Alternative Proposal for ‘Tasmanian DNSP Framework & Approach Variation’.

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1 General Overview

The information and proposal in this report has been compiled in response to the Tasmanian DNSP 'Proposed Framework & Approach' where concerns have been raised in relation to the new services proposed by the DNSP.

The following areas were the focus of this report:

- *Rectification of Private Works Under Fault,*
- *Provider of Last Resort (private asset construction), and*
- *SAPS*

The information is intended to allow the AER to make an informed decision when considering the merits and proposed opportunities for good customer outcomes with regard to Tasmanian DNSP's *'Proposed Framework & Approach Variations'.*

This report also provides an opportunity for a mechanism to be introduced ensuring DNSP's effectively engage with consumers and the electrical community to obtain a true understanding of consumer and the private sector appetite into the contestable workspace.

2 Executive Summary

The AER regulatory process, specifically the 'Framework and Approach' is an opportunity for DNSP's to demonstrate how they will operate efficiently and cost effectively. With that said, the challenges that currently face the electricity sector make it imperative that we learn from legacy practices, short comings and the manner in which DNSP's behave and operate their networks.

Good consumer outcomes are often highlighted as the driving forces behind proposed changes; however, it is difficult to form this view with recent 'Power of Choice' changes which has demonstrated that the lack of effective oversight and incentive for DNSP's, Retailers and Meter Providers has been an expensive and unfavourable exercise for consumers and the electrical and building industry. Behaviours which do not demonstrate transparency, honesty and accountability have to date been at the detriment of the consumer, this includes a siloing mentality which has prevented optimal outcomes for the industry.

Although some private overhead works is performed by various private electrical contractors (EC), most of this work is performed by the DNSP. Inadequate data capture has contributed to the masking of this practice and continues to be a challenge. Regardless of the existence of the Ring Fencing rules, the legacy practice of the DNSP performing work past the Point of Supply, (which has been widely accepted within the electrical community) has in fact created a market void where suitably skilled and resourced EC's (or EC's who have the potential) have not been provided an opportunity to provide services in the private works area.

Note: *This report is not a definitive statement of concerns pertaining to the DNSP & Private works. The information presented herein pertains to observed practices including a review of available processes, procedures, and data.*
There may be other areas of concern that this report did not include.

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3 DNSP Assist the Private Sector to Transition into Private Works Space

It is accepted that the DNSP's Fault Centre/Customer Service Centre is the single-entry point for all electrical faults in Tasmania. This is the critical point at which important information can be obtained by the person reporting to determine if the issue is a distribution or a private asset fault/failure. There are improvement opportunities here, where the detection of private asset failures can occur prior to any crew attendance providing an opportunity for more efficient response times, including that of service providers outside the sphere of DNSP attendance.

It is also recognised that due to the single point of entry for reporting electrical faults, the DNSP is the only entity who has full visibility of reported faults providing the DNSP a clear advantage of determining who attends.

The DNSP has historically and is currently performing both distribution and private overhead service works. In addition to this, the severe storm damage created from extreme weather conditions in the Northwest of Tasmania on 11th of June 2022 has been fortuitous in clearly highlighting the systemic issues & problems of the DNSP's practices during fault rectification.

More notably:

- Inconsistent work practices of DNSP & their Authorised Service Providers (ASP)
    - DNSP & ASP's performing whatever work is in front of them i.e. private & distribution (some crews performing private works, other refusing to perform the work)
- The significant absence of Tasmanian private contractors who perform private work,
    - The DNSP engaged their own Authorised Service Providers (ASP's) not the private sector (the DNSP's ASP requirements restricts the private sector from being engaged in fault rectification)
- Crews from other states were brought in to help perform rectification work (both private and distribution)
- An absence of community and electrical industry collaboration diminished potential for better customer outcomes
- No mechanism within the DNSP's ICS to allow private electrical contractor co-ordination to assist in fault rectification works (there is only a mechanism for DNSP, ASP's

The presumption that the DNSP can attend a fault and rectify it whilst onsite is largely inflated. Often the DNSP will perform a temporary repair requiring the DNSP to return to complete a permanent repair or an EC must be engaged to complete a repair and the DNSP also attend.

3.1 DNSP Temporary Exemption to Perform Rectification of Private Works Under Fault

The Tasmanian DNSP has historically and is still performing the rectification of private work under fault conditions. A move by the Tasmanian DNSP to change this practice is underway and advice to the industry has in recent weeks been emailed out to the electrical industry to advise that the DNSP will *'no longer perform private work'*.

It is important to recognise that the DNSP has inadvertently created a market void due to its legacy practices of always performing private works and not charging the customer for the work performed. It is equally important to understand that before the DNSP acts on its advice that it will *'no longer perform private work'* that the Tasmanian electrical industry must first be educated and be assisted by the DNSP to transition into the private works space. To do otherwise will further contribute to the problem the DNSP has created.

Currently there are delays to basic connections in Tasmania and potentially up to a 9 month wait for negotiated connections. This in part is due to factors such as staff shortages (illness, leave, etc) and failures & process deficiencies within the negotiated application process, and delays due to weather for business-as-usual maintenance.

It is critical that the Tasmanian DNSP focus on improving customer requested work and processes to ensure critical resources required for this are not unnecessarily redirected to the area of private works rectification.

It is proposed that the Tasmanian DNSP apply for an exemption to perform rectification of private works under fault conditions with strict conditions and oversight. This would heavily assist in a transition process, and prevent a further void of suitably skilled practitioners and electrical contractors who could be engaged in this type of work.

Suggested conditions:

- *DNSP (in collaboration with industry representatives) to initiate an education campaign on:*
    - *asset ownership and responsibilities (current education campaigns fail to address the aforementioned topics)*
    - *DNSP & private electrical contractor roles in fault rectification and new connections works*
- *Independent oversight (review checkpoints) to determine compliance and progress of proposed exemption and attached conditions*
- *Provide mechanism for an external co-ordinator to be involved in the co-ordination of private electrical contractors in the event of an ICS*

- *If approved, the specifics of this would need to be determined by a panel of industry representatives which would include the DNSP*

- *DNSP to assist in providing the opportunity for private electrical contractors to upskill in the overhead servicing area - including provision for Continual Professional Development (CPD)*

3.2 Consumer Protections

As mentioned in the previous report, *'Considerations for Tasmanian DNSP Framework and Approach Variation Request'*, regardless of who is operating in the private works space, a mechanism to ensure reasonable cost recovery would need to be implemented to ensure the potential for unethical behaviours are addressed and service providers are clear on expectations.

For maximum effectiveness, these protections would need to include the DNSP. Due to the DNSP's unique position in viewing all reported faults and being the first to attend site, any protections would need to ensure that unfavourable outcomes to the consumer do not occur (or are hidden) due to DNSP internal practices, processes, legacy issues and past practices.

The DNSP has provided a perspective to the industry that only the DNSP is able to provide a 24-hour service due to the lack of private contractors who are able to or would want to provide an after-hour service. The cost of emergency call-out rates has been cited by the DNSP as diminishing the advantages of a competitive market, this assumption has been provided without testing the market or consumer protections. To highlight this point:

- 3 private EC's attended callouts to storm affected areas within the Kentish, Sheffield and Gowrie Park areas in Tasmania. All 3 did not charge customers for a call out rate. In this instant it was viable for these EC's to waver this cost for 2 reasons:
    - All 3 lived in those vicinities
    - The volume of work enabled this to occur

The above DNSP perspective is flawed in that it has only been viewed from a singular 'DNSP' perspective and has not considered the influencing factors outside normal business hours such as.

- crew availability is no different for the DNSP as it is for the private contractor.
  Note: DNSP after hours roster operates on limited crew numbers and these crews are often preoccupied with a fault at a location which could be 2 hours away from the next fault.
    - the consumer must still wait in line until a crew can eventually attend (this could be many hours).
- DNSP fault crews often consist of 2 x Lineworkers who cannot perform any work beyond the point of Supply including the customers switchboard due to licencing restrictions, which then requires a return visit by another crew or practitioner (electrician)
- Availability of additional crews to attend is limited by an employee's personal circumstances at home and so is often difficult to get additional resources (being on call is not a mandatory requirement of the Tasmanian DNSP)
- There are often available electrical contractors within a fault affected area who could be utilised but are not provided an opportunity to assist
- The DNSP service costs are not truly reflective of what it actually costs to perform a repair;

    - Providing a cost comparison of providing a service in real terms would be beneficial in understanding if DNSP costing is accurate & realistic
- Because the DNSP has tight control of fault work, EC's do not see an opportunity to operate in the after-hours space whilst the DNSP dominates this space

It is true that DNSPs have a larger work force due to already operating in this space and this would be equally evident for the private sector if provided the opportunity to operate and expand into this specific space. However, there is the potential for swifter attendance times and rectification if the consumer knows when to engage the DNSP or a private EC especially if local service providers (EC's) are available.

3.3 Training For Electrical Contractors

The Occupational Licensing Determination (Electrical Work Licence Classes) for Tasmania states that:
A practitioner who holds an electrician licence may carry out any class of electrical work (except electrical contractor), provided they have, and can demonstrate, current competence for the specific class or classes of prescribed electrical work. an electrical practitioner (electrician) can perform any electrical work provided they have been assessed as competent in the work that they perform.

Overhead servicing although not a complicated area of electrical work it is a specialised area in that you are working at height and installing specific overhead servicing components.

- This work comes with higher risks, the servicing course of training is specific to overhead services and associated fittings
- does not cover more specialised overhead construction works, and
- is not suited to an electrician who is not comfortable working at height (must have a high-risk licence for working at heights and Elevated Work Platform)

Normally a person is trained throughout their apprenticeship to obtain an overhead servicing accreditation at a National Unit (NUC) level whilst employed by a DNSP. Opportunity to train a private electrical contractor in the overhead servicing area in Tasmania is limited by this fact and that currently the only facilities available to enable training of this kind within Tasmania is at the Tasmanian DNSP owned training facilities in Mornington and Devonport Tasmania.

To enable optimal customer outcomes, it is important that the opportunity for training of private electrical contractors in overhead servicing installation is realised. There is an ideal opportunity for the Tasmanian DNSP's to demonstrate that it is proactively assisting the industry to participate (& transition) in the private works space by assisting the electrical industry with permissions to allow for training at their facilities. Training could theoretically occur either by the DNSP themselves or by any of the multiple certificate 4 trainer and assessor's qualified in this area who are currently available. This measure would assist in optimal consumer and industry outcomes and keeping in mind that training for the private sector would only need to occur a very small number of times each

year, which could include refresher training for CPD, therefore scheduling ahead of time would not burden the training facilities existing training regime.

3.4 Education For Consumers

Education can provide an additional mechanism to reduce the number of unnecessary calls to the DNSP, identifying tasks which could be easily addressed by an EC.

The largest failure by the Tasmanian DNSP in relation to consumer awareness is asset ownership and asset responsibility. This failure also stems from legacy practices where the DNSP has in most instances performed private works rectification at no cost to the customer, often failing to advise the asset owner of who is responsible for the asset when it is repaired.

Education is not the sole responsibility of DNSP's but also that of Government bodies & electrical industry and community representatives. This could be managed effectively as a shared or collaborative approach with a focus on relevant community and consumer education outcomes.

3.5 Industry Consultation & Engagement

This is an area that is continually underrepresented often with the DNSP's own views and agendas clouding community expectations and the topics that are most important to each target group.

For example, here in Tasmania, street lighting is a very hot topic with councils, asset ownership for customers, meter panel ownership for customers, EC's, Retailers and MP's yet all these topics are avoided and have been left unresolved for several years, creating uncertainty and unnecessary costs to all parties.

Although DNSP consultation has occurred in a limited capacity during the F&A process, the narrative and conversations are strictly led by the DNSP and does not allow the issues or concerns important to the target groups to become important parts of the consultation process.

Information provided by the DNSP during the consultation sessions was for most participants overwhelming and not relevant.

Discussions involving DNSP's and led by industry & community representative groups on how this topic can be improved for future engagement and consultation processes is imperative for effective and optimal outcomes.

Further discussions on this subject should occur.

4 Provider Of Last Resort

Provider of Last resort is an area that the electrical industry and industry representatives believe is a positive move to improve customer outcomes.

There is no opposition to this proposition although detail on this proposal has not been provided and there is a reluctance to accept this without clear detail and processes, including mechanisms to ensure the DNSP is truly a last resort.

The following are items that EC's indicated should be included and involve electrical industry private sector representation:

- explicit detail of how ‘Provider of Last Resort’ will work
- the mechanisms and consumer protections to ensure ethical and transparent behaviours
- independent oversight to ensure any process implemented is periodically reviewed for effectiveness (this should not be overseen by DNSP’s)

5 Standalone Power Systems (SAPS)

SAPS is an area that the Tasmanian electrical industry (private sector) is heavily involved in and is preparing for the installation of SAPS on newly built homes. Their vision is that over the next few of years there will be a clear choice of electricity supply via either grid connected or SAPS.

The idea of a DNSP replacing assets with a SAPS raises several questions:

- Is an asset that generates power and provides supply but is not physically connected now providing the DNSP an opportunity to bypass generation and retail rules
- The life span of the SAPS (battery component) is approximately 10 years, is this a cost-effective option (has a feasibility study occurred on this subject)
    - Recent removal of SAPS from Tasmania’s Hydro dams and the reinstallation of distribution poles and wires suggests not
- Long term, will the customer become the recipient of the SAPS in the same manner as private poles and defective assets (legacy issues that the customer is still navigating)
    - What protections are there that the customer will not inherit a defective asset in the same manner

There is a responsibility on consumers regardless of whether a business, life support customer or homeowner to ensure that they provide contingency measures for their own personal circumstances. It is not the role of the entire customer base to pay for items that should be reasonably provided by the individual consumer. This hard line is an important part of providing an affordable and sustainable network.