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Mr Chris Pattas
Australian Energy Regulator
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Dear Mr Pattas

Essential Energy submission on the Draft Distribution Reliability Measures Guidelines

Essential Energy welcomes the opportunity to provide feedback on the Australian Energy Regulator's (AER's) draft guideline for reporting Distribution Reliability Measures (the Guideline). We support the majority of the decisions outlined in the Guideline, including

- *Changing the definition of a momentary interruption* to more closely align with international best practice. This change will enable the move towards the use of innovative switching approaches and backup islanded diesel generation for specific locations.
- *Broadening exclusion conditions* to include 'direction from state for federal emergency services'. NSW jurisdictional requirements currently limit exclusions only where directed by a senior police officer.
- Clarification of the exclusion criteria concerning *outages of transmission connection assets due to the actions of a distributor*. Essential Energy already reports such outages in the proposed manner.
- *Broadening the definition of CBD and Urban feeders* to allow for optional use of temperature corrected maximum demands for feeder classification. Whilst Essential Energy does not currently produce temperature corrected actual demands, we plan to produce temperature corrected maximum demands in the future that will then be used to determine feeder classification.
- The exclusion of *unmetered supplies* from the definition of distribution customers. The existing customer definition sufficiently tracks network availability given the very limited areas of the network that are solely dedicated to unmetered supplies.
- *Improving the consistency of measurement methods* through the clarification of reporting approaches.
- Not expanding the definition of point of supply for network reliability to include *supply outages due to the malfunction of energy meters*.
- That the measures in the Guideline do not alter the requirement to provide a minimum of four business days' notice for all planned interruptions under the *National Energy Retail Rules for life support customers*

We do, however, wish to reiterate the following areas of concern that were raised in our submission on the issues paper for 'Reviewing the Service Target Performance Incentive Scheme and Establishing New Distribution Reliability Measures Guidelines':

The use of MAIFI and MAIFLe

Whilst we support the use of MAIFI and MAIFLe as the preferable measure for tracking momentary interruptions, at this stage it is not possible for Essential Energy to capture and provide MAIFI data without undertaking investment in our Outage Management System (OMS) and associated business processes.

Treatment of major event days

We are concerned with the AER's view that catastrophic event days should not be excluded from the statistical method used to calculate the thresholds for major event days.

The internationally accepted requirement for a catastrophic event day is to maintain a reliability dataset that has an as close to normally distributed logarithm as possible, allowing for the effective setting of a threshold for the exclusion of MEDs. For reference, when the 4.15 β method is applied to Essential Energy's previous five-year dataset, a network minute threshold of 26 minutes is established. This is more than five times greater than the major event day (MED) threshold and when applied excludes four days over the last five years.

It is important to note that it has not been suggested by the Australian Energy Market Commission (AEMC) that any additional days be excluded from the normalised reliability performance reported, as catastrophic event days will already be excluded from normalised SAIDI and SAIFI under the MED exclusion approach.

Adding a reliability measure to identify customers with unsatisfactory reliability level outcomes

Essential Energy supports the use of a metric that identifies worst served customers on a three-year rolling average basis and the use of a threshold relative to specific networks performance, but believes the frequency of interruptions should also play a part in identifying these customers. Essential Energy believes any metric considered to represent worst served customers should focus on the frequency of interruptions as best representing the impact on customers.

Essential Energy also proposes that where individual customer performance data is unavailable, that network segment data be used to measure worst served customers. For Essential Energy's network, this still results in significant granularity to be able to identify worst served customers with an average of just 60 customers per rural feeder segment. We believe this represents a reasonable trade off in the level of reporting and system investment required to track individual customers. Essential Energy welcomes any further questions the AER may have on this issue.

Essential Energy also wishes to clarify its current approach to identifying worst served customers as it appears it may have created some confusion. The approach is as follows:

- > A set SAIFI threshold is used to identify worst served segments
- > These thresholds are set to identify a defined percentage of Essential Energy's customer base, in this case one per cent
- > Normalised segment performance is compared to these thresholds and specific segments are then identified as servicing the worst served customers
- > Currently used thresholds are 12 for Urban, 15 for Short Rural and 20 for Long Rural
- > A comparison to the threshold is then undertaken using normalised data, that has had major event days removed.
- > Noting that although identified using SAIDI, *all outages associated with a major event day are removed from the normalised dataset*, reflecting as changes in SAIDI, SAIFI and CAIDI.

If you have any questions regarding our submission, please don't hesitate to contact Natalie Lindsay, Manager Network Regulation, on (02) 6589 8419.

Yours sincerely



Gary Humphreys
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