



Notice

9 November 2020

Western Power 2019/20 Service Standard Performance Report

The Economic Regulation Authority has published Western Power's [Service Standard Performance Report](#) for the year ended 30 June 2020. Every year, the ERA is required to monitor and publish Western Power's actual performance against the service standard benchmarks in its access arrangement.¹

Western Power did not meet two of its service standard benchmarks:

- Urban System Average Interruption Duration Index
- Rural Short System Average Interruption Duration Index.

Western Power has also reported a net \$16 million penalty from the service standard adjustment mechanism that will be applied at the next access arrangement review.²

Western Power considers factors affecting its performance included:

- an increase in the number of severe weather events
- emergency outages to remove hazards
- an increase in total fire ban days
- wind borne debris, birds and vegetation
- equipment faults.

Western Power considered that the 2019/20 period highlighted the importance of the availability of network services as well as the need to incorporate the effects of climate change in the definition and evaluation of network services.

¹ The service standard benchmarks are minimum standards Western Power is required to meet. The benchmarks were set at the last access arrangement review based on the 97.5th percentile (or 2.5th percentile) of the distribution of best fit using actual performance over the previous five years.

² The service standard adjustment mechanism includes financial rewards and penalties based on Western Power's actual performance compared with service standard targets included in its access arrangement. The targets were set on actual performance over the previous five years based on the 50 per cent probability of exceedance.

If Western Power meets the service standard target it receives no financial reward or penalty. If it performs above or below the service standard target it is financially rewarded or penalised. This is intended to ensure Western Power is incentivised to maintain service standards and to only improve service standards where it is of value to others.

The ERA is currently considering the framework and approach for Western Power's next access arrangement review, due to commence in 2022.³ This includes establishing the method for setting the service standard benchmarks and service standard adjustment mechanism for the next access arrangement. Further analysis of the 2019/20 service standard performance will be undertaken to inform the development of the framework and approach.

Further information

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³ Information on the framework and approach can be found [here](#).