



24 April 2020

Dr Paul Paterson  
Chair  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop, Sydney NSW 1240

Dear Dr Paterson

**Review of distribution reliability standards**

Thank you for the opportunity to comment on this issues paper.

The Energy & Water Ombudsman NSW (EWON) investigates and resolves complaints from customers of electricity and gas providers in NSW, and some water providers. EWON receives and responds to complaints from customers on electricity supply interruption issues relating to retailer and distributor activities. Our comments are informed by our investigations into these complaints, and through our community outreach and stakeholder engagement activities.

We have only responded to those questions in the issues paper that align with issues customers raise with EWON, or with our organisation's operations as they relate to this rule change.

If you would like to discuss this matter further, please contact me or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

Yours sincerely

A handwritten signature in black ink that reads "Janine Young".

**Janine Young**  
Ombudsman  
Energy & Water Ombudsman NSW

### IPART Review of distribution reliability standards

**Question 4: If there is a risk that the frequency of severe weather events will increase, how should the costs of providing a resilient network and the value customers place on this resilience be balanced and what requirements should be placed in the distributors' licences?**

As the past summer has shown, a rise in the frequency of severe weather events has become evident. Whether the severe weather is storms, floods or bushfires, EWON receives an increase in complaints relating to outages.

The current environment has also resulted in many people working very effectively from home and some business leaders are already expressing views that these type of working arrangements may continue post COVID-19.

Accordingly, the historical value customers place on the resilience of the network may have / or will change. EWON strongly suggests IPART seek input from customers as to the current / future value they place on the resilience of network to withstand severe weather events in order to align customer value and the costs of strengthening the network.

**Question 5: Do you agree that payments under customer service standards should reflect the cost to a customer of an outage? How would this best be measured or estimated?**

Customer service standards should reflect the cost to customers of outages, as their duration and frequency increases, and we recognise the difficulty in developing a methodology to calculate that cost, whether it be via Value of Customer Reliability or through customer advice by way of surveying customers.

It should be noted that payments relating to customer service standards are completely separate and should not form part of distributor's assessment of claims for consequences of individual outages arising when customers seek reimbursement for costs associated with damage to property or goods such as appliances, food spoilage, and lost income. It is critical that these claims are assessed by distributors on a case by case basis, and referred to EWON when customers do not accept the distributor's resolution offer.

**Question 6: Should payments under customer service standards increase as the duration (or frequency) of an outage (or outages) increases? Should payments be automatic or continue to require application by a customer? If payments become automatic, should exclusions be based on the major event day measurement that currently applies to the other reliability standards or continue to be defined causally (ie, with reference to extreme or severe weather as defined by the Bureau of Meteorology).**

EWON complaints about outages show customers' losses and inconvenience are sensitive to both the duration and frequency of outages. It is therefore appropriate that customer service standard payments also increase commensurately.



Ideally, payment should be automatic, although we recognise that distributors may not have the necessary customer details to make payments. Technology today enables automation of advice to customers who are entitled to receive customer service standard related payments. This approach would ensure all eligible customers are aware of their right to receive such a payment and should enable processes for customers, particularly those experiencing vulnerability or who face literacy or language barriers (Culturally and Linguistically Diverse) to receive payments. Payment solutions such as offsets to service availability charges should also be explored by distributors.

### Question 7: How should reliability standards cater for new technologies such as Stand-alone Power Systems?

EWON supports extending the current performance and reliability standards imposed on distributors to customers living in distributor-led stand-alone power systems (SAPS). During the AEMC review into distributor-led SAPS, we supported the position that:

- DNSP-led SAPS customers should receive reliability protections equivalent to grid-connected customers.
- DNSP-led SAPS customers should have access to jurisdictional rebates, safety and technical regulation, and external dispute resolution.<sup>1</sup>

NSW customers in embedded networks are not protected by distributor license conditions and standard customer connection contracts that govern electricity distributor reliability standards. This means there is no regulatory standard against which to assess an embedded network customer's complaint about significant interruptions to their ongoing supply of electricity. Extending distributor reliability standards to distributor-led SAPS would ensure customers have the same consumer protections, including a regulatory standard against which an ombudsman could assess a complaint, that grid-connected customers enjoy, but that embedded network customers do not.

### Question 8: Should network reliability standards take account of two-way energy flows and the ability of the network to allow customers to both buy and sell electricity? If yes, should reliability standards take into account the value to customers of being able to export or sell power to the grid? What might this look like in practice?

EWON receives complaints from customers relating to this issue for two reasons: either they have been prevented by their distributor from installing solar generation above a certain kW capacity, or they have installed generation only for it to be constrained from exporting its full capacity. As solar penetration further grows we will see more of this type of complaint unless the networks adapt. Accordingly, standards need to take into account two-way energy flows.

### Enquiries

Enquiries about this submission should be directed to Janine Young, Ombudsman on (02) 8218 5256 or Rory Campbell, Manager Policy and Research, on (02) 8218 5266.

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<sup>1</sup> EWON submission to the AEMC Review of the regulatory frameworks for stand-alone power systems, February 2019.