



FINAL DECISION

Energex Distribution Determination 2020 to 2025

Attachment 12 Classification of services

June 2020

© Commonwealth of Australia 2020

This work is copyright. In addition to any use permitted under the Copyright Act 1968, all material contained within this work is provided under a Creative Commons Attributions 3.0 Australia licence, with the exception of:

- the Commonwealth Coat of Arms
- the ACCC and AER logos
- any illustration, diagram, photograph or graphic over which the Australian Competition and Consumer Commission does not hold copyright, but which may be part of or contained within this publication. The details of the relevant licence conditions are available on the Creative Commons website, as is the full legal code for the CC BY 3.0 AU licence.

Requests and inquiries concerning reproduction and rights should be addressed to the:

Director, Corporate Communications
Australian Competition and Consumer Commission
GPO Box 3131, Canberra ACT 2601

or publishing.unit@acc.gov.au.

Inquiries about this publication should be addressed to:

Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

Tel: 1300 585 165

Email: EnergyQueensland2020@aer.gov.au

AER reference: 62727

Note

This attachment forms part of the AER's final decision on the distribution determination that will apply to Energex for the 2020–25 regulatory control period. It should be read with all other parts of the final decision.

The final decision includes the following attachments:

Overview

Attachment 1 – Annual revenue requirement

Attachment 2 – Regulatory asset base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Efficiency benefit sharing scheme

Attachment 9 – Capital expenditure sharing scheme

Attachment 10 – Service target performance incentive scheme

Attachment 12 – Classification of services

Attachment 13 – Control mechanisms

Attachment 14 – Pass through events

Attachment 15 – Alternative control services

Attachment 18 – Tariff structure statement

Attachment A – Negotiating framework

Contents

Note2

Contents3

A AER Final decision on classification of Energex's distribution services
.....4

A AER Final decision on classification of Energex's distribution services¹

Service group	Further description	Current classification 2015–20	AER draft decision– classification 2020–25
Common distribution service—use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)			
Common distribution service (formerly 'network 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 network (including emergency recoverable works caused by a customer or third party) • support for another distributor during an emergency event • procurement and provision of network demand management 	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.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>activities for distribution training internal staff and contractors undertaking direct control services</p> <ul style="list-style-type: none"> • activities related to ‘shared asset facilitation’ of distributor assets • 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 • rectification of simple customer fault (e.g. fuse) relating to a life support customer or other critical health and safety issues • establishment and maintenance of national metering identifiers (NMIs) in market and/or network billing systems, and other market and regulatory obligations • bulk supply point metering • ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons • Such services do not include a service that has been separately classified, including any activity relating to that service. 		
Connection services—services relating to the electrical or physical connection of a customer to the network			
Basic connection services - premises connections	Means a connection service related to a connection (or a proposed connection) between a distribution system and a retail customer’s premises (excluding a non-registered embedded generator’s premises)	A. Standard Control	A. Standard control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>in the following circumstances:</p> <p>(a) either:</p> <p style="padding-left: 20px;">(1) the retail customer is typical of a significant class of retail customers who have sought, or are likely to seek, the service; or</p> <p style="padding-left: 20px;">(2) the retail customer is, or proposes to become, a micro embedded generator; and Connection Services include:</p> <p>(b) the provision of the service involves minimal or no augmentation of the distribution network; and</p> <p>(c) a model standing offer has been approved by the AER for providing that service as a basic connection service.</p> <p>Premises connections includes any additions or upgrades to connection assets located on the customer’s premises for:</p> <p>A. small customer connections.²</p>		
Standard connection services – premises connections	Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a	A. Alternative control	A. Alternative control B. Standard control

² Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>model standing offer has been approved by the AER.</p> <p>Premises connections includes any additions or upgrades to connection assets located on the customer’s premises for:</p> <p>A. major customers³, or</p> <p>B. small customers. ⁴</p>	B. Standard control	
Standard connection services – network extensions	<p>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.</p> <p>Network extensions means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate:</p> <p>A. a new or altered major customer connection,⁵ where the network extension will be dedicated to the exclusive use of the major customer at</p>	<p>A. Alternative control</p> <p>B. Alternative control</p> <p>C. Standard control</p>	<p>A. Alternative control</p> <p>B. Standard control</p> <p>C. Standard control</p>

³ Generally, major customers are those retail customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, and real estate developments as set out in the distributor’s connection policy.

⁴ Generally, small customers are those retail customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal and exclude real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor’s Connection Policy</p> <p>B. a new or altered major customer connection,⁶ where the distributor considers there is a reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor’s Connection Policy (i.e. will form part of the shared network), or</p> <p>C. a new or altered small customer connection.⁷</p>		
Standard network connections - augmentations	<p>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.</p> <p>Augmentations means any shared network enlargement/enhancement</p>	<p>A. Alternative control</p> <p>B. Standard control</p>	<p>A. Standard control</p> <p>B. Standard control</p>

⁵ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

⁶ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

⁷ Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>undertaken by a distributor, which is not an extension, to facilitate:</p> <p>A. a new or altered major customer connection⁸</p> <p>B. a new or altered small customer connection⁹</p>		
Negotiated connection services – premises connections	<p>Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract.¹⁰</p> <p>Premises connections includes any additions or upgrades to connection assets located on the customer’s premises for:</p> <p>A. major customers,¹¹ or</p> <p>B. small customers.¹²</p>	<p>A. Alternative control</p> <p>B. Standard control</p>	<p>A. Alternative control</p> <p>B. Standard control</p>

⁸ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

⁹ Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

¹⁰ NER, cl. 5A.A.1.

¹¹ Generally, major customers are those retail customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributors’ pricing proposal, and real estate developments as set out in the distributors’ connection policy.

¹² Generally, small customers are those retail customers who connect under the Standard Asset Customer tariff classes as per the distributors’ pricing proposal and exclude real estate developments as set out in the distributors’ connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
Negotiated connection services – network extensions	<p>Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract.¹³</p> <p>Network extensions means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate:</p> <p>A. a new or altered major customer connection,¹⁴ where the network extension will be dedicated to the exclusive use of the major customer at the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor’s Connection Policy</p> <p>B. a new or altered major customer connection,¹⁵ where the distributor considers there is a reasonable likelihood that the network extension will</p>	<p>A. Alternative control</p> <p>B. Standard control</p> <p>C. Standard control</p>	<p>A. Alternative control</p> <p>B. Standard control</p> <p>C. Standard control</p>

¹³ NER, cl. 5A.A.1.

¹⁴ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

¹⁵ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>be used to supply another customer or customers within the time period set out in the distributor’s Connection Policy (i.e. will form part of the shared network), or</p> <p>C. a new or altered small customer connection.¹⁶</p>		
Negotiated connection services – augmentations	<p>Means connection services (other than a basic or standard connection service) for which the distributor provides a connection offer for a negotiated connection contract.¹⁷</p> <p>Augmentation means any shared network enlargement/enhancement undertaken by a distributor, which is not an extension, to facilitate:</p> <p>A. a new or altered major customer connection¹⁸</p> <p>B. a new or altered small customer connection¹⁹</p>	<p>A. Standard control</p> <p>B. Standard control</p>	<p>A. Standard control</p> <p>B. Standard control</p>

¹⁶ Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

¹⁷ NER, cl. 5A.A.1.

¹⁸ Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor’s pricing proposal, including real estate developments as set out in the distributor’s connection policy.

¹⁹ Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor’s pricing proposal, excluding real estate developments as set out in the distributor’s connection policy.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
Connection application and 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"> • connection application related services • de-energisation²⁰ • re-energisation • temporary connections • remove or reposition connection • 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 load • protection and power quality assessment • supply enhancement (e.g. upgrade from single phase to three phase) • customer requested change requiring primary and secondary plant studies for safe operation of the network (e.g. change protection 	Alternative control	Alternative control

²⁰ 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	Current classification 2015–20	AER draft decision–classification 2020–25
	<p>settings)</p> <ul style="list-style-type: none"> • upgrade from overhead to underground service • rectification of illegal connections or damage to overhead or underground service cables • 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 • power factor correction. 		
Enhanced connection services	<p>Other or enhanced connection services provided at the request of a customer or third party include those that are:</p> <ul style="list-style-type: none"> • provided with higher quality of reliability standards, or lower quality of reliability standards (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, and • for embedded generators, including the removal of network 	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	constraints.		
Metering services²¹			
Type 1 to 4 metering services	Type 1 to 4 metering installations ²² and supporting services are competitively available.	Unregulated	Unregulated
Type 5 and 6 meter installation and provision (prior to 1 December 2017)	Recovery of the capital cost of type 5 and 6 metering equipment (including meters with internally integrated load control devices).	Alternative control	Alternative control
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
Types 5 and 6 meter maintenance,	Activities includes:	Alternative control	Alternative control

²¹ The Qld distributors will continue to be responsible for existing type 5 and 6 meters until they are replaced (and entitled to levy associated charges). We refer to these meters as 'legacy meters'. New meters (that will be type 1 to 4 meters) installed from 1 December 2017 are referred to as 'contestable meters'. The Qld distributors will continue to be solely responsible for the Mount Isa-Cloncurry supply network, which is not connected to the NEM.

²² Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
reading and data services (legacy meters)	<ul style="list-style-type: none"> • Meter maintenance covers works to inspect, test, maintain and repair metering installations. • Meter reading refers to quarterly or other regular reading of a metering installation. • Metering data services are those 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. 		
Auxiliary metering services (Type 5 to 7 metering installations)	<p>Activities include:</p> <ul style="list-style-type: none"> • Off-cycle meter reads for type 5 and 6 meters. • Requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation. • Testing and maintenance of instrument transformers for type 5 and 6 metering purposes. • Type 5 to 7 non-standard metering services. • 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 	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	maintenance or replacement.		
Emergency supply restoration in relation to metering equipment not owned by the distributor	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.	Alternative control	Alternative control
Meter recovery and disposal – type 5 and 6 (legacy meters)	<p>Activities include the removal and disposal of a type 5 or 6 metering installation:</p> <ul style="list-style-type: none"> • At the request of the customer or their agent, where an existing type 5 or 6 metering installation remains installed at the premises and a replacement meter is not required. • 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
Third party requested outage for purposes of replacing meter	At the request of a retailer or metering coordinator, 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.	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision– classification 2020–25
Network ancillary services – Services closely related to common distribution services but for which a separate charge applies			
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 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 • 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, 	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	including physical and electrical isolation of assets.		
Notices of arrangement and completion notices	<p>Examples include:</p> <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: 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, and • Provision of 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. 	Alternative control	Alternative control
Network related property services	<p>Activities include:</p> <ul style="list-style-type: none"> • Network related property services such as property tenure services relating 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 • Conveyancing inquiry services relating to the provision of property 	Unregulated	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
	conveyancing information at the request of a customer.		
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> • provision of traffic control and safety observer services by the distributor or third party where required • fitting of tiger tails and aerial markers • third party request for de-energising wires for safe approach • high load escorts. 	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 become part of the shared distribution network.	Alternative control	Alternative control
Customer requested planned interruption	<p>Examples include:</p> <ul style="list-style-type: none"> • 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 • customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customer's assets, work close to or for safe approach, which impacts other networks users). 	Alternative control	Alternative control
Attendance at customers' premises to perform a statutory right where	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	Alternative control	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
access is prevented.	initial visit. This includes the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).		
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 auditing of a third party service provider’s work practices in the field after hours²³ examination and/or testing of the consumer mains and main switchboard prior to initial energisation (upon request) after hours visual examination of an electrical installation to reconnect it to a source of electricity (upon request) re-test at a customer’s installation, where the installation fails the initial test and cannot be connected. 	Alternative control	Alternative control

²³ We note that this "after hours" reference is included because it specifically relates to sections 219 and 220 of the *Electrical Safety Regulation 2013 (Qld)*.

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
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.	Unregulated	Alternative control
Authorisation and approval of third party service providers design, work and materials	<p>Activities include:</p> <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	Alternative control
Security lights	<p>Provision, installation, 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>	Unregulated	Alternative control

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
Customer initiated network asset relocations/re-arrangements	Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer).	Alternative control	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	Alternative control
Public lighting			
Public lighting	Includes the provision, construction and maintenance of public lighting and emerging public lighting technology.	Alternative control	Alternative control
Unregulated distribution services – (non-exhaustive list)			
Distribution asset rental	Rental of distribution assets to third parties (e.g. office space rental, pole and duct rental for hanging telecommunication wires etc.).	Unregulated	Unregulated

Service group	Further description	Current classification 2015–20	AER draft decision–classification 2020–25
Contestable metering support roles	Includes metering coordinator, metering data provider and metering provider for Type 1 to 4 metering installations.	Unregulated	Unregulated
Provision of training to third parties for non-network related access	Training programs provided to third parties, not related to network access.	Unregulated	Unregulated
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.	Alternative control	Unregulated
Inspection of private network infrastructure	Private inspection of privately owned low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter).	Unregulated	Unregulated