

Essential Services Commission of SA

Submitted by email to [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

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**RE: ESCOSA's review of SA Power Networks Service Standard Framework 2015 to 2020<sup>1</sup>**

Dear Commissioners,

Thank you for the opportunity to comment on the Issues Paper.

As the peak body for the community services sector in South Australia, SACOSS has a long-standing interest in the delivery of essential services and particular the cost of basic necessities like electricity because they impact greatly and disproportionately on vulnerable disadvantaged people.

**The Process**

Under the Australian Energy Market Agreement (AEMA), ESCOSA is responsible for developing reliability service standards for SA Power Networks. Once the Commission has established reliability standards, the Australian Energy Regulator (AER) is responsible for assessing the efficient level of expenditure required for SA Power Networks to meet the standards specified.

This price/service trade-off is fundamental to the regulatory process and has a major impact on the around \$800m in revenue that SAPN is currently approved to collect each year.

For SA Power Networks to be able to develop and submit its next revenue proposal to the AER in 2014, the Commission must develop the reliability service standards to apply for the 2015-2020 regulatory period by the start of 2014.

Under recent changes to the National Electricity Rules (version 55, December 2012) SA Power Networks is required to demonstrate:

“... the extent to which the ... expenditure forecast includes expenditure to address the concerns of electricity consumers as identified ... in the course of its engagement with electricity consumers.” (6.5.6(e)(5A) and 6.5.7(e)(5A)).

In response, SAPN has embarked on a program called ‘Talking Power’ ([www.talkingpower.com.au](http://www.talkingpower.com.au)) that has included some workshops with customers. SACOSS and some of its members have participated.

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<sup>1</sup> <http://www.escosa.sa.gov.au/projects/194/sa-power-networks-service-standard-framework-2015-to-2020.aspx>

## Consumer Perspective

SACOSS allocated one hour of a workshop with members on May 13<sup>th</sup>, 2013 to consult on the Issues Paper.

Feedback from discussions indicated the following:

- Support for region based reliability targets
- Support for continuing with a best endeavours approach to compliance rather than excluding severe weather events from reported results.
- Support for focussing on improving reliability results for the worst served.
- General satisfaction with how SAPN goes about its role in the electricity supply chain.

SACOSS has also made a number of submissions in relation to the Value of Customer Reliability (VCR) in the NEM. VCR represents the dollar value that customers place on the reliable supply of electricity – an indicator of customers' *willingness to pay* for not having supply interrupted.

Survey results (in Australia and the US) consistently indicate that residential VCR is lower than business VCR and that low-income households tend to express lower VCRs than higher income households.

In general terms, SACOSS is of the view that the interests of residential consumers should be interpreted as:

- Households should only pay for the reliability they want, and;
- Households should get the reliability they pay for.

The implications of this are a preference for expenditure on reliability to focus on bringing everyone up to the average rather than on raising the average standards.

SACOSS notes that this is the opening stage of reviewing the Service Standard Framework and would be pleased to engage further. We thank you in advance for your consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on 8305 4211 or via [jo@sacoss.org.au](mailto:jo@sacoss.org.au).

Yours sincerely,



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