30 April 2018



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Mr Chris Pattas General Manager, Networks Australian Energy Regulator GPO Box 520 Melbourne VIC 3001

By email: chris.pattas@aer.gov.au

Dear Mr Pattas

Request for a replacement Framework and Approach

Jemena Electricity Networks (Vic) Ltd (**JEN**) requests the Australian Energy Regulator (**AER**) to replace the Framework and Approach (**F&A**) it will apply to the electricity distribution determination for JEN's 2021-25 regulatory control period. The current F&A was published on 24 October 2014 and needs to be updated to better align with recent regulatory and legislative changes.

Our request for the replacement of the current F&A is primarily driven by the AER's Ring-Fencing Guideline (**RFG**)¹ and decisions on ring-fencing waiver applications. The RFG imposes new restrictions on how certain services are provided by a Distribution Network Service Providers (**DNSP**), and consequently changes to distribution service classification are necessary.

There have also been other regulatory developments that should be addressed when updating the F&A, including:

- the Australian Energy Market Commission's rule change on competition in metering and related services²; and the Victorian Government Order-In-Council that defers metering competition in Victoria³;
- AER's new and proposed revisions to regulatory incentive schemes⁴;
- the implementation of Chapter 5A of the National Electricity Rules (NER) in Victoria in 2016;
- the AER's recent F&A decisions for DNSPs in other jurisdictions, especially the grouping and reclassification of distribution services; and
- the Distribution Service Classification Guidelines and Asset Exemption Guidelines that the AER is currently consulting on.

In this submission we provide our preliminary views on matters relevant to the F&A including:

¹ AER, *Electricity Distribution Ring-Fencing Guideline—Version 2*, October 2017.

² AEMC, Rule Determination, Expanding competition in metering and related services, 26 Nov 2015.

³ Victorian Government Order-In-Council No. S 346 Thursday 12 October 2017.

⁴ Demand Management Incentive Mechanism, 24 December 2017

Draft Service Target Performance Incentive Scheme, December 2017

- classification of distribution services;
- forms of control and formulae that should apply to our direct control services;
- application of the AER's various incentive schemes;
- clarification on the approach to expenditure forecast assessments; and
- approach to depreciation for establishing the regulatory asset base.

We look forward to engaging with the AER and stakeholders in the consultation process on the F&A for the regulatory control period 2021-25.

If you have any questions in relation to the submission, please contact Matthew Serpell on (03) 9173 8231 or at <u>Matthew.serpell@jemena.com.au</u>

Yours sincerely

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Alex McPherson General Manager Regulation (Acting)

Jemena Electricity Networks (Vic) Ltd

Submission for replacement Framework and Approach

2021-25 Regulatory Control Period

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1. REPLACEMENT FRAMEWORK AND APPROACH

Pursuant to clause 6.8.1(c)(1) of the National Electricity Rules (**NER**), Jemena Electricity Networks (Vic) Ltd (**JEN**) requests the Australian Energy Regulator (**AER**) replace the current Framework and Approach (**F&A**). The previous version of the F&A was published on 24 October 2014.

The replacement F&A would apply to JEN's electricity distribution determination for the 2021-25 regulatory control period.

1.1 REASONS FOR SEEKING A REPLACEMENT FRAMEWORK & APPROACH

JEN's reasons for seeking a replacement F&A are set out below:

a) A number of JEN's distribution services require reclassification due to the AER's Ring Fencing Guideline (RFG)¹. The RFG prohibits a Distribution Network Service Provider (DNSP, Distributor) from providing negotiated or unclassified distribution services unless they are functionally separated from the rest of JEN.

Complying with these functional separation obligations (for example, cannot share staff, offices or brand with JEN) is likely to be costly and impractical. Although JEN currently has a waiver from the RFG obligations for these services, the AER is not expected to grant another waiver for these services in the 2021-25 regulatory control period. Therefore, we seek reclassification of all the services currently classified as negotiated and unclassified services as JEN intends to continue providing these services in the 2021-25 regulatory control period noting that we have distribution licence² obligations to provide some of these services.

- b) The Australian Energy Market Commission (AEMC) has made a rule change introducing competition in metering and related services.³ Following the rule change, the Victorian Government deferred metering competition in Victoria through an Order-In-Council.⁴ With the possibility of metering competition being introduced in Victoria, both regulated and unregulated metering services should continue to be separately classified.
- c) Chapter 5A of the NER was implemented in Victoria in 2016. This change paves the way to better organise the classification of connection services.
- d) JEN proposes to introduce new distribution services and change the description of some of the existing distribution services to better reflect the activities we undertake in providing the services.

- ³ AEMC, Rule Determination, Expanding competition in metering and related services, 26 Nov 2015.
- ⁴ Victorian Government Order-In-Council, *No.* S 346, Thursday 12 October 2017.

¹ AER, *Electricity Distribution Ring-Fencing Guideline*—Version 2, October 2017.

² JEN, *Electricity Distribution Licence*, Clause 10.

2 — FRAMEWORK AND APPROACH COMPONENTS

2. FRAMEWORK AND APPROACH COMPONENTS

The F&A outlines how the AER will address key elements in its distribution determination. It must set out the AER's proposed approach on the matters listed in clause 6.8.1(b) of the NER which include:

- classification of distribution services;
- form of control mechanisms to apply to the services;
- application incentives schemes;
- · application of the expenditure forecast assessment guideline; and
- depreciation for establishing the regulatory asset base.

In the remainder of this submission we outline JEN's preferred position on each of these items.

2.1 CLASSIFICATION OF DISTRIBUTION SERVICES

2.1.1 SERVICE GROUPS

The distribution services identified by the AER are currently classified in service groups. We propose to continue this approach, however, modify the groups to be more consistent with the approach taken in other jurisdictions. We propose services to be grouped into the following categories:

- common distribution services;
- ancillary services related to common distribution services;
- connection services;
- ancillary connection services;
- metering services;
- public lighting services; and
- unregulated services.

JEN's initial views on the service groupings and classifications of distribution services are set out in Appendix A of this submission. Further, we have proposed new services to be included in the replacement F&A for the 2021-25 regulatory control period.

Our views are based on the AER's recent F&A decisions for DNSP's in other jurisdictions,⁵ the unique Victorian regulatory arrangements for the provision of certain distribution services⁶ and our understanding that the AER's seeks to harmonise service classification across jurisdictions were possible.⁷

⁵ AER, Preliminary framework and approach, SA Power Networks, Regulatory period commencing 1 July 2010.

⁶ Deferral of metering competition.

⁷ AER, Service classification and asset exemption guidelines—Issues paper, February 2018.

Discussions on these matters are set out below.

2.1.2 SERVICE GROUPINGS AND DESCRIPTIONS

In the consultation work being undertaken on the *Distribution Service Classification Guidelines and Asset Exemption Guidelines*, we note the intent of the AER is to align the classification of services across the NEM jurisdictions; JEN supports this initiative, however, notes that due to differences in jurisdictional obligations, some variation will be necessary.

Starting with the views put forward by the AER on service classifications in other jurisdictions, the below points highlight some Victorian differences. These views are preliminary; we expect further refinement will take place throughout the AER's consultation process being undertaken on the *Distribution Service Classification Guidelines* and Asset Exemption Guidelines.

Connection services

Where possible, JEN proposes the services, and service descriptions, of connection services be aligned to those categories outlined in Chapter 5A of the NER. This is to reduce confusion between the current labelling of a service as is outlined in the 2016-20 regulatory control period and those list in Chapter 5A⁸. For the 2021-25 regulatory control period, we propose the connection services be separated between basic and non-basic connections service groups because each of the group is subjected to different requirements in Chapter 5A.

In 2016, the Victorian Government required DNSPs to implement Chapter 5A of the NER.⁹ In Chapter 5A of the NER, basic connections are connections below a threshold supply capacity where retail customers will not be required to contribute to the cost of augmentation of the shared network.¹⁰

The AER's connection charges guideline sets out the principles for the shared network augmentation threshold. Section 1.1.1 of the guideline states:

"A distribution network service provider's connection policy must include a threshold or thresholds (referred to here as the shared network augmentation charge threshold) below which retail customers (other than non-registered embedded generators and real estate developers) will not be required to make a capital contribution towards the cost of the augmentation (insofar as it involves more than an extension)."

In accordance with Chapter 5A, JEN has published an AER-approved Model Standing Offer (**MSO**) for basic connection services up to the shared network augmentation threshold. The basic connections services are adequately described in the MSO and the current threshold for JEN is set at 100 amps.

Non-basic connection services, by definition, are those connection services that are not basic connection services.

We consider separating the connection services into basic and non-basic services in the 2021-25 regulatory control period. Service Classification would harmonise with description of connection services in Chapter 5A of the NER.

⁸ and by extension the MSO.

⁹ National Electricity (Victoria) Further Amendment Bill 2015.

¹⁰ Share network augmentation threshold principles are defined in AER's *Connection charges guideline*, June 2012.

Connection alterations

Chapter 5A of the NER requires DNSP's to publish an AER-approved MSO for connection services including new connection and connection alteration.¹¹ Connection alteration is defined as "an alteration to an existing connection including an addition, upgrade, extension, expansion, augmentation or any other kind of alteration".¹²

We consider the phrase 'connection alterations' should be adopted in the description of 'customer initiated rearrangement of connection assets' and grouped under 'connection management services'. Our proposed description of the service would align with the chapter 5A terminology and better reflects the service customers request and the works we undertake. Further we have differentiated connection alteration services into basic and non-basic services consistent with the approach noted above to align labelling with Chapter 5A obligations.

Temporary connections

JEN does not consider temporary connection as a 'connection management service'. A temporary connection is a new connection provided for a short period after which the connection is removed. We have therefore grouped this service under 'connection services' and distinguished the service from a permanent new connection service because the cost of a temporary connection service includes both the installation and removal of the connection. Further we have differentiated temporary connection services into basic and non-basic services.

Customer initiated network asset relocation and/or undergrounding

JEN provides undergrounding and/or rearrangement of *distribution assets*¹³ services to:

- councils requesting undergrounding of overhead distribution assets for example, to improve the amenity;
- road authorities (for example, Vic Roads) requesting relocation one or more distribution poles for example, for road widening projects; and
- other parties seeking to underground or otherwise relocate or modify any of our distribution fixed assets.

Under the Essential Services Commission of Victoria (**ESCV**) Guideline 14, a Distributor is required to contribute toward the costs of rearrangement and or undergrounding of the distribution fixed assets to the extent of the Distributor's avoided costs including deferred asset replacement costs.¹⁴ Given the possible contributions by Victorian DNSPs to the Regulated Asset Base (**RAB**) because of the Guideline 14 requirement, we propose this service be classified as Standard Control Service (**SCS**) to enable recovery of capital expenditure.

Customer initiated rearrangement of connection assets serving that customer

The service classification of *connection assets* should be different to *network assets*.

¹¹ NER, Chapter 5A, clause 5A.A.1,

- Definitions connection service means either or both of the following:
- (a) a service relating to a *new connection* for premises;
- (b) a service relating to a *connection alteration* for premises,
- but, to avoid doubt, does not include a service of providing, installing or maintaining a metering installation for premises.
- ¹² NER, Chapter 5A, clause 5A.A.1

- ¹³ JEN's distribution licence defines distribution assets as 'distribution fixed assets means any distribution fixed assets used by the Licensee to distribute or supply electricity, whether or not located in the Licensee's or another Distributor's distribution area'.
- ¹⁴ Note that whilst Victoria adopted Chapter 5A of the NER for connections during the 2016-20 regulatory control period, Chapter 2 of Guideline remains an obligation for Victorian Distributors.

In Chapter 10 of the NER, the phrase "network asset" is defined as:

"The apparatus, equipment, plant and buildings used to convey, and control the conveyance of, electricity to customers (whether wholesale or retail) <u>excluding any connection assets</u>. In relation to a Network Service Provider, a network owned, operated or controlled by that Network Service Provider." [Emphasis added].

Given the definition of network asset excludes connection assets, there needs to be a separate listing and classification of 'customer initiated rearrangement of <u>connection assets</u>' serving that customer. We have proposed this service be grouped under 'connection management services' because the service is unrelated to the network. We also propose further differentiating the services into basic and non-basic services.

Watchman lights (security lights)

JEN does not offer installation of new watchman lights (and is not obliged to under any code, rule, guideline or law), but we do offer repair and maintenance service for existing lights. When a customer no longer requires a watchman light service that is currently being provided by JEN, we remove the light. Over time we plan to phase out all activities related to watchman lights.

2.1.3 SERVICE CLASSIFICATION CHANGES

A number of JEN's distribution services require reclassification due to the AER's RFG. The RFG prohibits a DNSP from providing negotiated or unclassified distribution services unless they are functionally separated from the rest of JEN. Complying with these functional separation obligations is costly and impractical.

Although JEN currently has a waiver from the RFG obligations for these services, we believe the AER will not grant another waiver for these obligations in the 2021-25 regulatory control period, instead preferring to reclassify services in the next regulatory control period.¹⁵ Therefore, we seek reclassification of those services currently classified as negotiated and unclassified services as JEN intends to continue providing these services in the 2021-25 regulatory control period. We note that we have distribution licence^{16,17} obligations to provide some of these services.

Reclassification of specific services

Emergency recoverable work involves emergency work to repair damage to a Distributor's network and connection assets by a third party, for example, repair to power poles following a motor vehicle collision. We seek reclassification of this service to SCS consistent with the approach the AER has taken in other jurisdictions.

Further we propose reclassification of the public lighting and watchman lighting services to Alternative Control Service (**ACS**) as the services are user-requested services and should be charged on a user-pays basis and is the only basis for classification that complies with the RFG requirements.

¹⁵ This is evidenced in the service classification of DNSP's in other jurisdictions.

¹⁶ JEN, *Electricity Distribution Licence*, Clause 10.

¹⁷ For example, we have an obligation to install new public lighting, which is currently classified as an unregulated service.

2 — FRAMEWORK AND APPROACH COMPONENTS

A summary of the proposed services to be reclassified in the 2021-25 regulatory control period, relative to the service classification in the 2016-20 regulatory control period, are set out in Table 2–1.

Table 2–1: Summary of proposed changes to service classifications

Service description	2016-20 service classification	Proposed 2021-25 service classification
Emergency recoverable work	Unclassified	SCS
Repair, and maintenance of watchman lights	Unclassified	ACS
Alteration and relocation of Distributor public lighting assets	Negotiated	ACS
New public lights (that is, new lighting types not subject to a regulated charge and new public lighting at greenfield sites)	Negotiated	ACS
Reserve feeder construction	Negotiated	ACS

2.1.4 NEW SERVICE – SITE VISIT TO LOCATE UNDERGROUND CABLES

JEN proposes to provide a new service in the 2021-25 regulatory control period.

The current service classification lists a service for location of underground cables (termed *dial before you dig*). This service involves provision of copies of cable locations to public utilities, VicRoads and councils (or their contractors) before they undertake excavation works. The service is desktop based and does not involve site visits. This service is currently classified as a SCS and we do not propose any change to the classification of this service for the 2021-25 regulatory control period.

In addition to the *dial before you dig* services, contractors undertaking excavation works regularly request JEN to accurately locate the cables on the site and agree to fund the cost of the site visit; we propose creating a new chargeable service for this activity.

2.1.5 METERING SERVICES

Classification of metering services

In the 2016-20 regulatory control period, metering services are classified as follows:

Service classification 2016-20			
Service description	Service classification		
Metering types 1 to 4	Unclassified		
Types 5 and 6 meter (including smart meter) maintenance, reading and data services where the Distributor is responsible	Alternative control (revenue cap)		
Types 5 and 6 meter (including smart meter) maintenance, reading and data services where the services are provided competitively and the Distributor is <u>not</u> responsible	Unclassified (service not currently provided by a DNSP)		
Meter type 7	Alternative control		
Ancillary metering services	Alternative control		

Table 2–2: Classification of metering services

We do not see a reason for departing from the current classification of metering and related services classifications.

Type 1 to 4 metering services

Type 1 to 4 metering services are currently competitively provided and therefore unclassified. We expect this service to remain unregulated.

Type 5 and 6 metering services

The AER's classification of metering services in the 2016-20 regulatory control period was based on competition in metering services being introduced part way through the 2016–20 regulatory control period. On 1 December 2017, competition in metering services commenced across the National Energy Market (**NEM**), except for Victoria. The Victorian Government has put in place an Order-In-Council to not introduce metering competition in Victoria. Consequently, Victorian Distributors are exclusive providers of metering services to residential and small business customers consuming up to 160 MWh of electricity per annum.

If metering competition were to commence in the 2021-25 regulatory control period, we consider the current service classifications (regulated and unregulated) appropriately cater for such an event.

Type 7 metering services

Victorian DNSPs are expected to remain the monopoly service provider for type 7 metering data service, therefore, we propose to retain the service classification of ACS during the 2021-25 regulatory control period.

Ancillary metering services

JEN has a number of ancillary metering services including:

- field based special meter read (i.e. off-cycle meter reads for type 5 and 6 meters);
- customer requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation or instrument transformer;
- remote de-energisation and re-energisation;
- remote meter configuration;
- remote special meter read (office based);
- access to additional metering data¹⁸;
- 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); and
- 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.

JEN proposes to continue providing these services in the 2021-25 regulatory control period. We have included these remotely enabled services under the 'ancillary metering services' group.

¹⁸ Clause 11 (5) of the Advanced metering infrastructure (AMI Tariffs) Order (Gazette No. S 216 Wednesday 19 June 2013), allows a Distributor to impose a charge for provision of interval meter data in certain circumstances.

2.1.6 PUBLIC LIGHTING

The AER's final 2016-20 electricity distribution determination for JEN classifies three public lighting services:

- operation, maintenance, repair and replacement of Distributor public lighting asset were classified services;
- alteration and relocation of Distributor public lighting assets were classified as negotiated services; and
- new public lights (that is, new lighting types not subject to a regulated charge and new public lighting at greenfield sites) were classified as negotiated services

JEN intends to continue providing public lighting services in the 2021-25 regulatory control period, noting that we have distribution licence obligation¹⁹ to provide these services in accordance with ESCV's Public Lighting Code. Accordingly, we seek reclassification of public lighting services currently classified as negotiated to alternative control.

2.2 CONTROL MECHANISMS

In a distribution determination, the AER is required to make a decision on the form of the control mechanisms (including the X factor) for SCS and ACS and on the formulae that give effect to those control mechanisms.²⁰ The form of control mechanisms must be as set out in the F&A paper applicable to JEN.²¹

In the current F&A, the forms of control for the 2016–20 regulatory control period are:

- Revenue cap for services classified as SCS
- Revenue cap for *Metering types 5 and 6 and smart meters regulated service* classified as ACS
- Caps on prices (a combination of fees and quoted prices) of individual services classified as ACS.

JEN considers the forms of controls remain appropriate for the 2021-25 regulatory control period.

2.3 INCENTIVES SCHEMES

The 2016-20 F&A sets out the application of a range of incentive schemes that would apply for the 2016–20 regulatory control period. The incentive schemes included:

- service target performance incentive scheme (STPIS);
- efficiency benefit sharing scheme (EBSS);
- capital expenditure sharing scheme (CESS); and
- demand management incentive scheme (DMIS).

Application of these schemes was affirmed in the AER's final distribution determination for JEN for the 2016-20 regulatory control period.

¹⁹ JEN, *Electricity Distribution Licence*, Clause 10.

²⁰ NER, clauses 6.1(11), 6.1(12).

²¹ NER, clause 6.12.3(c).

JEN considers those schemes that have not changed since the 2016-20 distribution determination (i.e., EBSS and CESS) and the new versions of the schemes consulted on during the 2016-20 period (STPIS and DMIS) should apply during the 2021-25 regulatory control period.

We request the AER outlines in the replacement F&A (as it has done in the current F&A paper) how these schemes will operate for the 2021-25 regulatory control period.

2.4 EXPENDITURE FORECAST ASSESSMENT GUIDELINE

The AER is required to indicate its proposed approach to applying the expenditure forecast assessment guideline.²² The current F&A applies the AER's expenditure forecast assessment guideline.²³ JEN requests the AER set out its intended approach in assessing our proposed expenditure for the 2021-25 regulatory control period in the revised F&A.

2.5 DEPRECIATION

The AER stated in the current F&A paper that it intends to use forecast depreciation to establish the RAB at the commencement of the 2021–25 regulatory control period—that is, the opening RAB will be based on actual capex less the depreciation on the forecast capex approved for the regulatory control period.

JEN considers the AER should continue with the current approach as it complements the CESS mechanism better than the actual depreciation method. In combination with the CESS, forecast depreciation provides a reward of 30 per cent of any underspend and a penalty of 30 per cent of any overspend during the regulatory control period. We consider this will further encourage efficient capex. Actual depreciation would lead to higher powered incentives than if forecast depreciation was adopted, which we do not believe promotes efficient capex.

²² NER, clause 6.8.1(b)(2)(viii).

²³ AER, *Expenditure assessment guideline for electricity transmission and distribution*, 29 November 2013.

Appendix A Classification of distribution services



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A1. CLASSIFICATION OF DISTRIBUTION SERVICES

Table A1–1: JEN's initial view on the classification of distribution services for the regulatory control period 2021-25

Service group	Service description	Proposed classification 2021-25
Common distribution	services	
Common distribution service (formerly 'network services')	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) includes, but is not limited to, the following:	Standard control
	 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)	
	Support for another distributor during an emergency event	
	Network demand management for distribution purposes	
	 Inspection of privately owned overhead low voltage or high voltage network infrastructure (i.e. privately owned distribution infrastructure before the meter) 	
	Training internal staff and contractors undertaking direct control services	
	 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 	
	Supply abolishment of basic connection	
	Dial before you dig services	
	Bulk supply point metering	

Service group	Service description	Proposed classification 2021-25
	 Establishment and maintenance of National Metering Identifiers (NMIs) in market and/or network billing systems. 	
Ancillary Services (re	elated to CDS)	
Connection application related	Activities include:	Alternative control
services	 Assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers 	
	Processing preliminary enquiries requiring site specific or written responses	
	 Undertaking planning studies and associated technical analysis (e.g. power quality investigations) to determine suitable/feasible connection options for further consideration by applicants 	
	 Site inspection in order to determine the nature of the connection service sought by the connection applicant and ongoing co-ordination for large projects 	
	 Registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER. 	
Access permits,	Activities include:	Alternative control
oversight and facilitation	 Issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and low voltage 	
	 Issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space 	
	 Providing access to switch rooms, substations and the like, to a non-Distributor party who is accompanied and supervised by a Distributor's staff member. May also include a Distributor providing safe entry equipment 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 	

Service group	Service description	Proposed classification 2021-25
	Facilitation of generator connection and operation of the network	
	Activities related to 'shared asset facilitation' of distribution assets	
	Facilitation of activities within clearances of a Distributor's assets, including physical and electrical isolation of assets	
	• Sales of approved materials/equipment to third parties for connection assets that are gifted back to the Distributor to become part of the shared distribution network.	
Notices of arrangement and completion notices	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.	Alternative Control
	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.	
Network related property services	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.	Alternative control
	Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.	
Network safety services	 Examples include: Provision of traffic control and safety observer services by the Distributor where required Fitting of tiger tails (covering of LV mains) and aerial markers High load escorts 	Alternative control

Service group	Service description	Proposed classification 2021-25
	 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) 	
	Customer requested site visit relating to location of underground cables/assets. ²⁴	
Planned Interruption – Customer requested	Where the customer requests to move a Distributor planned interruption and agrees to fund the additional cost of performing this service outside of normal business hours.	Alternative control
Inspection and	Activities include:	Alternative control
auditing services	 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 	
	• Re-test at a customer's installation, where the installation fails the initial test and cannot be connected.	
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
Authorisation and	Activities include:	Alternative control
approval of third party service providers design, work and materials	 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). 	

²⁴ This is a new service proposed in the 2021-25 regulatory control period.

Service group	Service description	Proposed classification 2021-25
	 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 	
Security lights	Provision of operation and maintenance of equipment mounted on a Distributor's pole used for security services, e.g. nightwatchman lights Note: excludes connection services.	Alternative control
Customer initiated network asset relocations/ undergrounding ²⁵	Relocation and/or undergrounding of assets that form part of the distribution network in circumstances where the relocation and/or undergrounding was initiated by a third party (including a customer).	Standard control
Customer 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.	Alternative control
Fault response (Not DNSP fault)	Attendance at a customer's premises where it is determined that the fault was not related to the Distributor's equipment or infrastructure.	Alternative control
Metering Services		
Type 1 to 4 metering services	Type 1 to 4 metering installations, including the instrument transformer (as per the definition of a 'metering installation' in Chapter 10 of the NER) and supporting services are competitively available.	Unclassified

²⁵ This classification applies where a customer contribution is calculated and applied in accordance with the ESCV's 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 cost of the works, subject to the provisions specified in Guideline 14 or by any other relevant Victorian legislation or regulation.

Service group	Service description	Proposed classification 2021-25
Types 5 and 6 meter (including smart meter) maintenance, reading and data services where the Distributor is responsible	 Activities include: Recovery of the capital cost of type 5 and 6 metering equipment (including meters with internally integrated load control devices) including meter maintenance covers works to inspect, test, maintain and repair metering installations Distributor testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers 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, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER 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 	Alternative Control ²⁶
Meter exit services	Includes metering installation removal and disposal at the request of the customer or their agent.	Alternative Control
Types 5 and 6 meter (including smart meter) maintenance, reading and data services where the Distributor is not responsible	Metering services provided by third parties.	Unclassified
Ancillary metering se	rvices	
Ancillary metering services (Type 5 to 7 (including smart	 Activities include: Field based special meter read (i.e. off-cycle meter reads for type 5 and 6 meters) 	Alternative control

²⁶ During the 2016-20 regulatory control period, the form of price control is a revenue cap.

Service group	Service description	Proposed classification 2021-25
meter) where the Distributor remains	 Customer requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation or instrument transformer 	
responsible	Remote de-energisation and re-energisation	
	Remote meter configuration	
	Remote special meter read (office based)	
	 Access to additional metering data²⁷ 	
	 Non-standard metering services for Type 5 to 7 meters and any other meter types introduced²⁸ 	
	 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 	
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.	Alternative control
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	Alternative control

²⁷ Clause 11(5) of the Advanced metering infrastructure (AMI Tariffs) Order (Gazette No. S 216 Wednesday 19 June 2013), allows a distributor to impose a charge for provision of interval meter data in certain circumstances.

²⁸ The Commonwealth Department of the Environment and Energy (Energy Security and Efficiency Division) is planning on submitting a rule change request to AEMC for a new Small Load Metering Regulatory Framework for Street Lighting. The purpose of the rule change is to enable LED public lighting with smart controls to be dynamically controlled and metered at the individual luminaire.

Service group	Service description	Proposed classification 2021-25
	the Distributor to check a potentially faulty network connection and when tested by the Distributor, no fault is found	
Planned supply interruption – Retailer requested	Retailer (or their agent) requested planned supply interruption to customer premises and subsequent restoration when providing competitive metering services	Alternative control
Embedded networks	Processing embedded network requests	Alternative control
Connection Services		
Basic connection services	 Basic connections are connection services provided under Chapter 5A of the NER. Basic connection service include: New connections Temperature connections 	Alternative control
	Temporary connectionsMicro embedded generator connections	
Non-basic connection services	Non-basic connections are standard and negotiated connections provided under Chapter 5 and Chapter 5A of the NER. Non-basic connection services include:	Standard control
	 Premises connection services – includes any additions or upgrades to the connection assets located on the customer's premises (note: excludes all metering services). 	
	 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 	
	 Network augmentations – includes any shared network enlargement and/or enhancement undertaken by a Distributor which is not an extension 	
	These services are subject to customer contributions determined according to the AER's most recent <i>Connection charges guideline for electricity retail customers</i> and the DNSP's connection policy	
	Temporary connections (non-basic)	Alternative control

APPENDIX A

Service group	Service description	Proposed classification 2021-25
Non-standard connection services	Other or enhanced connection services provided at the request of a customer or third party that include those that are:	Alternative control
	 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 	
	 In excess of levels of service or plant ratings required to be provided by the Victorian Distributors 	
	 Other additional customer dedicated connection lines/assets (including reserve feeder) Reserve feeder maintenance 	
	 Connections provided to multiple parties under a common process (e.g. community group upgrades). 	
Ancillary connection	services	
Connection management	Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to:	Alternative control
services	Field base de-energisation ²⁹ and re-energisation	
	Service truck visit (including wasted truck visit)	
	 Basic connection alterations – Customer initiated rearrangement of connection assets serving that customer and there is no material change to the load characteristics (e.g. replacement of the existing overhead service as a result of a point of attachment relocation) 	
	 Non-basic connection alterations – Customer initiated rearrangement of connection assets serving that customer (e.g. remove or reposition connection assets including cables and substation within the customer's premises) 	
	Protection and power quality assessment	
	 Supply enhancement of basic connection services (e.g. upgrade from single phase to three phase) 	

²⁹ De-energisation services related to business as usual activities and de-energisation services may relate to changing meter types.

Service group	Service description	Proposed classification 2021-25
	 Customer requested change requiring secondary and primary plant studies for safe operation of the network (e.g. change protection settings) 	
	Upgrade from overhead to underground service (elective undergrounding)	
	 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	
Public Lighting		
Public lighting	 Operation, maintenance, repair and replacement public lighting services Alteration and relocation of public lighting assets New public lighting services incl. greenfield sites & new light types (Distributor provided). 	Alternative Control