Economic Regulation Authority

Summary of Key Findings

2014 Annual Performance Report – Energy Distributors

Key Points

- Growth in electricity connections has slowed; connections grew by 1% in 2014, down from 3.4% in 2013. Growth in gas connections was unchanged at 2.8%.
- The number of electricity customers and gas customers experiencing interruptions longer than 12 hours were both higher; the electricity interruptions were the result of adverse weather events.
- The length of supply interruptions on the regional networks operated by Horizon Power was lower in 2014, aided by reductions in the time taken to restore supply following a fault.
- The number of complaints made to Western Power about quality of service issues rose by 53.9%.

Overview

This is the latest in a series of annual reports[1] published by the Economic Regulation Authority (**ERA**) that examines the performance of energy distributors who supply small use customers in Western Australia.[2]

The purpose of this report is to bring transparency and accountability to the performance of electricity and gas distribution businesses that supply small use customers.

Customer Connections

Electricity Distributors

The growth in electricity connections has slowed to 1.0% in 2014, down from 3.4% in 2013…

The state-wide total number of customer connections on electricity distribution systems increased by 1.0% during 2014, rising to just over 1.1 million connections. Connections on the Western Power distribution system increased by 1.0%, while the connections in the regional areas supplied by Horizon Power increased by 1.6%.

The South West Interconnected Network (**SWIN**)[3] operated by Western Power accounts for 95.8% of total connections on electricity distribution systems.

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[1] Each report covers the year ending 30 June.

[2] The definition of small use customers, and more information on the operation of the licensing scheme for distributors who supply these customers, can be found in Appendix 8 of the Distributor Report.

[3] The South West Interconnected System (**SWIS**) is the entire energy system, including all generators, covering the coastal area from Kalbarri to Bremer Bay and the Goldfields. The transmission and distribution system that

Compared to 2013, the number of new connections on the Western Power network rose by 23.1% (from 23,994 in 2013 to 29,532 in 2014), while new connections on the Horizon Power distribution systems rose by 16.5% (from 2,401 in 2013 to 2,797 in 2014).[4]

In 2014, Western Power further improved their on-time delivery of new connections to reach a new high of 99.2%.

Gas Distributors

The growth in gas connections has remained steady, at 2.8% in 2014…

The state-wide total number of customer connections on gas distribution systems increased by 2.8% in 2014, up from 675,150 to 694,286 connections. During 2014, all three gas distributors reported an increase in connections on their systems: ATCO[5] by 2.8%, Esperance Power Station by 3.0% and Wesfarmers by 1.7%.

Connections on the ATCO distribution systems accounted for 99.81% of total connections, a figure that has been unchanged over the past three years.

Compared to 2013, the state-wide number of new connections on gas distribution systems increased by 31.3% in 2014, rising from 15,463 to 20,296 new connections.

Approximately 99.99% of new gas connections were delivered on time.

Distribution System Reliability

Electricity Distributors

There are two regulatory frameworks that are used to measure the reliability of electrical distribution systems in Western Australia: the *Electricity Industry (Network Quality & Reliability of Supply Code) 2005* (**NQ&R Code**), and the 2002 SCONRRR Framework.[6]

As the title implies, the NQ&R Code regulates the quality of electricity supplied to customers, and the reliability of the supply of electricity to customers by distributors.[7] The Code includes targets for the average length of time that a customer has their electricity supply interrupted, depending on where they are located. Distributors are required to compensate small use customers if they have too many interruptions during the year, or if they have interruptions longer than 12 hours in duration.

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supplies this area is known as the South West Interconnected Network (**SWIN**), which mostly (but not completely) comprises the infrastructure that Western Power owns and operates.

[4] The number of new connections provided each year is greater than the net increase in total connections on distribution systems because the new connections involve those customers who are likely to be small use customers (based on the type of meter). After the connection has been energised, some of these new customers actually consume more than 160MWh of electricity per annum, which excludes them from the count of total customer connections.

[5] ATCO Gas Australia Pty Ltd.

[6] National regulatory reporting for electricity distribution and retailing businesses, Steering Committee on National Regulatory Reporting Requirements, Utility Regulators Forum, March 2002.

[7] Some of the standards in the NQ&R Code also apply to transmission network operators.

The SCONRRR Framework was developed by Australian energy regulators to provide a standardised system of reporting on electricity distributor performance. As described below, compared to the NQ&R Code, the reliability measures in the Framework provide more information on the cause of supply interruptions from unplanned interruptions, with the latter being further broken down into interruptions caused by events beyond the reasonable control of the distributor (such as generation outages and third party damage to infrastructure) and interruptions caused by factors under the control of the distributor (including asset condition, maintenance and operational practices).

NQ&R Code

The number of interruptions to customer supply rose during 2014…

Between 2013 and 2014, the number of customer premises experiencing extended interruptions (>12 hours continuously) increased by 20.6%. Horizon Power reported a 544.8% increase (from 587 to 3,785 affected premises), while Western Power reported a 12.7% increase (from 38,820 to 43,750 affected premises). Western Power attributed the rise in extended interruptions on its networks to storms, while Horizon Power stated that just over 92% of the extended interruptions in 2014 were caused by Cyclone Christine.[8]

In 2014, the number of customer premises experiencing multiple interruptions in the Perth CBD and Urban area[9] systems, all supplied by Western Power, were 41.6% higher than the previous year, while the number of Rural area[10] premises supplied by Western Power that experienced more than 16 supply interruptions increased by 120.1%. Western Power stated that the increased interruptions in the CBD and Urban areas were caused by planned interruptions to carry out network upgrade works, while the increase in Rural areas was due to pole top fires and overhead equipment failures.

The number of Rural area premises on the Horizon Power systems affected by multiple interruptions in 2014 was 61.9% lower than the previous year (down from 3,327 to 1,267 affected premises). Horizon Power stated that this was the result of significant system improvements in the Onslow and Wyndham power stations.

Overall, the average length of interruptions has also risen…

The average length of interruption to customer premises[11] in the Perth CBD increased from 28 minutes in 2013 to 35 minutes in 2014, exceeding the 30 minutes per annum standard set in the NQ&R Code. In the Urban areas, the average length of interruption fell from 390 minutes in 2013 to 343 minutes in 2014.[12]

Between 2013 and 2014, the average length of interruptions in the Rural areas supplied by Western Power increased from 979 to 1,020 minutes, exceeding the 290

[8] Cyclone Christine struck the Pilbara in December 2013.

[9] Urban areas include the Perth metropolitan area (excluding the CBD), Albany, Bunbury, Geraldton, Kalgoorlie and Mandurah.

[10] Rural areas are all areas of the State other than the Perth CBD and Urban areas.

[11] The NQ&R Code measures the average length of interruption over a four year period.

[12] This exceeded the 160 minute standard set in the NQ&R Code by 183 minutes, due to the removal of the 2010 data (471 minutes) from the four-year average.

minute standard in the NQ&R Code by 730 minutes. Western Power cited the severity of storm events and pole top fires as the primary causes of the increase.

In the Rural areas supplied by Horizon Power, the average length of interruptions rose slightly, from 318 to 330 minutes, or 40 minutes above the NQ&R Code standard (290 minutes).

Rottnest Island Authority was the only distributor to meet the 290 minute standard in 2014. The average length of interruptions was 62 minutes, a six year low. The relatively small size of the distribution system is likely to be a significant factor in its interruption performance.

2002 SCONRRR Framework

As mentioned above, the measurement of interruptions under the 2002 SCONRRR Framework provides more information about the cause(s) of supply interruptions. Under the 2002 SCONRRR Framework, the distributors separately report the overall and normalised length of interruptions. The overall interruptions measure is the same as that reported under the NQ&R Code, while the normalised interruptions measures the unplanned interruptions caused by events beyond the reasonable control of the distributor. The normalisation process also removes days where the duration of interruptions significantly exceed the long-run average performance of the network, as these interruptions are likely to be caused by one-off major events.

The length of supply interruptions caused by network failures fell in all areas, other than the Perth CBD…

Comparing the normalised SAIDI[13] on the Western Power system in 2013 and 2014 shows that the average customer minutes off supply on most parts of their system was almost unchanged, with the exception of the Perth CBD, where there was an increase from 8 minutes to 18 minutes of interruption. Horizon Power reported an improved performance for all three feeder categories (Urban, Short Rural and Long Rural). The normalisation process removed all of the SAIDI on the Rottnest Island Authority distribution network because the interruptions had been caused by generation faults.

Gas Distributors

Gas customers experiencing long supply interruptions has increased…

ATCO was the only distributor to experience reportable interruptions on its distribution systems during 2014. A total of 1,534 customer premises had experienced a supply interruption that exceeded 12 hours continuously, up from 640 premises in 2013. ATCO commented that the interruptions were the result of third party damage to infrastructure.[14]

In 2014, ATCO reported that a customer had experienced more than five supply interruptions during the reporting year. This is the first time that a distributor has

[13] System Average Interruption Duration Index (SAIDI) – measures the total duration of supply interruption for the average customer on the network.

[14] ATCO reported that there were two major events involving third party damage to their infrastructure that caused interruptions to a total of 1,212 customer premises.

reported five or more interruptions of supply to a customer since reporting commenced in 2007.

Complaints

Electricity Distributors

Electricity distributors are required to report on two distinct complaints categories: technical quality of service (**QoS**) complaints under the NQ&R Code, and customer service complaints under the Electricity Customer Code.[15]

The number of quality of service complaints received by Western Power rose during 2014…

Horizon Power and Western Power were the only distributors that received QoS complaints in 2014. Compared with 2013, the number of QoS complaints received by Horizon Power in 2014 was almost unchanged, while Western Power reported a 53.9% increase in complaints. The majority of the QoS complaints received by Western Power in 2014 were related to issues that did not fall into any of the seven defined QoS categories (70.6%), followed by low voltage complaints (17.2%).

Complaints related to customer service and administrative issues fell…

Compared to 2013, the number of complaints received by Horizon Power relating to Electricity Customer Code matters fell by 38.0% in 2014 (down from 469 to 291). Administrative and customer service complaints accounted for most of the reduction. There was a peak in complaints during 2013 as Horizon Power experienced problems after bringing its metering services back in-house during 2013. The problems were resolved just before the start of the 2014 reporting year.

Western Power reported a further reduction in complaints related to Electricity Customer Code matters during 2014, reaching a record low of 547 complaints.

Horizon Power's complaint resolution performance improved in 2014…

Horizon Power resolved 62% of the complaints it received within 15 business days, up from 55% in 2013. Horizon Power stated that the lower complaint resolution performance in 2013 was the result of a large increase in complaints; however, while the volume of complaints has fallen by 38% in 2014, there has not been a commensurate improvement in complaint resolution performance.

Western Power's complaint resolution performance in 2014 was unchanged from the previous year; 78% of complaints were resolved within 15 business days.

Gas Distributors

Complaint reporting obligations for gas distributors are set out in the Gas Manual,[16] which covers supply quality and reliability, customer service and network charges and costs.

[15] *Code of Conduct for the Supply of Electricity to Small Use Customers*.

In 2014, ATCO was the only distributor to receive complaints. Of the 25 complaints received, 40.0% related to reliability of supply and 24.0% related to connection and (network) augmentation issues.

Call Centre Performance

Electricity Distributors

Calls received by electricity distributor call centres were lower in 2014…

Between 2013 and 2014, the total volume of calls to the Horizon Power call centre fell by 86.0%. 2014 is the first year that Horizon Power has been able to separate distribution calls from retail calls.[17] All three call centre performance measures[18] for the separated distribution calls in 2014 were worse than for the combined retail and distribution calls in 2013. Horizon Power has attributed the worse performance to the high level of calls received during, and immediately after, Cyclone Christine in December 2013.

Calls to the Rottnest Island Authority call centre in 2014 were 21.4% lower than the previous year. There was an improvement in the percentage of calls answered within 30 seconds, up from 81.2% in 2013 to 90.8% in 2014.

Calls to the Western Power call centre in 2014 were 10.9% lower than in 2013. The percentage of calls answered within 30 seconds reached a six year high of 82.9%, while the percentage of unanswered calls fell to a six year low of 4.8%.

Gas Distributors

Calls received by gas distributor call centres were higher in 2014…

Between 2013 and 2014, the total volume of calls to gas distributor call centres increased by 8.8% (from 287,643 to 313,086 calls); calls to ATCO increased by 15.6%, while calls to Wesfarmers increased by 6.8%.

Compared to 2013, ATCO reported modest improvements in the three call centre performance measures, while Wesfarmers reported a slight deterioration in performance.

Service Standard Payments

Total payments for long supply interruptions were lower in 2014…

The number of payments made by Western Power for supply interruptions exceeding 12 hours in duration fell by 68.1% (down from 47,523 payments in 2013 to 15,166 payments in 2014). Western Power had previously explained that 38,659 of the

[16] The Authority's *Gas Compliance Reporting Manual*. The manual incorporates complaints reporting obligations in the *Compendium of Gas Customer Licence Obligations*, which is the equivalent document to the Electricity Customer Code.

[17] The Horizon Power call centre handles calls for their retail and distribution businesses. In previous years, Horizon Power was unable to separate the calls for each business.

[18] The Horizon Power call centre handles calls for their retail and distribution businesses. In previous years, Horizon Power was unable to separate the calls for each business.

payments processed in 2013 related to the storms in June 2012, which were processed and paid in 2013.

Horizon Power made 89 payments for supply interruptions exceeding 12 hours in duration during 2014, up from 34 payments in 2013. The majority of the payments related to outages caused by Cyclone Christine.

2014 is the first year that Western Power has reported making payments for wrongful disconnection, making 14 payments to customers.