

11 August 2017

Mr Chris Pattas  
General Manager  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001  
By email: [AERInquiry@aer.gov.au](mailto:AERInquiry@aer.gov.au)

Dear Mr Pattas

**Re: DRAFT DISTRIBUTION RELIABILITY MEASURES GUIDELINES**

CitiPower and Powercor Australia welcome the opportunity to respond to the Australia Energy Regulator's (AER) draft distribution reliability measures guidelines (**draft guideline**).

Our submission:

- supports the definition of momentary interruptions which captures interruptions of less than three minutes duration and formalises MAIFle as the standard measure, except where distributors do not have the data to support this measure;
- supports enabling load interruptions caused or extended by direction from state or federal emergency services to be excluded from the Service Target Performance Incentive Scheme (STPIS) performance measures;
- recommends a minor amendment to the exclusion for load interruptions associated with exercise of obligations, rights or discretions imposed by energy legislation to refer to jurisdictional 'or' national legislation rather than 'and';
- with respect to the definition of urban feeders, supports maximum demand being made on a three year average, but recommends feeder length also be based on a three year average;
- disagrees with the definition of distribution customer, including the inclusion of de-energised sites and the exclusion of unmetered sites, with the exception of street lighting. In principle, the reliability measures applied for the STPIS should only capture interruptions where there are real customer impacts;
- supports excluding interruptions caused by meter malfunctions; and
- explains that additional reporting on a new measure of worst served customers is unnecessary given we are already subject to Guaranteed Service Level schemes which require reporting on and compensation for worst served customers. Additional reporting against a new measure would introduce transactions costs with no customer benefit.

Should the AER have any queries regarding this submission, please do not hesitate to contact Megan Willcox on (03) 9236 7048, or [mwillcox@powercor.com.au](mailto:mwillcox@powercor.com.au)

Yours sincerely,



Brent Cleeve  
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## 1.1 Momentary interruptions

We support the draft guideline which amends the current definition of momentary interruptions to capture interruptions of less than three minutes duration. A three minute duration will promote greater investment in fault automation systems leading to faster restoration of short duration outages.

We agree with the AER that increasing the duration of momentary interruptions will provide benefits to all customers, including industrial and commercial customers, through stronger incentives to reduce longer duration outages to less than three minutes.<sup>1</sup> The increased duration of momentary interruptions will not create an incentive for us to increase outage duration from less than one minute to up to three minutes as the fault restoration process is automated.

We support formalising the use of MAIFle as the standard measure of momentary interruptions, where distributors have the capability to capture the data to support this measure, because it better reflects the customer experience.

We agree with the AER that the change in the definition of momentary interruptions to less than three minutes duration only applies to unplanned interruptions<sup>2</sup> and will not change our obligation under the Victorian Electricity Distribution Code to notify customers of planned interruptions.

## 1.2 Exclusions

We note the draft guideline has made a minor amendment to the exclusion for load interruptions associated with exercise of obligations, rights or discretions imposed by energy legislation (exclusion number 6 under section 3.2). The draft guideline uses the word **'and'** between jurisdictional and national energy legislation while the current definition uses the word **'or'**. The effect of this minor amendment is that any obligation would need to be reflected in both jurisdictional and national legislation for the exclusion to apply. However many of our obligations are not reflected in both jurisdictional and national legislation, for example obligations in our Bushfire Mitigation Plan are only jurisdictional obligations. We expect this is an unintended amendment and it is non-controversial to revert back to the original drafting, using the word **'or'**.

We support the additional exclusion in the draft guideline for load interruptions caused or extended by direction from state or federal emergency services (exclusion 7 under clause 3.2). This exclusion is important for removing the impact of events beyond our control, for example load interruptions made upon direction of the Country Fire Authority (CFA) to mitigate fire risk and impact. In some cases we are unable to restore supply or assess asset damage until the CFA provides permission for us to re-enter the area.

## 1.3 Definition of urban feeders

The draft guideline definition of urban feeders is an improvement on the current definition, however we would still experience material variability in annual feeder categorisation. Annual feeder variability would be reduced if the definition also included feeder length based on a three year average, as demonstrated in the table below.

TableError! No text of specified style in document..1 Annual variability in feeder classifications, Powercor 2010-2016

Current definition Annual MD & annual feeder length	Draft Guideline 3 yr average MD & annual feeder length	CP/PAL proposal 3 yr average MD & 3 yr average feeder length
18	17	13

Feeder lengths across our network may change as we reconfigure the network to manage changing customer loads, for example when we:

<sup>1</sup> AER, *Explanatory Statement, Draft Distribution Reliability Measures Guidelines*, June 2017, p. 12.

<sup>2</sup> AER, *Explanatory Statement, Draft Distribution Reliability Measures Guidelines*, June 2017, p. 13.

- re-configure existing feeders to maintain supply as loads increase. For example, when a new shopping centre is built and we need to rebalance load across the network. In this situation we may transfer portions of one feeder onto adjacent feeders;
- commission new zone substations to service customers in growth areas. For example, we are commissioning a new zone substation at Truganina with six new feeders. These new feeders will be made up of sections of existing feeders which are supplied from St Albans, Sunshine, Laverton, Laverton North and Werribee zone substations. Consequently the feeder lengths from five existing zone substations will reduce.

We recommend the definition of an urban feeder is amended to:

***Urban feeder** is a feeder which is not a CBD feeder and has a 3-year average maximum demand over the 3-year average feeder route length greater than 0.3 MVA/km.*

## 1.4 Definition of distribution customer

The draft guideline standardises the definition of a distribution customer by specifying that:

- de-energised sites are included; but
- unmetered sites are excluded.

In principle, we consider reliability measures applied for the purposes of the STPIS should capture real customer impacts. The draft guideline is inconsistent with this principle.

Supply interruptions to de-energised sites have no customer impact because supply has already been suspended at all times. Therefore, we see no benefit and no rationale for including de-energised sites in reliability performance measures.

Conversely, as acknowledged by the AER<sup>3</sup>, supply interruptions to unmetered sites, for example bus shelters and traffic lights, have real customer impact. Supply interruptions to unmetered sites cause customer inconvenience and introduce safety risks.

We therefore recommend the definition of distribution customer:

- exclude de-energised sites, because supply interruptions have no customer impact; and
- include unmetered sites with NMIs because supply interruptions have a customer impact.

## 1.5 Worst served customers

We are currently subject to the Victorian Guaranteed Service Level Scheme (**GSL**). The GSL scheme requires us to report on and provide compensation to our worst service customers. The GSL scheme recognises that it may not be economically efficient to improve service quality for some customers and provides financial compensation in exchange for lower service performance. The GSL scheme is comprehensive covering momentary and sustained interruptions, new connections, appointments and public lighting repair. In 2015, the Victorian GSL scheme was strengthened to reduce the thresholds for making payments and increase the value of payments.

Given all distributors are already subject to comparable state-based GSL schemes or the AER's national GSL scheme, it is unnecessary for the AER to introduce a new measure of worst served customers and require additional reporting. Additional reporting against a new measure of worst served customers would introduce transactions costs without any commensurate benefit to customers.

Nevertheless, if the AER considers it necessary to collect additional information on worst served customers, we recommend extending the existing reporting requirements in the annual RIN (template 6.9) to include number of customers affected and list the feeders affected, based on the criteria in the existing GSL scheme applicable to the distributor. Reporting additional information against the existing criteria for GSL payments would minimise the increase in transactions costs.

<sup>3</sup> AER, *Explanatory Statement, Draft Distribution Reliability Measures Guidelines*, June 2017, p. 18.