



**DRAFT DECISION**

**Ergon Energy Distribution  
Determination  
2020 to 2025**

**Attachment 12**

**Classification of services**

October 2019

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## Note

This attachment forms part of the AER's draft decision on the distribution determination that will apply to Ergon Energy for the 2020–2025 regulatory control period. It should be read with all other parts of the draft determination.

The draft decision includes the following attachments:

### Overview

Attachment 1 – Annual revenue requirement

Attachment 2 – Regulatory asset base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Efficiency benefit sharing scheme

Attachment 9 – Capital expenditure sharing scheme

Attachment 10 – Service target performance incentive scheme

Attachment 11 – Demand management incentive scheme

Attachment 12 – Classification of services

Attachment 13 – Control mechanism

Attachment 14 – Pass through events

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## Shortened forms

Shortened form	Extended form
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
distributor	distribution network service provider
DUoS	distribution use of system
F&A	framework and approach
NEL	national electricity law
NEM	national electricity market
NER or the rules	national electricity rules
NSP	network service provider
RAB	regulatory asset base
STPIS	service target performance incentive scheme

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## 12 Classification of services

Service classification determines the nature of economic regulation, if any, applicable to specific distribution services. Classification is important to customers as it determines which network services are included in basic electricity charges, the basis on which additional services are sold, and those services we will not regulate. Our decision reflects our assessment of a number of factors, including existing and potential competition to supply these services.

We are required to make a decision on the classification of Ergon Energy distribution services in accordance with the NER.<sup>1</sup> Services are classified as direct control services or negotiated distribution services. Direct control services are further classified as standard control services or alternative control services. The classification that we apply determines the nature of the economic regulation we will apply to those services.

The classification of distribution services must be as set out in the relevant framework and approach (F&A) paper unless we consider that a material change in circumstances justify departing from that proposed classification.<sup>2</sup> We set out our proposed approach to the classification of distribution services for Ergon Energy in our F&A.<sup>3</sup> We proposed to group Ergon Energy distribution services as follows:

- common distribution services
- ancillary services
- metering services
- connection services
- unregulated distribution services.

### 12.1 Draft decision

Our draft decision is to retain the classification structure as set out in our F&A, with the exception of a number of minor amendments to the services and activities listed within the above groupings. These amendments arise in order to be more consistent with the AER's Service Classification Guideline (the Guideline) which became effective on 1 October 2018, after the F&A for Ergon was released. We consider the publishing of the Guideline a material change of circumstances that justifies departing from the approach taken in the final F&A.<sup>4</sup> In its regulatory proposal Ergon Energy have aligned many of its service groupings and descriptions with the Guideline, but have retained

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<sup>1</sup> NER, cl. 6.12.1(1).

<sup>2</sup> NER, cl. 6.12.3(b).

<sup>3</sup> AER, *Final framework and approach, Ergon Energy, Regulatory control period commencing 1 July 2020*, July 2018.

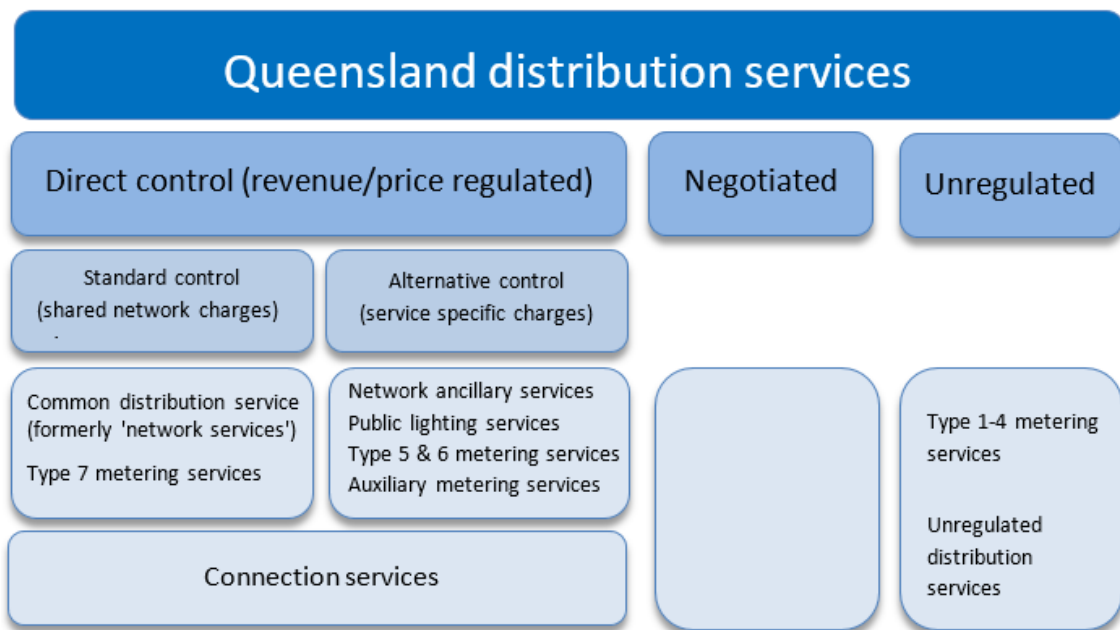
<sup>4</sup> NER, cl. 6.12.3(b).

much of the substantive classifications set out in the F&A.<sup>5</sup> Departures or differences from the final F&A and the Guideline are discussed in detail in Section 2.4

Figure 12.1 summarises our draft decision on service classifications for Ergon Energy for the 2020-25 regulatory control period.

Appendix A sets out our detailed classification decisions. We present changes in our classifications approach since our F&A in highlighted text.

**Figure 12.1 AER draft decision on 2020–25 service classification for Ergon Energy**



Source: AER.

Our classification of services determines how costs associated with the services will be recovered. The setting of services charges, however, is not determined as part of classification. This is determined by the price or revenue control mechanism. We discuss this in the control mechanism attachments.<sup>6</sup>

## 12.2 Ergon Energy's proposal

Although our Service Classification Guideline is not binding on distributors, Ergon Energy anticipated that we might make changes to the proposed classifications made in the final F&A to take account of the Guideline. Ergon Energy have therefore proposed to largely adopt the classification approach set out in our F&A, while aligning

<sup>5</sup> Ergon Energy, *Regulatory Proposal 2020-25 - Attachment 12 - Classification of Services*, January 2019, p. 3.

<sup>6</sup> Refer to attachment 13 - Control mechanisms and attachment 15 - Alternative control services.

with the baseline services list in the Guideline, where it considers it is appropriate to do so.<sup>7</sup> Ergon Energy has proposed the following high-level changes from the final F&A:

- the inclusion of Bulk supply point metering as part of the Common Distribution service, consistent with the Guideline;
- change to connection services to broadly align with the groupings provided in the Guideline, albeit with some changes to descriptions and classifications due to jurisdictional and operational requirements;
- change to the description of 'Enhanced connection services';
- adopt the description of 'Notices of arrangement and completion notices' from the Guideline;
- adopt the description of 'Network related property services' from the Guideline;
- adopt the description of 'Network safety services' from the Guideline;
- adopt the description of 'Security lights' from the Guideline;
- adopt the description of 'Customer requested provision of electricity network data' from the Guideline; and
- removal of 'Fault response' as a classified service, consistent with the Guideline;

Our approach to each of these proposals is covered in section 12.4.

## 12.3 Our assessment approach

In conducting our assessment of distribution service classification, we commence on the basis that we:

- classify the services, rather than the asset – we can only decide on service classification if we understand the service that is being provided. That is, distribution service classification involves the classification of services distributors supply to customers rather than the classification of:
  - the assets used to provide such services
  - the inputs/delivery methods distributors use to provide such services to customers
  - services that consumers or other parties provide to distributors.
- classify distribution services in groups – Our general approach to service classification is to classify services in groupings rather than individually. This obviates the need to classify services on-by-one and instead defines a service cluster, that where a service is similar in nature it would require the same regulatory treatment. As a result, a new service with characteristics that are the same or essentially the same as other services within a group might simply be

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<sup>7</sup> Ergon Energy, *Regulatory Proposal 2020-25 - Attachment 12 - Classification of Services*, January 2019, p. 3.



added to the existing group and hence be treated in the same way for regulation, including ring-fencing purposes. This provides distributors with flexibility to alter the exact specification (but not the nature) of a service during a regulatory control period. Where we make a single classification for a group of services, it applies to each services in the group.

In making our classification decisions, we may:

- classify a service so the distributor may recover related costs from all customers (direct control - standard control service)
- classify a service so the user benefiting from the service pays (direct control - alternative control service)
- allow customers and distributors to negotiate the provision and price of some services - with the AER able to arbitrate should negotiations stall (negotiated distribution service)
- not classify a service – this removes regulation by the AER of the service or the prices of the service (unregulated service).

### **Our classification approach**

In deciding whether to classify services as either direct control or negotiated services, or to not classify them, the transitional provisions of the NER require us to have regard to the 'form of regulation factors' set out in the NEL.<sup>8</sup> The form of regulation factors includes the presence and extent of barriers to entry by alternative providers and the extent to which any distributor market power is likely to be mitigated by any countervailing user or prospective user market power. The NER also requires us to consider the previous form of regulation applied to services, the desirability for consistency in the form or regulation for similar services and any other relevant factor.<sup>9</sup>

For services we intend to classify as direct control, the NER requires us to have regard to a further range of factors.<sup>10</sup> These include the potential to develop competition in provision of a service and how our classification may influence that potential; whether the costs of providing the service are attributable to a specific person; and, the possible effect of the classification on administrative costs.

In the case of some distribution services, we may determine there is sufficient competition such that there is no need for us to classify the service either as a direct control or negotiated distribution service. That is, the market is sufficiently competitive, allowing customers to shop around for the best price. We refer these distribution services as 'unregulated distribution services'.

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<sup>8</sup> NER, cl. 6.2.1(c); NEL, s. 2F.

<sup>9</sup> NER, cl. 6.2.1(c).

<sup>10</sup> NER, cl. 6.2.2(c).

### 12.3.1 Interrelationships

In assessing what services we classify, we are setting the basis for what charges can be made for those services. To allow charges to be recovered for standard control services, assets associated with delivering those services are added to the regulatory asset base (RAB). A RAB may also be constructed for the capital costs associated with an alternative control service. There will usually be operating costs associated with the provision of a service as well.

The assets that make up the RAB and operating costs that relate to any particular service, form the bulk of the costs of the distributor's proposal that need to be assessed for recovering revenues through charges for their services. Classification of services will therefore influence all revenue components of our decision.

We set the revenues the distributor may collect from customers to recover their asset financing (capital) and operating costs. That revenue is recovered through tariffs the distributor develops to charge to its customers. The regulatory regime establishes incentives such as the Efficiency Benefit Sharing Scheme and the Capital Expenditure Sharing Scheme to encourage the provision of services as efficiently as possible. It also establishes incentives for maintaining reliability (STPIS) so that greater efficiency is not associated with lower reliability. All of these factors interrelate with each other. We must be cognisant of these interrelationships when we make our determinations.

## 12.4 Reasons for draft decision

This section sets out our reasons for our draft decision on the service classifications for Ergon Energy. The NER requires our position on service classification to be as set out in our F&A unless a material change in circumstances justifies a change in our classification.<sup>11</sup>

### 12.4.1 Bulk supply point metering

Our draft decision is to expand the list of activities that forms the Common distribution service, provided by Ergon Energy, to include Bulk supply point metering as part of that bundle. The inclusion of Bulk supply point metering as part of the Common distribution service does not affect its classification or pricing arrangements. Further, it distinguishes the activity from other types of metering services.

Bulk supply metering refers to metering of connection points between the transmission system and the distribution system. This service is related to the measurement of Network Use of System charges levied on all distribution customers, rather than being a 'meter service' associated with a particular customer.

The need for the description of the Common distribution service for Ergon Energy to be expanded arises from the implementation of the Service Classification Guideline,

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<sup>11</sup> NER, cl. 6.12.3(b).

where Bulk supply point metering is included in the description of that service.<sup>12</sup> We consider that the implementation of the Guideline, in October 2018, represents a material change of circumstances<sup>13</sup> that has occurred since the final F&A for Ergon Energy was published six months earlier.

Ergon Energy proposed that Bulk supply point metering be included as part of the Common distribution service.<sup>14</sup> Our draft decision is to accept this classification as it is consistent with the Guideline.

## 12.4.2 Connection services

Our draft decision is to reconfigure the terminology Ergon Energy uses in the naming and description of Connection services to better align with that provided in the Service Classification Guideline. We consider that the implementation of the Guideline, in October 2018, represents a material change of circumstances.<sup>15</sup> The baseline services list within the Guideline adopted terminology for connection services from Chapter 5A of the NER<sup>16</sup>. Connection services within the baseline list includes:<sup>17</sup>

- basic connections<sup>18</sup>—a simple connection of a customer's premises to the network, involves no or minimal extension or augmentation.
- standard connections<sup>19</sup>—a connection to the network, that is not a basic connection service, and may be provided for a particular class or sub-class of connection applicant. It may involve extension and/or augmentation.
- negotiated connections<sup>20</sup>—connections that meet the specific requirements of a connection applicant and the distributor, and may involve network extension or augmentation.

Our draft decision applies this terminology, along with the service descriptions in the Baseline list, subject to some minor clarifications to meet operational requirements to Ergon Energy's connection services. It does not however extend the classification provided in the Guideline, in all cases, to connection services provided by Ergon Energy.

The framework for connections we provided in the Guideline provides for harmonisation of connections terminology. However, we were explicit in the Guideline

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<sup>12</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix A, p 1.

<sup>13</sup> NER, cl. 6.12.3(b).

<sup>14</sup> Ergon Energy, *Regulatory Proposal 2020-25*, January 2019, p. 32.

<sup>15</sup> NER, cl. 6.12.3(b).

<sup>16</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 18.

<sup>17</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix A: Baseline list of electricity distribution services, pp. 6-7.

<sup>18</sup> This service is based on the description of a basic connection service provided in Chapter 5A (5A.A.1) of the NER.

<sup>19</sup> This service is based on the description of a standard connection service provided in Chapter 5A (5A.A.1) of the NER. A DNSP may choose whether or not to provide such services in accordance with NER, cl.5A.B.4.

<sup>20</sup> This service is based on the description of a negotiated connection contract provided in Chapter 5A Part c (5A.C.1) of the NER.

that in our view harmonisation of terminology did not imply that classification of connections should be consistent across jurisdictions regardless of any other factors.<sup>21</sup>

## Basic Connections

Our draft decision introduces a Basic connections service for Ergon Energy. This is a departure from the final F&A to align with the terminology from Chapter 5A of the NER, and adopted as part of the Guideline.<sup>22</sup> Ergon Energy also proposed to further clarify that the service applies to small customers, as defined in its connection policy, and that the service includes any additions or upgrade to a customer's connection assets as required.<sup>23</sup> We approve this addition as it provides for further clarification, consistent with our final F&A for basic small customer premises connections.

Ergon Energy also proposed to retain the classification of standard control for small customer premises connections we approved in our final F&A. This represents a departure from the approach we took in the Guideline,<sup>24</sup> but is consistent with Ergon Energy's current approach and the final F&A.<sup>25</sup> This approach is consistent with Clause 6.2.2(c)(3) of the NER which dictates that we must have regard for the classification of the service in the current period. Clause 6.2.2(c)(2) also applies, because small customers, as well as Ergon Energy, would face additional administrative and other costs if the classification was changed to reflect the baseline services list.

## Standard connections

Our draft decision also introduces for Ergon Energy a Standard connections service to align with the terminology of Chapter 5A of the NER and the connections framework adopted in the Guideline.<sup>26</sup> This is a departure from the final F&A, arising a result of the release of our Service Classification Guideline, which we consider a material change of circumstances since the final F&A was published. Ergon Energy have also requested a departure from the Guideline in order to provide further clarification as to the approach of standard premises connections for small<sup>27</sup> and major<sup>28</sup> customers, which we have applied in this draft decision.

Our draft decision is to treat the classification for standard connections for small and major customer differently, consistent with the final F&A. This is also consistent with the classification approach taken for connections for small and major customers in the

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<sup>21</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

<sup>22</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 18.

<sup>23</sup> Ergon Energy, *Regulatory proposal, 4.004 Service Classification*, January 2019, Services list, pp. 1-2.

<sup>24</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

<sup>25</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018.

<sup>26</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

<sup>27</sup> Small customers, as defined in Ergon Energy's connection policy are those which fall within the Standard Asset Customer tariff class. See Ergon Energy, *Regulatory proposal 7.148 – Connection Policy*, January 2019, p. 4

<sup>28</sup> Major customers, as defined in Ergon Energy's connection policy are those which fall within the Individually Calculated Customer and Connection Asset Customer tariff classes. See Ergon Energy, *Regulatory proposal 7.148 – Connection Policy*, January 2019, p. 6.

current (2015–20) regulatory period. Small customer premises connections are currently classified as standard control, while major customer premises connections are currently classified as alternative control.<sup>29</sup> In adopting the framework for connections from the Guideline, Ergon Energy have proposed retaining the classification structure for small and major customer premises connections from the F&A.<sup>30</sup>

The different treatment of small versus major customers ensures a consistent approach across regulatory periods, a factor we must take into consideration under clause 6.2.2(c)(3) of the NER. Continuity of the classification of the service also provides for lower administrative costs for Ergon Energy, customers and the AER, consistent with 6.2.2(c)(2) of the NER. As a result, our draft decision is to classify small customer standard premises connections as standard control and major customers as alternative control. The approach for small customers departs from the baseline services list<sup>31</sup> but is consistent with the principles we outlined in the Explanatory statement. In the Explanatory Statement, we recognised the need for a flexible approach to the classification of connections which takes into account different customer classes and jurisdictional approaches.<sup>32</sup>

Standard connections which require an extension or augmentation are classified separately. Our draft decision is to classify Standard connections requiring an extension or augmentation consistent with the approach we took for Extensions and Augmentations in the final F&A.

### **Standard connections – Network Extensions**

In the final F&A, the classification we proposed for extensions for new or altered customer connections, were to be determined by whether or not the major customer will have exclusive use of the asset for the time period set out in the connections policy. Extensions that are dedicated to the exclusive use of the customer at the time of installation and energisation, and there is no reasonable likelihood that the extension will be used to supply another customer within the time period set out in the connection policy were proposed to be classified alternative control.<sup>33</sup> Extensions that will form part of the shared network, (i.e. a reasonable likelihood that the network extension will be used to supply another customer within the time set out in the connection policy) were proposed to be classified as standard control.<sup>34</sup> Extensions for small customers were proposed to be classified as standard control.<sup>35</sup>

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<sup>29</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 87

<sup>30</sup> Ergon Energy, *4.004 Service Classification*, January 2019, Services list, p. 2.

<sup>31</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

<sup>32</sup> AER, *Explanatory Statement - Electricity Distribution Service Classification Guideline*, September 2018, pp. 15, 16.

<sup>33</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 88.

<sup>34</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 89.

<sup>35</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 89.

This approach is consistent with clause 6.2.2(c)(5) of the NER and our draft decision extends this approach to Standard connections requiring a network extension. Our draft decision includes a brief description of a network extension that Ergon Energy have requested to improve clarity of the service.<sup>36</sup>

### ***Standard connections - Augmentations***

Our draft decision for standard connections requiring augmentation is to apply the approach we took in the Service Classification Guideline. In the Guideline we considered that other factors under clause 6.2.2(c)(6) of the NER are relevant to classification of standard connections requiring augmentation. In particular, we considered that customer choice of service provider, promoting efficient connection to the network and equitable customer outcomes were important factors to have regard to with respect to this service. We considered that a classification of standard control satisfies these factors and allows distributors to recover the efficient costs of provision through application of a cost revenue test. Augmentations form part of the shared network once constructed. As a result, all customers connected to the network, or the augmented part of the network, benefit from the augmentation. The cost revenue test takes account of the difference between the incremental revenue to be paid by the customer and the incremental cost of connection.<sup>37</sup>

Our draft decision also approves Ergon Energy's proposal to add a brief description of augmentation to provide further clarification as to the provision of the service according to class of customer.

### **Negotiated connections**

Our draft decision introduces the new service of negotiated connections to Ergon Energy's classified services list. Negotiated connections,<sup>38</sup> under Chapter 5A of the NER, are connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract.<sup>39</sup> We classify Negotiated connection services as direct control, as the distributor must approve access and materials connected to its network infrastructure.<sup>40</sup> Like standard connection services, negotiated connections may also be for premises connections only, or require an extension or augmentation to the network. Ergon Energy has also proposed classifying major and small customers differently for operational reasons and to be consistent with the treatment of these different customer types for other connection services.<sup>41</sup>

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<sup>36</sup> Ergon Energy, *Regulatory proposal, 4.004 Service Classification*, January 2019, Services list, p. 4.

<sup>37</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix B: Applying NER, cl. 6.2.1, 6.2.2 to the baseline services list, p. 10.

<sup>38</sup> Negotiated in this context refers to Negotiated connections under Chapter 5A of the NER. They are not negotiated services under the provisions of Chapter 6 of the NER.

<sup>39</sup> NER, cl. 5A.A.1

<sup>40</sup> NER, cl. 6.2.1(c)(5) and AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix A: Baseline list of electricity distribution services, p. 10.

<sup>41</sup> Ergon Energy, *Regulatory proposal - 4.004 Service Classification*, January 2019, Services list, p. 4.

### ***Negotiated premises connections***

As previously noted, in the final F&A, small customer premises connections were classified as standard control, while major customer premises connections were classified as alternative control.<sup>42</sup> Ergon Energy has proposed extending this approach for negotiated premises connections. Our draft decision, extending this approach to negotiated premises connections ensures a consistent approach across regulatory periods.<sup>43</sup> Continuity of the classification of the service also provides for lower administrative costs for Ergon Energy, customers and the AER.<sup>44</sup> As a result, our draft decision is to classify negotiated premises connections for small customer as standard control and major customers as alternative control.

### ***Negotiated connections - Network Extensions***

Our draft decision is to take the same approach to classifying negotiated connections requiring a network extension, as we did the classification of standard connections requiring a network extension, in the previous section. This approach classifies the connection differently, according to customer size and whether or not the extension is to be used exclusively by the connecting customer within the time period set out in Ergon Energy's connection policy.

Small customers who require a negotiated connection do so under a classification of standard control. Major customers who are the sole beneficiary of the negotiated network extension, for the time period set out in the connection policy, will contract the service under an alternative control classification.<sup>45</sup> These customers are expected to pay the full efficient costs of provision, with the pioneer scheme coming into effect in the advent of any sharing of the extension.<sup>46</sup> Major customers who require a negotiated network extension which will become part of the shared network, during the time period set out in the connection policy, will face a capital contribution as required by a standard control classification.<sup>47</sup> Ergon Energy has proposed adding a definition of network extension to the description to provide further clarity as to when the service will be provided. Our draft decision is to include this description in the classified services list.

### ***Negotiated connections - Augmentation***

Our draft decision is to classify negotiated connections requiring augmentation for small and major customers as standard control, as proposed by Ergon Energy. Augmentations, though they may be triggered by a customer connection request, form part of the shared network once constructed. As a result, all customers connected to the network, or the augmented part of the network, benefit from the augmentation.

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<sup>42</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 87.

<sup>43</sup> NER, cl. 6.2.2(c)(3)

<sup>44</sup> NER, cl. 6.2.2(c)(2)

<sup>45</sup> NER, cl. 6.2.2(c)(5)

<sup>46</sup> Ergon Energy, *Regulatory proposal - 7.147 Connection Policy*, 31 January 2019, p.18.

<sup>47</sup> NER, cl. 5A.E.1(c)(1).

Charges for shared network augmentation are subject to the thresholds as described in our Connection Charge Guideline.<sup>48</sup>

Accordingly, we consider that a classification of standard control is appropriate. In taking into account the factors in the NER, we consider that NER cl. 6.2.2(c)(6) (other factors) is applicable; a classification of standard control promotes efficient connection to the network and equitable customer outcomes. A classification of standard control is also consistent with the framework we laid out in our Service Classification Guideline.<sup>49</sup>

It is noteworthy that a classification of standard control does not indicate that the service is provided at no cost to the customer, with costs smeared across all customers on the network. As we spelled out in our Guideline, the connecting applicant is expected to pay a contribution according to the cost revenue test. A capital contribution, takes account of the incremental revenue generated by the connection, ensuring that customers who require extensions or augmentation to complete the connection pay an appropriate contribution to those costs. This approach separates the price for the connection service to the premises from the DUOS charges attributable to standard control services.<sup>50</sup>

### 12.4.3 Connection application and management services

Our draft decision is to change the name of the grouping "Connection management services" to "Connection application and management services". This change is to align the name, and the description of the activities provided as part of the service, with the baseline list as provided in the Service Classification Guideline.<sup>51</sup> The change of service name improves the consistency of the name and description of the service between distributors. We consider that the implementation of the Guideline, in October 2018, represents a material change of circumstance.<sup>52</sup> 'Connection management services' will be renamed 'Connection application and management services'.

### 12.4.4 Enhanced connection services

Our draft decision is to align the description and activities of this service to be broadly consistent with that provided in the baseline list in our Service Classification Guideline.<sup>53</sup> Ergon Energy has proposed a minor departure from the Guideline, which is to include removal of network constraints for embedded generators as an activity

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<sup>48</sup> AER, *Connection charge guidelines for electricity retail customers*, June 2012, p. 9. The Guideline dictates that distributors are only allowed to charge for augmentation for connections above 100 Amp 3-phase connections; and must be based on the \$/kVA rate as approved in the connection policy.

<sup>49</sup> NER, cl. 6.2.2(c) and AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix A: Baseline list of electricity distribution services, p. 10.

<sup>50</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, p. 19.

<sup>51</sup> AER, *Electricity Distribution Service Classification Guideline*, September 2018, Appendix A: Baseline list of electricity distribution services, p. 7.

<sup>52</sup> NER, cl. 6.12.3(b).

<sup>53</sup> AER, *Electricity Distribution Services Classification Guideline*, September 2018, Appendix A: Baseline list of electricity distribution services, p. 5.



under the Enhanced connection services grouping. In our final F&A for Ergon Energy, this activity was part of the augmentation service grouping.<sup>54</sup> Ergon Energy has suggested that the removal of constraints service is more appropriately delivered as part of the enhanced connection service for embedded generators. Further, it considers that thresholds for embedded generators, as provided in the Guideline, are more appropriately considered in the connection policy.<sup>55</sup>

Our draft decision is to approve these changes. The implementation of the Guideline represents a material change of circumstances since the final F&A was published. While the Guideline is not binding on distributors, the baseline list of services was developed in consultation with all distributors with the intent of fostering consistency of service terminology between jurisdictions,<sup>56</sup> consistent with the NER.<sup>57</sup>

### 12.4.5 Changes of service description to align with the Guideline

Our draft decision accepts Ergon Energy's proposal to change the description of the following services in order to align with that provided in our Baseline list within the Service Classification Guideline:

- Notices of arrangement and completion notices;
- Network related property services;
- Network safety services;
- Security lights; and
- Customer requested provision of electricity network data.

We also note that where it has considered appropriate to do so, Ergon Energy has proposed aligning many of the activities provided within the service group to those in the Guideline.<sup>58</sup> Aligning these services with the baseline list of services provided within the Guideline improves the consistency of the regulatory approach between jurisdictions.<sup>59</sup> We consider that the implementation of the Guideline, in October 2018, represents a material change of circumstances<sup>60</sup> that has occurred since the final F&A for Ergon Energy was published six months earlier.

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<sup>54</sup> AER, *Final Framework and Approach for Energex and Ergon Energy*, July 2018, p. 87

<sup>55</sup> Ergon Energy, *Regulatory proposal - 4.004 Service Classification*, January 2019, Services list, p. 7.

<sup>56</sup> AER, *Electricity Distribution Services Classification Guideline*, September 2018, p.4.

<sup>57</sup> NER, cl. 6.2.2(c)(4).

<sup>58</sup> Ergon Energy, *Regulatory proposal - 4.004 Service Classification*, January 2019, Services list.

<sup>59</sup> NER, cl. 6.2.2(c)(4).

<sup>60</sup> NER, cl.6.12.3(b).

## 12.4.6 Emergency maintenance of failed metering equipment not owned by DNSP (contestable metering)

Our draft decision is to change the name of this service to provide additional clarity as to the service being provided. The new name of the service is: *'Emergency supply restoration in relation to metering equipment not owned by the distributor'*. Our draft decision also removes the 'wasted truck visit fee' from the service description, consistent with the approach we outlined in our Service Classification Guideline and subsequent F&A decisions.<sup>61</sup> These changes have no effect on the classification of the service or the prices Ergon Energy will charge customers for provision. The name and description change clarifies our expectation regarding the conditions under which the service is provided. Reasons for the departure from the final F&A follow below.

Under 7.8.1(c) of the NER, only metering providers appointed by the Metering Coordinator can maintain a metering installation. In the case of a power outage due to a failed meter the National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018, published on 6 December 2018, dictates that:

"In rare cases where a customer has experienced a loss of electricity as a result of a faulty meter, the local DNSP should undertake its usual practices maintaining supply until it is repaired or replaced."<sup>62</sup>

The AEMC ruling did not specify how supply is to be restored, only that the distributor is responsible for restoration according to its "usual practice". We believe that this provides distributors with enough latitude to be able to restore supply in a safe and effective manner.

Accordingly, we consider that changing the name of the service to 'Emergency supply restoration in relation to metering equipment not owned by the distributor' provides additional clarity as to the service being provided. The new name of the service connects directly to the description of the service as approved in our final F&A. In doing so, we also draw the distinction between restoration of supply, due to a failed meter, that is performed on the request of the metering provider/coordinator and that performed without the consent of the metering provider/coordinator. Restoration of supply performed without consent of the responsible person (metering coordinator or provider) cannot be charged the ACS fee.

We consider that when the 'Emergency supply restoration in relation to metering equipment not owned by the distributor' service is provided as per the description in the classified services list, it is a distribution service, as it is provided by means of, or in connection with a distribution system.<sup>63</sup> Therefore a classification of direct control is

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<sup>61</sup> See AER, *Explanatory Statement - Electricity Distribution Service Classification Guideline*, September 2018, pp. 11, 20; AER, *Final framework and approach for AusNet Services, CitiPower, Jemena, Powercor and United Energy - Regulatory control period commencing 1 January 2021 - Appendix B*, p. 32.

<sup>62</sup> AEMC, *National Energy Retail Amendment (Metering Installation Timeframes) Rule 2018*, p. 57

<sup>63</sup> NER, Chapter 10 Glossary.

appropriate. Further, as the costs for providing the service are directly attributable to the person to whom the service is provided,<sup>64</sup> we consider that a classification of alternative control is appropriate.

We depart from the final F&A by removing the second part of the service description, the fee for which is described as follows:

"This fee will also be levied where a metering provider has requested the distributor to check a potentially faulty network connection and when tested by the distributor, no fault is found."<sup>65</sup>

The departure from the final F&A arises due to a material change of circumstance,<sup>66</sup> to take account of our Service Classification Guideline. We consider that this part of the service amounts to a 'wasted truck visit fee'. The Explanatory statement to the Guideline discussed such service fees as activities that may take place in the course of delivering a distribution service, not a service in itself.<sup>67</sup> Accordingly, distributors can list the activity as a chargeable item in its proposed price list for alternative control services. For the purposes of consistency in the regulatory approach between jurisdictions<sup>68</sup> we consider that not classifying this activity as part of the service is appropriate.

#### 12.4.7 Fault response

Our draft decision is to remove the 'Fault response' service from Ergon Energy's classified services list. Fault response is no longer a service that we classify. In the final F&A we approved fault response as a service Ergon Energy could supply to recover costs associated with wasted truck visits. Ergon Energy, and other distributors have previously described the service as:

"attendance at a customer's premises to restore supply or investigate power quality issues where it is determined that the fault was unrelated to the distributor's equipment or infrastructure".<sup>69</sup>

We detailed our approach to this 'service' in the Explanatory statement to the Service Classification Guideline where we characterised it as a 'wasted truck visit fee'.<sup>70</sup> As noted in the Explanatory statement; we do not agree with such a service. In most cases, rectification of faults on the customer side of the connection are generally contestable and not the responsibility of the DNSP. We are of the view that a 'wasted truck visit' fee should only be associated with the alternative control service that the distributor is attempting to provide. This charge should appear as a line item in the

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<sup>64</sup> NER, cl. 6.2.2(c)(5).

<sup>65</sup> AER, *Final Framework and Approach, Energex and Ergon Energy 2020-25*, Appendix C - Classified services list.

<sup>66</sup> NER, cl. 6.12.3(b).

<sup>67</sup> AER, *Explanatory Statement - Electricity Distribution Service Classification Guideline*, September 2018, pp. 11, 20.

<sup>68</sup> NER, cl. 6.2.2(c)(5).

<sup>69</sup> AER, *Final Framework and Approach, Energex and Ergon Energy 2020-25*, Appendix C - Classified services list.

<sup>70</sup> AER, *Explanatory Statement - Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

distributor's price list for that particular alternative control service. For example, a distributor might send a truck to a customer's premises to perform an alternative control metering service and find that no one is at home and the service cannot be performed. In this case, the distributor can charge for that truck visit on an alternative control basis because it occurred in the course of performing an alternative control service.<sup>71</sup>

We consider the publishing of the Guideline a material change of circumstances that justifies departing from the approach taken in the final F&A.<sup>72</sup> We note, with reference to clause 6.2.2(c)(4) of the NER, that this decision is consistent with the final F&A for Victorian distributors.<sup>73</sup> Ergon Energy has expressed support for the proposed removal of the service.<sup>74</sup>

### 12.4.8 Unregulated services

Our draft decision is to retain the list of unregulated services we included in the final F&A. This is a departure from the Service classification Guideline. We agree with Ergon Energy's proposal that including the list of unregulated services, which did not appear in the baseline services list, provides greater clarity for stakeholders.<sup>75</sup> Unregulated distribution services are services which are offered into sufficiently competitive markets for us to consider that there is no need for classification.<sup>76</sup> Unregulated services are subject to Ring-fencing obligations. The unregulated services list is designed to be non-exhaustive.

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<sup>71</sup> AER, *Explanatory Statement - Electricity Distribution Service Classification Guideline*, September 2018, p. 20.

<sup>72</sup> NER, cl. 6.12.3(b).

<sup>73</sup> NER, cl. 6.2.2(c)(4) and AER, *Final framework and approach for AusNet Services, CitiPower, Jemena, Powercor and United Energy - Regulatory control period commencing 1 January 2021*, p. 20.

<sup>74</sup> Ergon Energy, *Regulatory proposal - 4.004 Service Classification, January 2019*, Services list, p. 19.

<sup>75</sup> Ergon Energy, *Regulatory proposal - 4.004 Service Classification, January 2019*, Services list, pp. 20-23

<sup>76</sup> AER, *Final framework and approach – Energex and Ergon Energy 2020-25*, p. 19.

A **AER draft decision on classification of Ergon Energy's distribution services<sup>77</sup>**

[Update - based on final F&A]

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
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**Common distribution service—use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)**

Common distribution service (formerly 'network services')	<p>The suite of activities that includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> <li>the planning, design, repair, maintenance, construction, and operation of the distribution network</li> <li>the relocation of assets that form part of the distribution network but not relocations requested by a third party (including a customer)</li> <li>works to fix damage to the network (including emergency recoverable works caused by a customer or third party)</li> </ul>	Standard control	Standard control
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<sup>77</sup> The examples and activities listed in the 'Further description' column are not intended to be an exhaustive list and some distributors may not offer all activities listed. Rather the examples provide a sufficient indication of the types of activities captured by the service.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<ul style="list-style-type: none"> <li>• support for another distributor during an emergency event</li> <li>• procurement and provision of network demand management activities for distribution training internal staff and contractors undertaking direct control services</li> <li>• activities related to ‘shared asset facilitation’ of distributor assets</li> <li>• emergency disconnect for safety reasons and work conducted to restore a failed component of the distribution system to an operational state upon investigating a customer outage</li> <li>• rectification of simple customer fault (e.g. fuse) relating to a life support customer or other critical health and safety issues</li> <li>• establishment and maintenance of national metering identifiers (NMIs) in market and/or network billing systems, and other market and regulatory obligations</li> <li>• <b>bulk supply point metering</b></li> <li>• ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons</li> <li>• Such services do not include a service that has been separately classified, including any activity relating to that service.</li> </ul>		
<b>Connection services—services relating to the electrical or physical connection of a customer to the network</b>			

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
Basic connection services - premises connections	<p>Means a connection service related to a connection (or a proposed connection) between a distribution system and a retail customer’s premises (excluding a non-registered embedded generator’s premises) in the following circumstances:</p> <p>(a) either:</p> <p>(1) the retail customer is typical of a significant class of retail customers who have sought, or are likely to seek, the service; or</p> <p>(2) the retail customer is, or proposes to become, a micro embedded generator; and Connection Services include:</p> <p>(b) the provision of the service involves minimal or no augmentation of the distribution network; and</p> <p>(c) a model standing offer has been approved by the AER for providing that service as a basic connection service.</p> <p>Premises connections includes any additions or upgrades to connection assets located on the customer’s premises for:</p> <p><del>A. major customer connections<sup>78</sup></del></p>	<p><del>A. Alternative control</del></p> <p>B.A. Standard control</p>	<p><del>A. Alternative control</del></p> <p>B.A. Standard control</p>

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~~78—Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.~~

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
Standard connection services – premises connections	<p>A. small customer connections.<sup>79</sup></p> <p><del>Note: This service includes design, construction, commissioning and energisation of connection assets (including administration services (e.g. reconciling project financials) and generation required to supply existing customers while equipment is de-energised to allow testing and commissioning to occur). It excludes all metering services and services separately identified under 'Connection management services'.</del></p> <p>Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.</p> <p>Premises connections includes any additions or upgrades to connection assets located on the customer's premises for:</p> <p>A. major customers<sup>80</sup>, or</p> <p>B. small customers.<sup>81</sup></p>	<p>A. Alternative control</p> <p>B. Standard control</p>	<p>A. Alternative control</p> <p>B. Standard control</p>

<sup>79</sup> Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

<sup>80</sup> Generally, major customers are those retail customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, and real estate developments as set out in the distributor's connection policy.



Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
Standard connection services – network extensions	<p>Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.</p> <p>Network extensions means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate:</p> <p>A. a new or altered major customer connection,<sup>82</sup> where the network extension will be dedicated to the exclusive use of the major customer at the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor’s</p>	<p>A. Alternative control</p> <p>B. Alternative control</p> <p>C. Standard control</p>	<p>A. Alternative control</p> <p>B. Standard control</p> <p>C. Standard control</p>

<sup>81</sup> Generally, small customers are those retail customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal and exclude real estate developments as set out in the distributor’s connection policy.

<sup>82</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>Connection Policy</p> <p>B. a new or altered major customer connection,<sup>83</sup> where the distributor considers there is a reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor’s Connection Policy (i.e. will form part of the shared network), <b>or</b></p> <p>C. a new or altered small customer connection.<sup>84</sup></p>		
<p><b>Standard network connections - augmentations</b></p>	<p><b>Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.</b></p> <p><b>Augmentations means</b> any shared network enlargement/enhancement undertaken by a distributor, which is not an extension, to facilitate:</p> <p>A. a new or altered major customer connection<sup>85</sup></p>	<p>A. Alternative control</p> <p>B. Standard control</p> <p><b>C. Alternative control</b></p>	<p>A. Standard control</p> <p>B. Standard control</p> <p><b>C. Alternative control</b></p>

<sup>83</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

<sup>84</sup> Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

<sup>85</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	B. a new or altered small customer connection <sup>86</sup> C. the removal of a network constraint faced by an embedded generator.		
Negotiated connection services – premises connections	Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract. <sup>87</sup>  Premises connections includes any additions or upgrades to connection assets located on the customer’s premises for: A. major customers, or <sup>88</sup> B. small customers. <sup>89</sup>	A. Alternative control  B. Standard control	A. Alternative control  B. Standard control
Negotiated connection services –	Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a	A. Alternative	A. Alternative

<sup>86</sup> Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

<sup>87</sup> NER, cl. 5A.A.1.

<sup>88</sup> Generally, major customers are those retail customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, and real estate developments as set out in the distributor’s connection policy.

<sup>89</sup> Generally, small customers are those retail customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal and exclude real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
network extensions	<p data-bbox="658 451 1055 480">negotiated connection contract.<sup>90</sup></p> <p data-bbox="658 504 1503 639">Network extensions means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate:</p> <p data-bbox="658 663 1503 871">A. a new or altered major customer connection,<sup>91</sup> where the network extension will be dedicated to the exclusive use of the major customer at the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy</p> <p data-bbox="658 895 1503 1026">B. a new or altered major customer connection,<sup>92</sup> where the distributor considers there is a reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy (i.e. will form part of the</p>	control	control
		B. Standard control	B. Standard control
		C. Standard control	C. Standard control

<sup>90</sup> NER, cl. 5A.A.1.

<sup>91</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

<sup>92</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>shared network), or</p> <p>C. a new or altered small customer connection.<sup>93</sup></p>		
Negotiated connection services – augmentations	<p>Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract.<sup>94</sup></p> <p>Augmentations means any shared network enlargement/enhancement undertaken by a distributor, which is not an extension, to facilitate:</p> <p>A. a new or altered major customer connection<sup>95</sup></p> <p>B. a new or altered small customer connection<sup>96</sup></p>	<p>A. Standard control</p> <p>B. Standard control</p>	<p>A. Standard control</p> <p>B. Standard control</p>
Connection application and management services	Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to:	Alternative control	Alternative control

<sup>93</sup> Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

<sup>94</sup> NER, cl. 5A.A.1.

<sup>95</sup> Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

<sup>96</sup> Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<ul style="list-style-type: none"> <li>• connection application <b>related</b> services</li> <li>• de-energisation<sup>97</sup></li> <li>• re-energisation</li> <li>• temporary connections</li> <li>• remove or reposition connection</li> <li>• overhead service line replacement – customer requests the existing overhead service to be replaced (e.g. as a result of a point of attachment relocation). No material change to load</li> <li>• protection and power quality assessment</li> <li>• <b>supply enhancement (e.g. upgrade from single phase to three phase)</b></li> <li>• customer requested change requiring primary and secondary <b>secondary and primary</b> plant studies for safe operation of the network (e.g. change protection settings)</li> <li>• <b>upgrade from overhead to underground service</b></li> <li>• rectification of illegal connections or damage to overhead or</li> </ul>		

<sup>97</sup> De-energisation services related to business as usual activities and de-energisation services that may relate to changing over meter types.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>underground service cables</p> <ul style="list-style-type: none"> <li>• calculation of a site specific distribution loss factor on request in respect of a generating unit up to 10 MW or a connection point for an end-user with actual or forecast load up to 40 GWh per annum capacity, as per clause 3.6.3(b1) of the NER</li> <li>• power factor correction.</li> <li>• <del>assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers</del></li> <li>• <del>processing preliminary enquiries requiring site specific or written responses</del></li> <li>• <del>undertaking planning studies and associated technical analysis (e.g. power quality investigations) to determine suitable/feasible connection options for further consideration by applicants</del></li> <li>• <del>site inspection in order to determine the nature of the connection service sought by the connection applicant and ongoing co-ordination for large projects</del></li> <li>• <del>registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER.</del></li> </ul>		
Enhanced connection services	Other or enhanced connection services provided at the request of a	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>customer or third party include those that are:</p> <ul style="list-style-type: none"> <li>provided with higher quality of reliability standards, or lower quality of reliability standards (where permissible) than required by the NER or any other applicable regulatory instruments</li> <li>in excess of levels of service or plant ratings required to be provided by the distributor, and</li> <li>for embedded generators, including the removal of network constraints.</li> </ul> <p>Activities include:</p> <ul style="list-style-type: none"> <li><del>provision of connection services above minimum requirements – customer requests increase in reliability or quality of supply beyond the standard, and/or above minimum regulatory requirements (e.g. reserve feeder)</del></li> <li><del>supply enhancement (e.g. upgrade from single phase to three phase)</del></li> </ul>		



Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<ul style="list-style-type: none"> <li>upgrade from overhead to underground service</li> </ul>		
<b>Metering services<sup>98</sup></b>			
Type 1 to 4 metering services	Type 1 to 4 metering installations <sup>99</sup> and supporting services are competitively available.	Unregulated	Unregulated
Type 5 and 6 meter installation and provision (prior to 1 December 2017)	Recovery of the capital cost of type 5 and 6 metering equipment (including meters with internally integrated load control devices).	Alternative control	Alternative control
Type 7 metering services	Administration and management of type 7 metering installations in accordance with the NER and jurisdictional requirements. Includes the processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables.	Standard control	Standard control
Types 5 and 6 meter maintenance,	Activities includes:	Alternative control	Alternative control

<sup>98</sup> The Qld distributors will continue to be responsible for existing type 5 and 6 meters until they are replaced (and entitled to levy associated charges). We refer to these meters as 'legacy meters'. New meters (that will be type 1 to 4 meters) installed from 1 December 2017 are referred to as 'contestable meters'. The Qld distributors will continue to be solely responsible for the Mount Isa-Cloncurry supply network, which is not connected to the NEM.

<sup>99</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
reading and data services (legacy meters)	<ul style="list-style-type: none"> <li>• Meter maintenance covers works to inspect, test, maintain and repair metering installations.</li> <li>• Meter reading refers to quarterly or other regular reading of a metering installation.</li> <li>• Metering data services are those that involve the collection, processing, storage and delivery of metering data, the provision of metering data from the previous two years, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER.</li> </ul>		
Auxiliary metering services (Type 5 to 7 metering installations)	<p>Activities include:</p> <ul style="list-style-type: none"> <li>• Off-cycle meter reads for type 5 and 6 meters.</li> <li>• Requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation.</li> <li>• Testing and maintenance of instrument transformers for type 5 and 6 metering purposes.</li> <li>• Type 5 to 7 non-standard metering services.</li> <li>• Works to re-seal a type 5 or 6 meter due to customer or third party action (e.g. by having electrical work done on site).</li> <li>• Change distributor load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	maintenance or replacement.		
Type 5 and 6 meter installation and provision (Mount Isa-Cloncurry supply network only)	<p>On site installation or upgrade (at a customer’s request) by Ergon Energy of a type 5 or 6 metering installation at a customer’s premises in the Mount Isa-Cloncurry supply network.</p> <p>Load control services provided by a type 5 or 6 metering installation are grouped with metering services and classified as alternative control.</p> <p>Ergon Energy may recover the capital cost of types 5 and 6 metering equipment (including meters with internally integrated load control devices) replaced on or after 1 December 2017, where the replacement was initiated by Ergon Energy.</p>	Alternative control	Alternative control
Types 5 and 6 meter maintenance, reading and data services (Mount Isa-Cloncurry Network)	<p>Activities includes:</p> <ul style="list-style-type: none"> <li>• Meter maintenance covers works to inspect, test, maintain and repair metering installations. It also includes the removal and disposal of a metering installation at customers’ premises.</li> <li>• Meter reading refers to quarterly or other regular reading of a metering installation.</li> <li>• Metering data services are those that involve the collection, processing, storage and delivery of metering data, the provision of metering data from the previous two years, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER.</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
Additional auxiliary metering services (Mount Isa-Cloncurry supply network only)	<p>Metering services offered by Ergon Energy in the Mount Isa-Cloncurry supply network for type 5 and 6 metering installations:</p> <ul style="list-style-type: none"> <li>• Provision and installation of instrument transformers for type 5 and 6 metering purposes.</li> <li>• Exchange meter – customer requests exchange of their current meter (e.g. for alternative metering configuration/ consolidation of multiple meters for one meter), or customer requests exchange of their current meter for a solar photovoltaic meter.</li> </ul>	Alternative control	Alternative control
Emergency supply restoration in relation to maintenance of failed metering equipment not owned by the distributor (contestable meters)	<p>The distributor is called out by the customer or their agent (e.g. retailer, metering coordinator or metering provider) due to a power outage where an external metering provider's metering equipment has failed or an outage has been caused by the metering provider and the distributor has had to restore power to the customer's premises. This may result in an unmetered supply arrangement at this site. <del>This fee will also be levied where a metering provider has requested the distributor to check a potentially faulty network connection and when tested by the distributor, no fault is found.</del></p>	Alternative control	Alternative control
Meter recovery and disposal – type 5 and 6 (legacy meters)	<p>Activities include the removal and disposal of a type 5 or 6 metering installation:</p> <ul style="list-style-type: none"> <li>• At the request of the customer or their agent, where an existing type 5 or 6 metering installation remains installed at the premises and a</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>replacement meter is not required.</p> <ul style="list-style-type: none"> <li>At the request of the customer or their agent, where a permanent disconnection has been requested where it has not been removed and disposed of by the incoming metering provider.</li> </ul>		
Third party requested outage for purposes of replacing meter	At the request of a retailer or metering coordinator, provides notification to affected customers, and isolates power at a customer’s premises to facilitate the replacement of the existing metering installation by an external metering provider.	Alternative control	Alternative control
<del>Network metering services</del>	<del>Bulk supply point meeting</del>	<del>Standard Control</del>	<del>Standard Control</del>
<b>Network ancillary services – Services closely related to common distribution services but for which a separate charge applies</b>			
Access permits, oversight and facilitation	<p>Activities include:</p> <ul style="list-style-type: none"> <li>A distributor issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and low voltage</li> <li>A distributor issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space</li> <li>A distributor providing access to switch rooms, substations and the like to a non-Local Network Service Provider party who is</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>accompanied and supervised by a distributor's staff member. May also include a distributor providing safe entry equipment (fall-arrest) to enter difficult access areas</p> <ul style="list-style-type: none"> <li>Specialist services (which may involve design related activities and oversight/inspections of works) where the design or construction is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor assets</li> <li>Facilitation of generator connection and operation of the network</li> <li>Facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets.</li> </ul>		
Notices of arrangement and completion notices	<p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>Work of an administrative nature where a local council requires evidence in writing from the distributor that all necessary arrangements have been made to supply electricity to a development. This includes: receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, assessing supply availability, liaising with developers if errors or changes are required and preparing notifications of arrangement, and</li> <li>Provision of a completion notice (other than a notice of arrangement). This applies where the real estate developer requests the distributor to provide documentation confirming progress of work.</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>Usually associated with discharging contractual arrangements (e.g. progress payments) to meet contractual undertakings.</p> <p>A distributor may be required to perform work of an administrative nature where a local council requires evidence in writing from the distributor that all necessary arrangements have been made to supply electricity to a development. This may include receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, assessing supply availability, liaising with developers if errors or changes are required and preparing notifications of arrangement.</p> <p>A distributor may also be required to provide a completion notice (other than a notice of arrangement). This applies where the real estate developer requests the distributor to provide documentation confirming progress of work. Usually associated with discharging contractual arrangements (e.g. progress payments) to meet contractual undertakings.</p>		
Network related property services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>• Network related property services such as property tenure services relating to providing advice on, or obtaining: deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with a connection or relocation.</li> <li>• Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</li> </ul>	Unregulated	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
Network safety services	<p>Activities include:</p> <p>Property tenure services related to providing advice on, or obtaining, deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with a connection or relocation.</p> <p>Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</p> <p>Examples include:</p> <ul style="list-style-type: none"> <li>provision of traffic control and safety observer services by the distributor or third party where required</li> <li>fitting of tiger tails and aerial markers</li> <li>third party request for de-energising wires for safe approach</li> <li>high load escorts.</li> </ul> <p>Examples include:</p> <p>provision of traffic control and safety observer services by the distributor where required</p> <p>fitting of tiger tails and aerial markers</p> <p>high load escorts</p> <p>customer initiated outage (e.g. to allow customer and/or contractor to</p>	Alternative control	Alternative control



Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	perform maintenance on the customer's assets, work close or for safe approach)		
Sale of approved materials or equipment	Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to become part of the shared distribution network.	Alternative control	Alternative control
<del>Planned Interruption</del> – Customer requested planned interruption	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• Where the customer requests to move a distributor planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours</li> <li>• customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customer's assets, work close to or for safe approach, which impacts other networks users).</li> </ul>	Alternative control	Alternative control
Attendance at customers' premises to perform a statutory right where access is prevented.	A follow up attendance at a customer's premises to perform a statutory right where access was prevented or declined by the customer on the initial visit. This includes the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).	Alternative control	Alternative control
Inspection and auditing services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>• inspection and reinspection by a distributor, of gifted assets or assets that have been installed or relocated by a third party</li> </ul>	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<ul style="list-style-type: none"> <li>• investigation, review and implementation of remedial actions that may lead to corrective and disciplinary action of a third party service provider due to unsafe practices or substandard workmanship</li> <li>• auditing of a third party service provider’s work practices in the field</li> <li>• after hours<sup>100</sup> examination and/or testing of the consumer mains and main switchboard prior to initial energisation (upon request)</li> <li>• after hours visual examination of an electrical installation to reconnect it to a source of electricity (upon request)</li> <li>• re-test at a customer’s installation, where the installation fails the initial test and cannot be connected.</li> </ul>		
Provision of training to third parties for network related access	Training services provided to third parties that result in a set of learning outcomes that are required to obtain a distribution network access authorisation specific to a distributor’s network. Such learning outcomes may include those necessary to demonstrate competency in the distributor’s electrical safety rules, to hold an access authority on the distributor’s network and to carry out switching on the distributor’s network. Examples of training might include high voltage training,	Unregulated	Alternative control

<sup>100</sup> We note that this "after hours" reference is included because it specifically relates to sections 219 and 220 of the *Electrical Safety Regulation 2013 (Qld)*.

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	protection training or working near power lines training.		
Authorisation and approval of third party service providers design, work and materials	Activities include: <ul style="list-style-type: none"> <li>• Authorisation or re-authorisation of individual employees and subcontractors of third party service providers and additional authorisations at the request of the third party service providers (excludes training services)</li> <li>• Acceptance of third party designs and works</li> <li>• Assessing an application from a third party to consider approval of alternative material and equipment items that are not specified in the distributor’s approved materials list.</li> </ul>	Alternative control	Alternative control
Security lights	Provision, installation, operation and maintenance of equipment mounted on a distribution pole used for security services, e.g. nightwatchman lights  Note: excludes connection services.	Unregulated	Alternative control
Customer initiated network asset relocations/re-arrangements	Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer).	Alternative control	Alternative control
Customer requested provision of electricity network data	Data requests by customers or third parties including requests for the provision of electricity network data or consumption data outside of	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	<p>legislative obligations.</p> <p>Requests for the provision of electricity network data requiring customised investigation, analysis or technical input (e.g. requests for zone substation data), where there is no demonstrable net benefit to the distribution network.</p>		
Fault response (Not DNSP fault)	<p>Attendance at a customer’s premises to restore supply or investigate power quality issues where it is determined that the fault was not related to the distributor’s equipment or infrastructure (this excludes circumstances where the fault relates to the network).</p>	Alternative control	Alternative control
Third party funded network alterations or other improvements	<p>Alterations or other improvements to the shared distribution network to enable third party infrastructure (e.g. NBN Co telecommunications assets) to be installed on the shared distribution network. This does not relate to upstream distribution network augmentation.</p>	Alternative control	Alternative control
<b>Public lighting</b>			
Public lighting	<p>Includes the provision, construction and maintenance of public lighting and emerging public lighting technology.</p>	Alternative control	Alternative control
<b>Unregulated distribution services – (non-exhaustive list)</b>			
Distribution asset rental	<p>Rental of distribution assets to third parties (e.g. office space rental, pole</p>	Unregulated	Unregulated

Service group	Further description	Current classification 2015–20	AER draft decision – classification 2020–25
	and duct rental for hanging telecommunication wires etc.).		
Contestable metering support roles	Includes metering coordinator, metering data provider and metering provider for Type 1 to 4 metering installations.	Unregulated	Unregulated
Provision of training to third parties for non-network related access	Training programs provided to third parties, not related to network access.	Unregulated	Unregulated
Type 5 and 6 meter data management to other electricity distributors	The provision of type 5 and 6 meter data management to other electricity distributors.	Alternative control	Unregulated
Distribution services provided in unregulated isolated networks	Ownership and operation of isolated supply networks, other than the Mount Isa-Cloncurry supply network (Ergon Energy).	Unregulated	Unregulated
Hayman Island undersea cable		Unregulated	Unregulated
Inspection of private network infrastructure	Private inspection of privately owned low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter).	Unregulated	Unregulated