

Appendix B – Applying NER 6.2.1 and 6.2.2 to the baseline services list

Baseline list of distribution services				
Service name	Is it a distribution service? (NER/NEL definition)	Relevant criteria, Classification: DCS/Negotiated/Unregulated	Relevant criteria for further classification: ACS or SCS	Departure
Common distribution service (CDS)	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only a licenced DNSP can provide this service <p>➤ Direct Control Service (DCS) classification is appropriate</p>	<p>6.2.2 (c): <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided;</i></p> <ul style="list-style-type: none"> • The service is shared by all users of the network <p>➤ Standard Control Service (SCS) is the appropriate classification</p>	Change is unlikely but some activities could be changed to suit jurisdictional obligations, or there may be changes to the contestability of some elements of the service.
Network ancillary services				
Access permits, oversight and facilitation	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Closely linked to the CDS and can only be provided by a DNSP <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ Alternative Control Service (ACS) is the appropriate classification</p>	Many services will not change however, there may be differences between jurisdictions reflecting the different obligations of some DNSPs.
Sale of approved materials or equipment	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p>	Arrangements to purchase materials to be used in network assets may change over time.

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		<ul style="list-style-type: none"> • DNSP purchasing of components that fit/connect to DNSP assets (e.g. fuses) may be determined by the DNSP ➤ DCS is the appropriate classification 	<ul style="list-style-type: none"> • Only a limited number of identified customers ➤ ACS is the appropriate classification 	
Notices of arrangement and completion notices	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only the licenced DNSP can confirm or certify that works have been completed. E.g. where councils require certification of works. ➤ DCS is the appropriate classification 	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • Only a limited number of identifiable customers ➤ ACS is the appropriate classification 	Change is unlikely as those services will be required from parties from time to time.
Network related property services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only the DNSP has access to the information requested when undertaking this service ➤ DCS is the appropriate classification 	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable ➤ ACS is the appropriate classification 	No change likely.

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<p>Network safety services</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only a DNSP can perform this role on their network <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	<p>Change is unlikely. The services offered are potentially contestable, however DNSPs have responsibility to provide services which protect the community from their networks.</p>
<p>Planned interruption – customer requested</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only a DNSP can provide planned interruptions to their network <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • Only a limited number of identifiable customers <p>➤ ACS is the appropriate classification</p>	<p>Change is unlikely. DNSPs have responsibility for the safe operation of their networks.</p>
<p>Attendance at customers' premises to perform a statutory right where access is prevented</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs have responsibilities and rights of access to perform works on their networks 	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • Only a limited number of identifiable customers 	<p>Change is unlikely. DNSPs have responsibility for the safe operation of their networks.</p>

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		➤ DCS is the appropriate classification	➤ ACS is the appropriate classification	
Inspection and auditing services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i> <ul style="list-style-type: none"> • Closely related to activities within the CDS • DNSPs have responsibilities for assets connected to their networks 	6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i> <ul style="list-style-type: none"> • Only a limited number of identifiable customers 	Change is unlikely.
Provision of training to third parties for network related access	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i> <ul style="list-style-type: none"> • Only a DNSP can approve third parties to access their networks 	6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i> <ul style="list-style-type: none"> • Only a limited number of identifiable customers 	Change is unlikely. DNSPs have statutory obligations for the safe operation of their networks.
Authorisation and approval of third party service providers' design, work and materials	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i>	6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i>	Change is unlikely. DNSPs have statutory obligations for the safe operation of their networks.

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		<ul style="list-style-type: none"> • Only a DNSP can approve the materials, design of works and third parties to access their networks <p>➤ DCS is the appropriate classification</p>	<ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	
Security lights	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Only a DNSP can approve the materials and third parties to access their networks <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	Some change is possible. Services in some jurisdictions may become, or increase in, contestability over time.
Customer initiated network asset relocations/re-arrangements	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs control access to their network assets <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	This service is contestable in some jurisdictions and is potentially contestable subject to the contestability regime in each jurisdiction. Therefore, there is possibility for some change over time.

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Customer requested provision of network data	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs control access to the information/data they gather on their network <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	No change likely. DNSPs are required to gather information and data on their networks.
Fault response	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Fault rectification services, where the fault is not related to the distributor’s equipment, are contestable. However, customers may misinterpret faults, assuming them to be the responsibility of the distributor. Network fault rectification is part of the CDS. <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	Not likely to change.
Third party funded network alternations or	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors:</i></p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly</i></p>	

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other improvements		<p><i>(a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs control access to their network assets ➤ DCS is the appropriate classification 	<p><i>attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable ➤ ACS is the appropriate classification 	
Metering services				
Type 1 to 4 customer metering services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>These metering services have never been the subject of regulation under chapter 6 of the NER*.</p> <ul style="list-style-type: none"> ➤ These services are unregulated <p>*Victorian DNSPs are subject to different requirements</p>		Not likely to change.
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c):</p> <p><i>(1) the form of regulation factors:</i></p> <p><i>(a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Services provided to customers with legacy meters can only be performed by DNSPs ➤ DCS is the appropriate classification 	<p>6.2.2 (c)</p> <p><i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable ➤ ACS is the appropriate classification 	Unlikely to change.
This service became subject to full metering contestability on December 1, 2017 ¹				

¹ With the exception of Victoria, who are under different jurisdictional arrangements.

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<p>Auxiliary metering services (Type 5-7 metering installations)</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • This service includes activities that only the DNSP can provide due to the ownership of the data and installation <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	<p>Some change is possible. There may be scope for some of the activities within this service to be made contestable in the future.</p>
<p>Legacy meter recovery and disposal (type 5 and 6 meters)</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • This service includes activities that only the DNSP can provide due to the ownership of the meter <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is provided to a subset of customers who are identifiable <p>➤ ACS is the appropriate classification</p>	<p>Change not likely.</p>
<p>Network metering service²</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p>	<p>6.2.2 (c) <i>(1) the potential for development of competition in the relevant market and how the classification might influence that potential</i></p>	<p>Change not likely.</p>

² Previously known as bulk point metering.

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		<ul style="list-style-type: none"> Barriers to entry include licences to operate in certain areas with NEL / NER wholesale market-based obligations on DNSPs to supply <p>➤ DCS is the appropriate classification</p>	<ul style="list-style-type: none"> This service is required by all network users as it supports the operation of the wholesale market. There is no competition for this service. <p>➤ SCS is the appropriate classification</p>	
Type 7 metering services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> Barriers to entry include licences to operate in certain areas with NEL / NER wholesale market-based obligations on DNSPs to supply <p>➤ DCS is the appropriate classification</p>	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> There are no costs for this service, no prices and therefore no prospect for the development of competition <p>➤ ACS is the appropriate classification</p>	
Connection services				
Basic connections	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> DNSPs approve access and materials connected to their network infrastructure 	<p>6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> Simplified connection and no extension or augmentation is 	Current approach to basic connections in most jurisdictions is that small customers do not pay.

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		<ul style="list-style-type: none"> ➤ DCS is the appropriate classification 	<p>required, which avoids the need to apply the cost revenue test.</p> <ul style="list-style-type: none"> ➤ ACS is the appropriate classification 	
<p>Non-basic standard connections (Requires network extension and/or augmentation)</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs approve access and materials connected to their network infrastructure <ul style="list-style-type: none"> ➤ DCS is the appropriate classification 	<p>6.2.2 (c) <i>(1) the potential for development of competition in the relevant market and how the classification might influence that potential</i></p> <ul style="list-style-type: none"> • Networks to recover efficient costs • Subject to a cost revenue test which determines the charge a customer must pay for the connection based on the difference between the incremental revenue to be paid by the customer and the incremental cost of connection <ul style="list-style-type: none"> ➤ SCS is the appropriate classification 	<p>Non-basic standard connection services may be subject to competition according to jurisdictional prerogatives.</p>
<p>Non-basic negotiated connections (special connection requests)</p>	<p><input checked="" type="checkbox"/> Satisfies the definition of a distribution service</p>	<p>6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • Service is largely contestable and DNSPs have some market power 	<p>6.2.2 (c) <i>(1) the potential for development of competition in the relevant market and how the classification might influence that potential</i></p> <ul style="list-style-type: none"> • These services are available on a contestable basis. DNSPs' prices 	

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			are based on the full costs of providing the service.	
		➤ DCS is the appropriate classification	➤ ACS is the appropriate classification	
Connection management services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i> • DNSPs approve access and materials connected to their network infrastructure ➤ DCS is the appropriate classification	6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i> • This service is provided to a subset of customers who are identifiable ➤ ACS is the appropriate classification	
Enhanced connection services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors: (a) the presence and extent of any barriers to entry in a market for electricity network services</i> • DNSPs approve access and materials connected to their network infrastructure ➤ DCS is the appropriate classification	6.2.2 (c) <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i> • This service is provided to a subset of customers who are identifiable ➤ ACS is the appropriate classification	
Public lighting services				
Public lighting services	<input checked="" type="checkbox"/> Satisfies the definition of a distribution service	6.2.1(c): <i>(1) the form of regulation factors:</i>	6.2.2 (c) <i>(1) the potential for development of competition in the relevant market</i>	This service is potentially contestable according to

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		<p><i>(a) the presence and extent of any barriers to entry in a market for electricity network services</i></p> <ul style="list-style-type: none"> • DNSPs approve access and materials connected to their network infrastructure <p>➤ DCS is the appropriate classification</p>	<p><i>and how the classification might influence that potential;</i> <i>(5) the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided</i></p> <ul style="list-style-type: none"> • This service is partially contestable, with ownership of a proportion of public lighting provided by councils and government departments • The costs for providing public lighting services is directly attributable to the person to whom the service is provided <p>➤ ACS is the appropriate classification</p>	<p>jurisdictional prerogatives.</p>
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