

Essential Energy

8.01 Classification of services

January 2023

Attachment summary

- > Service classification determines how different services are regulated and how costs are recovered
- > Service classifications have been updated with the AER, following consultation with customers
- > Essential Energy are adopting the service classifications set out in the AER's final Framework and Approach paper (for the regulatory control period commencing 1 July 2024, published July 2022).

Proposed classification of NSW distribution services 2024-29¹

Service grouping	Further description	Current classification 2019–24	Proposed classification 2024–29
Common distribution services—use of the distribution network for the conveyance/flow of electricity (including services relating to network integrity)			
Common distribution services	<p>The suite of activities that includes, but is not limited, to the following:</p> <ul style="list-style-type: none"> the planning, design, repair, maintenance, construction and operation of the distribution network the relocation of assets that form part of the distribution network, but not relocations requested by a third party (including a customer) works to fix damage to the network² and recoverable works to fix damage caused by a customer or third party support for another network during an emergency event procurement and provision of network demand management activities for distribution purposes activities related to 'shared asset facilitation' of distributor assets training internal staff, accredited service providers (ASPs) and contractors undertaking direct control services 	Standard control	Standard control

¹ 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.

² May include the provision of temporary stand-alone power systems to restore supply.

Service grouping	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> rectification of simple customer fault relating to a life support customer or other critical health and safety issues the distributor is able to address rectification of simple customer faults where³: <ol style="list-style-type: none"> the need for rectification work is discovered in the course of the provision of distribution services the work performed is the minimum required to restore safe supply the work can be performed in less than thirty minutes and does not normally require a second visit ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons bulk supply point metering – activities relating to monitoring the flow of electricity through the distribution network work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs) and customer conversion activities. 		
Network ancillary services—customer and third party initiated services related to the common distribution service			
Design related services	Activities includes: <ul style="list-style-type: none"> provision of design information, design consultation, design rechecking services in relation to connection and relocation works provided contestably work of an administrative nature relating to work performed by Level 1 and Level 3 ASPs, including processing work the provision of engineering consulting (related to the shared distribution network). 	Alternative control	Alternative control
Contestable network	The commissioning and decommissioning of network equipment associated with ASP Level 1 contestable works. Includes equipment	Alternative control	Alternative control

³ Includes simple customer fault rectification on the generation service of 3rd party owned SAPS.

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
commissioning and decommissioning	checks, tests and activities associated with setting or resetting network protection systems and the updating of engineering systems.		
Access permits, oversight and facilitation	<p>Activities include:</p> <ul style="list-style-type: none"> 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. a distributor issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space. a distributor providing access to switch rooms, substations and the like to a non-Local Network Service 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. 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. facilitation of generator connection and operation of the network. facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets. 	Alternative control	Alternative control
Notices of arrangement and completion notices	<ul style="list-style-type: none"> 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 but limited to: receiving and checking subdivision plans and 88 B instruments, copying subdivision plans, checking and recording easement details, site visits, assessing supply availability, liaising with developers if errors or changes are required and preparing notifications of arrangement. Provision of a completion notice (other than a notice of arrangement). This applies where the distributor is requested to provide documentation confirming progress of work. Usually associated with discharging 	Alternative control	Alternative control

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
	contractual arrangements (e.g. progress payments) to meet contractual undertakings.		
Network related property services	<p>Activities include:</p> <ul style="list-style-type: none"> Network related property tenure services such as 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 connection or relocation. Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer. 	Alternative control	Alternative control
Site establishment services	<p>Activities include, but not limited to:</p> <ul style="list-style-type: none"> Site establishment, including liaising with the Australian Energy Market Operator (AEMO) or market participants for the purpose of establishing national metering identifiers (NMIs) in market systems, for new premises or for any existing premises for which AEMO requires a new NMI and for validation of and updating network load data. This includes processing and assessing requests for a permanently unmetered supply device. Site alteration, updating and maintaining NMI and associated data in market systems. NMI extinction, processing a request by the customer or their agent for permanent disconnection and the extinction of a NMI in market systems. Confirming or correcting metering or network billing information in market business to business or network billing systems, due to insufficient or incorrect information received from retailers or metering providers. 	Alternative control	Alternative control
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> provision of traffic control services by the distributor or third party where required fitting of tiger tails, and aerial markers 	Alternative Control	Alternative control

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
	<ul style="list-style-type: none"> high load escort third party request for de-energising wires for safe approach customer requested network inspection undertaken to determine the cause of a customer outage where there may be a safety and or reliability impact on the network or related component and associated works to rectify a customer caused impact on the network.⁴ 		
Rectification works to maintain network safety	<p>Issues identified by the distributor, and work involved in managing and resolving (including but not limited to):</p> <ul style="list-style-type: none"> pre-summer bush fire inspection customer vegetation or aerial mains defects. 	Alternative Control	Alternative control
Services provided in relation to a Retailer of Last Resort (ROLR) event	<p>The distributors may be required to perform a number of services when a ROLR event occurs. For example:</p> <ul style="list-style-type: none"> Preparing lists of affected sites and reconciling data with AEMO listings, arranging estimate reads for the date of the ROLR event, preparing final invoices and miscellaneous charges for affected customers, extracting customer data, providing it to the ROLR and handling subsequent enquiries. 	Alternative control	Alternative control
Customer requested network outage or rescheduling of a planned Interruption	<p>Examples include:</p> <ul style="list-style-type: none"> customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customers assets, work close or for safe approach) 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. 	Alternative Control	Alternative control
Attendance at customers' premises to perform a statutory right	<p>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</p>	Alternative control	Alternative control

⁴ An ACS charge is not applicable where it is determined the customer outage was caused by a fault on the network.

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
where access is prevented.	security escort or police escort (where the cost is passed through to the distributor).		
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.	Alternative Control	Alternative control
Security lights	Provision, installation, operation, and maintenance of equipment mounted on distribution equipment used for security services, e.g. nightwatchman lights. Note: excludes connection services	Alternative control	Alternative control
Authorisation of ASPs	Includes annual authorisation of individual employees and sub-contractors of ASPs and additional authorisations at request of ASP and other administrative services performed by the distributor relating to work performed by an ASP.	Alternative control	Alternative control
Authorisation and approval of third party service providers' design, work and materials	Activities include: <ul style="list-style-type: none"> 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) acceptance of third party designs and works 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. 		Alternative control

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
Customer initiated or triggered network asset relocations/rearrangements	Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer) or triggered by a customer's non-compliance with network safety or security standards (such as network encroachments).	Alternative Control	Alternative control
Sale of approved materials or equipment	Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to the DNSP to become part of the shared distribution network.		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 legislative obligations.	Alternative Control	Alternative control
Third party funded network alterations or other improvements	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.		Alternative control
Inspection and auditing services	<p>Activities include:</p> <ul style="list-style-type: none"> inspection and reinspection by a distributor, of gifted assets or assets that have been installed or relocated by a third party 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 customer or third-party requested inspection of privately owned low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter) auditing and inspection of a third-party service provider's work practices in the field re-test at a customer's installation, where the installation fails the initial test and cannot be connected. 	Alternative Control	Alternative control

Service grouping	Further description	Current classification 2019–24	Proposed classification 2024–29
Metering services – activities relating to the measurement of electricity supplied to and from customers through the distribution system (excluding network meters)			
Type 1 to 4 metering services	Type 1 to 4 customer metering installations and supporting services are competitively available.	Not classified	Not classified
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
Other metering services (Type 5 to 6 metering installations and legacy meters)	<p>Activities include:</p> <ul style="list-style-type: none"> recovery of the capital cost of type 5 and 6 metering equipment installed prior to 1 December 2017 meter maintenance covers works to inspect, test, alter, maintain and repair meter reading refers to quarterly or other regular reading of metering installations including field visits and remotely read meters 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) change distributor load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement. The processing and delivery of metering data for type 5 and 6 metering installations. 	Alternative control	Alternative control
Special meter reading and testing (legacy meters)	<p>Special meter reading and testing services include:</p> <ul style="list-style-type: none"> special meter reading for type 5 and 6 meters including move in and move out meter reading (type 5 and 6 meters) 	Alternative control	Alternative control

Service grouping	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> type 5 meter final read on removed type 5 metering equipment special meter test (for type 5 and 6 meters). 		
Emergency maintenance metering equipment not owned by the distributor (contestable meters)	Customer or third party request to restore power to customer's premises due to metering equipment not owned by the distributor.	Alternative control	Alternative control
Meter recovery and disposal – type 5 and 6 (legacy meters)	<ul style="list-style-type: none"> Activities include the removal and disposal of a type 5 or 6 metering installation 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. 	Alternative Control	Alternative control
Distributor arranged outage for purposes of replacing meter	<ul style="list-style-type: none"> At the request of a retailer or metering coordinator provide notification to affected customers and facilitate the disconnection/reconnection of customer metering installations where a retailer planned interruption cannot be conducted. 	Alternative Control	Alternative control
Connection services—services relating to the electrical or physical connection of a customer to the network			
Basic connection services	<p>Means a <i>connection service</i>⁵ related to a <i>connection</i> (or a proposed <i>connection</i>) between a <i>distribution system</i> and a <i>retail customer's</i> premises (excluding a non-registered <i>embedded generator's</i> premises) in the following circumstances:</p> <p>(a) either:</p> <p>(1) the <i>retail customer</i> is typical of a significant class of <i>retail customers</i> who have sought, or are likely to seek, the service; or</p>	N/A	<p>A. Not classified (customer initiated)</p> <p>B. Standard control and not classified where undertaken by customer with contribution from DNSP</p>

⁵ Italics denotes definitions in Chapter 5A of the NER.

Service grouping	Further description	Current classification 2019–24	Proposed classification 2024–29
	<p>(2) the <i>retail customer</i> is, or proposes to become, a <i>micro embedded generator</i>; and</p> <p>(b) the provision of the service involves minimal or no <i>augmentation</i> of the <i>distribution network</i>; and</p> <p>(c) a <i>model standing offer</i> has been approved by the AER for providing that service as a <i>basic connection</i> service.</p>		
Standard connection services	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.	N/A	<p>A. Not classified (customer initiated)</p> <p>B. Alternative control (where not contestable for safety/risk reasons)</p> <p>C. Standard control and not classified where undertaken by customer with contribution from DNSP</p> <p>D. Standard control (where undertaken by DNSP)</p>
Non-basic negotiated connection⁶	Means a connection service (other than a basic connection service) for which a DNSP provides a connection offer for a negotiated connection contract.	N/A	<p>A. Not classified (customer initiated)</p> <p>B. Alternative control (where not contestable for safety/risk reasons)</p> <p>C. Standard control and not classified where undertaken by customer with contribution from DNSP</p>

⁶ Applies to both NER chapter 5 and 5A connections.

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
			D. Standard control (where undertaken by DNSP)
Connection management services⁷	<p>Works initiated by a customer or retailer which are specific to the connection point. This includes, but is not limited to:</p> <ul style="list-style-type: none"> • connection application related services • connection point management services • where, a work health, safety, cyber or network security assessment determines that an ASP should not be given the required access, the termination of a cable (including communication cables such as fibre optic) at substations and switching stations along with the first joint out (where the connection is fully dedicated to the specific customer connecting). 	Alternative control	Alternative control
Enhanced connection services⁸	<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"> • provided with different levels of reliability or service, or quality of service (where permissible) than required by the NER or any other applicable regulatory instruments. • in excess of levels of service or plant ratings required to be provided by the distributor. 	Alternative control	<p>Premise connections: Not classified</p> <p>Extension and augmentations: Alternative control</p>
Public lighting			
Public lighting	Includes the provision, construction, operation and maintenance of public lighting and emerging public lighting technology.	Alternative control	Alternative control
Unregulated distribution services			

⁷ Applies to both NER chapter 5 and 5A connections.

⁸ Applies to both NER chapter 5 and 5A connections and includes enhancements for both consumption and export services.

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
Distribution asset rental	Includes: Rental of distribution assets to third parties (e.g. office space rental, pole and duct rental for hanging telecommunication wires etc.).	Not classified	Not classified
Contestable metering support roles	Includes metering coordinator (except where the distributor is the initial metering coordinator), metering data provider and metering provider for meters installed or replaced after 1 December 2017.	Not classified	Not classified
Provision of training to third parties for non-network related access	Training programs provided to third parties which are not ASPs or contractors.	Not classified	Not classified
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.	Not classified	Not classified
Non-distribution services – Although this table relates to distribution services, we have included the below non-distribution services provided by Essential Energy for clarity.			
Generation assets	Non-standard control generation assets. E.g. Mullumbimby and Oaky Hydro	Non-distribution service	Non-distribution service
Water	Broken Hill	Non-distribution service	Non-distribution service
Services provided in regional and remote locations into the contestable market, under a set of self-imposed controls – applies to Essential Energy only⁹			

⁹ Provider of last resort services, provided under a set of controls to ensure that the provision of contestable services does not impinge on existing competition. See AER, Essential Energy Draft Decision 2019-24, Attachment 12, Classification of services – November 2018. pp. 12-15.

Service grouping	Further description	Current classification 2019-24	Proposed classification 2024-29
Provider of last resort services	<p>All services allowed for under the NSW ASP Scheme including:</p> <ul style="list-style-type: none"> • Level 1 customer connection services including both overhead and underground, and including related network extensions or augmentations • Level 2 services such as disconnect and reconnect, work on underground service conductors, and work on overhead service conductors • Level 3 design services for both overhead and underground network electricity assets • Customer initiated private asset relocations • Connections negotiated under Chapter 5 or 5A of the NER • Inspection, maintenance (including fault and emergency) and testing of customer assets including HV assets (this is for standard distribution and sub-transmission type assets and excludes emerging technology assets such as PV, batteries, etc.). 	Alternative Control	Alternative Control