



28 January 2011

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OBJECTIVES AND PRIORITIES OF ELECTRICITY NETWORK SERVICE PROVIDER PERFORMANCE REPORTS

Origin Energy Retail Limited (Origin) welcomes this opportunity to respond to the Australian Energy Regulator's (the AER's) discussion paper on performance reports for electricity network service providers (NSPs).

We are generally supportive of the eight priorities of performance reporting set out in section 2.4 of the discussion paper. While, we note that these priorities (and the objectives discussed in section 2.3) are general in nature, we wish to take this opportunity to examine in further detail specific areas of NSP performance, particularly in relation to service levels. Origin has previously made similar comments to the AER with respect to distributor performance levels on in our August 2010 response on retail performance levels.¹

On page 5 of the discussion paper, the AER states (emphasis added):

Reporting on the NSP's [network service provider's] expenditure, investment decisions and **service levels** allows for comparisons to be made between NSP's over time.

To this objective, Origin would add that reporting on service levels will assist in identifying whether NSPs are meeting regulated service levels for which they are being funded for under the regulatory framework.

We address service levels under two sub-headings below.

Service order completions

There are specified timeframes for NSPs to carry out service orders. There is however limited penalties for NSPs if they fail to carry out such service orders within the specified time and few opportunities for retailers to encourage improved performance on behalf of their customers.

Since a number of services provided by NSPs are non-contestable, adherence to stated timeframes and reporting on performance against these standards are important in assisting the regulator and stakeholders understand if customers are receiving services commensurate with what they are paying for (in the absence of competitive tension for service provision).

¹ See: [Origin response to June Consultation Paper on Performance Reporting - August 2010](#), page 24



Meter data quality, substitutions and estimates

Another area that retailers have limited influence over in terms of NSP performance is the accuracy, quality and timeliness of metering data.² There are variable standards applied across different NSP areas in the National Electricity Market and limited consequences if data is incorrect or delivered late. While metrology standards set out the format and requirements for electricity metering data, there are limited repercussions for NSPs if the standard of meter data provision is consistently below prescribed standards. Origin would support metrics in performance reporting for NSPs that examined:

- Quality of data;
- The ratio of estimates and substitute reads to actual; and
- The timeliness of delivery.

In some jurisdictions under current retail code regulation, retailers are held responsible for a failure of NSP systems (including the provision of metering data). This historic approach does not adequately reflect a retailer's ability to manage risks, which are beyond their control. Most importantly, routine problems with meter data inevitably affect customer billing and their experience with their energy retailer. The retailer bears the commercial consequences of poor performance by NSPs in this regard, with limited opportunity to influence outcomes. The performance reporting framework should consider the inclusion of triggers for penalties where meter data quality consistently fails to meet standards required by retailers and their customers.

Origin would welcome further discussion with the AER on the development of the objectives and priorities. Should you wish to discuss any of the matters raised in this response further, please contact me on (03) 8665- 7712.

Yours sincerely

[SIGNED]

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² We recognise that NSPs, as the Responsible Person under the National Electricity Rules for most mass-market meter installations appoint meter data providers to undertake the reading of meters on their behalf. NSPs do however maintain and negotiate the service level agreements with these parties, who are often a related entity or contracting service provider- ultimately the Responsible Person is required to maintain service standards.