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Essential Services Commission of Victoria
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Electricity Distribution Code review – customer services standards, Draft decision, 7 May 2020

Jemena Electricity Networks (Vic) Ltd. (**Jemena**) welcomes the opportunity to respond to the Essential Services Commission's (the **Commission**) draft decision on the review of the customer service standards in the Electricity Distribution Code (**Code**). We take this opportunity also to express our appreciation on the extensive consultation the Commission has undertaken during this review, which included an issues paper, several workshops and meetings with us. We believe this approach will result in a better outcome for Victorian customers.

We support the majority of the twenty draft decisions on the provision of information on supply outages, updates to guaranteed service levels (**GSL**) scheme and reporting requirements that serve to improve the customer experience in the network services they receive.

However, we have concerns with two draft decisions. Also, we propose changes to two other draft decisions to improve the practical application of some new obligations and delay the commencement of the revised Code from 1 January 2021 to 1 July 2021.

Updating payments for supply restoration single interruptions (Draft decision 10)

In the draft decision 10, the Commission proposes to:

- remove the restriction of customers only having access to either the supply restoration payment for single interruptions or annual duration payment
- revise the supply restoration single interruption payment to cover circumstances where a customer has been without supply for 12 hours or more on a major event day.

The major event day payment will be \$90 where a customer experiences an outage greater than 12 hours.

The Commission notes that GSL payments for supply restoration single interruption are designed to recognise the inconvenience from lengthy sustained outages experienced by customers. In recognition of the inconvenience experienced by customers from lengthy supply outages from their distribution network, the Commission proposes to increase the GSL amounts and reduce the current threshold from 20 hours to 12 hours (a 40% reduction) and the other two thresholds by 20%.

We note the reduction in the reliability threshold is significant, and many more customers will be eligible for supply restoration payments under the revised GSL scheme. Furthermore, the draft decision proposes not to exclude supply restoration payments where a customer has been without supply for 12 hours or more on a major event day. Preliminary impact analysis of the revised supply reliability GSL scheme indicates the volume of GSL payments will be more than 4 times of average volume in the period 2015-2019 and the total GSL payment will be more than 5 times of average payment in the period 2015-2019.

Jemena is concerned with the new requirement on distributors to make supply reliability GSL payments to customers who have been without supply for 12 hours or more on major event days. A 'major event day' is an industry term used to indicate abnormal performance in supply reliability due to events **outside of the control of the distributor** [emphasis added], such as extreme weather and storms.¹ As previously noted by the Australian Energy Market Commission, 'major event days can be considered as **outliers** [emphasis added] when compared to the normal day-to-day interruptions that occur within a distribution network.'² On these days the distribution network experience stresses beyond that which is normally expected. The Australian Energy Regulator (**AER**) recognises this and specifically excludes GSL payments where distributor's network exceeds the major event day boundary in their service target performance incentive scheme.³

Distributors make significant efforts on a major event day to restore supply in a shortest possible time. In doing so, we deploy every available resource and sometimes seek assistance from other distributors where possible (noting, however, that the weather events associated with some major event days may impact multiple distributors simultaneously). However, we contend lengthy outages on major event day are not due to the poor performance by distributors, as the restoration of supply to all customers is often impacted by factors outside the control of the distributor—such as having to resolve a very large number of concurrent outages.

Furthermore, major event days are, by their definition, infrequent and subject to significant variation in scale and customer impact. The inclusion of GSL payments for outages attributable to these events raises a number of challenges in accurately forecasting the volume and value of future GSL payments which a distributor may incur.

¹ Essential Services Commission, *Draft decision, Electricity Distribution Code review – customer service standards*, 7 May 2020, p 49.

² Australian Energy Market Commission, *Final Report, Review of Distribution Reliability Measures*, 5 September 2014, p 24.

³ AER, *Service target performance incentive scheme, version 2.0*, November 2018, clause 6.4(b), p 23.

We believe a well-designed GSL scheme should recognise major event days as being outside the control of the distributors and therefore exclude reliability performance on major event days from the operation of the GSL scheme. We do not support the new clause 6.3A which requires distributors to make payments to customers who have been without supply for 12 hours or more on major event days because it does not promote economic efficiency.

Informing customers of possible outages when testing bushfire safety equipment
(Draft decision 5)

Jemena has not had experience in the installation and testing of RECFL to date. We are schedule to install our first mandated REFCL no later than 2023. However, based on experiences of Powercor and AusNet—who have tested and commissioned REFCLs—we have been advised annual compliance testing of RECFL does not cause supply outages. Given this, publishing notice of a planned testing of RECFL is of no benefit and may cause undue concerns to customers. Therefore, we do not see a benefit in support informing customers of possible outages when testing RECFL.

Proposed implementation timings (Draft decision 20)

The Commission proposes to commence the new rules for distributors on 1 January 2021. The proposed commencement date will leave us only three months to implement the essential systems, processes and training of staff to achieve compliance with the new or changed obligations under the Code, which is insufficient and results in additional implementation costs and risk. Additionally, the commencement date of 1 January 2021 coincides with low staff levels during the Christmas and New Year holiday period, and therefore, is a period over which we seek to minimise the amount of change that is implemented.

We believe 1 July 2021 is a more appropriate commencement date as it would enable distributors more time to implement the required changes to our systems and processes, which include:

- IT system changes to enable the required electronic communications to customers and establishment of an end-to-end process for cancellation of planned outages,
- IT system changes to enable the bulk upload of customer details provided to us by retailers,
- IT system changes to report cumulative hours of unplanned outages per NMI to enable reliability GSL payments to be made on a quarterly basis,
- updating of GSL payment processes, and
- staff training.

Furthermore, the Victorian Government has introduced a bill into parliament to change the regulatory year for Victorian distributors from a calendar year to financial year. This effectively results in an extension to the current regulatory period by six months before the commencement of the next regulatory period on 1 July 2021. Although this legislation has not yet been passed, the AER's price review process for the 2021-26 regulatory period is being undertaken consistent with these new timings based on the Victorian Government's strong commitment to this change. Aligning the commencement date of the revised Code

obligations to the commencement of the next regulatory period will allow distributors the opportunity to seek the required allowances to cover the additional ongoing costs that would arise from the changes to the Code through the 2021-26 regulatory determination process.

Ensuring customers receive guaranteed service level payments in a timely manner
(Draft decision 14)

The draft decision requires GSL payments must be paid within 20 business days for delayed new connections and late appointments. We will not be able to meet the 20 business days in all instances of delayed connections as we require time to assess whether a customer is eligible for a payment. This is because Jemena invoices network and other service charges, including GSL payments to retailers on the 10th business day of each month.

The Australian Energy Market Operator has published *B2B Procedure: Service Order Process* (Procedure) in accordance with clause 7.17.3 of the NER. The Procedures require a B2B new connection request to be closed out within five business days.⁴ Assuming some of the B2B connection requests were closed out as completed in the systems on the 5th business day after the delayed new connection, some GSL payments may potentially miss the monthly billing cycle of 20-23 business days. Furthermore, we require several days to identify and assess whether a customer is eligible for a GSL payment, which involves running system reports and in some cases following up with our service providers.

We propose more than one billing cycle be allowed for these GSL payments. We recommend the '20 business days' be amended to '40 business days'.

Notifying customers of cancelled or rescheduled planned outages (Draft Decision 3)

New clauses 5.5.1 (c) (i) and (ii) require a distributor to provide notice '...by means of each electronic communication method...'.

New clause 5.5A (a) requires the distributor to provide notice '...by means of each electronic communication method for which the distributor has customer details within one hour of the decision to cancel or reschedule the planned interruption...'.

We propose the word 'each' is deleted in both these clauses. We believe customers will become annoyed if several electronic communications are sent concerning a cancelled planned supply interruption notification.

⁴ Information Exchange Committee, clause 3.3.4. Timing Requirement for Issuing a ServiceOrderResponse

(a) The DNSP must send a ServiceOrderResponse to an Allocate NMI ServiceOrderRequest within two business days of receiving the ServiceOrderRequest.

(b) For all other ServiceOrderRequests, the Recipient must send a ServiceOrderResponse within five business days of completing the work requested.

https://aemo.com.au/-/media/files/electricity/nem/retail_and_metering/b2b/2020/b2b-procedure-service-order-process-v33.pdf?la=en

One of the main reasons for the cancellation of planned supply interruptions is inclement weather conditions. Field resources deployed to restore widespread supply outages after a severe storm may not always be available for planned works. Consequently, the decision to cancel the planned interruptions may be made very late in the evening or early hours in a day. We need to consider what periods are most appropriate for electronic communication—certainly not too early in the morning and not too late at night. We do not think people want to be bothered at those times. Therefore, we consider it is not always appropriate to provide notice within one hour of the decision to cancel or reschedule a planned interruption.

We propose a change to the currently drafted obligation that would provide some discretion on the times we provide notifications. Accordingly, we propose the words 'within one hour' be changed to 'as soon as practicable'. Such a change will allow each distributor to determine the period during which electronic communications are not sent.

If you require further information in relation to the submission, please contact Siva Moorthy on (██████████) or at ██████████

Yours sincerely

[signed]

Matthew Serpell
Electricity Regulatory Manager