

30 April 2018

Mr Chris Pattas  
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Australian Energy Regulator  
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Dear Mr Pattas

**Victorian Electricity Distribution Determination 2021-25: Request to replace Framework and Approach**

AusNet Services would like to request that the Australian Energy Regulator (AER) develop a replacement Framework and Approach (F&A) to apply to the distribution determination process for the 2021-25 regulatory control period.

A number of current and proposed amendments to the regulatory framework (such as to incentives schemes and service classification) mean that there is a need for an updated F&A.

AusNet Services is also in the unique position of trialling the negotiation of our 2021-25 regulatory proposal with a Customer Forum. The AER is closely involved in this trial of the “NewReg” approach.<sup>1</sup> The Customer Forum may be involved in determining some key elements of the F&A in negotiation with AusNet Services and the AER.

In summary, the key issues requiring AER consideration to develop the replacement F&A include:

- the implications of AusNet Services’ Customer Forum;
- the forms of control that apply to our services;
- the application of incentive schemes;
- the approach to depreciation to set the opening regulatory asset base; and
- service classification, particularly the interaction between the existing service classifications with the Ring-fencing Guideline and any changes arising from the AER’s forthcoming Service Classification Guideline.

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<sup>1</sup> The NewReg approach has been jointly developed by the AER, Energy Consumers Australia and Energy Networks Australia. <https://www.aer.gov.au/news-release/consultation-launched-on-new-approach-to-network-regulation>.

AusNet Services' preliminary views on these matters are provided in the attached submission. The elements of the F&A that AusNet Services proposes to test with the Customer Forum, and hence where our preliminary views may be subject to change, are identified within the submission.

We would be happy to meet with AER staff to further discuss this letter. If you have any queries in relation to this submission, please contact Michael Larkin, Senior Regulatory Economist on 03 9695 6346.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tom Hallam', written in a cursive style.

Tom Hallam  
**General Manager – Regulation and Network Strategy**  
**AusNet Services**

## Introduction

In accordance with Clause 6.8.1(c)(1) of the National Electricity Rules (NER), the following submission requests a replacement Framework and Approach (F&A) paper and sets out our reasons for the request.

The key reasons for seeking the replacement F&A are to address the:

- recent and forthcoming changes to the regulatory framework; and
- potential implications of AusNet Services' negotiation of the 2021-25 regulatory proposal with the Customer Forum.

In terms of changes to the regulatory framework, the following are relevant to the requirement for a replacement F&A:

- the final amended Ring-fencing Guideline (Version 2) published in October 2017 which sets out the obligations to separate regulated monopoly services from any services offered to contestable markets. This includes any waivers granted from the application of the Ring-fencing Guideline;
- the Contestability of Energy Services final rule, which requires the AER to develop a distribution service classification guideline by 30 September 2018 and the AER's associated work program to develop a baseline list of distribution services;
- revision of existing incentive schemes including:
  - the new demand management incentive scheme and innovation allowance mechanism published in December 2017; and
  - the current review of the Service Target Performance Incentive Scheme (STPIS) and the establishment of a Distribution Reliability Measures Guideline;

In light of the significance of these changes, it is appropriate for the AER to develop a new (replacement) F&A paper. The remainder of this submission explains our Customer Forum and provides our preliminary positions in relation to the 2021-25 F&A.

## AusNet Services' Customer Forum

For the 2021-25 Electricity Distribution Price Review (EDPR) AusNet Services will trial an approach that involves negotiating our regulatory proposal with a Customer Forum that has been established to, and is capable of, representing the perspective of AusNet Services' customers. This approach has been used most notably by Scottish Water and is being considered as an option for energy network regulation in Australia.<sup>2</sup>

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<sup>2</sup> Independent of AusNet Services' trial for the 2021-25 EDPR, the Australian Energy Regulator (AER), Energy Consumers Australia (ECA) and Energy Networks Australia (ENA) are developing a New Reg Model to test the application of the negotiated regulatory approach in Australia. AusNet Services' trial will be heavily informed by, and link very closely to, the Model being developed by the AER, ECA and ENA.

The aim of undertaking the trial is to reach a meaningful agreement with the Customer Forum key aspects of AusNet Services' 2021-25 revenue proposal, the scope of which will be agreed with the AER. It is critical for the process to be supported by a program of customer research and be of a standard that allows key internal and external stakeholders (including the AER, Energy Consumers Australia and the Victorian EDPR Consumer Challenge Panel), to have confidence in the outcomes.

The AER's F&A paper sets out their approach to assessing our regulatory proposal. We consider it appropriate that the F&A paper acknowledges the existence of the Customer Forum process and provides some high level guidance regarding how this will be incorporated into the AER's approach on F&A matters including:

- the application of the Better Regulation Guidelines, such as the Expenditure Forecast Assessment Guideline
- the way in which the incentive schemes are applied and the development of any small scale incentive schemes; and
- proposed new services and their classification.

## Forms of control

Our initial positions on the forms of control to apply to different service classifications, and the reason for our position, are shown in Table 1. We consider the forms of control and formulas adopted in the 2016-2020 regulatory control period remain appropriate as there have not been material changes in circumstance that affect the AER's previous rationale for determining these forms of control.

**Table 1 Preliminary view on forms of control**

| Classification  | 2016-2020   | 2021-25     | Reason  |
|---|-------------|-------------|---|
| Standard Control Services (SCS) - Common distribution service (formerly 'network services') | Revenue Cap | Revenue Cap | A revenue cap is supported in line with the rationale set out in the final F&A for the 2016-20 period including the higher likelihood of revenue recovery at efficient cost, better incentives for demand side management, less reliance on energy forecasts and better alignment with the introduction of efficient prices. <sup>3</sup> |
| Alternative Control Services - Type 5 and 6 (inc smart metering) services                   | Revenue Cap | Revenue Cap | Based on continuation of the the AMI Order In Council applying in Victoria.<br>If the Order in Council is not   |

<sup>3</sup> AER, *Final Framework and approach for the Victorian Electricity Distributors, Regulatory control period commencing 1 January 2016*, 24 October.

| Classification                                 | 2016-2020  | 2021-25   | Reason   |
|--|--|---|--|
| where the distributor remains responsible      |  |   | extended in the 2021-25 period the classification and form of control will be subject to review. |
| Alternative Control Services - Public Lighting | Price cap formula<br>Implemented through a public lighting model under a building block approach | Price cap formula<br>Implemented through the existing public lighting model under a building block approach | Continuation of current arrangements for public lighting   |
| Alternative Control Services – Fee based       | Price cap formula  | Price cap formula   | Continuation of current arrangements   |
| Alternative Control Services –Quoted           | Price cap formula  | Price cap formula   | Continuation of current arrangements   |

AusNet Services' proposed forms of control for each service classification will not be subject to negotiation with the Customer Forum.

### Application of incentive schemes

AusNet Services supports the application of incentive schemes within the regulatory framework and generally consider they provide an appropriate balance of incentives to DNSPs. However, we are discussing the various incentive schemes (including the EBSS, CESS and DMIS/DMIAM) with the Customer Forum and it is possible the way in which we seek these are applied could change, to reflect any agreement reached with the Customer Forum.

### Service Target Performance Incentive Scheme (STPIS)

We note that the AER is currently reviewing the distribution Service Target Performance Incentive Scheme (STPIS) and we will continue to comment on its development. The AER should apply its revised STPIS once it has been finalised. As with the other incentive schemes, the way in which we will propose the STPIS is applied to AusNet Services may be subject to negotiation with the Customer Forum, the scope of which will be agreed with the AER.

An important issue requiring AER consideration is the values of customer reliability (VCR). In December 2017, the COAG Energy Council submitted a rule change request that would allocate responsibility for updating and reviewing VCR's on an on-going basis to the AER.<sup>4</sup> The AEMC is due to publish a consultation paper on 3 May 2018. The Energy Council has indicated their view that the proposed change is non-controversial and hence has asked for expeditious processing of the rule change. This means that the rule change may be made in 2018.

<sup>4</sup> <https://www.aemc.gov.au/sites/default/files/content/923dca68-8806-4bcd-b811-0d3ef371c658/Rule-change-request.pdf>.

At this stage it is unclear whether the AER intends to produce updated VCRs that would apply to the Victorian 2021-25 EDPR. AusNet Services plans to publicly release a draft regulatory proposal for consultation in late 2018 and our regulatory proposal must be submitted to the AER by 31 July 2019.

AusNet Services considers that the VCR to apply to in the 2021-25 regulatory period should be specified in the AER's F&A paper. The VCR is a fundamental input into our planning processes, and any change will have material impacts on the scope and timing of planned work. It is therefore critical to provide time for AusNet Services to factor any updated value into its regulatory proposal and allow time for consultation with stakeholders, including the Customer Forum, on the impact of the value adopted for the regulatory proposal.

### **Small Scale Incentive Schemes (SSIS)**

It is possible that, as an outcome from the negotiations with its Customer Forum and our wider customer engagement processes, AusNet Services may propose a Small Scale Incentive Scheme (SSIS) to apply to the 2021-25 regulatory period.<sup>5</sup>

Options for a SSIS that may be of interest to the Customer Forum include a SSIS focused on customer satisfaction measures. We recognise that any proposal for a SSIS must be made in plenty of time to enable the AER to incorporate it into the F&A paper and develop a scheme to be incorporated into our distribution determination. We will work with the AER through the New Reg process to align the timelines of the negotiation with those required to develop any such SSIS that arises.

### **Approach to depreciation**

The AER must indicate whether depreciation for establishing the regulatory asset base as at the commencement of the following regulatory control period is to be based on actual or forecast capital expenditure.

We consider the AER's current approach of applying forecast depreciation, consistent with the CESS Guideline when the CESS mechanism is in place, should apply in establishing the regulatory asset base for the 2026-30 regulatory period. As noted above, the CESS will apply in the 2021-25 period.

Negotiations with the Customer Forum will not impact on the approach to depreciation for establishing the regulatory asset base.

### **Classification of services**

Service classification is a material area requiring consideration for the replacement F&A to address the classification of both existing services and proposed new services. Material changes are arising from the following changes to the regulatory framework:

- the final amended Ring-fencing Guideline (Version 2) published in October 2017<sup>6</sup> which sets out the obligations to separate regulated monopoly services from any

<sup>5</sup> In accordance with clause 6.6.4 of the NER.

<sup>6</sup> AER, 2017, *Ring-fencing Guideline, Electricity Distribution, Version 2, October*.

services offered to contestable markets. The Guideline has required a service classification review of negotiated or unregulated distribution services (and to consider the requirement for any waiver from the Guidelines);

- the development and publication of the AER’s Service Classification Guideline by September 2018 resulting from the Contestability of Energy Services final rule. The Guideline is intended to make the AER’s approach to service classification “more transparent, consistent and predictable”<sup>7</sup>. The AER is developing a baseline list of distribution services as part of this process.

Proposed changes to the service classifications arising from these processes are provided for the AER’s consideration below. AusNet Services proposals for new services (that will require classification) are also provided for consideration.

We would note that the Customer Forum may suggest additional services that customers may value or could be provided. Additionally, connections services may be an area of interest for the Customer Forum, where there are questions regarding the appropriate way to allocate the recovery of costs between different parties. The Customer Forum may have views on the equity of the different approaches and may suggest changes to the manner in which we offer these services.

#### **Negotiated and unclassified services**

The AER’s Ring-fencing guideline prevents AusNet Services from providing Negotiated Services or Unregulated Distribution Services, unless AusNet Services receives a waiver to allow it to continue to do so. AusNet Services has a number of waivers approved to allow AusNet Services to continue providing these services in the 2016-2021 regulatory period. AusNet Services has reviewed these services to determine whether a different classification is more appropriate. Our proposed classification for each service is set-out in the table below.

**Table 2 Treatment of Negotiated and Unclassified Services**

| <b>Service</b>  | <b>2016-2020 Service Classification</b> | <b>Proposed 2021-25 Service Classification</b> |
|---|---|--|
| Alteration and relocation of distributor public lighting assets   | Negotiated Service                      | Alternative Control                            |
| New public lights (that is, new lighting types not subject to a regulated charge and new public lighting at greenfield sites) | Negotiated Service                      | Alternative Control                            |
| Reserve feeder construction   | Negotiated Service                      | Alternative Control                            |
| Emergency recoverable works   | Unclassified Service                    | Standard Control                               |
| Repair and maintenance of watchman lights   | Unclassified Service                    | Alternative Control                            |

<sup>7</sup> AER, 2018, Issues Paper, Service classification and asset exemption guidelines, February, p. 8.

## **Service Classification Guideline – List of distribution services**

As part of the development of the Guideline, the AER in consultation with distribution network service providers (DNSPs) is developing a baseline list of distribution services. This will assist in working towards aligning naming conventions and service grouping descriptions.<sup>8</sup> Submissions received in response to the AER's February Issues Paper for the development of the Guideline (including AusNet Services' submission) generally supported a move towards greater consistency between jurisdictions.<sup>9</sup> However, it was noted that some jurisdiction specific differences would need to remain. Hence, the AER is working with the Victorian DNSPs to develop a tailored list of distribution services and appropriate classifications for the Victorian jurisdiction.

A preliminary listing of distribution services and proposed classifications is provided in an attachment to this submission. The listing has been jointly developed by the Victorian DNSPs and seeks to adopt elements of the AER's most recent service classification decisions. Finalisation of the service listing and service classifications will be an ongoing process.

### **New Services**

AusNet Services has identified a number of new services that we may wish to offer in the 2021-25 regulatory period. These are discussed below and we request that the AER consider how these services should be classified.

#### ***Transmission network support – (unregulated revenue under shared asset guideline)***

AusNet Services is sometimes requested to provide network support to the transmission network. For example, under an informal agreement with AEMO, AusNet Services currently switch off zone sub-station capacitors during light load on the National Grid. We provide this service to ensure grid stability and safe operation of the Transmission network. However, we do not currently recover any revenue in respect to this service. AusNet Services would like to formalise this as a service and begin to recover revenue for providing it. We consider that this service should be treated as an unregulated service and revenue received should be treated under the shared asset guideline.

#### ***Remote area power supply (RAPS) deployment – (standard control)***

We note that the AEMC decided not to enact a rule change request from Western Power and that at this time DNSPs are prevented from providing RAPS systems. However, we also note that the AEMC made a number of recommendations regarding a broader framework review, appeared to largely accept the case for a rule change and a process is underway to consider further changes.

Accordingly, we consider it appropriate for the AER to start examining how it would regulate these services if it became possible for AusNet Services to provide these services. Without an appropriate decision on service classification, we may not be able to offer these services even if the regulatory environment changes. We note there is some similarity to the current treatment of contestable metering in Victoria. The AER approved a service classification and approach for meters in the eventuality that they became contestable (which to date has not happened). This

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<sup>8</sup> A workshop with DNSPs is being held by the AER in late May 2018 to develop the baseline list of services. AusNet Services will participate in the workshop.

<sup>9</sup> <https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/distribution-service-classification-guidelines-and-asset-exemption-guidelines/initiation>.



reflects the AER putting in place transitional arrangements for possible changes. There is no detriment to this approach, as the service classification would only become operable, if rule changes were made to allow AusNet Services to offer these services.

We consider that RAPs should be treated as an input into providing a standard control service. This is because AusNet Services would be removing existing network to replace with the new RAPS system, where this is a more cost effective approach to providing distribution services. Delivered in this manner we consider a RAPs would fall within the existing standard control services.

***Community network upgrades – (alternative control)***

AusNet Services has experienced a number of community groups seeking widespread deployment of solar systems. These projects can impose significant constraints on the grid and require network upgrades to support all the connections. However, connections applications are generally submitted on an individual basis and as such it is not possible to recover the costs of any necessary network upgrade from the individual customers. Undertaking these connections as a collective project would allow AusNet Services to co-ordinate and charge for the impact of the connections. This would allow AusNet Services to treat these customers as a single larger generation connection, rather than individually. This ensures that the cost of connecting customers is not smeared onto existing customers. We have included this service in the table below.

## Attachment: Preliminary Victorian services classifications for 2021-25

| Service group   | Further description  | Proposed Classification |
|---|--|-------------------------|
| Common distribution service (formerly 'network services') | <p>The suite of activities involved in the provision of the distribution network for the conveyance of electricity (including the service that ensures the integrity of the related distribution system) and 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)</li> <li>• inspection of privately owned low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter).</li> <li>• support for another distributor during an emergency event</li> <li>• network demand management for distribution purposes</li> <li>• training internal staff and contractors undertaking direct control services</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>• supply abolishment of basic connection</li> <li>• dial before you dig services</li> <li>• bulk supply point metering</li> <li>• establishment and maintenance of national metering identifiers (NMIs) in market and/or network billing systems.</li> </ul> <p>Such services do not include a service that has been separately classified, including any activity relating to that service.</p> | Standard control        |

| Service group   | Further description   | Proposed Classification        |
|---|---|--------------------------------|
| Connection application related services   | <p>Activities include:</p> <ul style="list-style-type: none"> <li>• assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers</li> <li>• processing preliminary enquiries requiring site specific or written responses</li> <li>• undertaking planning studies and associated technical analysis (e.g. power quality investigations) to determine suitable/feasible connection options for further consideration by applicants</li> <li>• liaising with groups representing multiple connecting parties (e.g. community group upgrades)</li> <li>• site inspection in order to determine the nature of the connection service sought by the connection applicant and ongoing co-ordination for large projects</li> <li>• registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER.</li> </ul>  | ACS (quoted) & ACS (fee based) |
| Access permits, oversight and facilitation for 3 <sup>rd</sup> party works and activities | <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 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.</li> <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>• activities related to 'shared asset facilitation' of distributor assets</li> <li>• facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets</li> <li>• sales of approved materials/equipment to third parties for connection assets that are</li> </ul> | ACS                            |

| Service group  | Further description   | Proposed Classification |
|--|---|-------------------------|
|  | gifted back to become part of the shared distribution network.  |                         |
| Notices of arrangement and completion notices for 3 <sup>rd</sup> party works and activities | <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> | ACS                     |
| Network related property services for 3 <sup>rd</sup> party works and activities             | <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>   | ACS                     |
| Network safety services  | <p>Examples include:</p> <ul style="list-style-type: none"> <li>• provision of traffic control and safety observer services by the distributor where required</li> <li>• fitting of tiger tails and aerial markers</li> <li>• high load escorts</li> <li>• customer initiated outage (e.g. to allow customer and/or contractor to perform maintenance on the customer's assets, work close or for safe approach)</li> <li>• Site visit relating to location of underground cables/assets</li> </ul>   | ACS (quoted)            |
| Planned Interruption – Customer requested  | 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.   | ACS (quoted)            |
| 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</li> </ul>  | ACS (quoted)            |

| Service group  | Further description   | Proposed Classification |
|--|---|-------------------------|
|  | <p>installed or relocated by a third party</p> <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>• 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, protection training or working near power lines training. | ACS (quoted)            |
| Security lights  | <p>Operation and maintenance of equipment mounted on a distribution pole used for security services, e.g. nightwatchman lights</p> <p>Note: excludes connection services.</p>   | ACS (fee based)         |
| Customer initiated network asset relocations/re-arrangements <sup>10</sup> | Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer).  | Standard control        |
| Requested provision of electricity network data                            | 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.  | ACS (quoted)            |
| Service visit  | A service truck visit where the issue does not relate to the mis-operation of the distributor's equipment or infrastructure.  | ACS (fee based)         |

<sup>10</sup> This classification applies where a customer contribution is calculated and applied in accordance with Essential Services Commission (ESCV) Guideline 14 or where a customer contribution is calculated and applied in accordance with any other relevant Victorian legislation or regulation, including regulations made under the *National Electricity (Victoria) Act, 2005*. The party requesting such works under this classification must pay the net cost of the works, subject to any rebates specified in Guideline 14 or by any other relevant Victorian legislation or regulation.

| Service group   | Further description   | Proposed Classification |
|---|---|-------------------------|
|   |   | ACS (quoted)            |
| Type 1 to 4 metering services   | Type 1 to 4 metering installations <sup>11</sup> and supporting services are competitively available.   | Unclassified            |
| Type 5 and 6 (inc smart metering) services where the distributor remains responsible          | <p>Includes:</p> <ul style="list-style-type: none"> <li>• Recovery of the cost of type 5 and 6 metering equipment including communications network (including meters with internally integrated load control devices).</li> <li>• Testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers.</li> <li>• Quarterly or other regular reading of a metering installation.</li> <li>• Metering data services 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> <p>Meter exit services, including metering installation removal and disposal at the request of the customer or their agent</p> <p>At the request of a retailer or metering coordinator, a distributor 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.</p> | ACS (revenue cap)       |
| Type 5 to 7 (inc smart metering) ancillary services where the distributor remains responsible | <p>Activities include:</p> <ul style="list-style-type: none"> <li>• Requests to test, inspect, investigate, maintain or alter an existing type 5 or 6 metering installation or instrument transformer.</li> <li>• Non-standard metering services for Type 5 to 7 meters and any other meter types introduced.</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> </ul>   | ACS (fee-based)         |

<sup>11</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

| Service group  | Further description  | Proposed Classification |
|--|--|-------------------------|
|  | <ul style="list-style-type: none"> <li>• Remote de-energisation and re-energisation</li> <li>• Remote meter configuration</li> <li>• Field based special meter read (including a manual meter read)</li> <li>• Office based special meter read</li> <li>• Access to additional metering data</li> </ul>  |                         |
| Type 5 and 6 (inc smart metering) services where the distributor is not responsible                  |  | Unclassified            |
| 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.  | ACS                     |
| Emergency maintenance of failed metering equipment not owned by the distributor (contestable meters) | 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. 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. | ACS (fee based)         |
| Embedded networks  | Processing embedded network requests   | ACS (quoted)            |
| Connection services  | Basic connection service include: <ul style="list-style-type: none"> <li>• New connections</li> <li>• Temporary connections</li> <li>• Micro embedded generator connections</li> </ul>   | ACS (fee based)         |
|  | Non-basic connections are standard and negotiated connections provided under Chapter 5A of the NER. Non-basic connection services include:   | Standard control        |

| Service group                    | Further description  | Proposed Classification       |
|----------------------------------|--|-------------------------------|
|                                  | <ul style="list-style-type: none"> <li>• Premises connection services – includes any additions or upgrades to the connection assets located on the customer’s premises (note: excludes all metering services).</li> <li>• Extensions – includes an enhancement required to connect a powerline or facility outside the present boundaries of the transmission or distribution network owned or operated by a DNSP</li> <li>• Network augmentations – includes any shared network enlargement/ enhancement undertaken by a distributor which is not an extension.</li> <li>• Temporary connections (non-basic)</li> </ul> <p>These services are subject to customer contributions determined according to the Victorian Distributors’ respective Connection Policies.</p> |                               |
| Non-standard connection services | <p>Other or enhanced connection services provided at the request of a customer or third party that include those that are:</p> <ul style="list-style-type: none"> <li>• Provided with higher quality of reliability standards, or lower quality or 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 Victorian distributors;</li> <li>• Other additional customer dedicated connection lines/assets (including reserve feeders)</li> <li>• Reserve feeder maintenance</li> <li>• Connections provided to multiple parties under a common process (e.g. community group upgrades)</li> </ul>                   | ACS (quoted)                  |
| Connection management services   | <p>Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• field based de-energisation<sup>12</sup> and re-energisation</li> <li>• remove or reposition non-basic 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</li> </ul>  | ACS (quoted) & ACS fee based) |

<sup>12</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  | Proposed Classification        |
|-----------------|--|--------------------------------|
|                 | <p>load</p> <ul style="list-style-type: none"> <li>• protection and power quality assessment</li> <li>• customer requested change requiring secondary and primary plant studies for safe operation of the network (e.g. change protection settings)</li> <li>• upgrade from overhead to underground service</li> <li>• rectification of illegal connections or damage to overhead or underground service cables</li> <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> </ul> |                                |
| Public lighting | <ul style="list-style-type: none"> <li>• Operation, maintenance, repair and replacement public lighting services</li> <li>• Alteration and relocation of public lighting assets</li> <li>• New public lighting services incl. greenfield sites &amp; new light types (distributor provided)</li> <li>• Provision, construction and maintenance of emerging public lighting technology.</li> </ul>  | ACS (fee based) & ACS (quoted) |