeded	13	30	26	19	17
Number of communities where either the SAIDI or SAIFI standard was exceeded	16	31	30	23	23

Community Category Performance - SAIFI

	2018/2019		2019/2020		
	Q4	Q1	Q2	Q3	Q4
Critical Infrastructure	0	0	1	0	1
High Density Commercial	1	2	0	1	0
Urban	2	2	6	5	6
Higher Density Rural	4	2	3	2	4
Lower Density Rural	1	1	4	0	1

Community Category Performance - SAIDI

	2018/2019		2019/2020		
	Q4	Q1	Q2	Q3	Q4
Critical Infrastructure	0	1	1	0	0
High Density Commercial	1	3	1	1	0
Urban	5	8	8	10	7
Higher Density Rural	2	5	6	5	3
Lower Density Rural	5	13	10	3	7

Customer Service

Customer service performance indicators

	2018/19		2019/20		
	Q4	Q1	Q2	Q3	Q4
<i>Call Centre performance</i>					
Calls received	7 678	8 322	8 906	7 240	6934
Calls answered within 30 seconds	86.43%	87.41%	86.69%	88.54%	6132
<i>Supply Reliability</i>					
New Connections	574	720	683	467	801
Customer charter payments / value	105/\$11 760	116/\$11 940	193/\$19 700	88/\$9 570	63/\$6 750
Complaints - reliability / quality of supply/complaints as a percentage of installations	68 (0.02%)	73 (0.02%)	159 (0.05%)	46 (0.01%)	66 (0.02%)
Reconnections	5 760	4 754	4 897	5 345	4 436
Total Customer Charter payments for reconnections (number / \$)	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0
Street Lighting reported faults	716	932	301	461	580
Street lighting customer charter payments (number / \$)	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0
GSL - Timely restoration > 8 or 12 hours - Number of payments	1 152	4 491	1 433	1 894	1 504
\$ Payments	\$ 92 160	\$ 359 280	\$ 114 640	\$151 520	\$120 320