Guaranteed Standards Manual

Electricity and Cogeneration Regulatory Authority
المستند النظامي:
قرار معالي محافظ هيئة تنظيم الكهرباء والإنتاج المزدوج رقم (74) وتاريخ 24/04/1438 هـ.

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يتم تحديث هذا الدليل حسب ما تقتضيه الحاجة.

لغة الوثيقة:

تم إعداد هذه الوثيقة باللغتين العربية والإنجليزية.

حقوق النسخ والنشر محفوظة لهيئة تنظيم الكهرباء والإنتاج المزدوج.
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List of Abbreviations

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<td>ECRA</td>
<td>Electricity and Co-Generation Regulatory Authority</td>
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<td>GS</td>
<td>Guaranteed Standard</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>LV</td>
<td>Low Voltage</td>
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<td>MV</td>
<td>Medium Voltage</td>
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<td>OMC</td>
<td>Out of Management Control</td>
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<td>SAR</td>
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1. Introduction

The Electricity and Co-Generation Regulatory Authority of the Kingdom of Saudi Arabia (ECRA) has initiated a project to update and enhance its existing Key Performance Indicator (KPI) framework which has been developed in 2009 and implemented in 2010. Part of this update is the establishment of a Guaranteed Standard (GS) of service framework with respect to consumer services. In particular, the Guaranteed Standards shall ensure that a particular service level in each individual case is met by all of the respective ECRA licensees. Therefore, the Guaranteed Standard of service framework will form an inherent part of ECRA's consumer service regulatory framework which entails, besides Guaranteed Standards, a broader spectrum of consumer service related KPIs. Details of ECRA’s consumer service KPI framework can be found in KPI manual which describes consumer service KPIs.

The guaranteed standards of service to be established by ECRA entail minimum service levels regarding supply connections, reconnection after payments, notifications regarding supply interruptions, complaint handling, supply restoration under normal conditions and interruption frequency. In particular, the guaranteed standards to be established read as follows:

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The manual at hand describes the establishment of guaranteed standard framework as well as details each individual guaranteed standard, including expected service level and penalty payments. In particular, Section 5 will outline the definitions required for this manual; Section 6 will describe the establishment of the guaranteed standards; Section 7 will describe the guaranteed standards in detail; and Section 8 will describe the exceptions and Section 9 will describe application of the guaranteed standards.
2. Objective

The objective of this Manual is to regulate the relationship between the service provider and consumer through the Guaranteed Standards that must be provided to any consumer and therefore must be met by each service provider to guarantee a level of service that is reasonable to expect. If a licensee fails to meet the minimum standard of service required, it must make a payment to the consumer subject to certain exemptions. Therefore, guaranteed standard schemes set a minimum level of service with respect to consumer service which is enforced through a threshold level, and service below the threshold will be penalized.
3. Related Official Documents

- The Electricity Law issued under the Royal Decree No (M/56) dated 20 Shawal 1426H.
- The implementing regulations of the Electricity Law issued by ECRA Board decision No (3/11/27) dated 15/4/1427H.
- The Electricity Service Provision Manual issued by ECRA decision No (92/2) dated 25/08/1435H.
4. Scope

This manual regulates the relationship between the service provider and the consumer under the guaranteed standards set by ECRA, which represents the minimum level required to provide electricity service.
5. Definitions

In the following, crucial definitions and clarifications regarding the guaranteed standard manual at hand will be outlined:

Regulator
The Electricity and Co-Generation Regulatory Authority of the Kingdom auf Saudi Arabia (ECRA) will be responsible for the monitoring of the guaranteed standard of service scheme. Besides monitoring of the financial transactions under the standards, ECRA will also monitor compliance with the standards.

Service Providers
Any person holds a license of distribution and retail supply activities. The following service providers are subject to this Guaranteed Standard Manual:

- SEC – Saudi Electricity Company
- Marafiq – Power and Water Utility Company for Jubail and Yanbu

Both service providers above are responsible for the electricity supply to residential and non-residential consumers.

Residential Consumer
A residential consumer is defined as a consumer who uses the supplied electricity within residential premises, including apartment blocks.

Non-Residential Consumer
Non-Residential Consumers are consumers which are not covered by the definition of a residential consumer. This includes for example industrial facilities, commercial premises, factories, hospitals, government buildings and so on.

Verification of Compliance
A service provider must have processes and procedures in place which collect the required evidence for the verification of compliance with guaranteed standards towards ECRA. In particular, service providers can do so by facilitating an appropriate ticketing system which tracks claims.

Out of Management Control
If a service provider wants to claim out of management control/force majeure with respect to a guaranteed standard, then it shall be made to ECRA in writing. Subsequently, ECRA will determine whether the claim is acceptable. If a claim is acceptable, no guaranteed standard payments have to be made. The definition of Out of Management Control/Force Majeure can be found in ECRA’s KPI manual.
Notifications

Notifications can be in writing, email, text message or any other means which has been approved by ECRA in advance.

Payments

Consumers, residential and non-residential, are entitled to receive payments in case of guaranteed standard failure, except if the incident has been approved to be Out of Management Control by ECRA. In the event that a consumer is entitled to compensation resulting from a guaranteed standard failure the payment will be done by deducting the compensation from the consumer invoice or any other means.

Proactive Payments

Proactive payments entitle a consumer, residential and non-residential, to compensation for guaranteed standard failure, without having to lodge a formal claim. Companies have the responsibility to identify guaranteed standard failure and make payments to affected consumers with immediate effect. Guaranteed standard failure must be reported to ECRA.

Reactive Payments

To be entitled for payments under guaranteed service standard failure, consumers, residential and non-residential, must lodge a claim within 30 working days from the date of the service provider failure to any guaranteed standards.

Rural Offices

Offices with less than 12,000 residential consumers or offices with low consumer density per km (≤ 10 consumer/km) and low percentage of underground cable (< 10%).

Urban Offices

Offices with more than 100,000 residential consumers (all show significant percentage of underground cable).

Semi-Urban Offices

All offices, that are neither rural nor urban.

Compensation

The compensation has been set by ECRA in order to reimburse consumers for their inconvenience in case of guaranteed standard violation. In particular, penalty levels have been derived based on an international peer review and have been set given the context of the Saudi Arabian market.

Thresholds

Thresholds have been derived based on historic consumer service KPI performance as well as by means of an international peer group. The threshold level sets the minimum service level. Service below the minimum level will be subject to penalty payments.
6. Establishment of Guaranteed Standards

The establishment of guaranteed standards and the appropriate functioning of such standards shall be warranted through four consecutive steps, as shown below.

**Figure 6-1: Establishment of guaranteed standards**

**Step 1: Data Collection**

In order to establish a guaranteed standard of service framework, an underlying data collection framework is required. If a KPI system with respect to consumer service is already in place, then this can be facilitated to do so. KPIs will track the service quality within consumer services and collect the required data to derive appropriate guaranteed standard thresholds. ECRA has already established consumer service KPIs, details of which can be found in ECRA’s KPI manual.

**Step 2: Thresholds and Penalties**

The determination of thresholds and penalties is essential to the effectiveness of the guaranteed standard scheme. The determination of thresholds should primarily be done via the analysis of historic data collected by means of the data collection mechanism or KPIs. In addition, an international peer group can be employed to further strengthen a derived and desired threshold level by comparing its appropriateness internationally. It is important for the threshold to be a realistic, yet, challenging level of performance. Furthermore, guaranteed standards create strong incentives for offering services at the guaranteed service thresholds; however, guaranteed standards do not create strong incentives to outperform this level. To circumvent this effect, the threshold level should be reviewed and adjusted frequently in order to incentivize continuous performance improvements.

Equally as important is the amount of penalties to be paid in case of non-compliance with guaranteed standards. In general, there should be a distinction between residential and non-residential consumers, while non-residential consumers should receive higher compensation in case of non-compliance with standards. However, penalties must be set at a level which compensates any form of consumer for their inconveniences as well as incentivizes service providers to perform at or exceed guaranteed service levels.
Step 3: Claims

In order to follow up with claims lodged by consumers, service providers need to establish a tracking system. In particular, the ticketing or tracking system, tracks when claims by consumers under a reactive system have been lodged, and subsequently investigates whether the claim is appropriate. The service provider needs to respond to the consumer claim at the latest 30 days after receipt of the claim by informing the consumer, whether the claim has been justified or rejected. If the claim is deemed to be justified, payments to the consumer should be initiated. Payments to the consumer will be made by a discount on the next consumer bill(s).

Figure (6-2) outlines a claim tracking system.

Figure (6-2): Claim tracking system

Step 4: Reporting

Once the guaranteed standard of service scheme is in place, the regulator should track the compliance of service providers with the guaranteed standards. Furthermore, service providers should deliver an annual report to the regulator. In addition to this, ECRA’s consumer service KPI system will track consumer service performance improvements given the incentives created by the guaranteed standard of service framework. The service provider will report to ECRA annually on the number of claims in total for each consumer category, area, the time to respond to each claim, the number of claims that were deemed to be justified, and the total amount of claim payments made to consumers.
7. Guaranteed Standards

Guaranteed standards are needed because distribution network operators and their consumer service departments i.e. the section of the electricity value chain which directly deals with consumers through direct transactions and contracts, possess a natural monopoly and are relatively unaffected by competition which should theoretically enforce fair costs and a given level of service. Since distribution network operators directly deal with consumers, they have a responsibility to ensure that their consumers receive reliable electricity supply services as well as guarantee swift supply restoration in case of an interruption.

Guaranteed standards are designed to ensure payment to affected consumers in case these standards are not met. Therefore, guaranteed standard schemes set a minimum level of service which is enforced through a threshold level, and service below the threshold will be penalized.

Under guaranteed standard of service framework, consumers, residential and non-residential, who are not receiving the minimum level of service as stipulated by the guaranteed standards, are entitled to payments from the responsible service provider. Payments under guaranteed standard framework shall be reactive, implying that consumers have to lodge a formal claim with the service provider. Consumers can lodge such claims within 30 working days, and the respective service provider will notify the consumer if payments are appropriate. However, per incident only one such claim can be lodged by an individual consumer.

Furthermore, some of guaranteed standards will be subjected to exemptions. Exemptions can be granted by ECRA under Out of Management Control events,. If a service provider wants to claim an exemption to a guaranteed standard for example in case of an OMC event, then this has to be done in written form to ECRA. Details on exemptions can be found in this Section 7.

Table (7-1) presents the guaranteed standard of service framework to be applied by ECRA. Each of these guaranteed standards have to be met by the respective service providers. Furthermore, ECRA guaranteed standard framework will complement consumer service and distribution KPI framework, which will track the expected improvements in consumer services induced by the guaranteed standards.
Table(7-1): ECRA’s guaranteed standards

The table above shows, that all guaranteed standards will be of the reactive form. In addition, for some guaranteed standards, in particular GS2, GS3, GS6 and GS7, it may be considered to entail different threshold levels for urban, semi-urban and rural areas, as distinguished in ECRA’s KPI manual, however, at the current stage such differentiation is only applied for GS3 – Time to reconnect after payments.

In the following, the detailed description of each guaranteed service standard will be given.

GS1 – Time to Register and Supply – Existing Connections

Where a consumer requests a connection to an existing network, this service will be provided within a period of 5 working days. This shall equally be applicable to residential and non-residential consumers.

Exemptions:
If the consumer has not fulfilled all its obligations as set out in the Electricity Service Provision Manual issued by ECRA.

Failure to meet the standard requires a payment of 75 SAR once the 5 working days are exceeded. Further compensation of 20 SAR will be required for each additional 5 working days without completion of the required services.

GS2 – Time to Supply – New Connections

Where a consumer, residential or non-residential, requests a connection to an existing LV network and has completed all necessary preparations, the service will be provided within a period of 40 working days. However, the connection where work in the MV or higher network are involved, the threshold level for the guaranteed standard shall be an agreed period between the service provider and the consumer.
Exemptions:

- If a new consumer has not fulfilled all its obligations as set out in the Electricity Service Provision Manual issued by ECRA.
- If with respect to LV connections where network enforcement is necessary, implying that there is more to do than the installation of a service line and a meter, the agreed period shall be applied.

Failure to meet the standard requires a payment of SAR 200 for residential sector once the guaranteed standards or the agreed period are exceeded. Additional compensation of SAR 200 will be required for each additional threshold period without completion of the required services. For non-residential sectors a payment of SAR 400 once the guaranteed standards or the agreed period are exceeded. Additional compensation of SAR 400 will be required for each additional threshold period without completion of the required services.

GS3 – Time to Reconnect after Payments

Where a consumer that has been disconnected for non-payment of his account and the consumer pays the account balance or agrees with the respective service provider on an arrangement to clear the debt meeting all reasonable conditions that the respective service provider may impose, will be reconnected:

- in urban areas within a period of 3 hours; and
- in semi-urban and rural areas within a period of 5 hours.

No exemptions to this standard shall be given.

Failure to meet the standard requires a payment of SAR 75 once 3 hours for urban areas or 5 hours for semi-urban and rural areas are exceeded. Further compensation of SAR 75 will be required for each additional 3 hours for urban, semi-urban and rural without completion of the required services.

GS4 – Notification of Planned Interruption of Supply

When a planned interruption of supply is required a consumer will receive 2 calendar days upfront notice in writing, email, text message or any other means that has been approved by ECRA in advance. Special attention shall be paid to hospitals, clinics, schools or other entities providing essential or crucial services.

No exemptions to this standard shall be given.

Failure to meet the standard requires a payment of SAR 75 if the consumer has not been notified 2 calendar days prior to the interruption or was not notified at all.

GS5 – Time to Resolve Billing Complaints

Where a complaint with respect to billing has been received by the service provider it has to be dealt with immediate action, if possible. If further investigations are required a substantive response must be given to the consumer within 15 working days.

No exemptions to this standard shall be given.

Failure to meet the standard requires a payment of SAR 75 once the 15 working days are exceeded. Further compensation of SAR 75 will be required for each additional 15 working days without completion of the required services.
GS6 – Supply Restoration – Normal Conditions

Where a service provider fails to supply electricity to a consumer, the supply service must be restored within a period of 24 hours from the time where the service provider has become (or should reasonably have been) aware of the interruption.

Exemptions:

In exceptional cases which have caused interruptions in the system due to Out of Management Control events

For residential consumers, failure to meet the standard requires a payment of SAR 75 once the 24 hours are exceeded. Further compensation of SAR 75 for each additional 12 hours.

For non-residential consumers, failure to meet the standard requires a payment of SAR 150 once the 24 hours are exceeded. Further compensation of SAR 75 for each additional 12 hours.

GS7 – Frequency of Interruptions

When a consumer experiences more than four interruptions, each of at least four hours duration within one Gregorian year the consumer is entitled for compensation and may a claim for non-compliance of interruption frequency standard. It shall be noted that the consumers are entitled to a maximum of one payment per Gregorian year under this standard.

Exemptions:

Certain interruptions arising from Out of Management Control events are exempted from GS7.

If the standard set out above is exceeded at a consumer’s premise during a Gregorian year, a consumer may make a claim once a year for a payment of 200 SAR. The claim must be made within three months of the end of the Gregorian year.
8. Exemptions

ECRA guaranteed standard framework shall be subject to certain general exemptions. In particular, service providers should not be held accountable for events which can be classified as Out of Management Control, i.e. events beyond the control of the service provider. In order for an event to be classified as OMC, the respective service provider shall provide a written request to ECRA, which will subsequently decide whether the event classification as OMC is appropriate. If ECRA confirms that the event is OMC, the service provider in question may be exempt from payment obligations under guaranteed standards for the event in question. However, excluded from OMC events are events which are internally caused by the service providers such as administrative or staffing issues. Also, events caused by contractors or other agents acting on behalf of the service providers shall not be classified as OMC.

Further exemptions to guaranteed standards read as follows:

- If the consumer requests the service provider not to take any further action or not to take any action at all;
- If the consumer voices in writing that the actions taken meet the requirements under the guaranteed standard;
- If in order to complete the services required under the guaranteed standard the applicable law has to be breached;
- If the activity undertaken by the service provider would endanger life, equipment or the environment; and
- If the consumer violates existing standards and agreements (such as the Standard Electricity Consumption Agreement)

In the event of an exemption, the respective service provider has the responsibility and is obliged to keep the consumer informed. Furthermore, the service provider also has the responsibility to report to ECRA in case an exemption from guaranteed standards is at hand.
9. Application of Guaranteed Standards

All Guaranteed Standards will be applied from Jan 1, 2018 onwards. This means that the service providers will be required to establish and test all relevant procedures, databases and the tracking system as set out in Section 6 above by the end of 2017.

This will include:

- Collection of required data;
- Establishment of appropriate work flow;
- Claim tracking (or ticketing system);
- Reporting system.

Each service provider shall prepare a detailed timetable for the development and testing the relevant procedures, software and databases for the handling the Guaranteed Standards during the first quarter of 2017 and submit it to ECRA for approval.