

# Electricity Distribution Code review

Customer service standards  
stakeholder workshop

6 February 2020



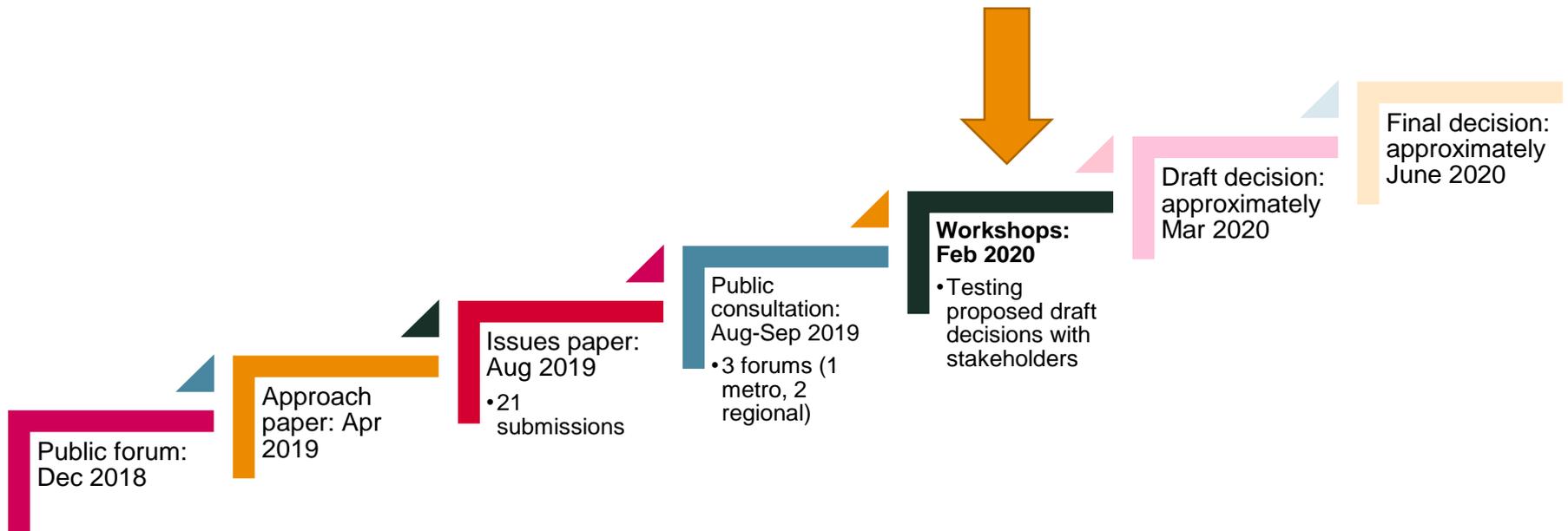
# Agenda

1. Introduction
2. The process so far
3. Two key focuses:
  - Guaranteed service level scheme
  - Outage communications
4. Next steps

## Purpose of today's workshop

- We have considered the issues raised in stakeholder submissions and want to present preliminary staff reflections on the proposed changes to customer service standards in the Electricity Distribution Code (the code).
- We want to hear your feedback on these preliminary reflections prior to the release of the draft decision.

# The approach and process so far



# The approach and process so far

- We received 21 submissions to the Issues Paper
- Submissions raised a number of issues:
  - who the Guaranteed Service Level (GSL) scheme should cover
  - the difference between GSL restoration payments and annual duration payments
  - the interaction between planned outages and the GSL scheme
  - GSL payment timeframes
  - GSL exclusions
  - unplanned and planned interruption communications.

# Guaranteed Service Level Scheme

- The intent of the GSL scheme is to acknowledge when distributors do not meet customers' expectations of service standards
- This scheme provides payments for:
  - the worst served customers (in terms of reliability), or
  - when customer service levels are not met (for example timeliness of appointments).

# Six types of payments under the GSL scheme



# Principles of the GSL scheme

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These are the principles that underlie our thinking in the GSL scheme review

It should target customers who receive the worst service.

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It should acknowledge customers who are unlikely to be an investment priority for improved service.

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Payments should reflect, where possible, the value customers place on reliability.

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It should be practical and possible for distributors to implement.

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Any changes to the scheme that cause a change in administrative costs must be justifiable.

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# Areas of potential changes to the GSL scheme

## **Overview of staff reflections:**

1. changing who the GSL scheme applies to
2. a payment for planned outages
3. re-designing the annual duration payment and individual restoration payment
4. ensuring customers receive more timely GSL payments
5. exclusion of matters related to bushfire management such as rapid earth fault current limiters and automatic circuit reclosers on total fire ban and code red days.

# 1. Re-defining who the scheme may apply to

## **What we heard during our consultation:**

- the scheme should reflect the five principles we mentioned in the issues paper
- the scheme is valued by customers: it is seen as an important gesture connecting the distributor directly to the customer
- the current value of payments would be more tangible for residential and not large business customers.

# 1. Re-defining who the scheme may apply to

## **Currently all customers eligible for GSL payments:**

- residential customers
- small businesses
- medium businesses, and
- large businesses.

## **Staff reflection:**

- **Limit** the GSL scheme to customers who have, or should have, advanced metering infrastructure (smart meters).

# 1. Re-defining who the scheme applies to

## **Our thinking aims to:**

- target customers who receive poor performance, experience supply reliability issues and where the value of GSL payments would be more tangible
- refocus the payments towards customers who use less than 160MWh per year and retire the scheme for large business customers who would be in a better position to implement measures to protect against unplanned outages and reliability issues.

# Feedback

1. On balance, do you think the refocused approach to exclude large customers from the GSL scheme is sensible?
2. Is there anything else we should consider in developing our draft decision?
3. Can you foresee any implementation issues?

# Summary of current GSL scheme

Payment type	Existing thresholds	Existing \$
<b>Reliability – duration (per calendar year)</b>	<ul style="list-style-type: none"> <li>• 20 hours off supply (cumulative)</li> <li>• 30 hours off supply (cumulative)</li> <li>• 60 hours off supply (cumulative)</li> </ul>	\$120 \$180 \$360
<b>Restoration (per interruption)</b>	<ul style="list-style-type: none"> <li>• 12 hours before restored (urban)</li> <li>• 18 hours before restored (rural)</li> </ul>	\$80 \$80
<b>Reliability – momentary (per calendar year)</b>	<ul style="list-style-type: none"> <li>• 24 momentary interruptions</li> <li>• 36 momentary interruptions</li> </ul>	\$30 \$40
<b>Reliability – frequency (per calendar year)</b>	<ul style="list-style-type: none"> <li>• 8 interruptions</li> <li>• 12 interruptions</li> <li>• 24 interruptions</li> </ul>	\$120 \$180 \$360
<b>Late appointments</b>	15 minutes late	\$30
<b>Delayed connections</b>	Each day late Capped at 5 days	\$70 \$350

## 2. Planned outages GSL category

### **What we heard during consultation:**

Some stakeholders called for a GSL payment for customers who experience a large number of **planned outages** and a GSL payment for not being notified of a planned outage.

### **Staff reflections:**

- retain current requirements and not introduce a new GSL category
- planned outages are necessary to undertake maintenance and to operate the distribution network in a safe and efficient manner
- failure to notify a customer on planned outage is subject to other penalty mechanism.

# Feedback

1. On balance, what do you think about our proposed approach?
2. Is there anything else we should consider in developing our draft decision?

### 3. Re-designing the annual duration payment and individual restoration payment GSL

#### **What we heard during consultation:**

- both annual duration and restoration GSL payments are necessary
- GSL payments should cover different parts of the distribution service
- we should consider the impact of the one-off goodwill gesture payment made after the 2018 January blackouts.

### 3. Re-designing the annual duration payment and individual restoration payment

Currently restoration GSL payments and annual duration GSL payments cover different parts of the service:

- restoration: covers the operational efficiency of the network
- annual duration: covers continuous poor performance of the network.

We consider that there is an opportunity to streamline the interaction between the two types of payments to reduce complexity and better address the issues they were intended for.

### 3. Re-designing the annual performance payments and individual restoration payment

The two payment framework should address:

1. the annual payments should be addressing underlying poor performance
2. the individual interruption payment should be addressing customer inconvenience for prolonged interruptions.

#### **Staff reflections:**

- **enable** customers to access both types of payment (currently this is restricted)
- **introduce** a 'major event day' payment for when a customer has been without power for a defined period of time
- **exclude** 'major event day' performance from the annual payments.

# Feedback

1. On balance, what do you think about our proposed approach?
2. Is there anything else we should consider in developing our draft decision?
3. Can you foresee any implementation issues?

## 4. Changing GSL payment timeframes

### **What we heard during consultation:**

- payments should be made in a more timely way
- accumulation payments, instead of annual payments, will be better for customers
- payments may not be going to the customers who experienced the supply interruption/s due to delays.

## 4. Changing GSL payment timeframes

Currently, distributors are only required to make payments as soon as practicable. This can lead to substantial periods of time passing between a customer experiencing an outage and receiving a GSL payment.

### Staff reflections:

#### Distributors:

- **Annual payment categories** will become accumulation payments where a distributor must assess whether a customer has reached a GSL threshold every quarter (and if so, the distributor has three months to pay the customer).
- **Non-annual payment categories** will require a distributor to make the payment within three months of the event once a threshold has been met.

#### Retailers:

- Once a **retailer** has received a payment from the distributor, the retailer must apply it to a customer's next electricity bill.

## 4. Feedback

1. On balance, what do you think about our proposed approach?
2. Is there anything else we should consider in developing our draft decision?
3. Can you foresee any implementation issues?

## 5. GSL scheme exclusions

### **What we heard during consultation:**

- we should consider exclusions for when distributors are directed by emergency services or a legislative requirement that could lead to supply being interrupted
- there should be an exclusion for rapid earth fault current limiter operation in recognition that the customer impact is part of the compromise for bushfire mitigation
- the exclusion for 'major event days' should be changed to align with the national framework using the IEEE standard.

## 5. Introduce an exclusion for bushfire mitigation technology

### Currently:

- Rapid earth fault current limiters and auto circuit reclosers are being rolled out to reduce the likelihood of bushfires.
- Distributors consider the appropriateness of using rapid earth fault current limiters and auto circuit reclosers with differing sensitivity settings and the potential to interrupt a customer's supply. However, there are instances where distributors are expected to use the technology's most sensitive setting, such as on total fire ban days and code red days.

### Staff reflection:

- **Introduce** a GSL exclusion for rapid earth fault current limiters and auto circuit reclosers on total fire ban days and code red days.

## 5. Harmonise our major event day exclusion

### Currently:

- The major event day sets a threshold around the number of interruptions the network experiences in a day, rather than the total duration of supply interruption on the network.

### Staff reflection:

- **Harmonise** with the national approach of determining a major event day using the well recognised and accepted IEEE standard.

## 5. Feedback

1. On balance, what do you think about our proposed approach?
2. Is there anything else we should consider in developing our draft decision?
3. Can you foresee any implementation issues?

## 6. Notification method

### **What we heard during our consultation:**

- many customers expect distributors to communicate with them using electronic methods, including planned outage notifications
- four days' notification of planned outages is not enough time for some customers.

## 6. Notification method

### Currently:

- many stakeholders described a preference to allow electronic communication
- 'written notification' is not restricted to just physical letters, notices or cards, however, for e-communication distributors would need consent from customers.

### Staff reflections:

- **clarify and include** options for non-life support customers to select preferred notification method/s
- **clarify** that four business days' notice is the minimum requirement
- **clarify** that retailers are required to collect customer contact details and provide these to distributors.

## 6. Feedback

1. On balance, what do you think about our proposed approach?
2. Is there anything else we should consider in developing our draft decision?
3. Can you foresee any implementation issues?

## Next steps

- **Draft decision release in the coming months**
- **Stakeholder consultation for four weeks**
- **Stakeholder workshop following release of draft decision before submissions close**
- **Aiming for a final decision in mid-2020**

# What else are we consulting on?

Projects	What are we consulting on?	Timing
<b>Currently:</b>		
Assessing the energy retail market's competitiveness and efficiency	Our framework and approach paper outlining the key reasons why reporting on the energy market is important.	Open now until 30 March 2020
<b>Coming soon:</b>		
Maximum price for embedded electricity network customers	Our consultation paper outlining our approach to setting maximum prices for embedded network customers.	Opens 11 February 2020 until March 2020
Water price review draft decisions: Goulburn-Murray Water, South Gippsland Water and Western Water	Our draft decisions on these water authorities' price submissions for water prices 2020 - 2024.	Open in February and March (dates TBC)

For more information about our other consultations please visit our website.

# Contact us

 <b>ESSENTIAL SERVICES COMMISSION</b>	<a href="http://www.esc.vic.gov.au"><u>www.esc.vic.gov.au</u></a>
	<a href="https://www.linkedin.com/company/essential-services-commission">/company/essential-services-commission</a>
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