



Attachment 10 - Service Target Performance Incentive Scheme

2025–30 Revised Regulatory Proposal

December 2024



Empowering South Australia

Company information

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Disclaimer

This document forms part of SA Power Networks' Revised Regulatory Proposal to the Australian Energy Regulator for the 1 July 2025 to 30 June 2030 regulatory control period (**Revised Proposal**). The Revised Proposal and its attachments were prepared solely for the current regulatory process and are current as at the time of lodgement.

This document contains certain predictions, estimates and statements that reflect various assumptions concerning, amongst other things, economic growth and load growth forecasts. The Revised Proposal includes documents and data that are part of SA Power Networks' normal business processes and are therefore subject to ongoing change and development.

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Note

This Attachment forms part of our Revised Proposal for the 2025–30 Regulatory Control Period. It should be read in conjunction with the other parts of the Revised Proposal.

Our Revised Proposal comprises the Overview document and Attachments listed below, and the supporting documents that are listed in Attachment 20. The light grey listed attachments below were submitted in our January 2024 Proposal and are not being resubmitted with our Revised Proposal.

Document	Description
	Revised Regulatory Proposal overview document
Attachment 0	Customer and stakeholder engagement program
Attachment 1	Annual revenue requirement and control mechanism
Attachment 2	Regulatory Asset Base
Attachment 3	Rate of Return
Attachment 4	Regulatory Depreciation
Attachment 5	Capital expenditure
Attachment 6	Operating expenditure
Attachment 7	Corporate income tax
Attachment 8	Efficiency Benefit Sharing Scheme
Attachment 9	Capital Expenditure Sharing Scheme
Attachment 10	Service Target Performance Incentive Scheme
Attachment 11	Customer Service Incentive Scheme
Attachment 12	Demand management incentives and allowance
Attachment 13	Classification of services
Attachment 14	Pass through events
Attachment 15	Alternative Control Services
Attachment 16	Negotiated services framework and criteria
Attachment 17	Connection Policy
Attachment 18	Tariff Structure Statement Part A
Attachment 18	Tariff Structure Statement Part B - Explanatory Statement
Attachment 19	Legacy Metering
Attachment 20	List of Proposal documentation

Contents

1	Overview	6
2	Revised Proposal Adjustments	10
2.1	Target amendment due to change in regulatory requirements	10
2.2	Target adjustment for fewer MEDs.....	11
3	Historical Performance	13
3.1	Distribution network reliability performance	13
3.2	CBD feeder category reliability performance	15
3.3	Urban feeder category reliability performance	16
3.4	Short rural feeder category reliability performance	17
3.5	Long rural feeder category reliability performance	18
4	Adjustment to performance targets for 2025–30 RCP	19
4.1	Adjustment for where the reward or penalty exceeds the R@R cap	19
4.2	Reliability improvement projects.....	20
4.3	Target adjustment for the change in Major Event Days	22
4.4	Adjustments to the telephone response target.....	23
4.5	Target amendment due to change in regulatory requirements	24
5	Proposed STPIS targets for 2025–30 RCP	24
	Glossary.....	25

List of figures

Figure 1: Distribution system reliability of supply excluding Major Event Days (MEDs).....	7
Figure 2: Distribution System STPIS USAIDI normalised performance and target (Minutes off supply)	14
Figure 3: Distribution System STPIS USAIFI normalised performance and target (No. of interruptions)	14
Figure 4: CBD STPIS USAIDI normalised performance and target (Minutes off supply)	15
Figure 5: CBD STPIS USAIFI normalised performance and target (No. of interruptions)	15
Figure 6: Urban STPIS USAIDI normalised performance and target (Minutes off supply)	16
Figure 7: Urban STPIS USAIDI normalised performance and target (Minutes off supply)	16
Figure 8: Rural Short STPIS USAIDI normalised performance and target (Minutes off supply)	17
Figure 9: Rural Short STPIS USAIFI normalised performance and target (No. of interruptions)	17
Figure 10: Rural Long STPIS USAIDI normalised performance and target (Minutes off supply)	18
Figure 11: Rural Long STPIS USAIFI normalised performance and target (No of Interruptions).....	19
Figure 12 - STPIS Telephone Grade of Service (GOS)	23

List of tables

Table 1: Summary of AER’s STPIS position in the 2025–30 Draft Decision and SA Power Networks’ proposed approach.....	8
Table 2: Increase in 2025–30 RCP STPIS targets resulting from 2019/20 performance exceeding the R@R cap	20
Table 3: Adjustment to STPIS targets for the 2025–30 RCP if the low reliability feeder expenditure is approved.....	20
Table 4: Adjustment to STPIS targets for the 2025–30 RCP if the poor performing Regional reliability of supply expenditure is approved	21
Table 5: Adjustment to STPIS targets for the 2025–30 RCP if the rural long restoration of supply expenditure is approved	21
Table 6: Adjustment to STPIS targets for the 2025–30 RCP if the resilience mobile generators network expenditure is approved.....	21
Table 7: Adjustment to STPIS targets for the 2025–30 RCP if the CBD reliability improvement expenditure is approved.....	22
Table 8: Average annual improvement in customer’s reliability (includes MEDs) associated with reliability improvement upgrades, for the 2019/20 to 2023/24 period if the upgrades had been operational.	22
Table 9: Average annual improvement in customer’s reliability on MEDs associated with reliability improvement upgrades, for the 2019/20 to 2023/24 period if the upgrades had been operational.	22
Table 10: Adjustment to STPIS targets for the 2025–30 RCP for the change in MEDs during the 2025–30 STPIS TSP.....	23
Table 11: Adjustment to STPIS targets for the 2025–30 RCP for the amendment to the MAIFI definition for 2019/20	24
Table 12: Adjustment to STPIS targets for the 2025–30 RCP due to the expiry of the 15-minute planned interruption exemption	24
Table 13: STPIS annual targets for the 2025–30 RCP including all the proposed adjustments	24

1 Overview

This Attachment explains:

- the importance of the service target performance incentive scheme (or **STPIS**);
- the components of the STPIS that will apply to SA Power Networks for the 2025–30 regulatory control period (**RCP**);
- Address concerns we have with the AER’s Draft Decision.
- how we have maintained or improved our service performance for the benefit of customers since the adoption of the STPIS on 1 July 2010;
- the methodology used to amend the STPIS targets for the 2025–30 RCP;
- the adjustments we have made to 2019-20 historic reliability performance to exclude 'momentary interruptions'; and
- the adjustments required for the expiry of the long-standing exemption from notifying customers for a planned interruption not exceeding 15 minutes.

The STPIS is designed to provide a financial incentive for Distribution Network Service Providers (**DNSPs**) (like SA Power Networks) to maintain and improve their service performance. It provides a counterbalance to the Efficiency Benefit Sharing Scheme (**EBSS**) and Capital Expenditure Sharing Scheme (**CESS**) that otherwise reward DNSPs for lowering expenditure. The STPIS ensures that rewards under these expenditure incentive schemes are not achieved at the expense of lowering service quality for customers. Unlike the EBSS and CESS, STPIS-based financial rewards (or penalties) over an RCP are added to (or subtracted from) the DNSPs’ annual revenue requirement within the same RCP.

The STPIS has three components¹:

1. reliability of supply component;
2. customer service component; and
3. guaranteed service level component.

SA Power Networks is now proposing to apply the reliability of supply component and customer service component of Version 2.0 of the STPIS² for the 2025–30 RCP. We are no longer proposing to replace the customer service component (telephone answering) with a customer service incentive design consistent with the Australian Energy Regulator’s (**AER**’s) Customer Service Incentive Scheme (**CSIS**)³.

We accept the AER’s Draft Decision to apply Version 2.0 of the STPIS, including the telephone answering component, in the 2025-30 RCP.

The Guaranteed Service Level (**GSL**) component of the STPIS is not applicable, as there is an applicable jurisdictional GSL scheme.

Figure 1 highlights the improvement in reliability and the associated benefits SA Power Networks’ customers have received on average from application of the STPIS since 1 July 2010⁴. Also, it highlights that the reliability performance (both System Average Interruption Frequency Index (**SAIFI**) and System Average Interruption

¹ There is a fourth STPIS component which is the Quality of supply component which has no current measures, so does not apply.

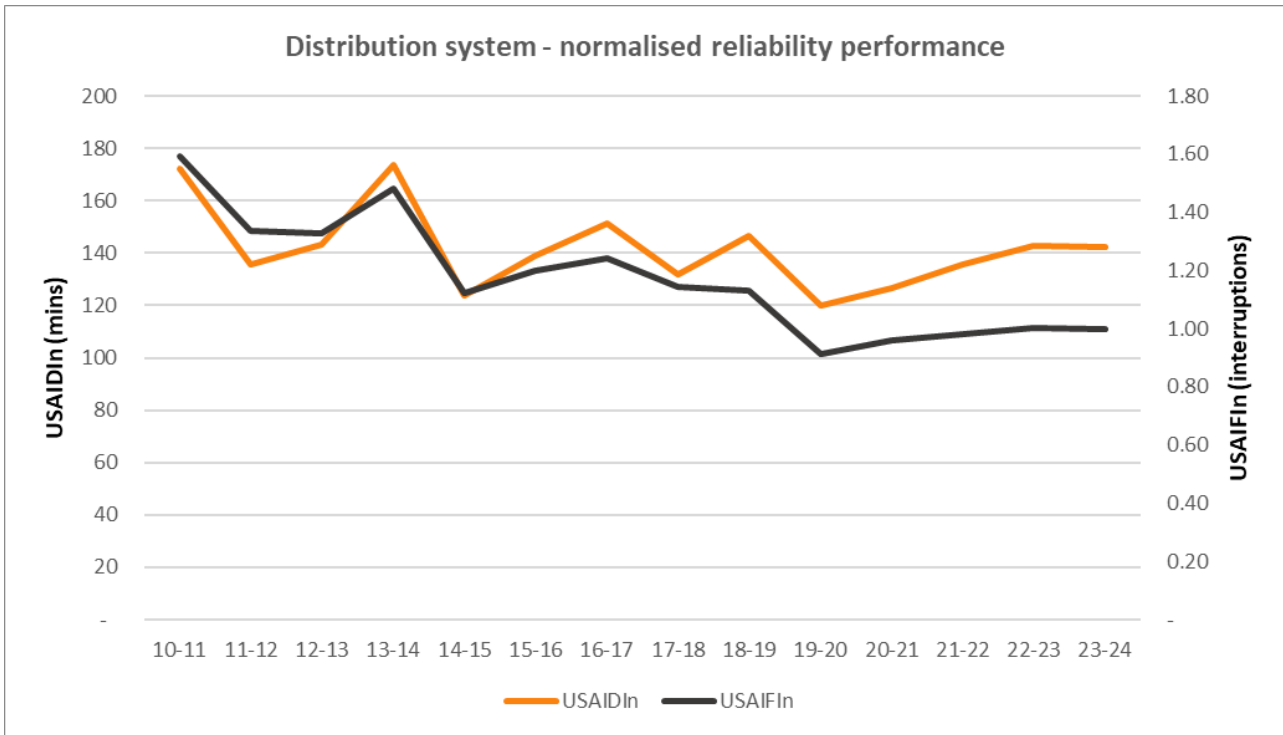
² AER, *Electricity distribution network service providers—Service target performance incentive scheme, version 2.0* – November 2018.

³ AER, *Customer Service Incentive Scheme*, July 2020.

⁴ The STPIS has only applied to SA Power Networks from the 1 July 2010, when the AER became responsible for the economic regulation of SA Power Networks.

Duration Index (SAIDI)) has declined marginally since the commencement of the 2020–25 RCP, despite a doubling of reliability expenditure.

Figure 1: Distribution system reliability of supply excluding Major Event Days (MEDs)



In its Draft Decision the AER decided to apply the reliability of supply component and customer service component (telephone response) of version 2.0 of the STPIS published by the AER in November 2018 as:

- it provides a financial incentive for SA Power Networks to maintain and improve reliability service performance and telephone response during the 2025–30 RCP; and
- it ensures that cost efficiencies encouraged under other expenditure incentive schemes are not realised at the expense of service reliability outcomes for customers.

The STPIS requires that performance targets must not deteriorate over the RCP and must be based on average performance over the past five regulatory years⁵.

We accept this draft decision subject to the adjustments proposed below.

Supporting document 10.1 - STPIS reliability target calculations - Model and provides detail calculations of the adjustments to the proposed 2025–30 STPIS reliability targets contained in this Attachment. The Reset Regulatory Information Notice template workbook 1, worksheets 6.2, address these information requirements.

⁵ Clauses 3.2.1(a) and 5.3.1(a) of the STPIS.

Proposed application of components of the STPIS

SA Power Networks accepts the AER’s Draft Decision to apply the reliability and customer service components⁶ of the STPIS version 2.0 to SA Power Networks for the 2025–30 RCP in a manner that is consistent with the AER’s proposed approach as set out in the Draft Decision, with the clarifications we set out in Table 1.

Table 1 sets out and compares the AER position in the Draft Decision with SA Power Networks’ proposed approach.

Table 1: Summary of AER’s STPIS position in the 2025–30 Draft Decision and SA Power Networks’ proposed approach

STPIS component	AER’s Draft Decision	SA Power Networks response
Revenue at risk	Set revenue at risk within the range of $\pm 5\%$.	Accept noting that it will be split 4.5% for reliability and 0.5% for the customer service component.
Segment the network	Segment the network according to the four feeder categories (Central Business District (CBD), Urban, Short Rural and Long Rural) as per the scheme’s definitions.	Accept noting that the Essential Services Commission of South Australia (ESCoSA) have expanded the CBD ⁷ boundary from 1 July 2020, which caused a re-classification of some Urban Feeders to CBD Feeders for 2019/20.
Performance parameters	Apply the SAIDI, SAIFI, and the customer service (telephone answering) parameters.	Accept.
Performance targets	Set performance targets based on SA Power Networks’ average performance over the past five regulatory years.	<p>Accept noting that adjustments are required to the reliability performance targets for the 2025–30 RCP in accordance with clauses 3.2.1(a)(1A) and (1B), of the STPIS, and Appendix F. Adjustments are required because the outcome of the 2019/20 performance exceeded the Revenue at Risk (R@R) cap of 5%, and because we are proposing expenditure in 2025–30 RCP to address those feeders and regions experiencing poor reliability.</p> <p>Also, the reliability performance targets require adjustment for</p> <ul style="list-style-type: none"> the change in the definition of a momentary interruption to greater than 3 minutes from 1 July 2020 (previously it was greater than 1 minute). This requires amendments to the 2019/20 previously reported performance; the expiry of a long-standing exemption for notifying customers of an interruption where the duration is no more than 15 minutes. Noting that our historic reliability data specifically excludes these interruptions; and the changes to the number of Major Event Days (MEDs) during the 2025–30 STPIS target setting period, due to proposed reliability improvements and the associated reduction in the Unplanned System Average Interruption Duration Index (USAIDI) MED threshold. This type of MED adjustment was

⁶ SA Power Networks is no longer pursuing a CSIS for the 2025-30 RCP.

⁷ Also referred to as the Adelaide Business Area in the SA Electricity Distribution Code.

STPIS component	AER’s Draft Decision	SA Power Networks response
		accepted by the AER in its 2020-25 RCP Determination.
Exclusions	Apply the method in the STPIS for excluding specific events from the calculation of annual performance and performance targets	Accept
Guaranteed Service Levels	Not apply the GSL component of the STPIS if SA Power Networks remains subject to a jurisdictional GSL scheme (as set out in the South Australian Electricity Distribution Code (EDC))	Accept. The 2025–30 RCP, we will be subject to the GSL scheme outlined in the South Australian Electricity Distribution Code

The following sections of this document details:

- Our response to the AER’s rejection of some proposed adjustments to the STPIS Targets
- the improvements in service levels experienced by customers;
- the adjustments to the reliability service targets required by the STPIS performance for the 2019/20 regulatory year which exceeded the cap on the R@R and the proposed reliability improvements;
- the adjustments to the reliability service targets required by the proposed projects to improve reliability to poorly served customers; and
- the adjustments required to reflect that our current exemption⁸ to provide customers with four business days notification of a planned interruption where the duration is expected to be no more than 15 minutes will expire on 30 June 2025.

⁸ See National Energy Retail Law (Local Provisions) Regulations 2013 s14(d).

2 Adjustments from AER’s Draft Decision

2.1 Target amendment due to change in regulatory requirements.

The AER did not accept our proposed adjustment for the cessation of the 15-minute planned interruption derogation to the STPIS reliability targets for the 2020-25 RCP. Consequently, we applied to the South Australian Government who subsequently extended the derogation until 30 June 2025.

The AER provided the following reason for its 2020-25 RCP Final Decision:

“We have not included any adjustment to performance targets to account for the cessation of a jurisdictional derogation proposed by SA Power Networks. This is because:

- As this current derogation has been in operation for more than 10 years,⁹ we consider that the probability of this change, which is under consultation by the ESCoSA, is not likely.
- Further, even if the current derogation is to be revoked, we consider that SA Power Networks should be providing the necessary planned outage notices to its customers as required by the energy rules, rather than treating the outages as unplanned outages.”

The National Electricity Retail Law (**NERL**) (Local Provision) Regulations 2013 provides SA Power Networks with a derogation from the National Energy Retail Rules (**NERR**) which removes the obligation on us to provide four business days notification of a planned interruption where the outage duration is no more than 15 minutes¹⁰. This derogation allows continuation of the long-standing practice¹¹, which otherwise would be precluded under the NERR¹². However, this exemption will expire on 30 June 2025.

The South Australian Government is currently consulting on the removal of the 15-minute planned interruption derogation. The consultation paper has proposed the removal of the derogation and as there have been no submissions counter to the SA Government’s proposal, the derogation will cease from 1 July 2025.

One of the reasons the AER used to reject our proposed adjustment for the cessation of the 15-minute planned interruption derogation was that we should notify customers prior to interrupting their supply in accordance with energy rules. However, the NERR permit distributors to interrupt customers’ electricity supply without complying with the notice provision under clause 90. Clause 89 of the NERR details that a distributor may, subject to and in accordance with any requirements of the energy laws, *interrupt* the supply of energy at any time, including for a *distributor planned interruption* or an *unplanned interruption*.

Clause 88 of the NERR defines an unplanned interruption as:

unplanned interruption means an *interruption* of the supply of energy to carry out unanticipated or unplanned maintenance or repairs in any case where there is an actual or apprehended threat to the safety, reliability or security of the supply of energy, (emphasis added) and includes:

- (a) an *interruption* in circumstances where, in the opinion of the distributor, a customer’s installation or the distribution system poses an immediate threat of injury or material damage to any person, any property or the distribution system; or
- (b) an *interruption* in circumstances where:
 - (i) there are health or safety reasons warranting an *interruption*; or
 - (ii) there is an emergency warranting an *interruption*; or
 - (iii) the distributor is required to *interrupt* the supply at the direction of a *relevant authority*; or

⁹ SA Power Networks, *Emails to AER regarding 15 minute planned interruption derogation*, 21 February, 18 March 2020.

¹⁰ Section 14(b) of the NERL (Local Provision) Regulations 2013.

¹¹ This exemption from notifying customers of a planned interruption of not more than 15 minutes, has been in place for many decades.

¹² Specifically, under the NERR Part 4 Division 6 rule 90.

- (c) an *interruption* to shed demand for energy because the total demand for energy at the relevant time exceeds the total supply available; or
- (d) an *interruption* to restore supply to a customer.

SA Power Networks was not previously obligated to notify customers of a planned interruption where that interruption was expected to be no more than 15 minutes in duration. This resulted in a derogation to the NERR when it was introduced into South Australia in 2013. This derogation permitted SA Power Networks to continue with its historic practice of classifying ‘forced’¹³ interruptions as planned interruption where the duration was anticipated to be 15 minutes or less in duration. Consequently, all these types of forced interruptions are excluded from our STPIS reliability data.

A forced interruption is used where there is imminent threat to safety, reliability or security of supply. In these circumstances it is not possible to provide the requisite 4 business days’ prior notice to customers for the interruption to be planned, as the imminent threat will eventuate prior to the notice period elapsing. SA Power Networks considers it to be unfair to, in effect, penalise us under the STPIS for acting as permitted by energy law as a consequence of a removal of a long-standing derogation. The penalty will result from the operation of the STPIS because these forced interruptions, treated previously as a planned interruption and excluded from the STPIS outcome, will be treated as unplanned interruptions and will result in a STPIS penalty.

We do not accept the AER’s Draft Decision to reject our adjustment for the expiry of the 15-minute planned interruption derogation. This is inconsistent with its requirement to adjust our STPIS targets due to the alteration in the MAIFI definition (i.e. from 1 minute or less to 3 minutes or less). We highlight that, had this adjustment not been made, this change would have benefited distributors without any change in our behaviour. However, the AER seems prepared to penalise SA Power Networks without any change in its behaviour, by dismissing or rejecting our adjustment related to the cessation of the 15-minute planned interruption derogation.

SA Power Networks has determined the adjustment for each year that determines the STPIS baseline target.

2.2 Target adjustment for fewer MEDs.

The AER’ Draft Decision rejects our adjustment due to fewer MEDs (one in 2020/21 and 2021/22) that would have resulted if the reliability improvements has been in operation for those two years. The AER rejected the adjustment based on the following:

“MEDs are typically associated with adverse weather events that are outside the control of the DNSP. That is why they are excluded from our calculation of the performance measure and reward or penalty. However, longer term future adverse weather events are not predictable, and therefore it is not possible to accurately forecast the number of MEDs.

As the MED threshold is calculated using actual historical performance data, not predictive modelling, our draft decision is to not allow a performance target adjustment for potentially fewer MEDs associated with implementing reliability improvement projects. Importantly, the self-correcting nature of the STPIS will balance out any reliability improvement gains resulting from the capital expenditure in subsequent periods.”

The AER’s Draft Decision to reject our adjustment for fewer MEDs, is inconsistent with its Draft Decision to allow the predictive modelled adjustment to the targets for the reliability improvements, as both adjustments use the same methodology. Further, it is inconsistent with its previous 2020 Determination to allow a MED adjustment to the STPIS targets for the 2020-25 RCP.

¹³ A forced interruption is an interruption as a result of unanticipated or unplanned maintenance or repairs in any case where there is an actual or apprehended threat to the safety, reliability or security of the supply.

SA Power Networks notes that the AER has accepted our proposed reliability improvement programmes in its Draft Decision. Those programmes target non-asset failure related causes (eg vegetation, weather, animals, third-party etc) of interruptions.

SA Power Networks agrees with the AER that it is not possible to model future adverse weather events and future interruptions. Therefore, to avoid this issue, SA Power Networks’ methodology is to determine the STPIS reliability result that our reliability improvement programmes would have had on the past five regulatory years (i.e. from 1 July 2019 to 30 June 2024). Noting that this is the same period used to set STPIS baseline for the 2025-30 RCP STPIS targets.

The AER STPIS guideline (version 2) clause 3.2.1 (a) requires that:

“The *performance targets* to apply during the *regulatory control period* must not deteriorate across *regulatory years* and must be based on average performance over the past five *regulatory years*, modified by the following:

- (1) an adjustment to ensure that average performance over the past five regulatory years reflects events excluded¹⁴ under clause 3.3 and appendix D of this *scheme*.”

This requirement highlights that the exclusion of events under clause 3.3 (which includes MEDs) is an integral part of setting the STPIS performance targets for a regulatory control period. The STPIS Guideline also requires adjustment to the performance targets where funding for performance improvements is included in a Determination. Consequently, any funded improvements in reliability must consider the improvement and the impact on the number of MEDs, as both impact the STPIS performance result.

SA Power Networks has updated the reliability improvements delivered by the programmes so that they cover the past five regulatory years. Previously, the reliability improvements and our adjustments to the 2025-30 RCP STPIS targets were based on known interruptions until 30 June 2022.

It is not possible to limit the improvement to customers’ reliability to just days that are not classified as MEDs. Consequently, the improvement will be seen on any days with these types of non-asset failure caused interruptions which includes on MED days. Consequently, when reliability improvements are proposed and accepted, the improvement must consider whether there is any change to the number of MEDs as that can materially affect the reported annual STPIS reliability performance. Otherwise, the STPIS targets (unadjusted for MED changes) may reward or penalise a distributor through no fault of the distributor. To determine if there is a change in the number of MEDs it must be determined:

1. If the improvement resulting from the programmes results in the network USAIDI attributed to a day no longer exceeding the MED threshold, then that day will change from being classified as a MED and the associated interruptions excluded from the STPIS reported performance to a day where the remaining interruptions are included in the STPIS reported performance; and
2. If the reduction in the USAIDI MED threshold from the reliability improvement programmes¹⁵ result in days previously not classified as a MED becoming classified as a MED and excluded from the STPIS reported performance.

For example, highlighting point 1 above, the reliability improvements to interruptions on 11 January 2021 reduced the daily USAIDI from 7.21 minutes to 5.22 minutes. The MED threshold was 6.10 minutes. This resulted in a about a two-minute benefit to customers but a 5.22 minute decline in STPIS reported performance. This is because the 7.21 minutes exceeded the MED threshold, and consequently the

¹⁴ Events excluded include MEDs

¹⁵ Typically reliability improvement programmes can result in days previously not being classified as a MED being classified as a MED.

interruptions on the day were excluded from the STPIS result, but as the 5.22 minutes is less than the MED threshold of 6.10 minutes it is now included the STPIS reported performance.

Another example, highlighting point 2 above, the reduction in the MED threshold from 4.91 minutes to 4.41 minutes for the 2023-24 regulatory year would have resulted in the 12 December 2023 outcome, which had a USAIDI of 4.59 minutes, shifting from being included in the STPIS reported performance to being excluded from it. This change didn't improve customers' reliability on that day but improved the STPIS reported performance by 4.59 minutes.

The above examples highlight that to be fair to both customers and distributors the STPIS performance targets need to be adjusted for changes in the number of MEDs.

The AER has also indicated that the STPIS has a self-correcting nature. The AER is aware that the STPIS is not fully self-correcting, with distributors not recovering the time value of money for any penalty under the STPIS in future RCPs. This is acknowledged in a letter¹⁶ to SA Power Networks from the AER dated 21 September 2021. Further, the AER would be aware that it is required by energy laws to redetermine the Value of Customer Reliability (VCR) every five years which has a direct effect on the reward and penalties under the STPIS regime.

SA Power Networks considers, for the above reasons, that the AER should allow the adjustment to the STPIS target for the 2025-30 RCP for both the:

- cessation of the 15-minute planned interruption derogation; and
- a change in the number of MEDs.

3 Historical Performance

This section highlights the benefits to customers resulting from the operation of the STPIS regime, since 1 July 2010. It details the annual STPIS performance outcomes for the whole network operated by SA Power Networks, for the four feeder categories of CBD, Urban, Rural Short and Rural long as per the scheme's definitions for the period from 2010/11 to 2023/24. It also includes the STPIS targets for each RCP. The proposed 2025–30 STPIS targets are based on the average performance over the past five regulatory years up to and including 2023/24. The quoted percentage improvements are based on the change in the RCP average performance¹⁷ from the initial 2010-15 RCP to the 2020–25 RCP up to and including 2023/24.

The graphs in this section are normalised by excluding the service performance on MEDs¹⁸ and are based on the natural logarithm (**LN**) method for determining T_{MED} .

3.1 Distribution network reliability performance

This subsection details the STPIS annual reliability performance of SA Power Networks' distribution system, the average performance for the STPIS Target Setting Period (**TSP**) and the applicable performance target¹⁹ since 1 July 2005 (or indicative target for the 2025–30 RCP).

¹⁶ Letter to Patrick Makinson (General Manager Governance & Regulation – SA Power Networks) from Warwick Anderson (General Manager, Network Pricing – Australian Energy Regulator) dated 21 September 2021 (AER Ref 42275).

¹⁷ The proxy for the RCP average performance is the average of the first four years of a RCP and the last year of the prior RCP. This is the same period used to establish the STPIS targets for the next RCP. For example, the proxy for the 2025–30 RCP is the five-year period including 2019-20 to 2023-24. This period is also used to set the baseline for the 2025–30 RCP STPIS targets.

¹⁸ MEDs are determined using the STPIS 'safe harbour' LN method for the reliability performance. This LN method was not used for the 2010–15 RCP, when we sought, and the AER agreed to use the Box-Cox method to determine MEDs.

¹⁹ The 2023-24 results are forecast and highlighted with a slightly different colour shade.

Figure 2 highlights that for the whole of our network there has been an 18 percent improvement in the average USAIDI from the 2005–10 period (162 minutes) to the 2020–25 period (133 minutes).

Figure 3 highlights that for the whole of our network there has also been a 39 percent improvement in the average Unplanned System Average Interruption Frequency Index (USAIFI) from the 2005–10 period (1.59 interruptions) to the 2020–25 period (0.97 interruptions).

Figure 2: Distribution System STPIS USAIDI normalised performance and target (Minutes off supply)

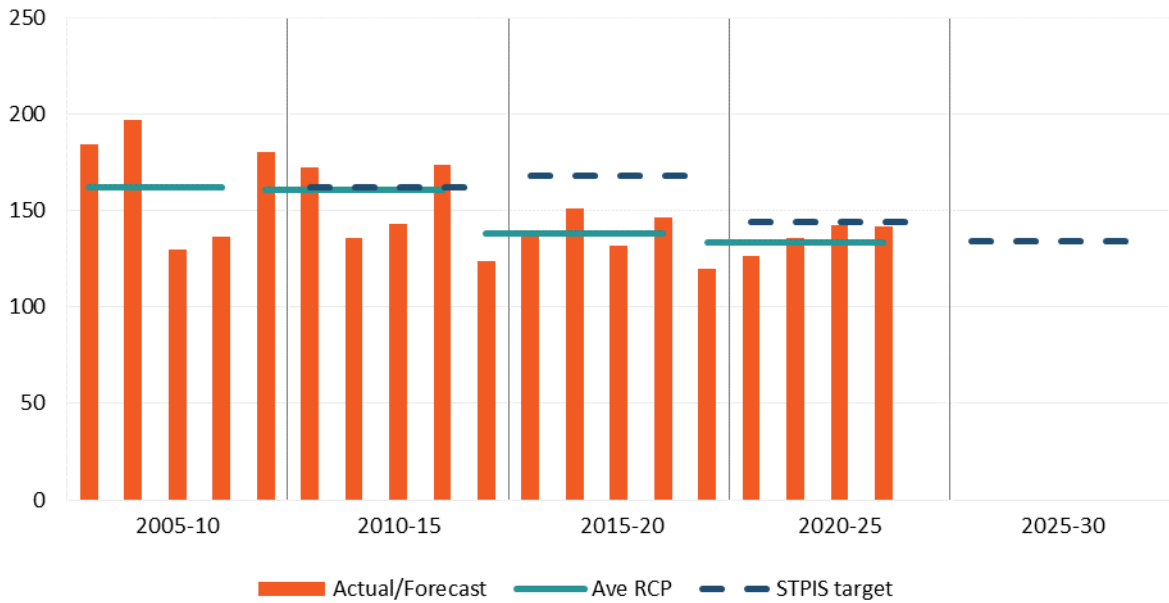
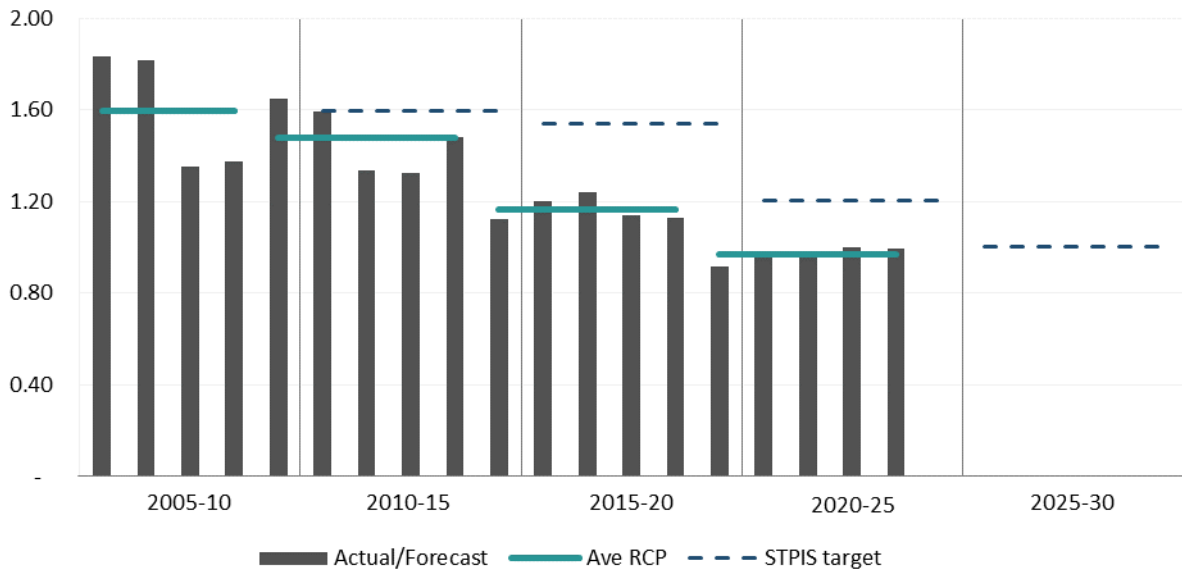


Figure 3: Distribution System STPIS USAIFI normalised performance and target (No. of interruptions)



3.2 CBD feeder category reliability performance

Figure 4 highlights that for CBD classified distribution feeders there has been a 44 percent improvement in average USAIDI from the 2005–10 period (33 minutes) to the 2020–25 period (19 minutes).

Figure 5 highlights there has been a 39 percent improvement in average USAIFI from the 2005–10 period (0.28 interruptions) to the 2020–25 period (0.17 interruptions).

Figure 4: CBD STPIS USAIDI normalised performance and target (Minutes off supply)

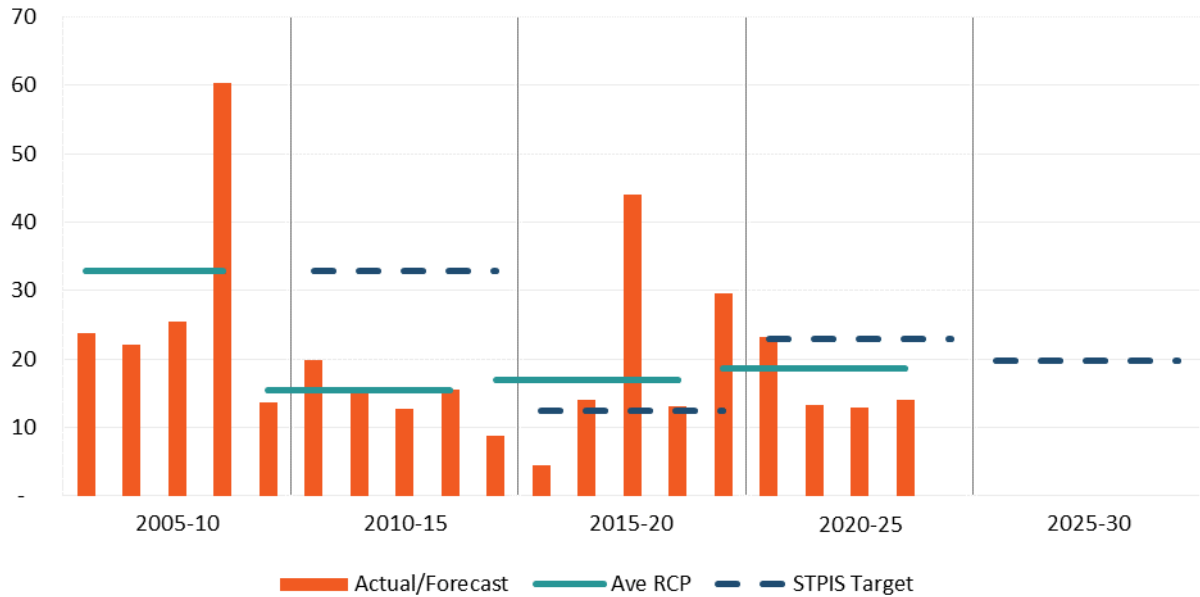
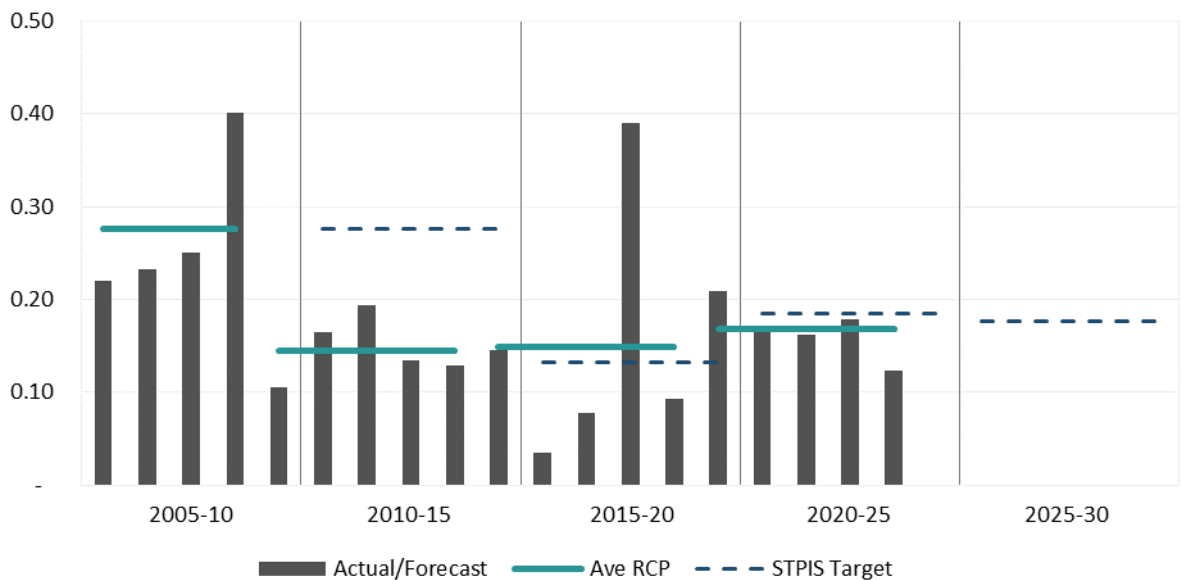


Figure 5: CBD STPIS USAIFI normalised performance and target (No. of interruptions)



3.3 Urban feeder category reliability performance

Figure 6 highlights that for Urban distribution feeders there has been a 20 percent improvement in average USAIDI from the 2005–10 period (115 minutes) to the 2020–25 period (92 minutes).

Figure 7 highlights that for Urban distribution feeders there has been a 39 percent improvement in average USAIFI from the 2005–10 period (1.38 interruptions) to the 2020–25 period (0.84 interruptions).

Figure 6: Urban STPIS USAIDI normalised performance and target (Minutes off supply)

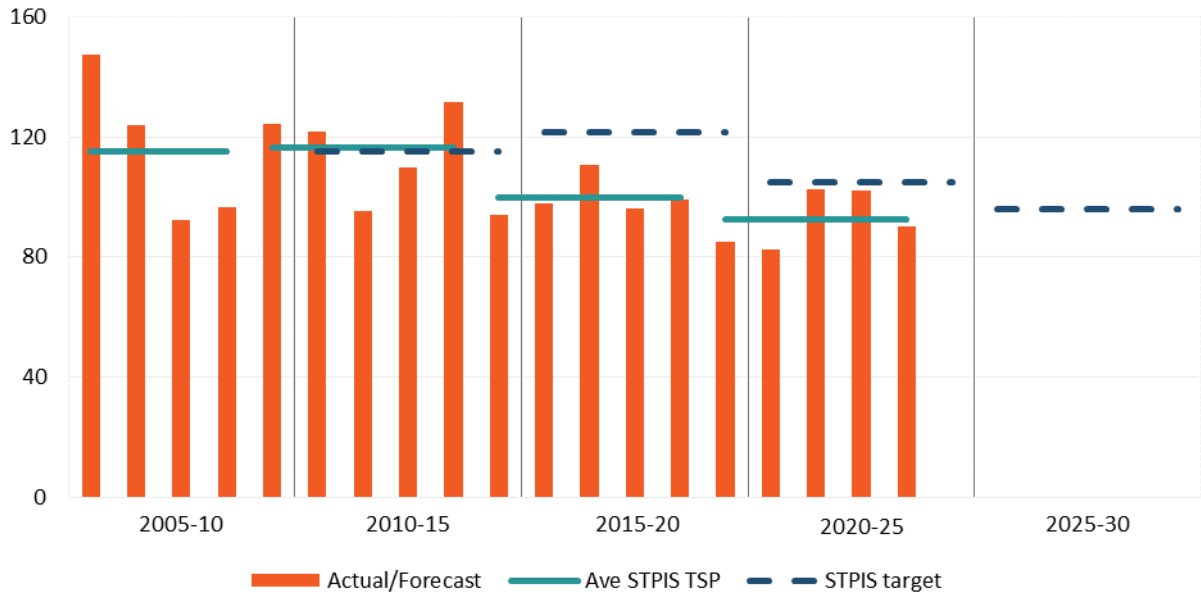
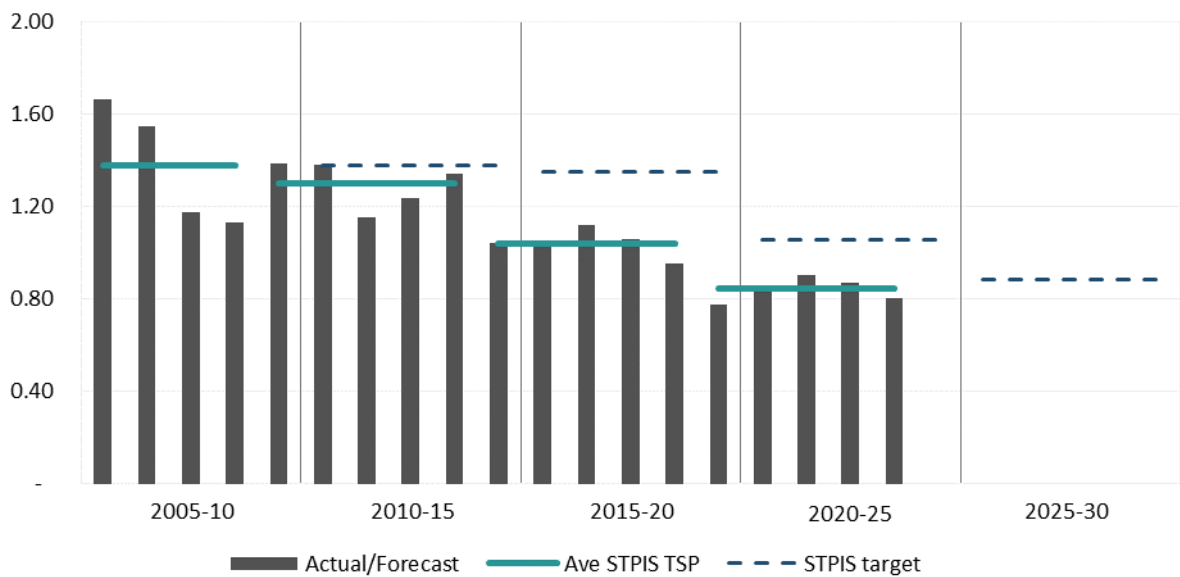


Figure 7: Urban STPIS USAIFI normalised performance and target (Interruptions)



3.4 Short rural feeder category reliability performance

Figure 8 highlights that for Short rural distribution feeders there has been a 19 percent improvement in average USAIDI from the 2005–10 period (207 minutes) to the 2020–25 period (167 minutes).

Figure 9 highlights that for Short rural distribution feeders there has been a 38 percent improvement in average USAIFI from the 2005–10 period (1.85 interruptions) to the 2020–25 period (1.14 interruptions).

This improved performance is reflected in lower forecast performance targets for the 2025–30 RCP.

Figure 8: Rural Short STPIS USAIDI normalised performance and target (Minutes off supply)

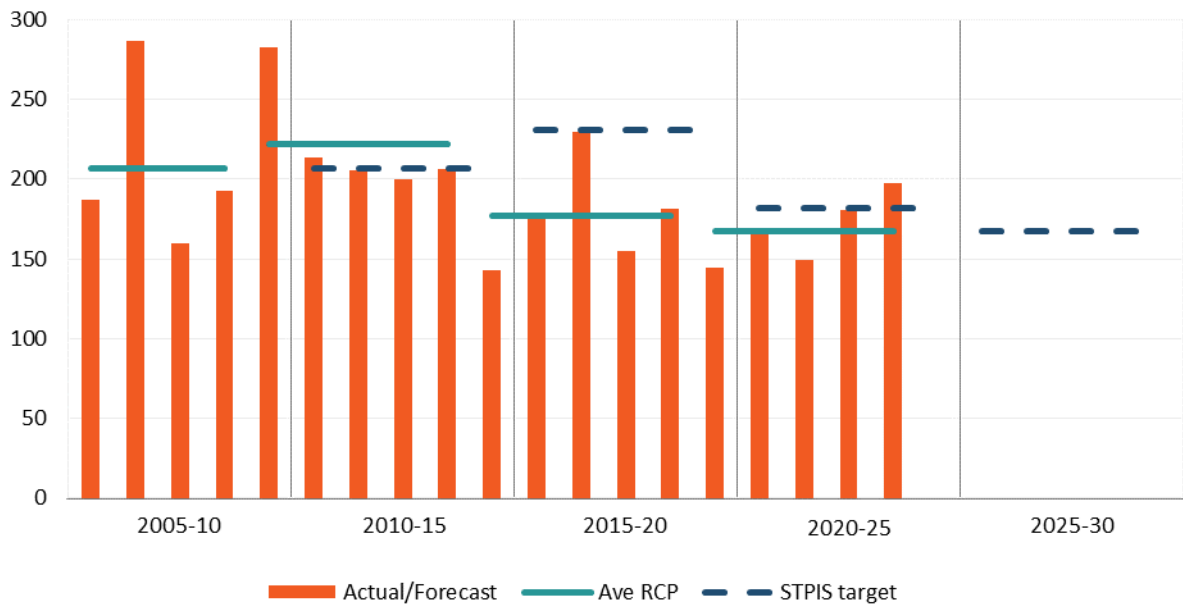
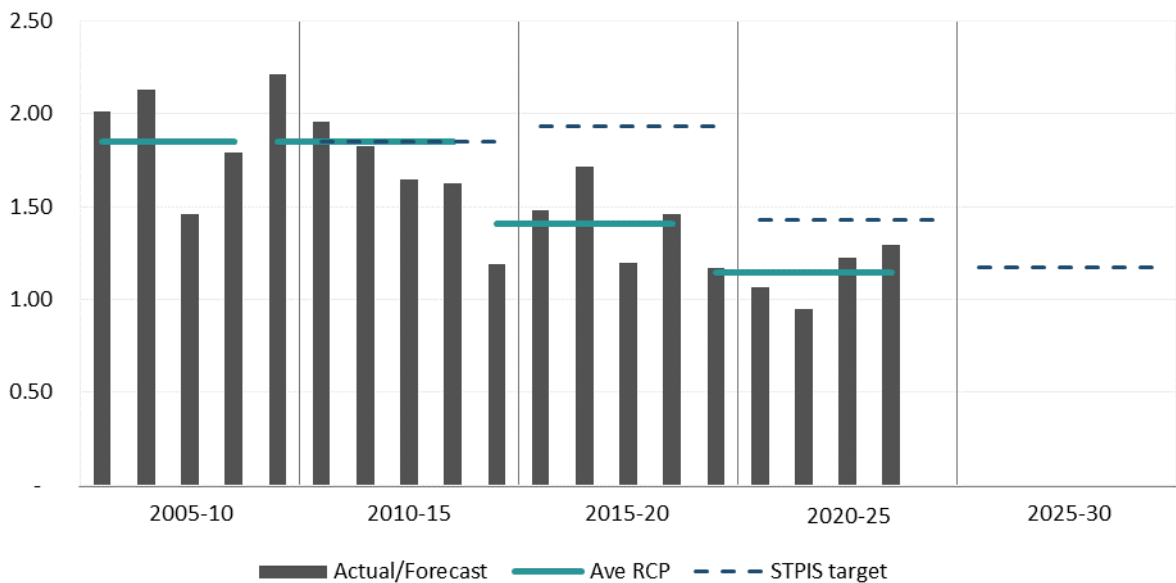


Figure 9: Rural Short STPIS USAIFI normalised performance and target (No. of interruptions)



3.5 Long rural feeder category reliability performance

Figure 10 highlights that for Long rural distribution feeders there has been a 8 percent improvement in average USAIDI from the 2005–10 period (318 minutes) to the 2020–25 period (294 minutes).

Figure 11 highlights that for Long rural distribution feeders there has been a 38 percent improvement in average USAIFI from the 2005–10 period (2.30 interruptions) to the 2020–25 period (1.41 interruptions).

This improved performance is reflected in lower forecast performance targets for the 2025–30 RCP. We also note the average USAIDI performance used to set the 2020–25 targets (ie 279 minutes) has declined for setting the 2025–30 RCP targets (ie 288 minutes). However, the proposed 2025–30 USAIDI targets are lower than the baseline (ie 288 minutes) due to adjustments outlined in the next section.

Figure 10: Rural Long STPIS USAIDI normalised performance and target (Minutes off supply)

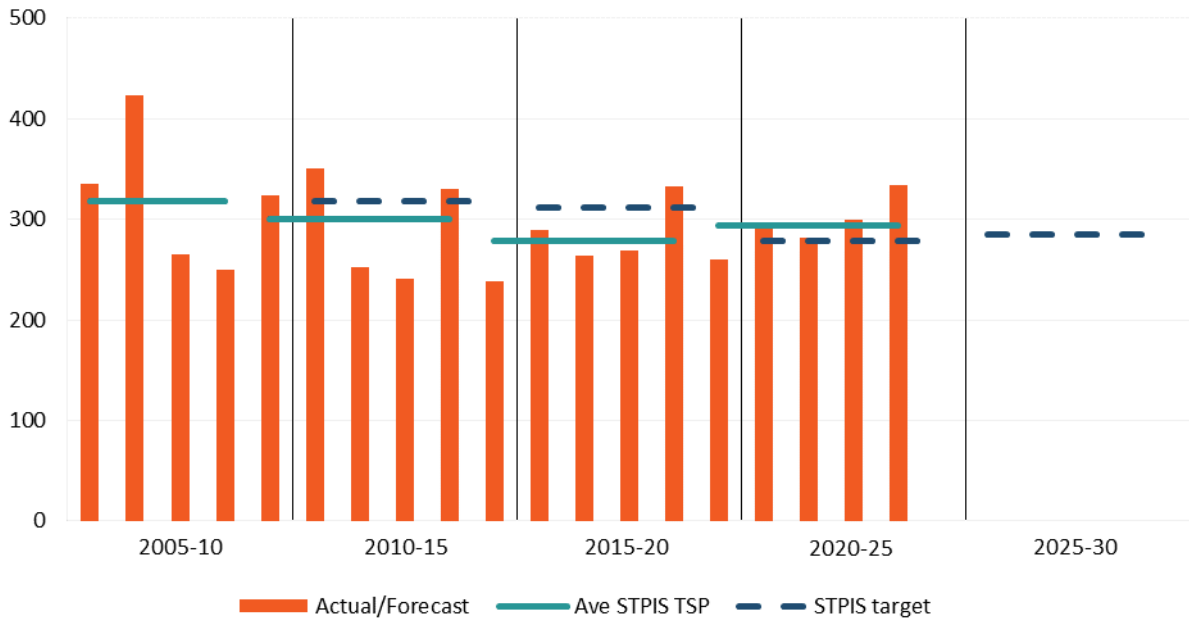
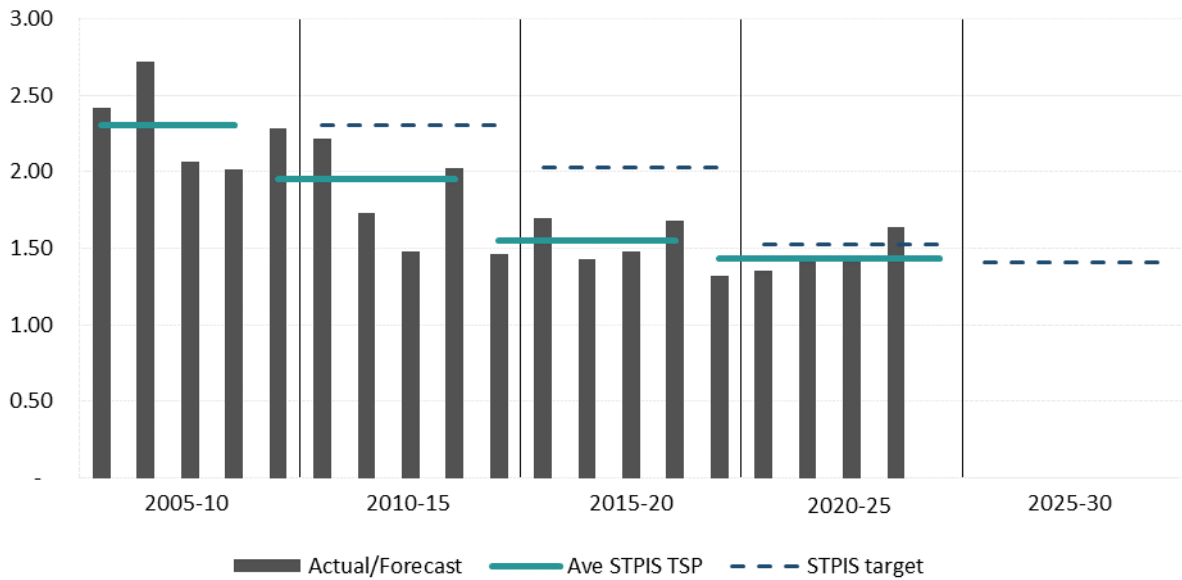


Figure 11: Rural Long STPIS USAIFI normalised performance and target (No of Interruptions)



4 Adjustment to performance targets for 2025–30 RCP

In accordance with the AER's STPIS, DNSPs are annually rewarded for improvements, or penalised for declines, in performance compared to historic averages (normally determined over a five-year period). The annual performance that resulted in the reward or penalty is then used to establish STPIS performance targets for future RCPs. However, there are exceptions to this where:

- the reward or penalty is capped by the R@R; and / or
- a DNSP has been funded to improve performance, in which case the performance targets are adjusted to reflect the funded improvement.

Under the first exception listed above, the past performance is used to establish future STPIS performance targets, by adjusting targets so they align with the STPIS reward or penalty for that regulatory year. This adjustment ensures that DNSPs do not receive a windfall gain (where performance was worse than the cap) or a windfall loss (where performance was better than the cap) in future RCPs.

4.1 Adjustment for where the reward or penalty exceeds the R@R cap

The STPIS outcome for the performance of the 2019/20 year was capped at five percent and resulted in the following rewards of:

- 4.5 percent of revenue for the reliability component; and
- 0.5 percent of revenue for the customer service component.

As the 2019/20 performance will be used to establish the targets for the 2025–30 RCP, the raw target (ie the average of the normalized USAIDI (**USAIDIn**) and USAIFI (**USAIFIn**) for the four feeder categories over the five-year period (2019/20 to 2023/24) needs to be adjusted for the performance of the 2019/20 year so that it would match the STPIS reward for that year.

SA Power Networks has used the AER’s method detailed in Appendix F of the STPIS Guideline to determine the annual adjustment (i.e. increase the value of the targets) to the STPIS reliability targets, with the results detailed in Table 2.

Table 2: Increase in 2025–30 RCP STPIS targets resulting from 2019/20 performance exceeding the R@R cap

Annual adjustment	CBD	Urban	Short Rural	Long Rural
USAIDIn	+ 2.755	+ 2.755	+ 2.755	+ 2.755
USAIFIn	+ 0.017	+ 0.017	+ 0.017	+ 0.017

4.2 Reliability improvement projects

Clause 3.2.1(1A) of the STPIS requires that the performance targets to apply during the 2025–30 RCP must be modified by any completed or planned reliability improvements where the planned reliability improvements are:

- included in the expenditure program proposed by SA Power Networks in its 2025–30 Regulatory Proposal; and
- expected to result in a material improvement in supply reliability.

4.2.1 Low reliability feeder reliability improvement

SA Power Networks has proposed expenditure in the 2025–30 RCP to improve the reliability of feeders in the low reliability feeder category for several years (refer to supporting document **5.9.5 - Worst Served Customers Reliability Improvement Program – Business case - January 2024**) and this proposed expenditure meets the requirements in clause 3.2.1(1A) of the STPIS.

We have determined the improvement in the STPIS reliability targets as if the improvements had been in place for the full five years from 2019/20 to 2023/24 and propose that if the AER approves our proposed ‘low reliability feeder expenditure’ then our STPIS targets for the 2025–30 RCP should be adjusted by the amounts in Table 3. The amounts shown are half the total forecast improvements, as the improvements are planned to be completed evenly over the 2025–30 RCP.

Table 3: Adjustment to STPIS targets for the 2025–30 RCP if the low reliability feeder expenditure is approved

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	- 0.170	- 0.628	- 4.211
USAIFI	-	- 0.001	- 0.003	- 0.013

4.2.2 Specific regional reliability improvement projects

SA Power Networks has proposed expenditure to improve the reliability of specific poorly performing regional areas as defined in the EDC for several years (refer to Supporting Document 5.9.5) and this proposed expenditure meets the requirements in clause 3.2.1(1A) of the STPIS.

We have determined the improvement in the STPIS reliability targets as if the improvements had been in place for the full five years from 2019/20 to 2023/24 and propose that if the AER approves our proposed ‘regional reliability improvement expenditure’ then our STPIS targets for the 2025–30 RCP should be adjusted by the amounts in Table 4. The amounts shown are half the total forecast improvements, as the improvements are planned to be completed evenly over the 2025–30 RCP.

Table 4: Adjustment to STPIS targets for the 2025–30 RCP if the poor performing Regional reliability of supply expenditure is approved

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	-	- 0.465	- 2.550
USAIFI	-	-	- 0.002	- 0.013

4.2.3 Rural long restoration of supply performance improvement

SA Power Networks has proposed expenditure to improve the supply restoration performance of Long Rural feeders to the target set in the EDC. If not addressed, SA Power Networks will not comply with the EDC long rural restoration of supply reliability standards. The proposed expenditure meets the requirements in clause 3.2.1(1A) of the STPIS.

We have determined the improvement in the STPIS reliability targets as if the improvements had been in place for the full five years from 2019/20 to 2023/24 and propose that if the AER approves our proposed 'Rural long restoration of supply improvement expenditure' then our STPIS targets for the 2025–30 RCP should be adjusted by the amounts in Table 5. The amounts shown are half the total forecast improvements, as the improvements are planned to be completed evenly over the 2025–30 RCP.

Table 5: Adjustment to STPIS targets for the 2025–30 RCP if the rural long restoration of supply expenditure is approved

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	-	-	- 1.699
USAIFI	-	-	-	- 0.006

4.2.4 Resilience mobile generators

SA Power Networks has proposed expenditure (refer to supporting document **5.8.3 - Network Resilience mobile generation – Business case – January 2024**) to procure additional mobile generators to improve the reliability performance for customers affected by long duration outages. This proposed expenditure meets the requirements in clause 3.2.1(1A) of the STPIS. This improvement expenditure will reduce customer minutes off supply (USAIDI) not the number of customer interruptions (USAIFI).

We have determined the improvement in the STPIS reliability targets if the improvements had been in place for the full five years from 2019/20 to 2023/24 and propose that if the AER approves our proposed 'resilience mobile generator expenditure' then our STPIS targets for the 2025–30 RCP should be adjusted by the amounts in Table 6. The amounts shown are half the total forecast improvements, as the improvements are planned to be completed evenly over the 2025–30 RCP.

Table 6: Adjustment to STPIS targets for the 2025–30 RCP if the resilience mobile generators network expenditure is approved

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	-	- 0.669	- 2.681

4.2.5 CBD reliability improvement

SA Power Networks has proposed expenditure (refer to supporting document **5.3.12 - CBD Reliability – Business case – January 2024**) to improve the reliability of the CBD feeders to restore performance to the EDC reliability targets (USAIDI of 15 minutes and USAIFI of 0.15 interruptions) by the first year of the 2030–35 RCP. This proposed expenditure meets the requirements in clause 3.2.1(1A) of the STPIS. The expenditure targets the replacement of aging and poor condition high voltage cables.

We have determined the improvement in the STPIS reliability targets to achieve the EDC CBD feeder targets by the first year of the 2030–35 RCP and propose that if the AER approves our proposed ‘CBD reliability improvement’ expenditure then our STPIS targets for the 2025–30 RCP should be adjusted by the amounts in Table 7. The amounts shown are half the total forecast improvements, as the improvements are planned to be completed evenly over the 2025–30 RCP.

Table 7: Adjustment to STPIS targets for the 2025–30 RCP if the CBD reliability improvement expenditure is approved

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	- 1.836	-	-	-
USAIFI	- 0.009	-	-	-

4.3 Target adjustment for the change in Major Event Days

As highlighted above SA Power Networks has determined the improvement from each of the reliability projects on individual interruptions that occurred over the 2019/20 to 2023/24 period²⁰. The upgrades to feeders are designed to minimise the impact of specific known interruptions and causes (e.g. weather). In some cases the upgrade eliminates the interruption, in other cases by reducing the number of customers affected or the time taken to restore supply. SA Power Networks has determined the impact of the upgrades to individual feeders and interruptions that occurred over the 2019/20 to 2023/24 period. Table 8 details the average annual improvement of customer’s reliability from the upgrades including MEDs, using our methodology to adjust the 2025-30 RCP STPIS targets.

Table 8: Average annual improvement in customer’s reliability (includes MEDs) associated with reliability improvement upgrades, for the 2019/20 to 2023/24 period if the upgrades had been operational.

Annual reliability improvement	CBD	Urban	Rural Short	Rural Long
USAIDI	1.836	0.518	1.955	20.361
USAIFI	0.009	0.001	0.005	0.043

The average improvement on MEDs is detailed in Table 9.

Table 9: Average annual improvement in customer’s reliability on MEDs associated with reliability improvement upgrades, for the 2019/20 to 2023/24 period if the upgrades had been operational.

Annual reliability improvement	CBD	Urban	Rural Short	Rural Long
USAIDI	-	0.348	0.193	9.221
USAIFI	-	0.000	0.001	0.011

This material improvement on MEDs results in two of the 22 MEDs during the 2019/20 to 2023/24 period, not exceeding the MED threshold and therefore would have been included in the STPIS reliability outcome.

As highlighted in Section 2.2, to test the sensitivity of the upgrades to reducing the number of MEDs, we recalculated the MED threshold post the reliability improvements which reduced the MED threshold and applied half the proposed improvement, to determine if these two days were still not MEDs. These two previous MEDs still didn’t exceed the lower MED threshold.

In addition, we checked whether there were any days which were not previously classified as a MED, would now be classified as a MED, because of the reduced MED threshold. This check identified that one day in 2023-24 would now be classified as a MED. We have determined the adjustment required to 2025-30 STPIS

²⁰ The 5-year period is used to set the average baseline performance for the 2025–30 STPIS targets.

performance targets by using one fifth of the total adjustment required for the change in MEDs (i.e. two less and one more MED).

Table 10 details the adjustment in the 2025–30 STPIS targets for the change in the number of MEDs.

Table 10: Adjustment to STPIS targets for the 2025–30 RCP for the change in MEDs during the 2025–30 STPIS TSP

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	+ 0.019	- 0.703	+ 8.518
USAIFI	-	- 0.002	- 0.003	+ 0.004

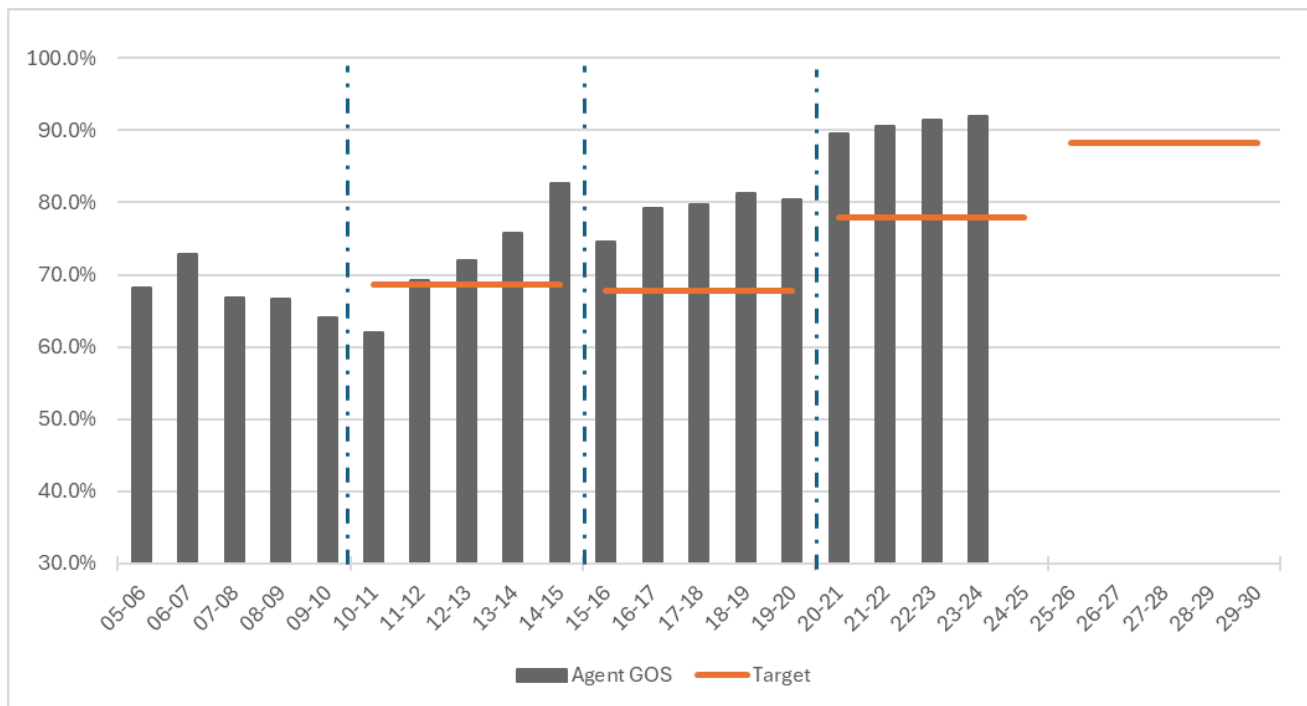
The above table details the average reliability improvement over the 2019/20 to 2023/24 period that would have been expected if the improvement projects had been in place for the full five years.

4.4 Adjustments to the telephone response target.

This subsection details the STPIS telephone response GOS performance, the average performance over the TSP and the applicable performance target since 1 July 2005 (or indicative target for the 2025–30 RCP).

Figure 12 below highlights a 10% improvement in the percentage of agent calls answered within 30 seconds (i.e. the telephone response GOS). This improved performance is reflected in higher forecast performance targets for the 2025–30 RCP compared to the 2020–25 RCP performance targets.

Figure 12 - STPIS Telephone Grade of Service (GOS)



The telephone response measure needs to be adjusted for where the outcome of the performance would have resulted in a bonus greater than the cap of 0.5%. This occurred in 2019/20, 2021/22, 2022/23 and 2023/24. This reduced the telephone response target from 88.80% to 88.26%.

4.5 Target amendment due to change in regulatory requirements

4.5.1 Target adjustment for change to the momentary interruption definition from 1 July 2020

The STPIS defines a momentary interruption²¹ as an interruption where the duration does not exceed three minutes, whereas it was defined as an interruption not exceeding one minute in version 1.2 of the STPIS applying to the 2015–20 RCP. Consequently, we need to adjust the performance of the 2019/20 regulatory year to exclude interruptions of more than one minute and no more than three minutes.

We have determined the impact of the change in the momentary interruption definition for 2019/20 on STPIS reliability targets for the 2025–30 RCP. The amounts shown in Table 11 are one fifth the total adjust for the 2019/20, as the adjustment must be made to each of the five regulatory years of the 2025–30 RCP.

Table 11: Adjustment to STPIS targets for the 2025–30 RCP for the amendment to the MAIFI definition for 2019/20

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	- 0.003	- 0.023	- 0.002
USAIFI	-	- 0.001	- 0.010	- 0.001

4.5.2 Target adjustment for removal of jurisdictional exemption – 15-minute planned interruptions

See section 2.1 for the detail reasoning for accepting this adjustment to the STPIS targets for the 2025–30 RCP.

We have determined the impact of the expiry of the 15-minute planned interruption exception on STPIS reliability targets for the 2025–30 RCP. The amounts shown in Table 12 are the average adjustment required for the 2019/20 to the 2023/24 regulatory years and consequently, to the STPIS target for the 2025–30 RCP.

Table 12: Adjustment to STPIS targets for the 2025–30 RCP due to the expiry of the 15-minute planned interruption exemption

Annual adjustment	CBD	Urban	Rural Short	Rural Long
USAIDI	-	+ 0.071	+ 0.118	+ 0.129
USAIFI	-	+ 0.014	+ 0.024	+ 0.021

5 Proposed STPIS targets for 2025–30 RCP

The STPIS targets for the 2025–30 RCP are detailed in Table 13 and include all the adjustments detailed in previous sections.

Table 13: STPIS annual targets for the 2025–30 RCP including all the proposed adjustments

Propose STPIS annual targets	CBD	Urban	Rural Short	Rural Long	Overall
USAIDI	19.492	95.143	167.809	294.236	
USAIFI	0.176	0.870	1.165	1.439	
Telephone GOS					88.26%

²¹ As per the momentary average interruption frequency index (MAIFI).

Glossary

Acronym / term	Definition
AER	Australian Energy Regulator
CBD	Central business district
CESS	Capital Expenditure Sharing Scheme
CSIS	Customer Service Incentive Scheme
DNSP	Distribution Network Service Providers
EBSS	Efficiency Benefit Sharing Scheme
EDC	Electricity Distribution Code
ESCoSA	Essential Services Commission of South Australia
F&A	Framework and Approach
GSL	Guaranteed service level
LN	natural logarithm
MAIFI	Momentary Average Interruption Frequency Index
MED	Major Event Day
NER	National Electricity Rules
NERL	National Electricity Retail Law
NERR	National Energy Retail Rules
R@R	Revenue at risk
RCP	regulatory control period
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
STPIS	Service Target Performance Incentive Scheme
TSP	Target Setting Period
USAIDI	Unplanned System Average Interruption Duration Index
USAIDI_n	Normalised Unplanned System Average Interruption Duration Index (excludes MEDs)
USAIFI	Unplanned System Average Interruption Frequency Index
USAIFI_n	Normalised Unplanned System Average Interruption Frequency Index (excludes MEDs)