Reliability standards for the NSW electricity DNSPs

IPART
Independent Pricing and Regulatory Tribunal
New South Wales

IPART will recommend reliability standards for the NSW electricity Distribution Network Service Providers (DNSPs)

Reliability refers to the extent to which customers have a **continuous supply of electricity**. Reliability standards limit the impact of unplanned outages on customers.

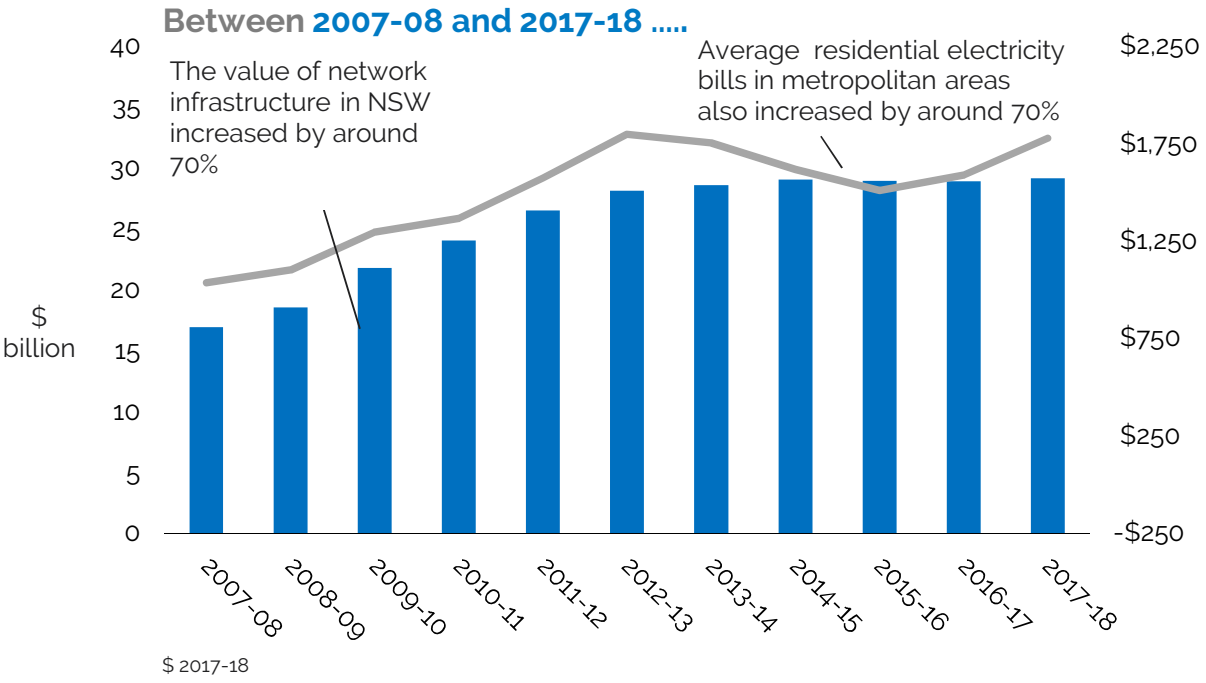
Unplanned outages can be caused by a lack of generation supply, transmission network outages or distribution network outages. Our review is concerned with unplanned outages on the distribution networks.

Over the next 10 months we will compare the costs of providing more or less reliable services with how much people value reliability and the impacts on people's electricity bills

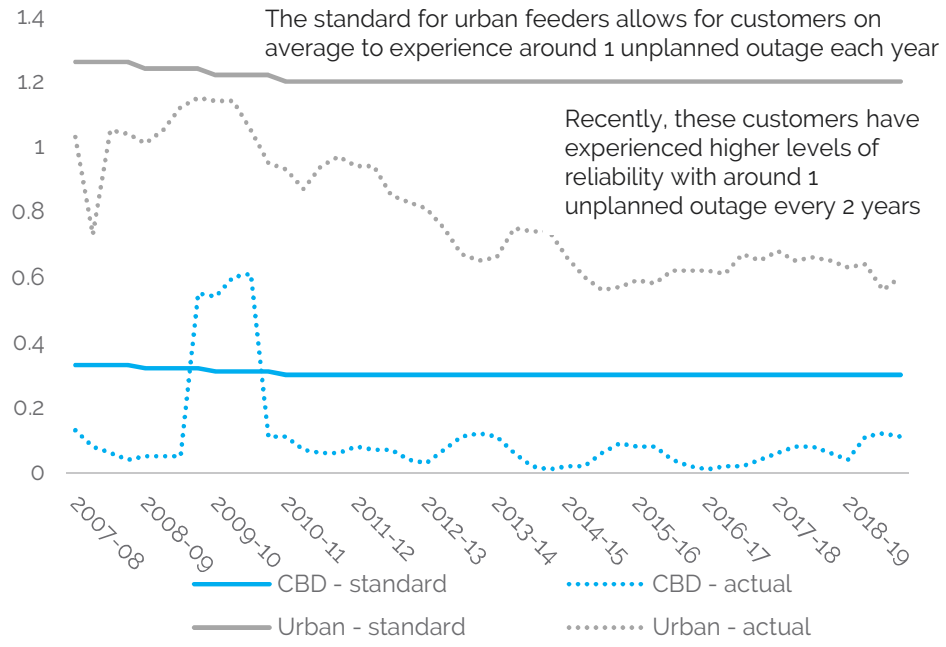
We are seeking feedback on our **Issues Paper** which sets out our proposed approach **by 24 April 2020**

March 2020	Sept 2020	Oct 2020	Dec 2020
Issues Paper	Draft Report	Public Hearing	Final Report

Over the past decade, previous reliability standards drove significant investment in network infrastructure with the costs of these investments passed onto customers in higher electricity bills.



Distributors are easily meeting the overall reliability levels required by the current standards (which exclude outages for extreme weather)



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Distribution network charges account for around a third of the average electricity bill for residential and small business customers

For future investment, it is important to strike a **balance** between the costs that DNSPs incur in providing a reliable network and the value that customers place on experiencing fewer and shorter outages.

Our terms of reference ask us to consider changes to the standards that would lead to **bill reductions** for customers.

New technologies such as rooftop solar and batteries are providing customers with the ability to generate, store and supply electricity to the network. The distribution networks need to adapt to ensure that they can provide reliable and secure two-way flows needed by these technologies

Our proposed approach balances the costs and benefits of reliability.

1 Decide how to express the standard

- The current standards require distributors to meet targets for unplanned outages - both the duration and frequency of outages. These standards exclude events outside the distributor's control (such as third party damage, extreme weather).
- Residential customers are also eligible for an $80 customer service guarantee payment when they experience long outages (unless caused by extreme weather).

2 Estimate efficient levels of reliability

- We propose to model different ways that distributors can plan for and respond to outages to find a level of reliability that minimises the total cost to society.
- We propose to consider the impact of solar panels and other forms of distributed generation on reliability as well as new technologies being trialled by the DNSPs (such as standalone power systems).

3 Decide on standards and how often they should be reviewed

- We will make recommendations on any changes to the standards that provide bill savings to customers.
- We are proposing that standards be reviewed independently every five years to align with the DNSPs' price proposals to the Australian Energy Regulator (AER).

We are seeking comment on the following

1 What elements of reliability are most important to you? For example:
- maintaining affordability,
- restoring supply after severe weather events, and/or
- the ability to export solar to the network.

2 Do the current standards provide appropriate incentives for the distributors to restore supply during long and widespread unplanned outages?

3 What level of financial compensation should customers receive when they experience unplanned outages? What types of outages should these apply to? For example only unplanned outages longer than four hours that were not caused by extreme weather.

We are also **seeking comments** on further details of our approach set out in our **Issues Paper**.