



Mr Mark Feather  
Executive Director  
Energy Sector Development Branch  
Department of State Development, Business and Innovation  
Level 9, 121 Exhibition Street, Melbourne VIC 3000

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**DRAFT CONSULTATION PAPER – REFORMS TO RETAIL REGULATION  
2014 AND PLANNED OUTAGES**

Dear Mr Feather,

CitiPower and Powercor Australia (**the Businesses**) welcome the opportunity to make this submission to the Department of State Development, Business and Innovation (**DSDBI**) on the Draft Consultation Paper – Reforms to retail regulation 2014 and planned outages (**draft paper**).

**1 PLANNED OUTAGES**

The Businesses are concerned with the draft paper's proposals in respect to planned network outages on very hot days. The Minister has stated the Victorian Government intends to prohibit non-essential planned network outages on very hot days, in response to community dissatisfaction regarding these outages and the impacts on vulnerable customers during those periods of extended high temperatures in January and February 2014.

The Businesses strongly urge DSDBI to consider the significant implications of restricting planned network outages. The two highest priorities for the Businesses are the safety of the community and its employees and reliable network performance. It is an unavoidable consequence that restrictions on planned works will result in deferral of critical network safety and/or bushfire risk mitigation programs. Not only could this have a direct impact on customers it may possibly place the Businesses in breach of complying with their regulatory obligations.

The Businesses consider there is merit establishing a memorandum of understanding between Government and industry. The memorandum of understanding will further commit distribution businesses to attempt to use best endeavours to adequately protect vulnerable customers on very hot days, whilst not imposing restrictions which could have significant implications for network safety or reliability.

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Distribution businesses are required to give their customers four business days' notice of any planned outages, so they can prepare to deal with loss of electricity. The Businesses typically mail (or letter drop) a letter and brochure regarding planned outages well before the four business days' notice requirement. In addition, the Businesses send SMS notifications to customers if the Businesses are in possession of their mobile phone numbers.

The Businesses are committed to a Hot Day Action Plan (**HDA**) which encompasses strategies to be employed on days of extreme fire weather conditions. For Total Fire Ban (**TFB**) days, the Businesses proceed with planned works under certain conditions including, for example, starting work at 6am with the aim of finishing work by 11am. This ensures customers experience a short period off supply under tolerable conditions, given the temperature rarely exceeds 40 degrees by 11am. Additional resources are also organised for these works to ensure they are completed as quickly as possible.

DSDBI have asked stakeholders to respond to the questions below.

***How will the proposed restriction impact on the operations of distribution businesses?***

As noted, the Businesses consider restrictions of planned works during very hot days could potentially increase safety and bush fire risk and possibly place the Businesses in breach of its bush fire risk maintenance requirements. Further, there is potential for an increase in unplanned System Average Interruption Duration Index (**SAIDI**) due to the reduction in the number of days the Businesses can effectively maintain the network. This could have an impact on the Businesses' reliability performance and unduly penalise the Businesses through incentive schemes implemented by the Australian Energy Regulator (**AER**).

In addition to the reliability impacts, the proposed restrictions would reduce the Businesses' capacity to undertake planned and unplanned works on the distribution network and increase costs to customers. The Businesses resources would effectively be stranded for the period of the restrictions as field resources would not be able to undertake meaningful work on these days. The lost productivity would increase operating costs as the works would have to be re-scheduled for a later date, resulting in more expensive day labourers being engaged that ultimately will be reflected in costs to customers.

***How should 'essential works' be defined, and what are the implications of an exemption mechanism?***

It is very difficult to define 'essential works' as there are a number of variables which affect the urgency of work these include: weather conditions; safety of work crews and the community; wider network impacts; network integrity, cost of scheduling the works at different times and the impact of the planned and unplanned outages on affected customers.

The Businesses consider an exemption process is not a workable solution. Prescribing a comprehensive list of all possible exemptions is a challenging task and it is unlikely

the exemption process would be flexible enough to deal with urgent exemptions which have not been prescribed.

***What are the practicality issues for distribution businesses in placing restriction on heat alert days? For example, how will distribution businesses identify their customers are in heat health alert boundaries?***

The Businesses understand the ‘heat health alert’ areas follow the same boundaries as the Country Fire Authority (CFA) used to identify TFB days. Given this, the Businesses should be able to use the same process for TFB days in identifying customers who are within ‘heat health alert’ boundaries.

***Are there other extreme weather thresholds that may be more suitable, for example, days where the maximum temperature is over 40 degrees?***

The Businesses favour the use of a TFB day. The problem with maximum temperature limits for determining the threshold is temperature is a subjective measure. For example a 40 degree day in Melbourne is considered as extreme heat but the same temperature in Mildura is considered normal.

In addition to the TFB day, the Businesses monitor the Fire Danger Index (FDI) which is a more granular index the Businesses use in controlling network assets on a TFB day. A TFB day may be declared but the forecast temperatures may not eventuate or a cool change may come earlier than forecast, yet the TFB restrictions remain in place for the duration of the day. The Businesses monitor the FDI which provides unlike the TFB day, a near real time indication of weather conditions across the State.

## **2 CONCLUDING REMARKS**

The Businesses appreciate the opportunity to make this submission to the DSDBI. The Businesses encourage the DSDBI to consider the potential implications in prescribing restrictions on the operations of distribution businesses. Such a restriction will not benefit customers but in fact potentially compromise network safety and reliability. The Businesses are strongly of the belief that the risk to network safety and reliability outweigh any benefit that may arise from a prohibition on planned works on certain days. Further, the Businesses highlight there are already internally in place procedures for managing planned works in extreme conditions such as starting any works at 6am and having them completed by 11am.

If further action is deemed necessary by the Victorian Government, the Businesses consider a memorandum of understanding as the appropriate course of action to commit distribution businesses to attempt to use best endeavours to adequately protect vulnerable customers on very hot days.

If you have any queries regarding this submission please do not hesitate to contact Renate Tirpcou on 03 9683 4082 or [rtirpcou@powercor.com.au](mailto:rtirpcou@powercor.com.au).

Yours sincerely

A handwritten signature in blue ink that reads "Renate Tirpcou". The signature is written in a cursive style with a large initial 'R'.

**Renate Tirpcou**  
**MANAGER REGULATION**