

# 20% Reduction in SAIFI and CAIDI by 2020

**Objective:** *20% reduction in SAIFI and CAIDI by 2020 based on 03-05 three year average.*

**Comment:** PHI/ACE believes that this BPU objective will be very difficult to cost effectively achieve. Reliability improvement goals can be best managed using performance-based arrangements and realistic targets to balance the cost with the desired level of service. Because improvements in SAIFI can drive CAIDI up, PHI/ACE believes SAIDI should be used.

**Strategy:** Meeting a more realistic performance-based reliability goal will require additional investments in Customer Information Systems (CIS), Distribution Automation (DA), T&D, and Workforce of the 21st Century. Additionally, PHI/ACE will systematically identify principal causes of customer outages and elements contributing to outage duration, determine their contribution to the respective performance index, and deploy needed capital improvements and changes to operating and maintenance practices to achieve the requisite performance improvement.

**Responsible Party:** NJ BPU, Utilities and the General Assembly. The General Assembly will have to codify full-cost recovery, an accelerated permitting process, vegetation management and/or realistic performance-based regulation to guarantee the additional investments for meeting the BPU objective.

**Timeline of Action:** Data analysis to begin in 2007. Specific improvement strategy is dependent on whether the 20% reduction is calculated as a statewide aggregate, or whether each EDC is to individually improve by 20%. Also need to ascertain if the benchmark ratings are absolute or whether the 3-year average will be banded to account for normal year-to-year variation in performance.

**Strategy Outcome:** Improved service reliability; Increased cost of service; Temporary CIS/DA deployment jobs and increased training and jobs for 21st Century utility workforce.

**Implementation Cost:** Unknown at present; further complicated by impending BPU vegetation management regulation.

**Funding Sources:**     Private Sector Funds                     Public Sector Funds                     Consumer/ratepayer Funds

**Indicators:** Recoverable reliability investments, Level of allowed vegetation management, Speed of permits, SAIFI, CAIDI, SAIDI

**A. Current State of Indicator:** SAIFI = 1.29; CAIDI = 104 minutes

**B. Indicator Projection to 2020:** SAIFI = 1.03; CAIDI = 83 minutes