Request to replace Framework and Approach

2025-2030 Regulatory Proposal - 31 October 2022

SA Power Networks

Empowering South Australia

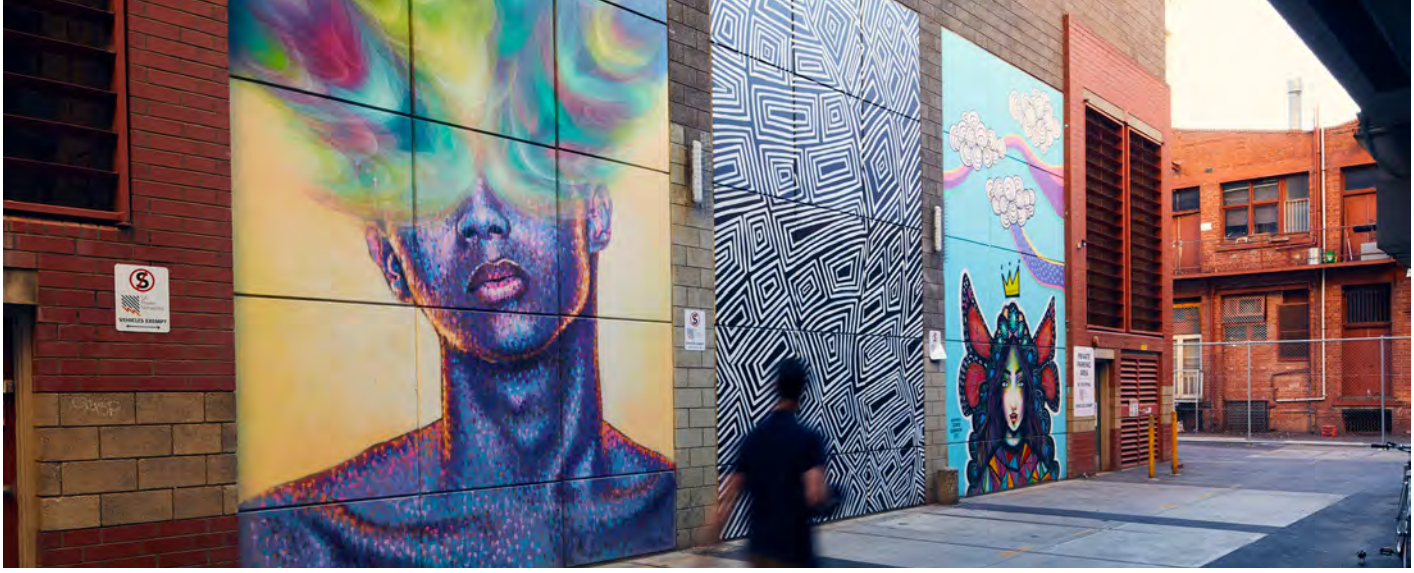

ADELAIDE CONVENTION CENTRE

Contents

Glossary

	Definition
ABS	Australian Bureau of Statistics
ACS	Alternative control service
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
Capex	Capital expenditure
CESS	Capital expenditure sharing scheme
CAB	Community Advisory Board
CSIS	Customer service incentive scheme
DMIS	Demand management incentive scheme
DMIAM	Demand management innovation allowance mechanism
DCS	Direct control service
DER	Distributed energy resources
DNSP	Distribution network services provider
DUoS	Distribution Use of Service
EBSS	Efficiency benefit sharing scheme

	Definition
EV	Electric vehicle
F&A	Framework and approach
ICCS	Incremental cost customer specific
IRR	Incremental revenue rebate
LCTAS	Least cost technically acceptable service
NER	National Electricity Rules
Opex	Operating expenditure
PVFiT	Photo voltaic Feed in Tariff
PTRM	Post tax revenue model
RAB	Regulatory asset base
RCP	Regulatory control period
STPIS	Service target performance incentive scheme
SAPS	Stand-alone power system
SCS	Standard control service



1.0 Introduction

The Framework and Approach (F&A) is the first step in developing SA Power Networks' 2025-30 regulatory proposal, setting out:

- how our distribution services will be classified (service classification);
- how our revenues and/or prices for these services will be controlled (form of control);
- how incentive schemes will be applied;
- how the AER's expenditure forecast assessment guidelines will apply; and
- how depreciation will be calculated.

In accordance with clause 6.8.1(c)(1) of the National Electricity Rules (NER), SA Power Networks may lodge a request with the Australian Energy Regulator (AER) to amend or replace the F&A that applied to our distribution determination for the 2020-25 period, including our reasons for this request.

We are continuing to see considerable evolution in the energy market; the rapid uptake of new technologies, increased customer energy resources penetration, and investments in community batteries have introduced the possibility of a range of new services. There have also been a number of regulatory changes and developments since publication of the AER's Service classification guideline and SA Power Networks' current F&A, including:

- The Australian Energy Market Commission's (AEMC) Final Rule Determination on Access, Pricing and Incentive Arrangements for Distributed Energy Resources (DER);
- The NER rule changes for stand-alone power systems (SAPS) to incorporate SAPS as a distribution service[1];
- The AER's Better Resets Handbook;
- The AEMC's review of the regulatory framework for metering services[2]; and
- The AER's updated national Ring-fencing guideline to include ring-fencing interactions with SAPS and energy storage devices[3].

Due to the rapid rate of transition in the energy market and evolving regulatory environment, SA Power Networks requests that the AER replace the F&A for SA Power Networks' 1 July 2025 to 30 June 2030 (2025-30) regulatory control period (RCP).

1. NER cl. 6.2.1A(b),(c).
2. **www.aemc.gov.au/market-reviews-advice/review-regulatory-framework-metering-services**
3. AER, Ring-fencing Guideline (Electricity Distribution) – Version 3, November 2021.

We expect the 2025-30 F&A process will focus on the regulatory treatment of our services and incentive scheme arrangements, including new and emerging services identified through our customer engagement program and development of a new customer service incentive scheme that more closely aligns with what our customers have indicated they value.

These key focus areas are briefly summarised below and elaborated on further in this document:

- Following the AEMC's DER rule change, export services will be classified as Standard Control Services within the current wording of Common distribution services;
- Amendments to service classification are proposed for large embedded generator connections, to align with the treatment of consumption connections;
- During our 2025-30 reset customer engagement program, our customers have provided feedback that they would highly value a number of new services, including energy advisory services and solar for renters. These may warrant classification by the AER;
- Updating of the standard control services revenue cap control mechanism to account for any under/over recoveries from the conclusion of jurisdictional schemes (eg solar feed-in tariffs);
- Inclusion of a tax component within our alternative control services price cap formula to apply for quoted services, which aligns with the AER's most recent F&A decisions;
- Clarification of the incentive arrangements that will apply in 2025-30; and
- Collaboration is currently underway with our customers to develop a new Customer Service Incentive Scheme to replace the customer service component of the Service Target Performance Incentive Scheme (STPIS).

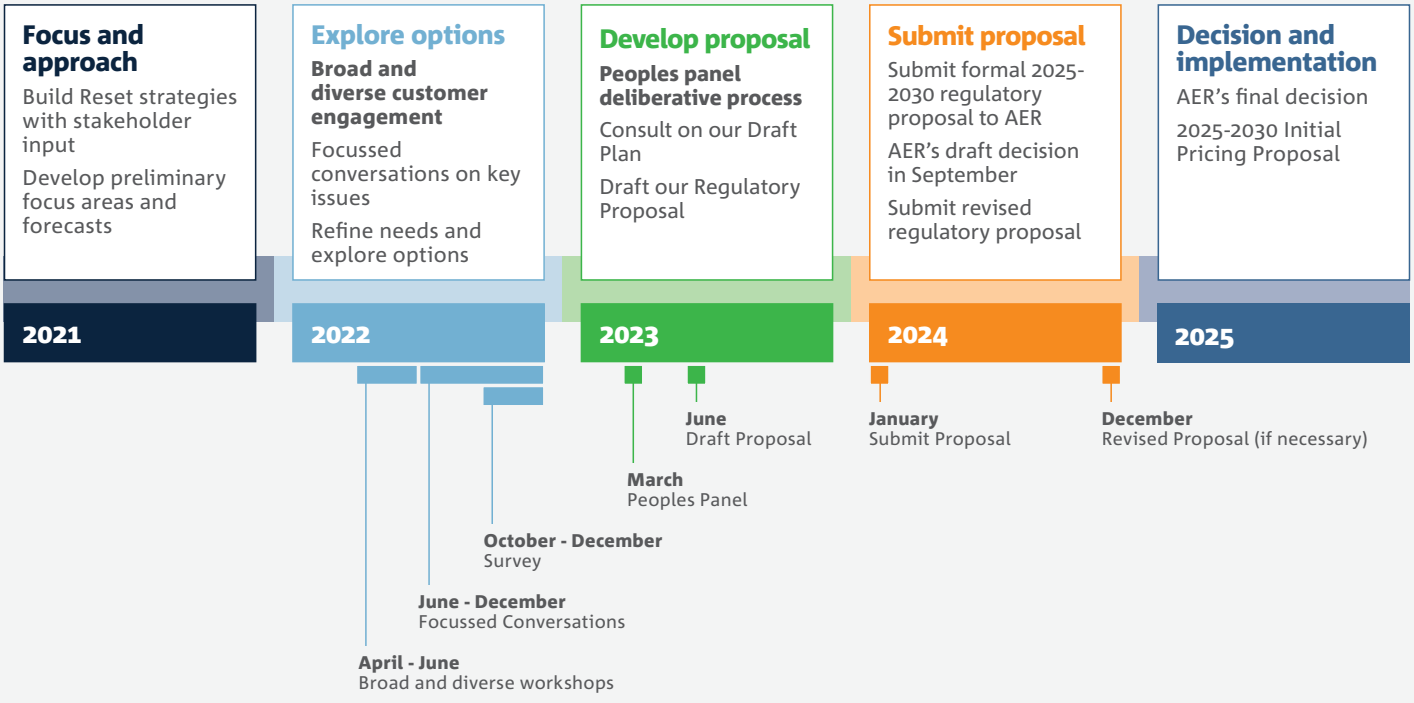
We look forward to engaging with the AER and stakeholders to ensure that the new F&A best reflects the long term interests of our customers.

2.0 Engaging with our customers

Our plans for 2025-30 are being shaped by extensive engagement with customers, stakeholders, and other parties across various diverse communities. The 2025-30 reset engagement process has been designed to actively consult customers and stakeholders on their expectations and priorities through a variety of research and engagement activities, both quantitative and qualitative. We have worked closely with our Community Advisory Board[4] (CAB) in co-designing and endorsing our overall engagement process. We commenced the formal aspects of our engagement in February 2022.

Figure 1 below provides an overview of our Reset Engagement Program for the 2025-2030 regulatory period.

Figure 1 - Key engagement phases and outputs for 2025-30 reset engagement program



4. Our Community Advisory Board (CAB) comprises a diverse group of South Australians acting to ensure SA Power Networks adequately hears the voice of its customers, and that customer views shape service delivery and are at the heart of all decision-making.

As part of our overall stakeholder and customer engagement plan, we facilitated a series of targeted and regional workshops (broad and diverse customer engagement) to help capture the views and aspirations of our South Australian community. These conversations focused on four key themes and helped inform future engagement on our topics for 'Focussed Conversations'.

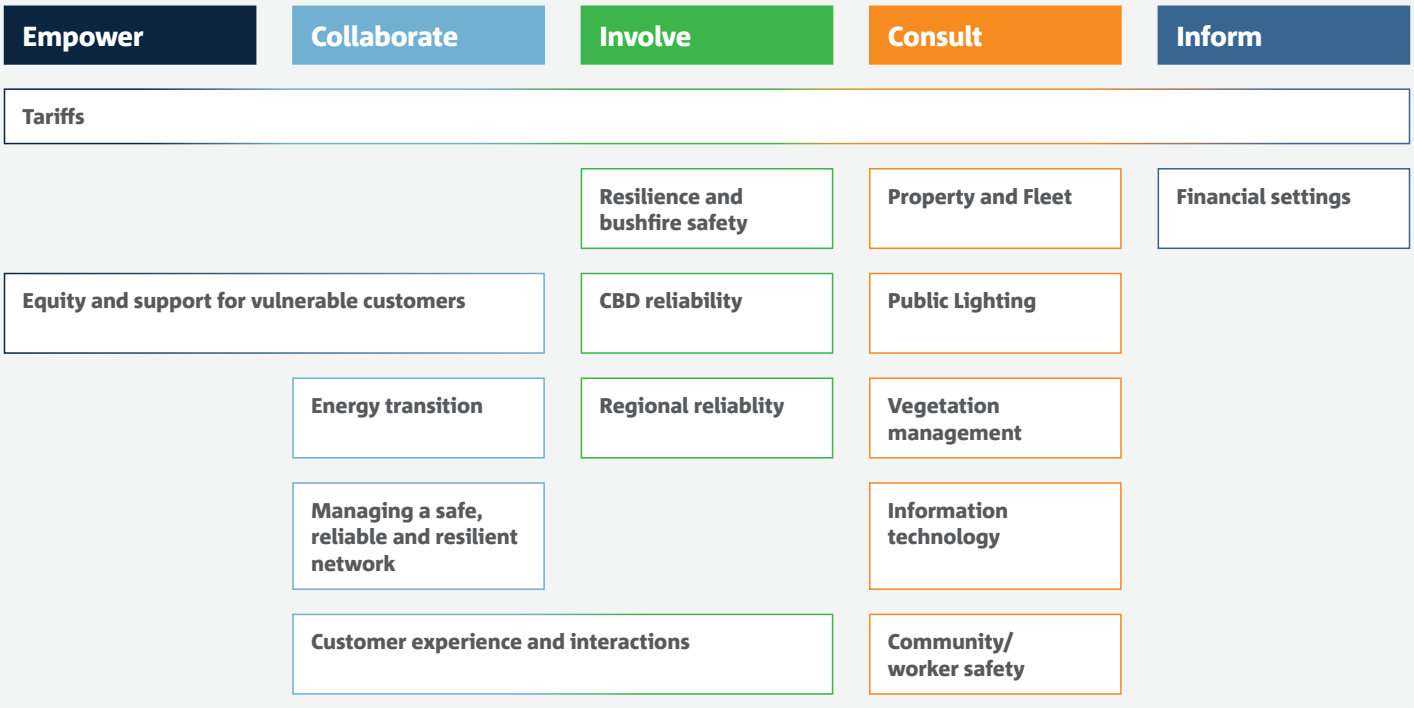
The four key themes used in our customer engagement arose from initial customer research that was conducted in late 2021. They were then tested with the CAB and endorsed by them, to frame our engagement process.

These themes were:

- Affordable and equitable energy supply.
- A Reliable, Safe and Resilient Network.
- Clean and green energy and unlocking future value for our state.
- Customer experience, choice and empowerment.

Following finalisation of our broad and diverse engagement, a series of topics were identified for deeper engagement (Focussed Conversations). The focussed conversations involved a series of workshops designed to further understand the outcomes that our customers expect by way of services and service levels. The identified priority topics for focused engagement and the level of engagement based on the IAP2 spectrum of engagement, from empower/ collaborate to inform is provided in Figure 2 below.

Figure 2 – Priority topics for focussed engagement and level of engagement



Throughout our engagement, customers have been asked what services and service levels they support and would be willing to pay for and a range of ideas and possible initiatives were identified. Our customers requested consideration of some new services, including energy advisory services and solar for renters. Our initial views on these new and emerging services are provided within this request to replace our framework and approach. We note that we are still exploring the scope and structure of these services with customers.

The F&A and our initial views on service classification have also been discussed with the CAB Reset Sub-Committee[5] and during focussed conversations workshops, which include members of the CAB and other key stakeholders.

5. The role of the CAB Reset Sub-Committee is to provide strategic guidance and advice on SA Power Networks' engagement process for its 2025-30 Regulatory Proposal to ensure appropriate and effective engagement with stakeholders and customers.

3.0 Classification of distribution services

Service classification defines the type of economic regulation, if any, that will apply to services provided by electricity distribution network services providers (DNSPs). This includes whether or not a service is subject to regulation, the approach to cost recovery for these services (at a high level) and whether or not a service will need to be ring-fenced from other services offered by a DNSP.

The AER will classify services as either:

- Direct Control Services—these services are subject to direct regulatory oversight of revenues / prices, and comprise shared services (Standard Control Services) and services initiated by and attributable to specific customers (Alternative Control Services);
- Negotiated Distribution Services—these services are subject to a negotiate / arbitrate framework whereby the AER does not directly set prices, but approves a negotiating framework and criteria that we must apply in negotiating the terms and conditions (including price) for the provision of these services with customers. The AER only becomes directly involved in the case of a dispute; or
- Unclassified / Unregulated Services—these are services subject to effective competition which therefore do not require regulation.

In classifying a direct control service as a Standard Control Service (SCS) or Alternative Control Service (ACS), the AER must have regard to:

- the potential for development of competition in the relevant market and how our classification might influence that potential; and
- the possible effects of the classification on administrative costs; and
- the regulatory approach (if any) applicable in the preceding RCP; and
- the desirability of a consistent regulatory approach to similar services (both within and beyond the relevant jurisdiction); and

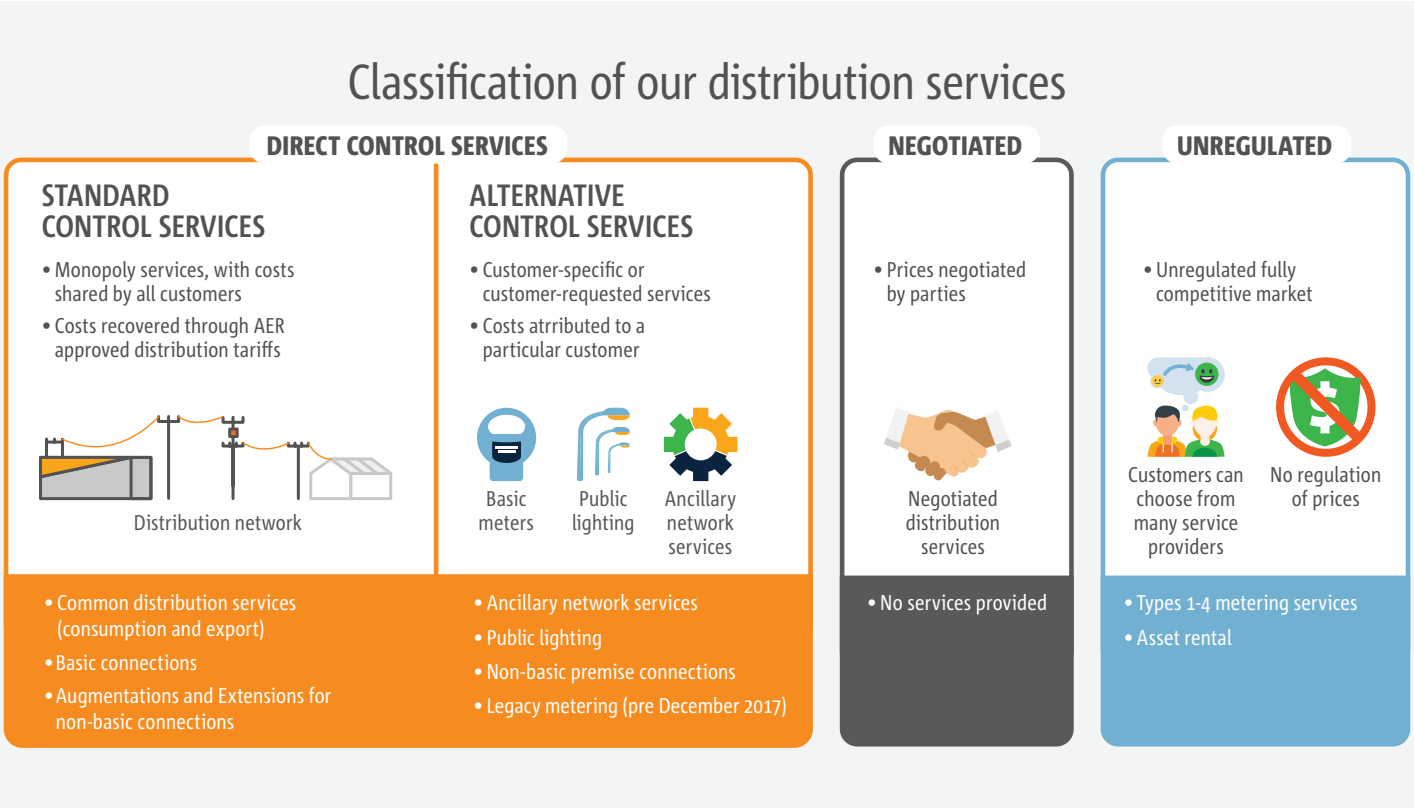
- the extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided; and
- any other relevant factor.[6]

In September 2018, the AER published its service classification guideline[7] (the Guideline) to improve clarity, transparency and predictability in the distribution service classification process. The Guideline provides a baseline set of distribution services, how services are grouped and the AER's approach to classifying these distribution services. The Guideline is not binding. DNSPs may depart from the Guideline due to jurisdictional or operational requirements, reasons for departure should be provided as part of the F&A development process.

Based on engagement with customers and stakeholders, SA Power Networks has considered where there may be a need to depart from our current service classification, align with the AER's baseline service classification or classify new services to support emerging energy services. Where SA Power Networks considers changes are required to service classification for existing or new and emerging services, these are discussed in further detail below.

Appendix A provides our initial views on proposed changes to the baseline service classifications. This includes proposing new services (that will require classification) for the AER's consideration.

Figure 3 - Proposed classification of distribution services for 2025-30 RCP



6. National Electricity Rules, cl. 6.2.2(c)(1-6).
7. AER, Electricity Distribution Service Classification Guideline, September 2018.

3.1 Customer export services

Following the AEMC's access, pricing and incentive arrangements for DER rule change[8], in particular, the change to definitions in the NER, export services are now explicitly captured within the scope of 'distribution services' and can now be formally classified.

The AEMC's rule change recognises that distribution networks that were initially built to bring electricity one-way to customers are now being used by customers to export their surplus generation into the grid. While networks inherently have a basic level of capacity to support these exports, this capacity is rapidly being exhausted, with customers facing growing limitations to the amount of energy that can be exported whilst maintaining network reliability and security. The explicit recognition of export services as a distribution service by the AEMC means that the existing planning and investment requirements, incentive schemes and controls that apply to consumption services will now also apply to a DNSP's provision of export services.

Export services involve the use of the shared distribution network to export energy, these are natural monopoly services that should be regulated by the AER and provided for in networks' SCS regulated revenue allowance. We note that the AER's final position for the Ausgrid, Endeavour Energy, Essential Energy, Evoenergy, TasNetworks and Power and Water Corporation F&A's for the 2024-29 RCP is to treat export services as part of the common distribution service, and to not list it separately. This approach treats the export service the same as the consumption service, with distributors able to operate their networks in relation to forecast network demand requirements, regardless of the direction of that demand.

SA Power Networks supports this approach, noting export services are already implicitly included within the common distribution service, and the listing of activities under that service.

8. AEMC, National Electricity Amendment (Access, Pricing and Incentive arrangements for Distributed Energy Resources) Rule 2021, Rule Determination, 12 August 2021.

3.2 Connection services

Connection services refer to the services a distributor performs in order to:

- connect a person's home, business, or other premises to the electricity distribution network (premises connection)
- get more electricity from and into the distribution network than is possible at the moment (augmentation)
- extend the network to reach a person's premises (extension).

For the 2020-25 regulatory period, SA Power Networks applies three distinct connection types[9], these are summarised in Table 1 below.

Table 1 – SA Power Networks' connection services - 2020-25[10]

Connection type	Description	Service classification
Basic Connection Service	Basic connection services are those connection services we provide on a routine basis and generally at a fixed fee. Types of customers: • residential customers (requiring minimal extension or upgrade); • small business customers; and • small embedded generators.	**Standard Control Service (SCS)**
Negotiated Connection Service	Negotiated connection services are generally more complex and more likely to require us to augment or extend our network. A shared network augmentation charge may also apply where the customer's estimated maximum demand exceeds established thresholds. They may include two or more of the following components: • premises connections; and/or • extensions; and/or • network augmentation	**Alternative Control Service (ACS)** Premises connections **Standard Control Service (SCS)** Extension and Augmentation
Enhanced Connection Service	These connection services are provided at a standard that is above the least cost technically acceptable service (LCTAS), at the request of customers and charged at full additional cost of works. Customers are typically required to make a capital contribution that is additional to any other requested services including a request for a Standard connection service. Examples would include requests for a connection service that has: • increased reliability, standards, duplicate supply and upgrade from overhead to underground service; • excess levels of capacity or service; and/or • large embedded generators.	**Alternative Control Service (ACS)** Component in excess of LCTAS **Standard Control Service (SCS)** Extension and Augmentation up to LCTAS.

9. SA Power Networks does not currently provide any standard connection offers under Chapter 5A of the NER
10. SA Power Networks Connection Policy for 2020-25, Table 1 page 4-5

We propose to retain the current service classification for basic, negotiated and enhanced connection services, aside from some refinement associated with how export services are classified.

3.2.1 Basic connection services

We note the AER's service classification guideline baseline classification recommends basic connections be treated as ACS.[11] SA Power Networks proposes to retain a SCS classification for basic connection services for the 2025-30 RCP consistent with the service classification for the current 2020-25 RCP.

As SCS, customers will continue to pay a contribution towards their premise connection. This contribution is calculated in accordance with SA Power Networks' Connection Policy, representing the typical incremental cost customer specific (ICCS), incurred by SA Power Networks for connection services less any incremental revenue rebate (IRR). As an ACS, customers would not be entitled to receive the IRR, resulting in increased up-front cost to customers. Moving to ACS would also result in cross-subsidisation, with new customers paying their full connection cost, while also paying a component of existing customers' connection costs in their SCS tariffs for legacy connections.

In South Australia, an extension to the existing network may only be defined as contestable where the asset can be constructed in isolation of the existing distribution network. The work required to connect to the distribution network (premise connection) is not contestable, to ensure the ongoing safety and reliability of the existing network and customers, this work may only be performed by SA Power Networks. We do not expect any change in this requirement moving forward.

As part of SA Power Networks' engagement program for the 2025-30 Regulatory Proposal, we are conducting Focussed Conversations which focus on priority topics designed to actively consult with customers and stakeholders on their expectations and priorities through a variety of research and engagement activities, both quantitative and qualitative. Connections forms part of the 'Customer Experience and Interaction' Reset 2025-30 engagement stream. Workshop 5, held on 4 October 2022, explored SA Power Networks' Connection Policy for 2025-30, including how connection charges are payable for establishing new connections or making connection alterations, and the basis for determining such charges. Through this process, customers did not raise any desire to alter our approach to retain basic connection services as SCS, with this approach resulting in less up-front costs to residential customers.

We do not believe there is a need to change the classification of basic connection services in South Australia, with basic connection services remaining as SCS for the 2025-30 RCP.

11. AER, Electricity Distribution Service Classification Guideline, September 2018, page 20-21.

3.2.2 Export connection services

The AEMC's rule change highlighted that DNSPs have been connecting a growing number of customers with DER (eg roof top solar) over the past decade, doing so under a regulatory framework that was developed for a one-way transportation system. This has led to a varied approach to customer connections and the level of export services provided to customers, as well as different approaches and interpretations of the type and level of expenditure to accommodate the additional demand for export services[12].

Furthermore, SA Power Networks is finding increasing instances where customers are undertaking an initial generation connection and funding the required immediate augmentation works and then at a later date connecting a load where they may be charged an augmentation charge (ie $/kVA) in accordance with our approved Connection Policy.

Noting the AEMC's rule change, and increase challenges in efficiently and equitably charging customers for consumption and export services, SA Power Networks supports updating the classification of export connections to align with the classification for consumption-based connection services. This will provide greater consistency in the treatment of consumption, generation and battery[13] connections.

SA Power Networks' proposed approach to align the classification of consumption-based and export connection services is consistent with the AER's final position for the Ausgrid, Endeavour Energy, Essential Energy, Evoenergy, TasNetworks and Power and Water Corporation F&A's for the 2024-29 RCP. This approach also recognises the ability for DNSPs to charge for export energy in the future, where costs allocated to consumption and export services should not overlap. Aligning consumption-based and export connection services will result in the following impacts to the classification of connection services:

- No change in the classification for small-embedded generation connections, with these continuing to be treated as basic connections.
- Large embedded generators, would generally be treated as a negotiated connection. This is a change from our current classification, where large embedded generators are all treated as enhanced connections. As a negotiated connection, these customers would fully fund the premises connection (ACS), with any extension or augmentation classified as SCS. Consistent with negotiated consumption-based connections, large embedded generators may be required to pay a capital contribution towards augmentation (less the relevant incremental revenue rebates), with these charges determined in accordance with the Connection Policy.
- Large embedded generator connections requested above the least cost technically acceptable service (LCTAS), would be treated as an enhanced connection[14]. In this case the customer will fully fund the premises connection (ACS), with any extension or augmentation up to LCTAS treated as SCS, capital contributions for augmentation costs will continue to apply. The customer will also fully fund all work required above LCTAS (ACS).

12. AEMC, National Electricity Amendment (Access, Pricing and Incentive arrangements for Distributed Energy Resources) Rule 2021, Rule Determination, 12 August 2021, page ii.
13. Batteries which can both charge from the distribution network and discharge back into the distribution network, are treated as consumption when charging (importing from the grid) and an embedded generator when discharging (exporting to the grid).
14. This could for example include provision of a secondary / back-up connection where requested by the customer.

Recovering network augmentation costs via SCS is more consistent with the 'open access' nature of the regulatory framework. As more customers connect DER over time, network hosting capacity is intended to be equally shared across all DER customers, regardless of when they have connected to the network.

As part of SA Power Networks' reset engagement program (Focussed Conversations) stakeholders agreed that mirroring current load and connection pricing frameworks for export connection pricing would be beneficial for a range of reasons, including to minimise complexity.

3.3 Regulated (distributor-led) SAPS

Following the AEMC's rule change, changes have been made to national energy laws and rules to facilitate the provision of stand-alone power systems (SAPS) by distribution businesses. It permits distribution businesses to take customers off grid and supply them using a regulated SAPS.

The National Electricity Amendment (Regulated stand-alone power systems) Rule (Rule 2022) determined that a distribution service provided by a regulated SAPS is to be treated the same as other distribution services for the purposes of classification. Further, the rule change stipulated that the distribution services provided by regulated SAPS are to be classified as a standard control service.[15]

SA Power Networks supports treating regulated SAPS for the purposes of service classification as an activity under the 'Common Distribution Service' grouping, rather than as a stand-alone service. The new activity would be called "work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs), and customer conversion activities".

This is consistent with the approach adopted in the AER's most recent F&A decisions[16].

15. Rule 2022, cl. 6.2.1A(b),(c).
16. Ausgrid, Endeavour Energy, Essential Energy, Evoenergy, TasNetworks and Power and Water Corporation final F&A's for the 2024-29 RCP

3.4 Leasing excess battery capacity

Grid-scale batteries are an emerging technology that can increase the grid's renewables hosting capacity, support security of the overall energy system, and put downward pressure on electricity prices by providing a flexible alternative to traditional network investment.

As identified within the AER's review of the ring-fencing guideline (finalised in November 2021), batteries can provide many different services. They are an important emerging technology that can meet both regulated network needs and provide a range of contestable services.[17]

Across our regional customer engagement workshops there was strong support for exploring community batteries and combined solar schemes. Participants wished to see equitable access to solar technology particularly for lower income and regional customers. There is a desire to see infrastructure investment based on equity principles and not on population size.

Distributors may install batteries (network support battery) where it is the most efficient means of addressing a network capacity issue instead of augmenting their network. However, there could be excess battery capacity under these circumstances that could be leased as an unregulated service, subject to the obligations of the AER's ring-fencing guideline where a waiver application would be required. Making use of this spare capacity is efficient and in the long-term interests of customers.

However, having considered this issue at length, we do not consider that any F&A changes are required to support the leasing of excess battery capacity. We would expect the work required to facilitate shared access to the network support battery, where this is allowed under the ring-fencing guideline, would form part of the activities related to 'shared asset facilitation' of distribution assets, which is a common distribution service. Further, the lease of the excess capacity itself would be an unregulated service, with benefit sharing with regulated customers dealt with under existing regulatory arrangements.

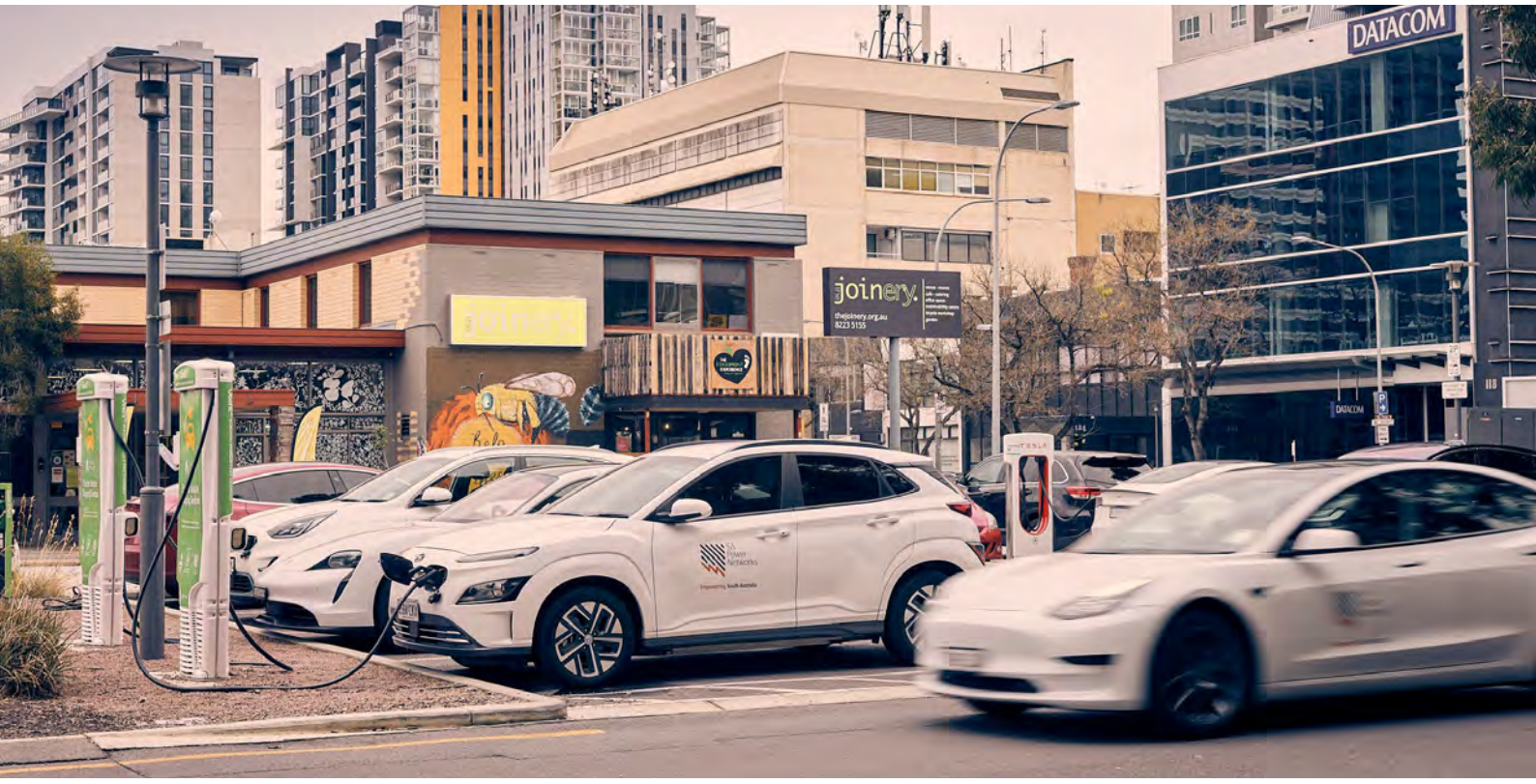
17. AER, Electricity distribution ring-fencing guideline (version 3), Explanatory Statement, page 8

3.5 Electric vehicle charging infrastructure

The uptake of electric vehicles (EVs) in South Australia is continuing to increase. The South Australian government is investing $41 million to deliver ten actions to accelerate the uptake of electric vehicles in South Australia. The actions seek to ensure seamless integration of electric vehicles and charging into our homes, businesses and lifestyles, while building South Australia's reputation as a leader in low carbon transition. This aims to make EVs the common choice for motorists by 2030, and the default choice by 2035, in line with achieving net zero emissions by 2050.[18]

SA Power Networks' distribution network will be an enabler of EV charging infrastructure across South Australia, with the physical deployment of EV charging for public use expected to be delivered by the contestable market. We believe this facilitation role is already adequately captured within common distribution services and connection services.

However, we acknowledge there are unique challenges for EV uptake in rural and regional Australia, due to larger distances and limited access to EV charging and hydrogen refueling infrastructure.[19] Regulatory reform may be required in the future if the market fails to deliver the necessary charging infrastructure, requiring DNSPs play a more active role in the provision of EV charging infrastructure in these regions. Feedback from even higher density overseas jurisdictions such as the UK have also highlighted this issue. This being the case, DNSPs may also be required to provide EV charging of last resort services, and we propose that this service should be considered in development of the F&A for 2025-30.



18. **www.energymining.sa.gov.au/industry/modern-energy/electric-vehicles**
19. National Electric Vehicle Strategy, Consultation Paper, September 2022, page 9.

3.6 Energy services

During our 2025-30 reset customer engagement program, our customers have provided feedback that they would highly value a number of new services, including, but not limited to, energy advisory services and solar for renters.

3.6.1 Energy advisory services

In our broad and diverse reset engagement sessions across South Australia earlier this year, in other reset focussed conversations (including Equity & Vulnerable Customers, Customer Experience & Interactions and Tariffs) and in recent customer research, customers clearly told us that they find our industry exceedingly difficult to navigate, and would value our assistance in understanding their options and opportunities in the electricity market now and into the future. Many residential and small business customers have an unmet need to gain the knowledge and tools to gain control over their relationship with electricity.

In our recent Customer Experience & Interactions focussed conversations we received particularly strong support for providing more energy advisory services. Participants expressed they would highly value assistance with interpreting electricity bills, understanding retail offers and identifying 'best fit' for their personal circumstances, specialised support for customers experiencing vulnerability (such as linking to hardship programs and other social support), and information on energy efficient appliances.

Figure 4 – Customer feedback from broad and diverse engament.

Across all workshops, participants strongly supported the concept of an energy advisory service delivered by SA Power Networks, including advice on how to optimise solar and batteries, and as a single point of contact for energy enquiries.

There was a strong call across all discussion groups for SA Power Networks to offer impartial energy advice to consumers.

People saw SA Power Networks as impartial experts with a relationship with every electricity consumer in South Australia, and considering this a good thing.

SA Power Networks to offer …information about the process and how the system works, to insights about 'whole of life' costs and personalised advice based on smart meter readings, as well as advice on how to best work with the various clean energy solutions.

Source: Think Human "Broad and Diverse Engagement" Summary Report Prepared for SA Power Networks – July 2022

SA Power Networks provides some existing advisory services to customers, where we provide market education through community events and assist individuals who reach out to SA Power Networks with questions they have regarding the electricity industry. Customers have requested this service be extended to full-service electricity advice, that could be delivered through a real-time platform and dedicated call centre staff.

Table 2 – Energy advisory service - mix of online services and advisors

	Electricity education	• Advice on energy efficiency and how to minimise your bill • Insights regarding trends/new offers in the marketplace • Education on bills, retail and network tariffs
	Bill and tariff advice	• Identify available retail options in market and compare them/ advise which retail deal is best • Advice related to residential and small to large business network tariffs
	Electrification and the Smart Home/Business including solar and battery advice	• Advice on solar and battery investment • Smart product options and their costs/ benefits • Advice on electrifying your business and home • Advice on a “smart home” and a “smart business” • Indicate cost saving opportunities
	Electric vehicles	• Education related to Electric Vehicles • Information on how Electric Vehicles run and charge and how to obtain best outcomes from investment / configure your home or business • Electric Vehicle cost analysis calculator
	Advice on carbon reduction	• Estimation of a customers’ current carbon footprint/how much carbon they generate each year • How customers can decrease their carbon footprint
	Partnering with community organisations	• Partner with community organisations to provide energy advice services to harder to reach / vulnerable customers / small business groups • Working with community organisations to ensure accessibility to this advice and information

In consultation with customers we are investigating options to implement an energy advisory platform (portal) which would be available to all customers 24x7 (basic energy advisory service).

We would anticipate the service should be subject to direct AER price oversight via ‘Direct Control Services’ (DCS) on the basis that:

1. As an independent party and trusted member of the community[20], SA Power Networks is already providing basic energy advice to our customers;
2. We provide impartial advice to every customer while considering their individual needs and circumstances, based on the customer’s usage profiles. This information is not readily available in the competitive market, making it difficult for external providers to deliver an effective service;
3. There are limited advisory services available in the market today, with no one service provider able to provide the holistic advisory service requested by customers who find the increasing market complexities difficult to navigate; and

20. Brand Health research indicators

4. A basic level of energy advice should be available to all customers, particularly ensuring open access to information for our vulnerable customers.

We expect this basic energy advisory service will continue to form part of common distribution services, although request for this to be explicitly listed. The costs of providing this basic service, as a self-service solution, is unable to be directly attributed to individual customers, with all customers having access to use the service.

Where customers are after a more extensive (bespoke) service, which would likely involve dealing with a customer service advisor directly, we believe this service would be better classified as ACS. In this situation, we can directly attribute the costs of providing the service to the individual customer requesting the service.

Providing energy advisory services will not only deliver tailored advice that aligns with a customer's immediate expectations, this advice is also expected to influence a customer's future tariff choices. This may include consideration of specific energy efficiency initiatives (for example changes to customer behaviour) to address network constraints and defer the potential need for future network augmentation.

We also have extensive industry knowledge of metering types, electricity pricing arrangements and opportunities available with solar and battery ownership.

We are in a unique position of having a relationship with all South Australian customers, with the ability to serve all segments of the South Australian electricity market. We also propose to partner with community organisations to provide energy advice services to harder to reach/ vulnerable customers and small business groups.

3.6.2 Solar for renters

The ability for renters to access the benefits of solar PV has been difficult to achieve due to the 'split incentive' for landlords and tenants:

- Landlords are often reluctant to pay for an asset that only benefits the tenant and doesn't provide sufficient 'additional value' to the property; and
- Tenants are reluctant to pay for an asset that has a long payback period and ultimately owned by the landlord (asset stays with house).

As a result only a limited number of renting households have access to the benefits of solar. This lack of access to solar places these customers at a disadvantage, reducing their ability to access renewable energy and participate fully in the new energy future.

While solar up-take will continue to increase across Australia, the divide between households with, and the households without solar will continue to increase unless targeted support is provided to this customer cohort.

Several Australian jurisdictions have implemented programs to help support renting households, including the Victorian Government's Solar for Rentals program (underway), and the Queensland Government's solar rebates for rentals trial (closed). The implementation of these programs provide valuable insights into the barriers and solutions for renting households to access solar, however none have been able to establish near-universal access to solar for renting households and require significant government subsidies.

A 'solar for renters' initiative received strong support in our broad and diverse engagement, and has been further supported through our focussed conversations. In response to this feedback, SA Power Networks is currently exploring options with government and industry stakeholders to provide a solar service for renters in South Australia.

These discussions are still in the early stages, where it is unclear what role, if any, SA Power Networks may play in the delivery of this service. We are noting this for consideration in the development of our 2025-30 F&A as one option being considered is for SA Power Networks to provide this service.

If this service is provided by SA Power Networks, outside of a specific jurisdictional scheme, we would anticipate the service should be subject to direct AER price oversight via 'Direct Control Services' (DCS) on the basis that:

1. there are apparent barriers to competitive service provision and limited current offerings from the market, mainly because energy services providers appear unwilling to enter into an agreement with a customer who may move premises and leave the asset stranded;
2. there are split incentives, such that landlords are unlikely to enter into arrangements with any competitive service provider;
3. these issues are leading to a market failure – renters are generating less energy and consuming more from the grid than they would otherwise; and
4. We would seek that any such arrangement is 'enduring' for the property, even if there is a change in tenant.

The service would likely be further classified as ACS, noting the costs of providing the service are able to be directly attributed to the customer receiving the service.

We will continue to engage with the AER and key stakeholders as we continue to explore this service.

3.7 Metering services

In 2021, the AEMC published a directions paper indicating a review of the regulatory framework for metering services would commence and investigate what is preventing the efficient installation of smart meters. Four potential options are being considered, including:

- Improving incentives to rolling out smart meters by removing inefficiencies, improving cost sharing, and aligning incentives;
- Requiring meters to be replaced once they have reached a certain age, for example 30 years, under an aged-replacement roll out;
- Setting targets for the roll out under which the responsible party will be required to replace a certain percentage of their customers' meters with smart meters each year; and
- Introducing a 'backstop' date or dates by which time all accumulation meters or manually read interval meters must be replaced[21].

We acknowledge this review may impact on the current regulatory framework for metering services, including consideration of the future role of DNSPs in providing metering services. The outcomes of this review, where available, will need to be considered in SA Power Networks' classification of distribution services for the 2025-30 RCP.

21. AEMC, Review of the regulatory framework for metering services, 16 September 2021.

4.0 Control mechanisms

The form of control mechanisms impose controls over the prices and/or revenues of direct control services that we can recover from customers.

We consider the forms of control adopted in the 2020-25 RCP remain appropriate, with no compelling reasons to depart from them. These forms of control also remain consistent with the AER's recent F&A decisions.

Our initial views on the forms of control, and our reasoning, are summarised in Table 3 below.

Table 3 - Initial views on forms of control

Classification	2025-30 (initial view)	Reason
Standard control services (SCS) Common distribution services	Revenue cap	• Recover revenue efficiently; • Offer better incentives for consideration of demand management alternatives; • Less reliance on energy forecasts; and • Support the transition to cost reflective prices.
Alternative control services (ACS) Type 5 and 6 metering	Price cap	• Enables recovery of efficient costs in line with declining volume.
Alternative control services (ACS) Public lighting	Price cap	• Enables recovery of efficient costs for services delivered as we transition to smart lighting.
Alternative control services (ACS) Ancillary Network Services	Price cap	• Enables recovery of efficient costs for each service delivered.

4.1 Standard control services revenue cap formula

SA Power Networks' revenue cap formula for standard control will need to be updated to reflect minor adjustments for the application of AER's updated service target performance incentive scheme (STPIS) version 2.0[22].

On 14 November 2018, the AER released its revised STPIS that applies to electricity distribution networks. The AER adjusted the STPIS incentive rates to better balance the weight given to the frequency and the total duration of supply interruptions. The modified STPIS will increase the incentive for distributors to reduce the average duration of supply interruptions for all customers, while keeping the number of outages at low levels.

The STPIS outcomes are now specified as a fixed monetary amount, rather than a percentage adjustment. The AER reflected this change in the revenue cap formula for SA Power Networks' 2020-25 final decision[23] for the last three years of the RCP and applying an S-factor for year 1 and 2. The S-factor will not be required for the 2025-30 regulatory period, this has been reflected in the proposed revenue cap formula below.

We are proposing SA Power Networks' revenue cap formula for 2025-30 be adjusted for the cessation of the South Australian solar feed-in tariff (PVFiT) scheme in June 2028[24]. While we will target to have no over/under by June 2028, inevitably there will be some under or over recovery of PVFiT payments. We are proposing this 'residue' should be returned to, or recovered from, all our customers under our DUOS revenue cap.

We propose to add a new J-factor in the revenue control formula for 2025-30, with the J-factor being for "Jurisdictional scheme arrangements/ adjustments". The J-factor will only be applicable to the year after the jurisdictional scheme ends.

We have updated the formula to reflect the addition of a J-factor for the AER's consideration. An alternative may be to update the B-factor definition to incorporate jurisdictional scheme under or over recoveries.

1	$TAR_t \geq \sum_{i=1}^{n} \sum_{j=1}^{m} p_t^{ij} q_t^{ij}$	where $i = 1, \ldots, n$ and $j = 1, \ldots, m$ and $t = 1, 2, 3, 4, 5$
2	$TAR_t = AAR_t + I_t + B_t + C_t + J_t$	where $t = 1,2..,5$
3	$AAR_t = AR_t$	where $t = 1$
4	$AAR_t = AAR_{t-1} \times (1 + \Delta CPI_t) \times (1 - X_t)$	where $t = 2, 3, 4, 5$

22. AER, Electricity distribution network service providers – Service target performance incentive scheme Version 2.0, November 2018.
23. AER, Final decision – SA Power Networks 2020-25, Attachment 13: Control mechanisms, June 2020, page 7-10
24. **SA, Electricity (Feed-In Scheme – Solar Systems) Amendment Act 2008, Amendment of Electricity Act 1996, s 36AE**

Where:

TAR_t	Is the total allowable revenue for year *t*.
p_t^{ij}	Is the price of component *'j'* of tariff *'i'* for year *t*.
q_t^{ij}	Is the forecast quantity of component *'j'* of tariff *'i'* in year *t*.
t	Is the regulatory year with $t = 1$ being the 2025-30 financial year.
AAR_t	Is the adjusted annual smoothed revenue requirement for year *t*.
AR_t	Is the annual smoothed revenue requirement in the Post Tax Revenue Model (PTRM) for year *t*.
I_t	Is the sum of incentive scheme adjustments for year *t*.
B_t	Is the sum of annual adjustment factors for year t and includes the true-up for any under or over recovery of actual revenue collected through Distribution Use of System (DUoS) charges.
C_t	Is the sum of approved cost pass through amounts (positive or negative) for year *t*, as determined by the AER. It will also include any annual or end of period adjustments for year *t*.
J_t	Is the value of under/over recovery in year t for jurisdictional scheme arrangements / adjustments. The J-factor will only apply in the year following the end of the jurisdictional scheme.
ΔCPI_t	Is the annual percentage change in the Australian Bureau of Statistics' (ABS) Consumer Price Index All Groups, Weighted Average of Eight Capital Cities from December quarter in year *t–2* to December quarter in year *t–1*.
X_t	Is the *X* factor for each year of the 2025-30 regulatory control period as determined in the PTRM, and annually revised for the return on debt where necessary.

We note this formula is largely consistent with the revenue cap formula recently published in the AER's most recent F&A decisions[25], with the exception of the J-factor.

25. AER, Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy, July 2022, page 37-38

4.2 Price caps for alternative control services

No changes are required to the price cap control formulae for metering, public lighting and fee-based ancillary network services.

We note that the AER's final F&A for NSW[26] includes a tax component in the updated price cap formula to apply for quoted services. A tax liability may be incurred in the provision of some quoted services. SA Power Networks supports the inclusion of a tax component in the price cap formula for quoted services. This will ensure quoted services remain cost reflective while also maintaining consistency with the formula applied in other jurisdictions.

The price cap formula we propose to apply to quoted services for the 2025-30 RCP is as follows:

$$Price = Labour + Contractor\ Services + Materials + Margin + Tax$$

Labour	consists of all labour costs directly incurred in the provision of the service which may include labour on-costs, fleet on-costs, and overheads. Labour is escalated annually by $(1 + \Delta CPI_t)(1 - X_t^i)$
ΔCPI_t	is the annual percentage change in the ABS CPI All Groups, Weighted Average of Eight Capital Cities[27] from the December quarter in year *t–2* to the December quarter in year *t*–1.
X_t^i	is the *X* factor for service *i* in year *t*. The *X* factor is to be decided in the distribution determination and will be based on the approach the distributor undertakes to develop its initial prices.
Contractor Services	reflect all costs associated with the use of the external labour including overheads and any direct costs incurred. The contracted services charge applies the rates under existing contractual arrangements. Direct costs incurred are passed on to the customer.
Materials	reflect the cost of materials directly incurred in the provision of the service, material on-costs and overheads.
Margin	definition to be decided in the distribution determination.
Tax	definition to be decided in the distribution determination.

26. AER, Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy, July 2022, page 40-43
27. If the ABS does not, or ceases to, publish the index, then CPI will mean an index which the AER considers is the best available alternative index.

5.0 Incentive schemes

SA Power Networks believes that incentive regulation has been instrumental in delivering efficiency and improved customer service outcomes over time. It is important to maintain a balance between incentivising cost reductions and improving service quality outcomes for customers. Since the application of AER incentive schemes, delivering material benefits for customers across the National Electricity Market (circa $13.4 billion)[28], lowering costs of energy supply and improving service performance. We strongly support incentives for networks to take efficient risks to innovate and improve the efficiency in services. Incentives are particularly relevant now while networks are altering practices and investments to support customer services moving to more distributed energy and electrification.

We propose that the following incentive schemes continue to apply to SA Power Networks for the 2025-30 RCP:

- Efficiency Benefit Sharing Scheme (EBSS);
- Capital Expenditure Sharing Scheme (CESS);
- Demand Management Innovation Allowance Mechanism (DMIAM);
- Demand Management Incentive Scheme (DMIS); and
- Service Target Performance Incentive Scheme (STPIS).

We note that the AER commenced a review of its incentive schemes in December 2021 to ensure they remain relevant and fit-for-purpose. The focus of this review is on incentives for prudent and efficient capital expenditure, and the contribution of the CESS. The incentive scheme review is intended to be completed by April 2023. We expect the results of this review to be incorporated into SA Power Networks final F&A when it is published in July 2023.

28. HoustonKemp, Consumer benefits resulting from the AER's incentive schemes – A report for Energy Networks Australia, 8 March 2022.

5.1 Customer service incentive scheme

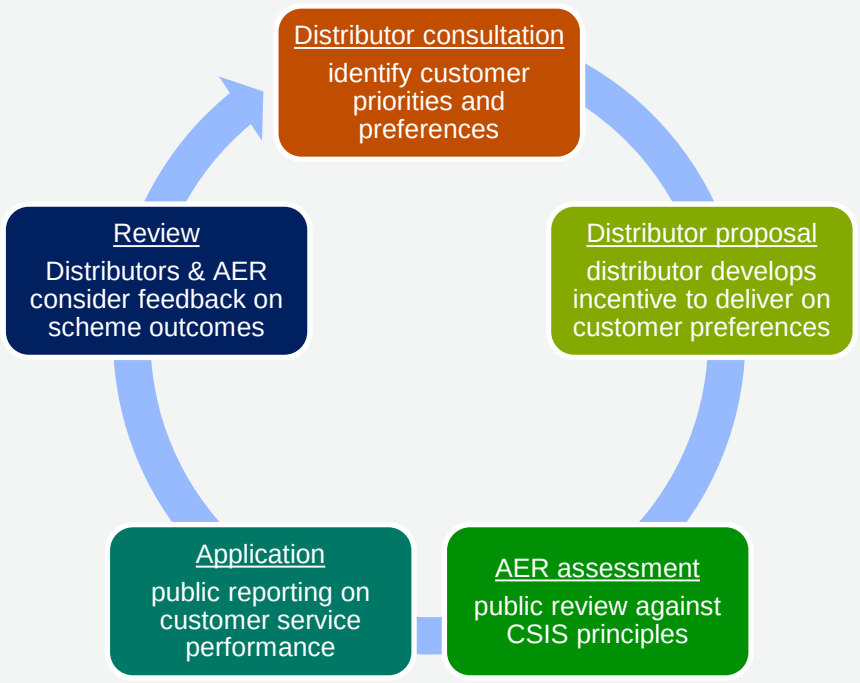
In July 2020, the AER published the Customer Service Incentive Scheme (CSIS) in accordance with clause 6.6.4 of the NER which sets out the AER's obligations on developing and applying a small-scale incentive scheme to a DNSP.

The CSIS is designed to encourage electricity distributors to engage with their customers and provide customer service in accordance with customer preferences. The CSIS allows the AER to set targets for distributor customer service performance, with distributors required to report on performance against those targets.

In accordance with Figure 5, SA Power Networks has commenced consultation with customers on the development of a CSIS as part of our 2025-30 reset engagement program. This forms part of our Customer Experience & Interactions customer engagement focused conversation stream, with an initial workshop held with customers on 7 September 2022. Further workshops will be held over the coming months to design a scheme that is reflective of our customers' expectations.

Where a CSIS is supported by SA Power Networks' customers, this will form part of our 2025-30 regulatory proposal.

Figure 5 - Application of the CSIS



Source: AER, Explanatory Statement, Customer Service Incentive Scheme July 2020

5.2 Export service performance

The AER has begun a consultation process on its approach to incentivising and measuring export service performance, with a consultation paper released on 5 August 2022.

The AEMC's access, pricing and incentive arrangements for DER rule change[29] amended the NER and National Energy Retail Rules and tasked the AER with delivery of a package of reform workstreams to strengthen customer protections and regulatory oversight of DNSPs provision of export services.

The AER's review will consider:

- whether incentive arrangements for export services are fit for purpose. The AEMC found that incentive frameworks in the NER, if left unchanged, could incentivise DNSPs to reduce costs at the expense of export service quality;
- the development of performance metrics to include in our first annual DNSP export service performance report; and
- how to best incorporate export services into our annual benchmarking report.

Noting we are still in the early stages of this review, the outcomes are due to be completed in March 2023 and should be incorporated into the incentive schemes applicable to SA Power Networks for the 2025-30 RCP.

29. AEMC, National Electricity Amendment (Access, Pricing and Incentive arrangements for Distributed Energy Resources) Rule 2021, Rule Determination, 12 August 2021

6.0 Expenditure forecast assessment guidelines

The AER's Expenditure Forecast Assessment guideline (the EFA guideline) outlines the assessment techniques the AER will use to assess a distributor's proposed expenditure forecasts, and the information required from the distributor.

The EFA guideline contains a suite of assessment/analytical tools and techniques to assist the AER's review of the expenditure forecasts distributors include in their regulatory proposals. The assessment tools set out in the guideline include:

- models for assessing proposed replacement and augmentation capital expenditure (Capex);
- benchmarking (including broad economic techniques and more specific analysis of expenditure categories);
- methodology, governance and policy reviews;
- predictive modelling and trend analysis; and
- cost benefit analysis and detailed project reviews.[30]

Further to the suite of tools and techniques set out in the EFA guideline, the AER has also set out its expectations for a distributor's operating expenditure (opex) and capex proposals in the Better Reset Handbook.[31]

SA Power Networks intend to apply the AER's EFA guideline and will align our proposal with the AER's Better Reset Handbook for the 2025-30 RCP.

30. AER, Explanatory statement: Expenditure assessment guideline for electricity transmission and distribution, 29 November 2013.
31. AER, Better Resets Handbook Towards Consumer Centric Network Proposals, December 2021.

7.0 Depreciation

Depreciation is the allowance provided so capital investors recover their investment over the economic life of the asset (ie the return of capital).

The depreciation method used to roll forward the Regulated Asset Base (RAB) for the commencement of the 2025-30 RCP can be based on either:

- actual capex incurred during the RCP (actual depreciation). Roll forward the RAB based on actual capex less the depreciation on the actual capex, or
- the capex allowance forecast at the start of the RCP (forecast depreciation). Roll forward the RAB based on actual capex less the depreciation on the forecast capex approved for the RCP.

We do not see any reason to depart from the AER's current approach of applying forecast depreciation for the 2025-30 RCP.

We note a focus of the AER's current incentive schemes review[32] is the application of the CESS to ensure that it remains fit for purpose. Should the AER propose changes to the CESS following its incentive scheme review, the approach to depreciation may also need to be revisited.

32. Refer to **aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/review-of-incentive-schemes-for-regulated-networks**

8.0 Dual function assets

Dual function assets are high-voltage transmission assets forming part of a distribution network. Where a network service provider owns, controls or operates dual-function assets, the AER is required to consider whether it should price these assets according to the transmission or distribution pricing principles.

SA Power Networks confirms we do not own, operate or control any dual function assets.

Appendix A – Proposed service classification for 2025-30

The table below provides SA Power Networks initial views on service classification for the AER's consideration. Proposed amendments from our 2020-25 final service classification are marked-up **(in blue)**.

Service group	Further description	Proposed classification 2025-30
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')	The suite of activities that includes, but is not limited to, the following: • 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) • ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons • works to fix damage to the network (including emergency recoverable works **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 or system reliability, efficiency or security purposes • training internal staff and contractors delivering direct control services • 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 • bulk supply point metering **– activities relating to monitoring the flow of electricity through the distribution network.** • rectification of simple customer fault (e.g. fuse) relating to a life support customer or other critical health and safety issues that the distributor is able to address • establishment and maintenance of national metering identifiers (NMIs) in market and/or network billing systems, and other market and regulatory obligations • investigation of customer-reported network faults • **work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs)[33], and customer conversion activities.** • **Provision of basic energy advisory services, for example electricity education, billing and tariff advice, and advice regarding home and business electrification.** Such services do not include a service that has been separately classified including any activity relating to that service.	SCS

33. Includes simple customer fault rectification on generation service of regulated SAPS

Service group	Further description	Proposed classification 2025-30
Connection Services—services relating to the electrical or physical connection of a customer to the network		
Basic connection services	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) in the following circumstances: (a) either: 1. (1) the retail customer is typical of a significant class of retail customers who have sought, or are likely to seek, the service; or 2. (2) the retail customer is, or proposes to become, a micro embedded generator; and ~~Connection Services include:~~ (b) the provision of the service involves minimal or no augmentation of the distribution network; and (c) a model standing offer has been approved by the AER for providing that service as a basic connection service.	Premises Connections = SCS + customer contributions
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.	Premises connections = ACS Extensions and Augmentations = SCS + customer contributions
Negotiated connection services	Means a connection service (other than a basic connection service) for which a distributor provides a connection offer for a negotiated connection contract.	Premises connections = ACS Extensions and Augmentations = SCS + customer contributions
Enhanced connection services	Other or enhanced connection services provided at the request of a customer or third party that include those that are: • Provision of connection services above minimum requirements – customer requests increase in reliability or quality of supply beyond the standard, and/or above minimum regulatory requirements (e.g. reserve feeder); • 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 SA Power Networks; **or** • ~~For large embedded generators (30 kW 3 phase or above 5 kW 1 phase and above); or~~ • Other additional customer dedicated connection lines / assets.	ACS

Service group	Further description	Proposed classification 2025-30
Connection application and management services	Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to: • connection application related services • de-energisation • re-energisation • temporary connections (of a size less than the shared network augmentation threshold) as a basic connection service e.g. builder's supply, fetes, etc. • 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 secondary and primary plant studies for safe operation of the network (e.g. change protection settings) • 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.	ACS

Service group	Further description	Proposed classification 2025-30
Metering Services[34] — 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 metering installations and supporting services are competitively available.	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 installed (including metering with internally integrated load control devices).~~	~~ACS~~
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	**Activities include:** • Meter maintenance covers works to inspect, test, and maintain metering installations. • Meter reading refers to quarterly or other regular reading of a metering installation including field visits and remotely read meters. • Metering data services includes for example: services that involve the collection, processing, storage and delivery of metering data, the provision of metering data in accordance with regulatory obligations, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER.	ACS
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.	SCS
Auxiliary metering services (Type 5 to 7 metering installations)	Activities include: • 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 maintenance or replacement.	ACS

34. SA Power Networks will continue to be responsible for 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'.

Service group	Further description	Proposed classification 2025-30
Emergency supply restoration in relation to metering equipment not owned by the distributor (contestable metering)	The distributor is called out by a 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.	ACS
Meter recovery and disposal – type 5 and 6 (legacy meters)	Activities include the removal and disposal of a type 5 or 6 metering installation: • 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.	ACS
Third party requested outage for purposes of replacing a meter	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.	ACS

Service group	Further description	Proposed classification 2025-30
Network ancillary services - Services closely related to common distribution services but for which a separate charge applies.		
Access permits, oversight and facilitation services	Activities include: • 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 other network ~~**plant**~~ **equipment** to a non-LNSP 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 on the network. • Facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets.	ACS
Network safety services	Examples include: • provision of traffic control and safety observer services by the distributor where required[35] • fitting of tiger tails or aerial markers as requested by a customer or directed by the OTR • high load escorts • **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.[36]	ACS
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.	ACS

35. When provided in relation to the distribution system or future distribution system
36. An ACS charge is not applicable where it is determined that the customer outage was caused by a fault on the network

Service group	Further description	Proposed classification 2025-30
Notices of arrangement and completion notices	Examples include: • 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. • 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.	ACS
Rectification works to maintain network safety	Activities include issues identified by the DNSP and work involved in managing and resolving pre-summer bushfire inspection customer vegetation defects or aerial mains where the customer has failed to do so.	ACS
Customer requested planned interruption ~~– customer requested~~	Examples include: • 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).	ACS
Attendance at customers' premises to perform a statutory right where access is prevented	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 may include the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).	ACS

Service group	Further description	Proposed classification 2025-30
Inspection and auditing services	Activities include: • inspection and reinspection by a distributor of gifted assets or assets, installed 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 hours 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 **or has been disconnected for more than 12 months or disconnected for safety reasons.**	ACS
Provision of training to third parties for network related access	Training services provided to third parties that result in a set of learning outcomes that are required to obtain a distribution network access authorisation specific to a distributor's network. Such learning outcomes may include those necessary to demonstrate competency in the distributor's electrical safety rules, to hold an access authority on the distributor's network and to carry out switching on the distributor's network. Examples of training might include high voltage training, protection training or working near power lines training.	ACS
Authorisation and approval of third party service providers design, work and materials	Activities include: • 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.	ACS
Security lights	Provision, installation, operation and maintenance of equipment mounted on the distribution ~~network~~ **equipment** used for security services, e.g. nightwatchman lights Note: excludes connection services.	ACS
Customer initiated or triggered 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), or triggered by a customer's non-compliance with network safety or security standards.	ACS

Service group	Further description	Proposed classification 2025-30
Customer requests for electricity data and energy advice ~~Customer requested provision of electricity network or consumption data~~	**Includes:** • Data requests by customers or third parties including requests for the provision of electricity network data or consumption data outside of legislative obligations. • **Customer requests for tailored energy advice, providing a personalised service for customers who wish to talk to obtain more specific advice beyond the basic energy advisory service offered to all customers.**	ACS
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.	ACS
Public Lighting Services		
Public Lighting	Includes provision, construction and maintenance of public lighting and emerging public lighting technology.	ACS
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
Contestable metering support roles	Includes metering coordinator, metering data provider and metering provider for Type 1 to 4 metering installations.	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 distribution network service providers.	Unregulated
Provision of training to third parties for work not associated with common distribution services nor network services	Training programs provided to third parties for work that is not associated with the provision of common distribution services nor network access.	Unregulated

SA Power Networks

Empowering South Australia