

In comparison, in Tasmania there is no contestability in the provision of distribution connection works¹. Only in the case of larger connections would the costs of providing information to customers on the technical requirements of their connection come close to any likely savings from being able to competitively source the connection works.

Where possible, TasNetworks will work with customers (including developers) to source the lowest cost alternative in providing connection works. TasNetworks provides generic information through (see [Developer's toolkit](#)) which includes a list of accredited service providers. If a customer can find synergies in, for example, trenching, as long as the work is done to TasNetworks' standards then we will engage with the customer to realise these benefits. In these circumstances, TasNetworks will provide only the additional information required by the customer, thereby ensuring the cost of information provision does not outweigh any potential benefits.

Even for larger connections it is hard to find savings. For larger connections, TasNetworks will provide the specifications required for any connection works along with a cost estimate. The customer does have a choice between engaging TasNetworks to do a connection assessment or engaging their own engineer. However, for the engineer to be able to do this, TasNetworks would need to provide them with specific technical details (fault levels, voltage levels, a model of the network etc.). TasNetworks would also have to review the engineer's report to confirm its accuracy. This additional work to allow the customer to engage an engineer is often similar, if not more, than the work required for TasNetworks to do the assessment and therefore does not result in a saving to the customer. This is because there is little difference between the billed time doing the connection assessment or facilitating the work of the customer's engineer.

In summary, the major difference in the two regimes is that the cost of providing information to distribution customers is significant when compared to the cost of the connection works. For transmission connections, the cost of the works is significantly greater, making the cost of information provision less significant, making its provision more likely to facilitate savings from the competitive provision of the connection works. The current arrangements are tailored to the scale and complexity of the connections. This seems appropriate and the most efficient way to provide the best customer outcome.

Consultancy services comparison between distribution and transmission

Given the complexity and relatively small number of transmission connections in Tasmania, there are few parties able to support connection applicants. To ensure support is available, TasNetworks will provide consultancy services when requested. These consultancy services may include:

- identification of line and substation options;
- geotechnical studies;
- preliminary pole location and crossing surveys;
- development of both concept and final line and substation designs;
- preliminary schedule and price estimation;
- commercial options assessment;
- preparation of a land tenure report;
- land acquisition management including wayleave applications;

¹ Technically TasNetworks does not have a monopoly on providing distribution network services in Tasmania. Other entities could obtain a licence to operate distribution networks; as is the case on the Bass Strait islands. However, no one has taken this option, presumably due to the costs of either obtaining a licence or an exemption.

- planning and permit review;
- preliminary environmental assessment;
- tender design for various aspects of the connection;
- network model development; and
- project management including overall project, design, construction and commissioning management.

Being able to provide them as a 'package' along with regulated services is often seen as a cost saving by customers. All resources used to provide these services are appropriately treated through the Cost Allocation Methodology to prevent cross-subsidisation.

TasNetworks does not provide consultancy services associated with distribution services. While we do provide assistance to customers to ensure the connection is provided successfully, this is done as part of the provision of good customer service.

If the consultancy service for transmission had to be provided by a functionally ring-fenced entity it would be unlikely there would be sufficient work to support the resourcing required. Much of the work is specialised and currently managed by multiple team members with the specific skills and experience. These team members perform a range of tasks in addition to providing connection related advice. There would be insufficient work for team members to work solely on connections and TasNetworks could not afford to lose their expertise. The revenue currently obtained from supporting connection applications does provide downward pressure on the costs of providing regulated services which would be lost if these services were functionally ring-fenced. This most likely outcome of function separation would be TasNetworks exiting the market, reducing competition and potentially leaving some customers with no access to these services.