

Projects on the Go December 2019

Activities of OTTER
prepared for the
OTTER Customer Consultative Committee

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OTTER Customer Consultative Committee

Projects on the Go

Meeting 4/2019

Thursday 5 December 2019

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1. Water and Sewerage

a. Water and Sewerage Customer Service Regulations

The *Water and Sewerage Industry (Customer Service Standards) Regulations 2009* have expired. The new *Water and Sewerage Industry (Customer Service Standards) Regulations 2019* took effect on 25 November 2019.

Major changes in the new Regulations are to remove some of the highly prescriptive provisions which specify in detail what information must be in the *Water and Sewerage Industry Customer Service Code* (the Code) which is issued by the Regulator. The new Regulations in several places set out at a high level what types of information are to be in the Code, though some prescription remains.

The Code was consequently amended to reflect the new Regulations and took effect to coincide with the effective date of the new Regulations. There are no material changes to TasWater's or customers' rights or obligations as a result of the amendments.

b. TasWater quarterly capital expenditure update (Q1 2019-20).

TasWater reports that the following projects were completed during the first quarter of 2019-20:

- Burnie-Cam pipeline. This pipeline enables Cam to receive water from the Burnie water treatment plant thereby eliminating the need to upgrade the ageing Cam water treatment plant;
- Kingborough Sewerage Strategy. The constituent projects have reduced the costs of decommissioning the Howden, Margate and Electrona sewerage treatment plants and have improved effluent quality prior to its release into the Derwent River; and
- Ti-Tree Bend bio-solid project. This project reduces odours associated with sewerage treatment.

TasWater has flagged the following project for completion during the second quarter of 2019-20:

- Margate water main upgrade. This project involves installing an additional bulk water main to service the significant population growth in the Kingborough area.

TasWater's capital works register currently lists 35 projects and 18 programs with 21 projects added and seven projects deferred during the first quarter of 2019-20.

c. 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 current financial year and a cap on annual price increases of 3.5 per cent until 1 July 2025.

TasWater has provided the Regulator with an update on the preparation of its draft price and service plan for the next investigation. OTTER and TasWater have commenced meeting informally to discuss specific issues relating to the upcoming investigation.

2. 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.

After considering the additional information provided by stakeholders, the Regulator provided the Treasurer with a separate report on this issue on 28 November 2019.

b. 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, or possibly later, meant the approvals made by the Regulator may not 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, namely requiring Hydro Tasmania to offer contracts up to 30 June 2021 only (seven quarters) and not two years as before.

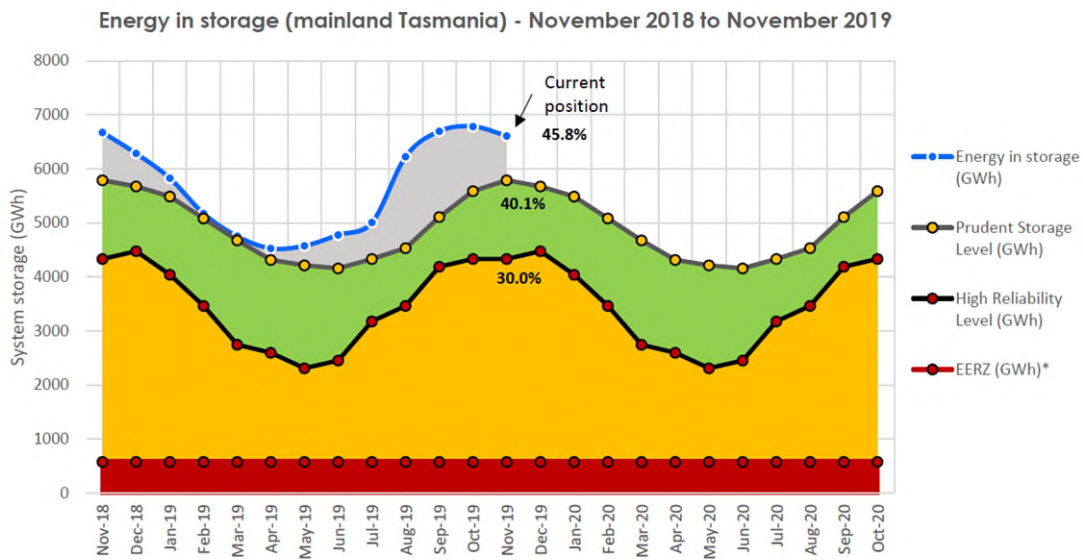
The Regulator conducted another investigation to identify and implement a long-term solution to the change in the settlement periods in the Instrument. These allow for Hydro Tasmania's contracts to reflect a 5 minute settlement once they have been introduced in the NEM. The minimum period of two years has been restored. The Regulator's final report was published on 24 September 2019. The Regulator also revoked the existing approvals and made new approvals which took effect on 1 October 2019.

c. 2019 Network Reliability Review

On 7 August 2019, the Regulator published the Terms of Reference for the review. Work is underway and the review is expected to be completed by 31 January 2020.

d. Energy Security Monitor and Assessor update

Energy in storage (EIS) as at 4 November 2019, the date of the most recent monthly dashboard, was at 45.8 per cent.² EIS at this level is above the November Prudent Storage Level (PSL) and well above the High Reliability Level (HRL) for November and is able to supply 7.7 months of demand based on average seasonal demand of around 861 GWh. Energy on storage over the past year is shown below.



As at 4 November 2019, Hydro Tasmania reports that storages remain above the HRL over the next 90 days in all of its simulated inflow sequences.

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

On 28 November 2019, the Monitor and Assessor’s Annual Energy Security Review 2018-19 was provided to the Minister for Energy. The review sets out the Monitor and Assessor’s findings from its review of the most recent 12 month period (1 November 2018 - 31 October 2019), together with an assessment of the forthcoming 12 month period. Tasmania’s available energy supply is expected to be sufficient to meet demand over the coming 12 months. It is intended that this report will be published on the Regulator’s website on 6 December 2019.

The Monitor and Assessor is currently conducting a review of the existing PSL and HRL profiles due to the expected commencement, in early 2020, of two new large scale wind farms - the Granville Harbour Wind Farm and the Cattle Wind Farm. The Monitor and Assessor will report on the outcome of its review to the Minister for Energy in early 2020.

² As at 25 November 2019, based on the latest available information published by Hydro Tasmania, energy in storage was at 47.6%.

e. Decommissioning of Aurora Pay As You Go product

A comprehensive program to gradually transition from Aurora PAYG customers to alternative energy products has been underway for the past 12 months.

Over 19,000 customers are now using one of Aurora's alternative energy products

By the end of November, it is expected that there will be around 500 customers still using the Aurora PAYG product. The main reasons these customers have not yet moved to an alternative product are:

- they have not responded to multiple contact attempts from Aurora;
- extra work is required at the property in order for the meter to be replaced safely; or
- Aurora's Metering Provider has been unable to gain safe access to the property to replace the meter.

Aurora states that it is committed to ensuring that no Aurora PAYG customer unnecessarily or unexpectedly loses access to power through the decommissioning process. As such, for customers that have not had their meter exchanged by 1 December 2019 Aurora Energy will take steps to ensure continuity of supply.

For customers that have not responded to any of the previous communication attempts, or who have not provided safe access for a meter exchange to take place, a state-wide doorknocking campaign has commenced.

A small number of recharge agents, located in major centres across Tasmania, will continue to offer the recharge service until 10 January 2020. This arrangement has been put in place to ensure that remaining Aurora PAYG customers will not be at risk of losing power over the Christmas period.

f. Update of customer usage profiles

The Regulator makes standing offer energy price comparisons and assesses the impact of changes in standing offer electricity prices on customers using typical customer categories identified for each tariff or tariff combination. The categories are identified using customer electricity usage data supplied by Aurora Energy with the resultant categories presented in a report. The Regulator has released typical customer reports in 2006, 2010, 2014 and 2017.

Based on its analysis of the usage data for 2018-19, OTTER has commenced the preparation of a draft Typical Electricity Customers in Tasmania 2019 report (2019 Report).

Following targeted consultation with Aurora Energy, and key stakeholders, OTTER intends finalising the 2019 Report during January 2020. The approved methodology set out in the 2019 Report will be used for the February 2020 version of the comparison of regulated standing offer electricity prices.

3. Electricity - Retail and Distribution Quarterly Performance Reports (Q1, 2019-20)

a. Retail Performance Report

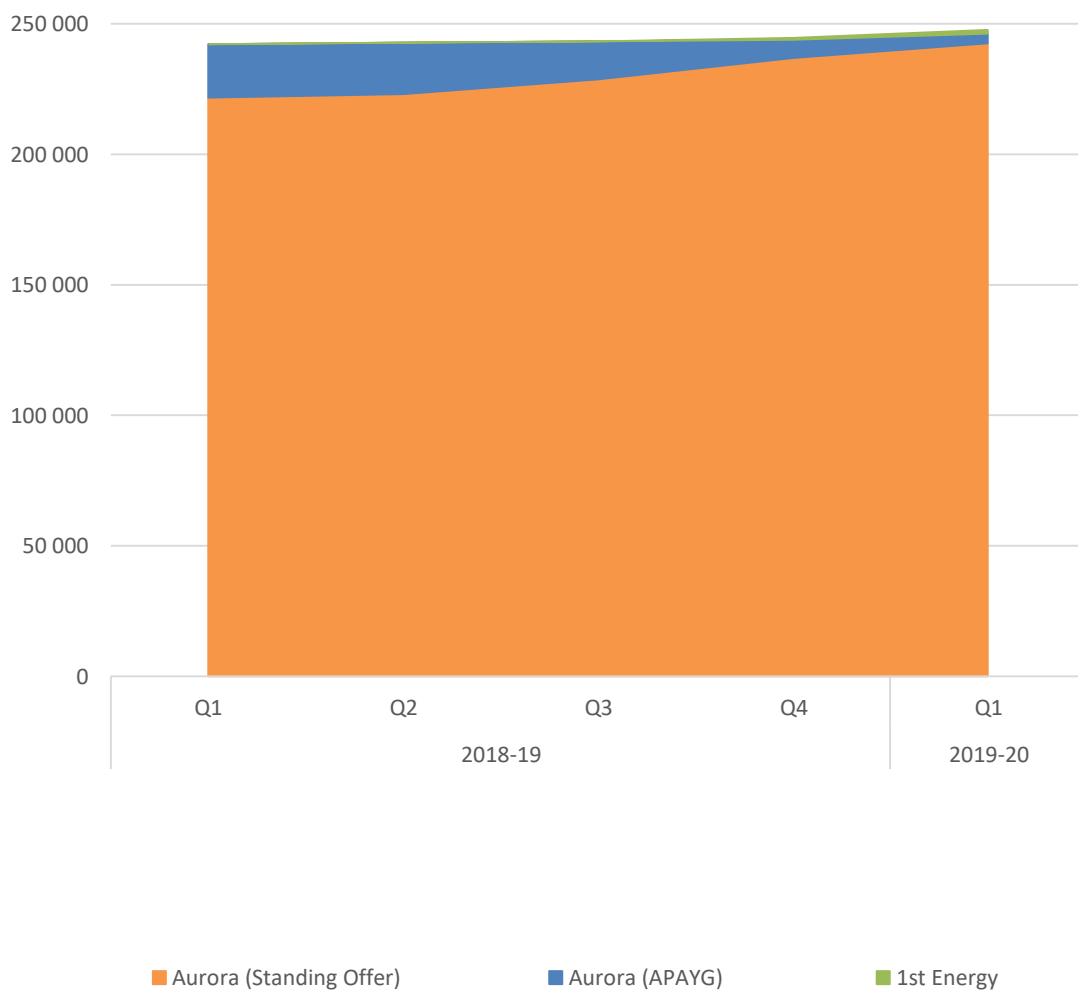
Both 1st Energy and Aurora Energy have provided their performance report for Q1, 2019-20 as required by Regulation 13 of the *Electricity Supply Industry Regulations 2008*.³ Details of ERM Power's performance in the business sector has also been included below.

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, as at 30 September 2019, is shown below.

i. Residential Summary

Figure 1 Customer numbers



³ 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

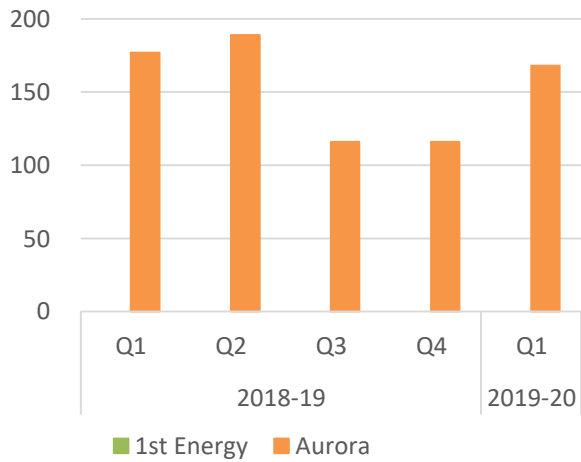


Figure 3 Customers on a payment plan

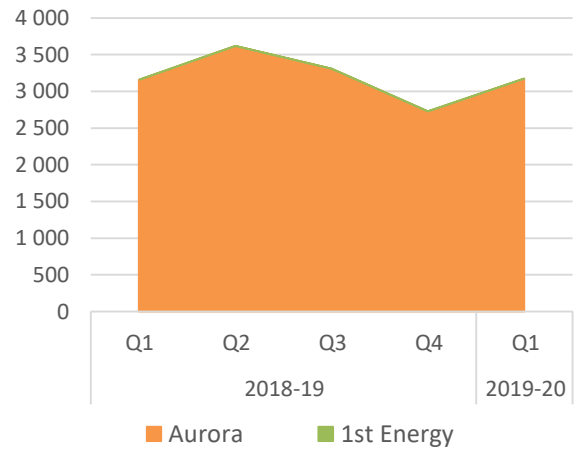


Figure 4 Customers repaying a debt and average debt

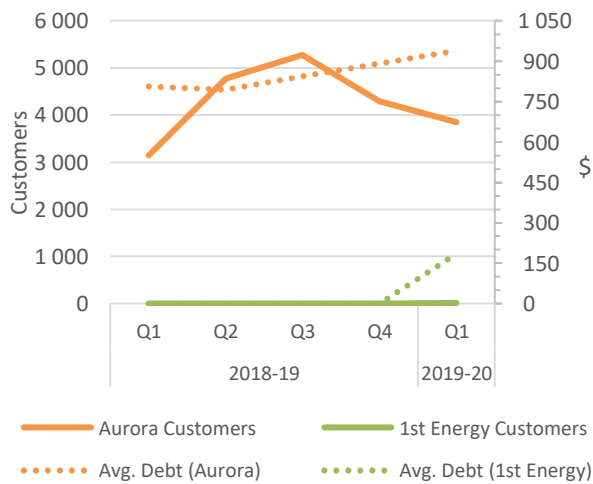


Figure 5 Aurora Energy customers (excluding concession) on hardship program and average debt upon entry to the program

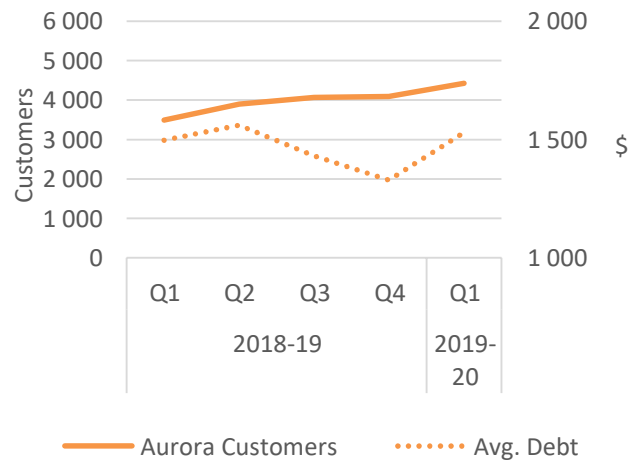


Figure 6 Aurora Energy concession customers on hardship program and average debt upon entry to the program

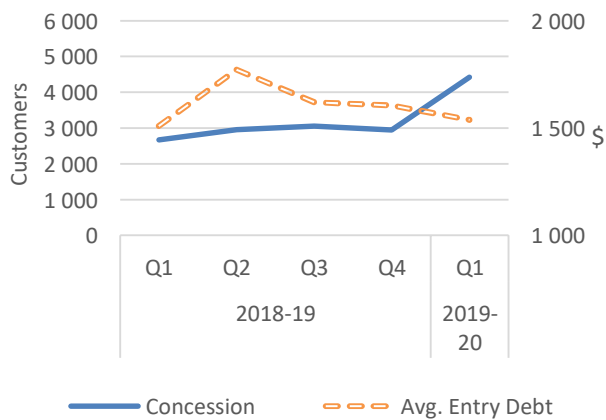


Figure 7 1st Energy customers (including concession) on hardship program and average debt upon entry to the program

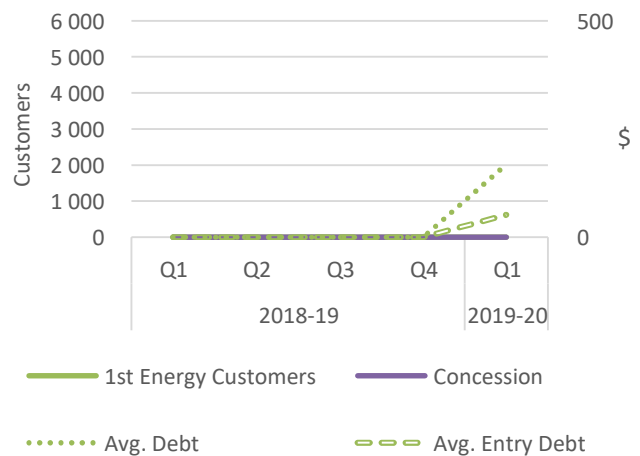
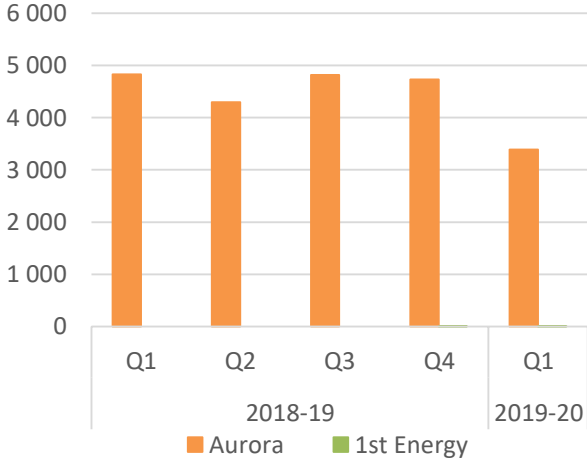


Figure 8 Total complaints to the relevant entity



ii. Small Business Summary

Figure 9 Customer numbers

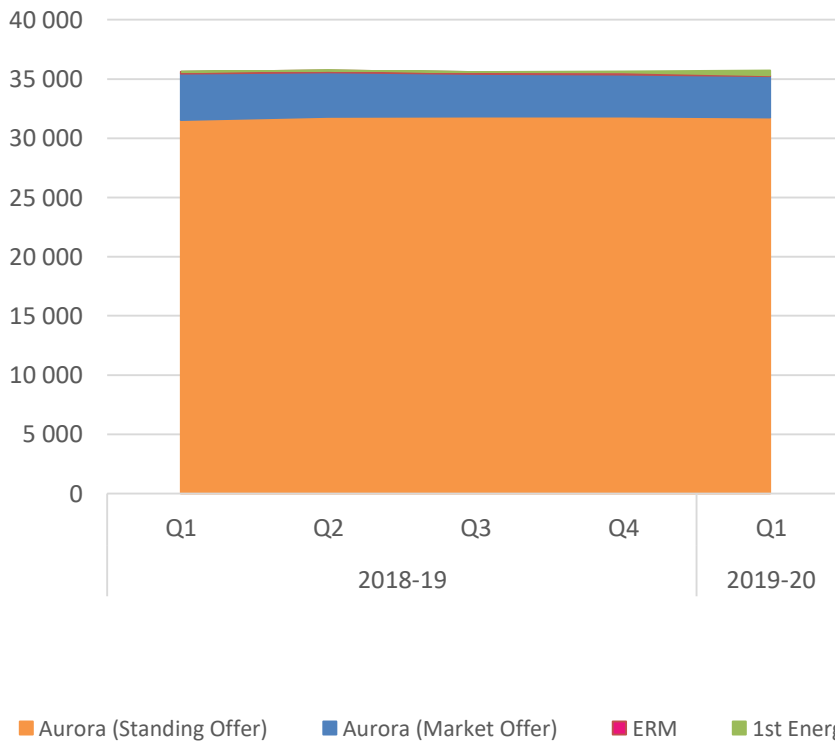


Figure 10 Disconnections

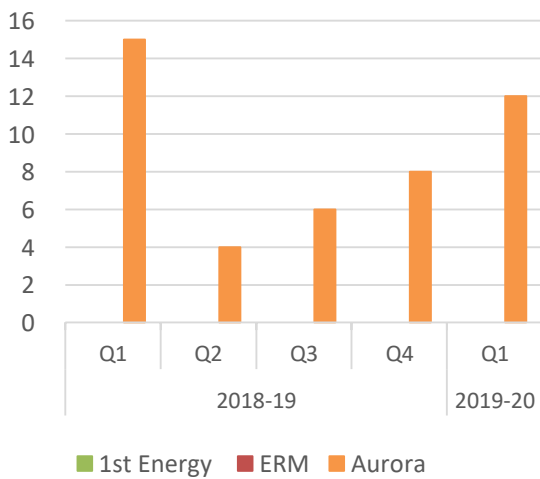


Figure 11 Total complaints to the relevant entity

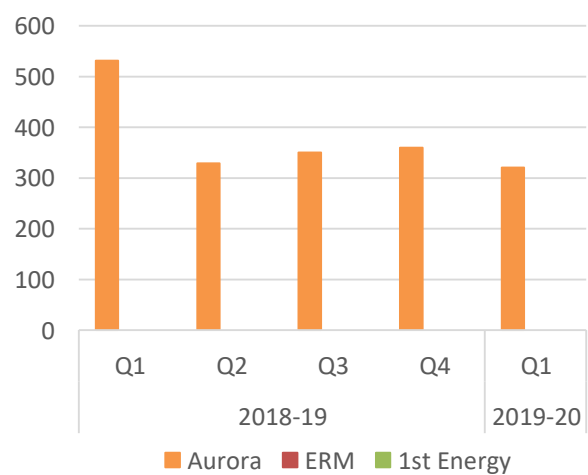


Figure 12 Aurora Energy customers repaying a debt and average debt

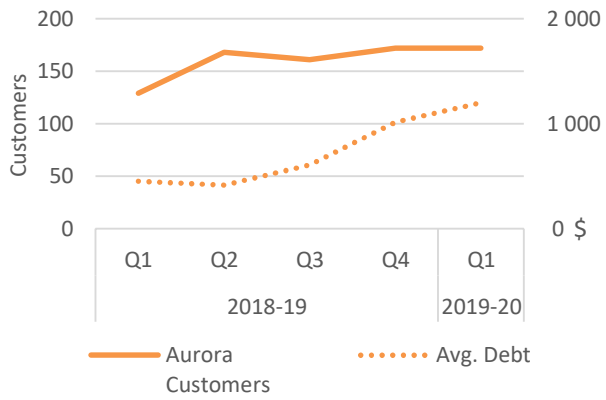


Figure 13 1st Energy customers repaying a debt and average debt

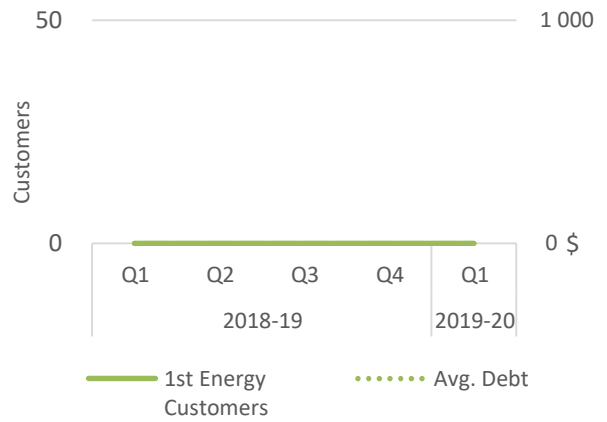
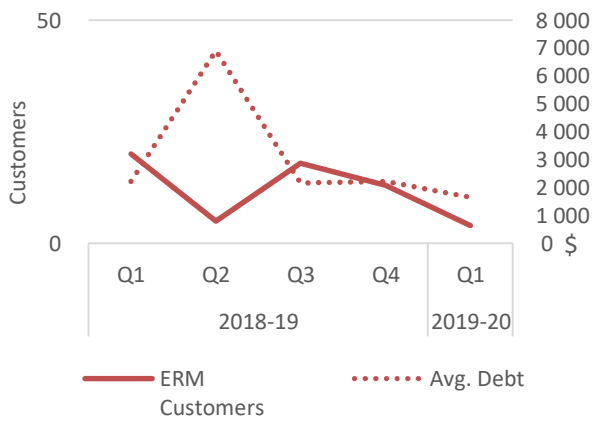


Figure 14 ERM customers repaying a debt and average debt



b. Distribution Performance Report - TasNetworks

TasNetworks has provided its performance report for Q1, 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 6.

Table 1 Overall system performance

	2018/2019	2018/2019	2018/2019	2018/2019	2019/2020
	Q1	Q2	Q3	Q4	Q1
SAIFI	0.58	0.35	0.50	0.35	0.45
SAIDI (minutes)	77.50	42.45	57.09	46.71	75.08
CAIDI (minutes)	134.01	119.70	114.54	133.63	166.95
MAIFI	1.39	0.79	1.55	0.70	0.39

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

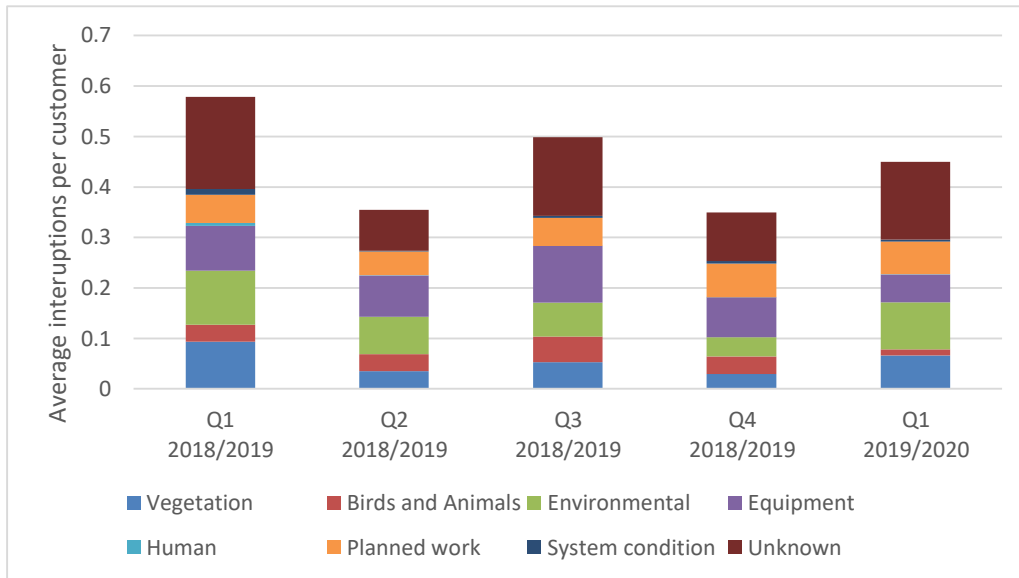
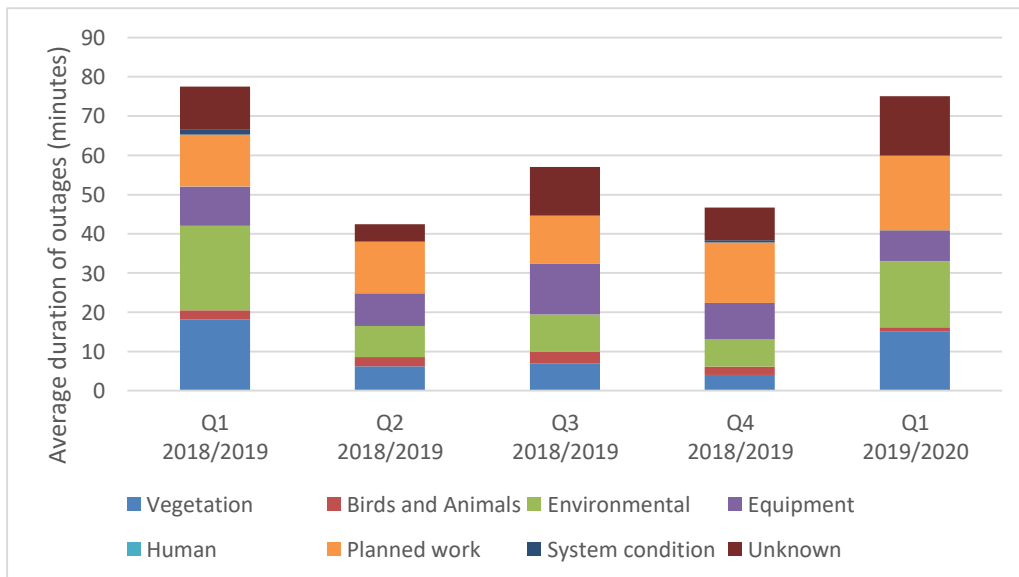


Figure 16 Contributions to SAIDI



4. Water and Sewerage, Electricity and Gas Licensing Update

Tasmanian Networks Pty Ltd - Amendment to Electricity Transmission Licence

The Regulator amended the electricity transmission licence issued to Tasmanian Networks Pty Ltd (TasNetworks) to:

- add two generation sites to the Schedule 1 for the Granville Harbour and Wild Cattle Hill wind farms; and
- remove the Bluff Point generation site from the Schedule 1 as TasNetworks no longer operates the transmission line that connects to this connection point.

The amendments took effect on 29 October 2019.

GloBird Energy Pty Ltd - Application for a Gas Retail Licence

The Regulator is currently assessing a gas retail licence application submitted by GloBird Energy Pty Ltd on 18 November 2019.

5. Appendices

Appendix 1: Aurora Energy quarterly performance – residential



	2018-19	2018-19	2018-19	2018-19	2019-20
	Q1	Q2	Q3	Q4	Q1
Customer numbers					
standing offer	221 719	223 041	228 741	236 879	242 618
APAYG customers	20 479	19 711	14 549	6 989	3 575
Payment difficulties					
debt repayment \$	3 147	4 775	5 277	4 292	3 853
average amount	806	794	844	892	939
debt over \$500 but less than or equal to \$1 500	835	1 345	1 577	1 217	1 123
debt over \$1 500 but less than or equal to \$2 500	246	365	429	396	340
debt over \$2 500	216	309	370	333	340
Payment plans					
customers on payment plan	3 155	3 619	3 311	2 725	3 172
customers who had their plan cancelled for non-payment	810	1 019	1 143	1 109	723
customers with 2 or more plans cancelled in the last 12 months	248	307	316	380	239
Disconnections					
residential disconnections	177	189	116	116	168
concession customers disconnected	64	87	54	49	76
customers disconnected who were on a payment plan in the prev 12 months	46	46	41	43	55
customers disconnected on more than once occasion in prev 24 months	11	13	13	11	4
Reconnections					
reconnections within 7 days	89	97	33	41	80
customers on a payment plan in the prev 12 months reconnected within 7 days	21	19	16	17	23
concession customers reconnected within 7 days	31	51	10	16	35
APAYG - Prepayment meter (PPM) customers					
PPM customers with a concession	11 017	10 704	8 949	5 201	1 723
PPMs able to detect and report self-disconnections	9 955	9 953	8 338	4 589	1 121
PPM self-disconnection events	816	628	392	657	362
customers self-disconnected	672	514	330	539	270
average duration of self-disconnection events (minutes)	280	220	315	69	239
Hardship program					
customers on the hardship program	3 490	3 893	4 065	4 090	4 425
hardship customers with a concession	2 667	2 954	3 048	2 949	3 146
customers excluded from the program for other reasons	0	0	0	0	0
customers exiting the program	440	449	645	592	581
average debt upon entry to program \$	1 510	1 772	1 621	1 605	1 538
debt \$0 - \$500	90	97	108	90	94
debt over \$500 but less than or equal to \$1 500	345	415	394	258	465
debt over \$1 500 but less than or equal to \$2 500	146	183	156	146	206
debt over \$2 500	98	157	75	123	70

average debt \$	1 497	1 560	1 431	1 328	1 529
customers who successfully completed program	144	0	153	160	151
customers excluded from program for non-compliance	170	210	325	275	299
customers who transferred or left the retailer	126	133	167	157	131
Complaints (residential)					
billing	3 332	2 754	2 547	2 134	1 838
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	1 496	1 541	2 270	2 596	1 552
TOTAL	4 828	4 295	4 817	4 730	3 390

Appendix 2: Aurora Energy quarterly performance – small business



	2018-19	2018-19	2018-19	2018-19	2019-20
	Q1	Q2	Q3	Q4	Q1
Customer numbers					
standing offer	31 542	31 802	31 831	31 826	31 740
market contracts	3 899	3 750	3 598	3 550	3 493
Total small business	35 441	35 552	35 429	35 376	35 233
Payment difficulties					
customers repaying a debt	129	168	161	172	172
average customer debt \$	453	415	608	1 014	1 199
Disconnections					
small business customers	15	4	6	8	12
Reconnections					
reconnections within 7 days	6	2	1	0	2
Complaints					
billing	422	281	274	270	241
marketing	0	0	0	0	0
customer transfer	0	0	0	0	0
other	109	48	76	90	80
TOTAL	531	329	350	360	321

Appendix 3: 1st Energy quarterly performance – residential



	2018-19	2018-19	2018-19	2018-19	2019-20
	Q1	Q2	Q3	Q4	Q1
Customer numbers					
standing offer	-	-	-	0	0
market offer	-	-	-	794	1 584
Payment difficulties					
debt repayment	-	-	-	0	14
average amount \$	-	-	-	0	185
debt over \$500 but less than or equal to \$1 500	-	-	-	0	1
debt over \$1 500 but less than or equal to \$2 500	-	-	-	0	0
debt over \$2 500	-	-	-	0	0
Payment plans					
customers on payment plan	-	-	-	3	25
customers who had their plan cancelled for non-payment	-	-	-	0	14
customers with 2 or more plans cancelled in the last 12 months	-	-	-	0	0
Disconnections					
residential disconnections	-	-	-	0	0
concession customers disconnected	-	-	-	0	0
customers disconnected who were on a payment plan in the prev 12 months	-	-	-	0	0
customers disconnected on more than once occasion in prev 24 months	-	-	-	0	0
Reconnections					
reconnections within 7 days	-	-	-	0	0
customers on a payment plan in the prev 12 months reconnected within 7 days	-	-	-	0	0
concession customers reconnected within 7 days	-	-	-	0	0
Hardship program					
customers on the hardship program	-	-	-	0	4
hardship customers with a concession	-	-	-	0	1
customers excluded from the program for other reasons	-	-	-	0	0
customers exiting the program	-	-	-	0	0
average debt upon entry to program	-	-	-	0	52
debt \$0 - \$500	-	-	-	0	0
debt over \$500 but less than or equal to \$1 500	-	-	-	0	0
debt over \$1 500 but less than or equal to \$2 500	-	-	-	0	0
debt over \$2 500	-	-	-	0	0
average debt \$	-	-	-	0	168
customers who successfully completed program	-	-	-	0	0
customers excluded from program for non-compliance	-	-	-	0	0
customers who transferred or left the retailer	-	-	-	0	0
Complaints (residential)					
billing	-	-	-	1	0
marketing	-	-	-	2	1
customer transfer	-	-	-	0	0
other	-	-	-	0	1
TOTAL	-	-	-	3	2

Appendix 4: 1st Energy quarterly performance – small business



	2018-19	2018-19	2018-19	2018-19	2019-20
	Q1	Q2	Q3	Q4	Q1
Customer numbers					
standing offer	-	-	-	0	0
market contracts	-	-	-	98	407
Total small business	-	-	-	98	407
Payment difficulties					
customers repaying a debt	-	-	-	0	0
average customer debt \$	-	-	-	0	0
Disconnections					
small business customers	-	-	-	0	0
Reconnections					
reconnections within 7 days	-	-	-	0	0
Complaints					
billing	-	-	-	0	0
marketing	-	-	-	0	0
customer transfer	-	-	-	0	0
other	-	-	-	0	0
TOTAL	-	-	-	0	0



Appendix 5: ERM Power quarterly performance – small business

	2018-19	2018-19	2018-19	2018-19	2019-20
	Q1	Q2	Q3	Q4	Q1
Customer numbers					
standing offer	17	18	49	21	41
market contracts	162	161	156	166	74
Total small business	179	179	205	187	115
Payment difficulties					
customers repaying a debt	20	5	18	13	4
average customer debt \$	2 221	6 900	2 161	2 216	1 652
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

	2018/2019				2019/2020
	Q1	Q2	Q3	Q4	Q1
Number of communities where the SAIFI standard was exceeded	17	9	12	8	7
Number of communities where the SAIDI standard was exceeded	26	16	16	13	30
Number of communities where either the SAIDI or SAIFI standard was exceeded	29	18	21	16	31

Community Category Performance - SAIFI

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

Community Category Performance - SAIDI

	2018/2019				2019/2020
	Q1	Q2	Q3	Q4	Q1
Critical Infrastructure	1	1	0	0	1
High Density Commercial	1	1	0	1	3
Urban	8	8	6	5	8
Higher Density Rural	6	4	7	2	5
Lower Density Rural	10	2	3	5	13

Customer Service

Customer service performance indicators

	2018/2019				2019/2020
	Q1	Q2	Q3	Q4	Q1
<i>Call Centre performance</i>					
Calls received	10 766	8 408	10 581	7 678	8 322
Calls answered within 30 seconds	84.16%	84.90%	79.40%	86.43%	87.41%
<i>Supply Reliability</i>					
New Connections	843	857	627	574	720
Customer charter payments / value	56/\$6 480	131/\$16 410	92/\$11 010	105/\$11 760	116/\$11 940
Complaints - reliability / quality of supply/complaints as a percentage of installations	138 (0.05%)	113 (0.04%)	72 (0.02%)	68 (0.02%)	73 (0.02%)
Reconnections	6 012	6 059	5 188	5 760	4 754
Total Customer Charter payments for reconnections (number / \$)	0/\$0	0/\$0	0/\$0	0/\$0	0/\$0
Street Lighting reported faults	766	293	376	716	932
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	3 533	696	3 752	1 152	4 491
\$ Payments	\$ 282 640	\$ 55 680	\$ 300 160	\$ 92 160	\$ 359 280