



22 February 2018

Mr Chris Pattas  
General Manager  
Australian Energy Regulator  
GPO Box 520  
Melbourne VIC 3001  
By email: AERInquiry@aer.gov.au

Dear Chris

### **Supplementary submission on draft Service Target Performance Incentive Scheme Amendment**

Following a meeting with AER staff on 13 February 2018, we agreed to provide additional data on our reliability performance under the Service Target Performance Incentive Scheme (**STPIS**).

The AER's draft decision to reweight the STPIS incentive ratio to 60/40 for SAIDI/SAIFI is premised on a concern that Customer Average Interruption Duration Index (**CAIDI**) has been worsening.

CAIDI is a simple ratio of SAIDI and SAIFI and does not provide a good a measure of underlying network performance. Even when both SAIDI and SAIFI are improving, CAIDI will deteriorate if SAIFI is improving at a faster rate.

The figures in appendix 1 demonstrate:

- all three of our network have improved SAIFI
- Powercor and United Energy have improved SAIDI
- CitiPower has maintained SAIDI. CitiPower's reliability is already at a very high level reflecting the N-1 planning standards required in CBD locations. CitiPower experiences very few outages and has limited efficient opportunities for further improvement.
- CAIDI has increased for all networks because SAIFI has improved faster than SAIDI.

Importantly, SAIDI has not increased for any of our three networks and our restoration times have not increased.

We do not support the AER's draft decision to reweight SAIDI and SAIFI. There is no clearly identified problem with the current 50/50 incentive balance which justifies introducing inefficient investment distortions. Nevertheless, if the AER is concerned with the SAIDI performance of specific networks, a preferable approach would be for the STPIS guideline to allow different ratios to be determined for different networks during the regulatory reset process.

Should the AER have any queries regarding this submission, please do not hesitate to contact Megan Willcox on (03) 9236 7048, or [mwillcox@powercor.com.au](mailto:mwillcox@powercor.com.au)

Yours sincerely,

Brent Cleeve  
**Head of Regulation, CitiPower, Powercor Australia and United Energy**

# Appendix 1

Figure 1 Powercor reliability performance

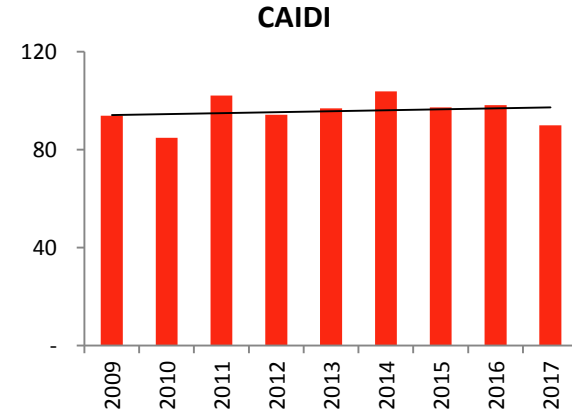
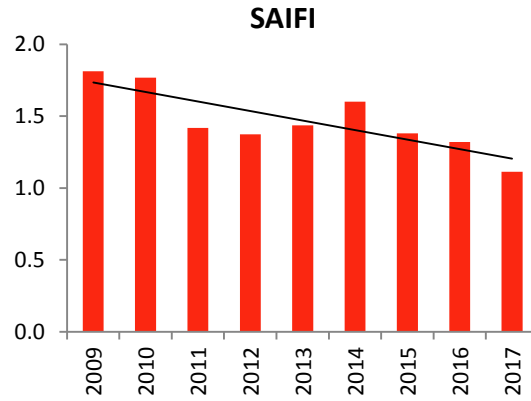
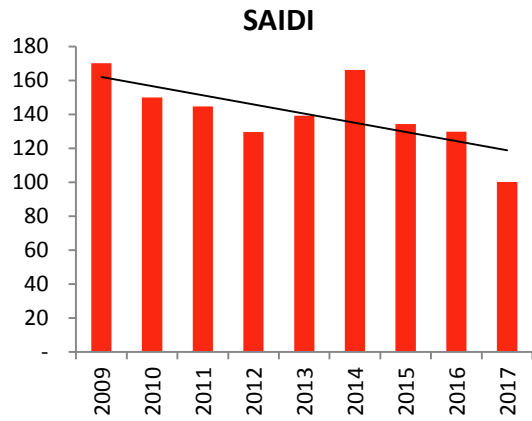


Figure 2 United Energy reliability performance

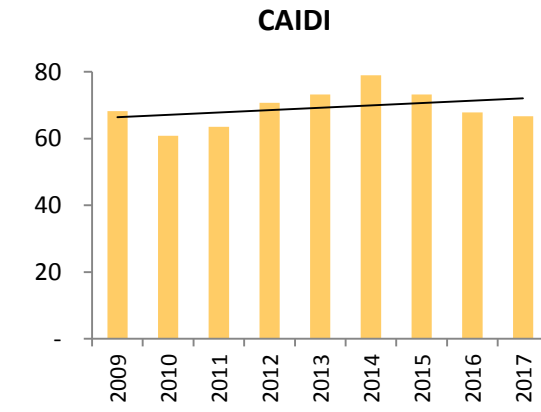
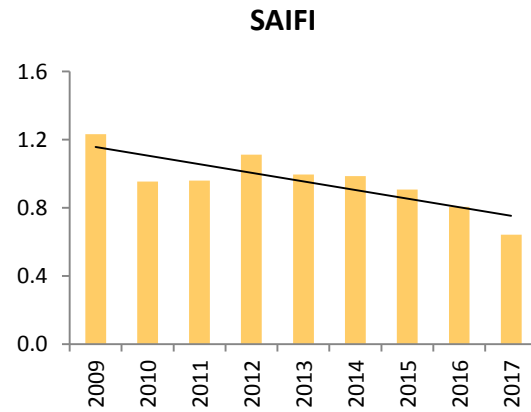
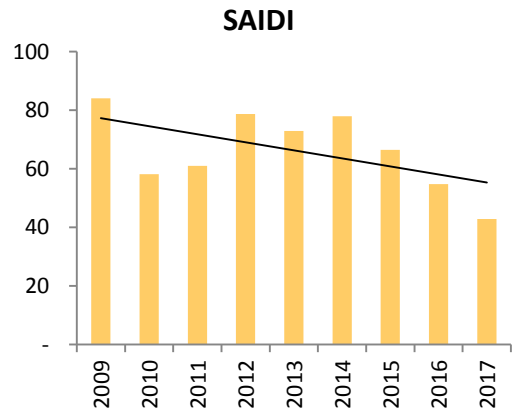


Figure 3 CitiPower reliability performance

