



Jemena Electricity Networks (Vic) Ltd

Response to the Price Reset Regulatory Information Notice

Written Response

Information for the 2021-2026 Regulatory RIN



18. Service Target Performance Incentive Scheme

18.1 Provide *Jemena*'s detailed methodology for calculating the following parameters used in the *STPIS*:

- (a) the *SAIDI*, *SAIFI*, *MAIFI* and *MAIFle* targets for each supply reliability area;
- (b) the *customer* service parameters and targets;
- (c) daily *SAIDI*, *SAIFI*, *MAIFI* and *MAIFle* and *customer* service performance;
- (d) the *MED* threshold derived from the daily *SAIDI* data; and
- (e) the incentive rates to apply to each supply reliability area.

Note: All calculations must be made in accordance with the *STPIS* and using data which complies with the *STPIS* definitions. *Jemena* must provide their *SAIDI*, *SAIFI*, *MAIFI* and *MAIFle* targets for each supply reliability area based on historical data and not its forecast *SAIDI*, *SAIFI*, *MAIFI* and *MAIFle* for each supply reliability area.

18.1 (a) SAIDI, SAIFI and MAIFle targets for each supply reliability area

This section sets out our calculation of actual reliability outcomes over the 2016 regulatory period in financial year and how JEN propose to apply reliability STPIS over the 2021 regulatory period in financial year, and the resulting proposed reliability targets.

Outcomes over 2016 regulatory period in financial year

Table 08– shows JEN actual reliability STPIS outcomes over the 2015/16 to 2018/19 period which are based on available actual data over the period. The parameters have been calculated consistent with the STPIS¹. For JEN, the key changes in the calculation of SAIDI, SAIFI and MAIFle are:

- change of momentary interruption definition from 1 minutes or less to 3 minutes or less.
- reclassification of the feeders by feeder type based on the definition of an urban feeder as one that is not a CBD feeder, has a 3-year average maximum demand over the 3-year average feeder route length greater than 0.3 MVA/km.

Table 08–1: JEN STPIS reliability outcomes over 2015/16 to 2018/19

Reliability parameters	2015/16	2016/17	2017/18	2018/19
Unplanned SAIDI	39.716	40.626	52.928	34.647
Urban	38.787	38.736	50.582	37.325
Short rural	48.029	57.241	72.956	11.397
Unplanned SAIFI	0.682	0.683	0.913	0.513
Urban	0.680	0.651	0.869	0.564
Short rural	0.704	0.962	1.293	0.073
MAIFle	1.060	0.695	1.151	1.151
Urban	0.975	0.675	1.063	1.126
Short rural	1.816	0.872	1.898	1.366

¹ AER, *Electricity distribution network service providers, Service target performance incentive scheme, Version 2.0*, November 2018

The STPIS allows certain events to be excluded from the calculation of the S-factor revenue adjustment. These exclusions include the events that are beyond the control of Jemena, such as the effects of transmission network outages and other upstream events. They also exclude the effects of extreme weather events that have the potential to significantly affect Jemena's STPIS performance.

The major event day (MED) thresholds has been calculated using the 2.5 beta method in accordance with appendix D of the STPIS².

Over the 2015/16 to 2018/19 period, there were one load shedding event at the direction of the Australian Energy Market Operator (AEMO) on 25 January 2019 and two MEDs on 9 October 2016 and 6 February 2019. The data in Table 18-1 have excluded the load shedding event and the two MEDs.

Application over 2021 regulatory period

JEN propose to continue apply the SAIDI, SAIFI and MAIFle reliability of supply parameters as performance targets under the STPIS scheme.

According to the STPIS guideline, the performance targets to apply during any regulatory control period must be based on average performance over the past five regulatory years.³ Therefore, based on raw data over the 2015/16 to 2018/19 period (being the most recent four years where actual data is available currently), JEN proposed STPIS targets over the 2021 regulatory period are as follows shown in Table 08–.

Table 08–2: STPIS reliability targets over the 2021 regulatory period

Reliability parameters	Proposed targets
Unplanned SAIDI	
Urban	41.358
Short rural	47.406
Unplanned SAIFI	
Urban	0.691
Short rural	0.758
MAIFle	
Urban	0.960
Short rural	1.488

The detailed methodology that we used to calculate the above SAIDI and SAIFI and MAIFle parameters is consistent with the methodology in the AER's current STPIS guideline and the approach in the AER Distribution Reliability Measures Guideline.

JEN consider that MAIFle should continue to apply over the 2021 regulatory period as per the AER's current STPIS guideline. JEN propose including the MAIFle measure as it is aligned with the objectives of STPIS guideline where data is available⁴ and consistent with the approach followed in the preceding (2011 and 2016) regulatory period. Stability in the use of incentive measures allows JEN to plan targeted reliability investments with a long-term focus, rather than under additional uncertainty. This promotes efficient targeted network investment and is therefore aligned with the long-term interests of customers.

² AER, *Electricity distribution network service providers, Service target performance incentive scheme, Version 2.0*, November 2018, Appendix D, page 39–41.
³ STPIS guideline, clause 3.2.1.
⁴ Section 3.1(f)

18.1 (b) Customer service parameter and target

This section sets out JEN's calculation of its customer service performance (Telephone answering parameter) achieved over the 2016 regulatory period in financial year and its customer service targets over the 2021 regulatory period in financial year.

Outcomes over 2016 regulatory period

Table shows JEN telephone answering performance outcomes over the 2015/16 to 2018/19 period.

Table 18-3: Customer service outcomes over 2015/16 to 2018/19

Customer Service parameter	2015/16	2016/17	2017/18	2018/19
Telephone answering	67.333%	68.273%	76.031%	79.927%

The parameters in the above table have been calculated in consistent with the STPIS⁵:

The telephone answering customer service parameter is defined as follows:

Telephone answering: Calls to the fault line answered in 30 seconds where the time to answer a call is measured from when the call enters the telephone system of the call centre (including that time when it may be ringing unanswered by any response) and the caller speaks with a human operator, but excluding the time that the caller is connected to an automated interactive service that provides substantive information. This measure does not apply to calls to payment lines and automated interactive services; and calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator. Where the time in which a telephone call is abandoned is not measured, then an estimate of the number of calls abandoned within 30 seconds will be determined by taking 20 per cent of all calls abandoned.

Application over 2021 regulatory period

The current STPIS guideline requires that customer service performance targets must be based on the average actual performance over the past five regulatory years. Therefore, based on raw data over the 2015/16 to 2018/19 period (being the most recent four years where actual data is available currently), JEN proposed customer service target over the 2021 regulatory period is 72.649%.

The detailed methodology that we used to calculate our customer service parameters is consistent with the AER's current STPIS guideline and regulatory information notice (RIN).

18.1 (c) daily SAIDI, SAIFI, MAIFI and MAIFle and customer service performance

The calculation of daily SAIDI, SAIFI and MAIFle are:

Daily SAIDI = Daily unplanned customer minutes off supply divided by the respective customer based (Urban, Short rural or Network);

Daily SAIFI = Daily unplanned customer interruptions divided by the respective customer based (Urban, Short rural or Network); and

Daily MAIFle = Daily momentary customer interruptions divided by the respective customer based (Urban, Short rural or Network).

⁵ AER, *Electricity distribution network service providers, Service target performance incentive scheme, Version 2.0*, November 2018, Appendix A, page 29.

Momentary interruption events is defined as supply interruptions where the duration of the event was 3 minutes or less as defined in the AER Distribution Reliability Measures Guideline.

The excluded events to be removed from the data refer only to events listed in clause 3.3(a) of the STPIS with respect to reliability data.

The customer service performance is reported as per the definitions in the STPIS, that is excluding:

- calls to payment lines and automated interactive services
- calls abandoned by the customer within 30 seconds of the call being queued for response by a human operator

The excluded events to be removed from the daily telephone answering performance for the purpose of Annual RIN reporting refers only to events listed in clause 3.3(a) of the STPIS and for the purpose of Price Reset RIN reporting refers to events listed in Clause 3.3(a) and 3.3(b) of the STPIS.

18.1 (d) the MED threshold derived from the daily SAIDI data

The calculation of MED threshold is in accordance with STPIS Appendix D using the 2.5 beta method at the end of each reporting period (typically one regulatory year) for use during the next reporting period. Only those days where an unplanned SAIDI/day value > 0 are considered.

The calculation of daily unplanned SAIDI data is in accordance with 18.1 (c) above with the excluded events to be removed from the data refer only to events listed in clause 3.3(a) of the STPIS. Five sequential regulatory years ending on the last day of the last complete reporting period are used.

Table 18-4 shows the MED thresholds over 2015/16 to 2018/19 period and are calculated using their respective five sequential financial years.

Table 18-4: MED thresholds over 2015/16 to 2018/19

	2015/16	2016/17	2017/18	2018/19
MED threshold	4.251	3.989	3.884	4.194

18.1 (e) the incentive rates to apply to each supply reliability area

The incentive rates to apply to each supply reliability area are calculated in accordance with clause 3.2.2 of the STPIS.

VCR values applies is \$41,331/MWh (in 2019 real dollar) adjusted for CPI to 2021/22 dollar by 6.12%.

The average of the smoothed annual revenue proposed for the regulatory control period is \$257,096,125 (in 2020/21 real dollar) adjusted for CPI to 2021/22 dollar by 2.37%.

The average annual energy consumption by network type (in MWh) is calculated by multiplying the average network annual energy consumption forecast in the new regulatory period by the maximum demand forecast by the network type in accordance to 2018/19 feeder classification.

The weighting that JEN used for unplanned SAIDI to unplanned SAIFI is in accordance with the STPIS ⁶.

Table 18-5 shows the incentive rates proposed to each supply reliability parameter.

⁶ AER, Electricity distribution network service providers, Service target performance incentive scheme, Version 2.0, November 2018, section 3.3.2, Table 1

Table 08–5: STPIS incentive rates over the 2021 regulatory period

Reliability parameters	Incentive rates
Unplanned SAIDI	
Urban	0.0800%
Short rural	0.0073%
Unplanned SAIFI	
Urban	3.1911%
Short rural	0.3027%
MAIFle	
Urban	0.2553%
Short rural	0.0242%

- 18.2 If *Jemena* proposes adjustments to the *STPIS* targets away from those based upon raw historical data *Jemena* must provide, in respect of each adjustment:
- (a) the reasons for the adjustment;
 - (b) the quantum of the adjustment, and the effect of the adjustment on the targets for each of the supply reliability areas; and
 - (c) the method, basis and empirical data used as justification for the adjustment.

JEN is not proposing any adjustments to STPIS targets away from those based upon raw historical data.