

31 October 2017



Mr Chris Pattas
General Manager—Network Pricing, Policy & Compliance
Australian Energy Regulator

Submitted by email: SAPN2020@aer.gov.au

Dear Mr Pattas

Request to replace Framework and Approach

SA Power Networks would like to request that the AER develop a replacement Framework and Approach (F&A) to apply to our next distribution determination process for the 2020-25 regulatory control period.

There have been several regulatory developments since the AER prepared our 2015-20 F&A that will impact on our regulatory proposal for the 2020-25 period. We provide, in this submission, our preliminary views on matters requiring consideration by the AER, including:

- application of the AER's various incentive schemes;
- clarification on the approach to expenditure forecast assessments;
- the terminology, descriptions and classifications to apply to our services;
- the forms of control and formulae that should apply to our services; and
- confirmation of the intended approach to depreciation.

We expect the focus of this F&A will be on the treatment of our services, and in particular, the reclassification of our services that are currently classified as Negotiated Distribution Services. To facilitate discussion, we provide in Attachment A to this submission our initial views on how our services might be termed, described and classified.

We look forward to engaging with the AER and stakeholders over the next few months as the AER seeks to confirm its intended positions.

If you wish to discuss any of our comments further, please contact Bruno Coelho on 08 8404 5676 or by email on: bruno.coelho@sapowernetworks.com.au

Yours sincerely

A handwritten signature in blue ink, appearing to read "Wayne Lissner".

Wayne Lissner

A/General Manager Corporate Strategy



Introduction

The AER's Framework and Approach (F&A) process precedes SA Power Networks' (**us, we and our**) regulatory proposal and the AER's distribution determination, by setting out:

- what the AER intends to regulate—how to classify our services depending on the degree of required regulatory oversight;
- how the AER intends to regulate—deciding whether and how our revenues or prices will be capped, and how it intends to assess our forecast expenditure requirements;
- how the AER intends to incentivise—how incentive schemes are intended to apply; and
- how the AER intends to apply depreciation—to set the size of the regulatory asset base.

SA Power Networks must request and provide reasons for needing the AER to replace the F&A that applied to our distribution determination for the 2015-20 period.¹ Our reasons are detailed throughout this submission and are principally driven by several recent regulatory developments including:

- the development of the AER's Ring-Fencing Guideline—imposing new restrictions on how certain services are to be performed by Distribution Network Service Providers (DNSPs);²
- changes to the National Electricity Rules (NER) introducing contestability to the provision of metering services—altering the scope of DNSPs' current regulated metering responsibilities;³
- AER development of new incentive schemes and revision to existing incentive schemes;
- outcomes of recent tribunal / court decisions on previous AER distribution determinations as pertaining to operating expenditure assessments;
- positions in the AER's recent round of F&A decisions for DNSPs in New South Wales (NSW), the Australian Capital Territory (ACT) and Tasmania (Tas); and
- positions on service classification in the AER's draft decision on ring-fencing waiver applications.⁴

We also anticipate needing to engage further with the AER to identify any impacts that might arise from the contestability of energy services rule changes currently being considered by the Australian Energy Market Commission (AEMC)⁵, in particular the proposed requirements on:

- the AER to publish a service classification guideline; and
- DNSPs to submit applications for any "behind the connection point" assets that are to be excluded from the investment ban being considered.⁶

Overall, based on recent AER decisions, we anticipate that this F&A will focus on our services and possible changes to the regulatory treatment of our services which are currently classified as Negotiated Distribution Services (NDS).⁷ We look forward to engaging with the AER and stakeholders to ensure that any regulatory changes are undertaken in the best interests of our customers.

¹ Clause 6.8.1(c)(1) of the National Electricity Rules (NER).

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

³ This refers to the Expanding Competition in Metering and Related Services rule changes, the details of which are available on the AEMC website: [<http://www.aemc.gov.au/Rule-Changes/Expanding-competition-in-metering-and-related-serv>].

⁴ AER, *Draft decision – DNSP applications for waivers from the Electricity Distribution Ring-Fencing Guideline*, October 2017.

⁵ AEMC, *Draft rule determination—contestability of energy services*, 29 August 2017.

⁶ At this stage, based on the AEMC's draft rule, we do not anticipate any effects on the services listed in Attachment A to this submission as the ban on DNSPs investing capital expenditure behind the connection point does not apply to ACS and therefore is not anticipated to capture metering services. However, we will continue to monitor this reform process. AEMC, *Draft rule determination—contestability of energy services*, 29 August 2017, p.45.

⁷ These are services for which the scope of works provided to customers and prices charged customers are subject to negotiation with customers.

Application of schemes

The AER should outline how it intends to apply its various incentive schemes in our 2020-25 distribution determination.⁸ In our view:

- There is no reason to alter the application of either the AER's Efficiency Benefit Sharing Scheme (EBSS) for operating expenditure, or Capital Efficiency Sharing Scheme (CESS) for capital expenditure;
- The AER should apply its new Demand Management Incentive Scheme (DMIS) and Demand Management Innovation Allowance Mechanism (DMIAM) and confirm the maximum incentives and allowances available to SA Power Networks. Also, as outlined in our submission to the DMIS and DMIAM draft decisions, consideration / confirmation is needed on the intended interaction between these initiatives and the AER's application of the EBSS and operating expenditure benchmarking;⁹
- The AER should apply its revised Service Target Performance Incentive Scheme (STPIS). We will comment further on the STPIS' application when the AER's review concludes;¹⁰ and
- The AER should remain open to consideration through the F&A process of possible ideas for a Small-Scale Incentive Scheme (SSIS).¹¹ While we do not yet propose any SSIS, we continue to consider ideas that might arise from any service classification changes, the outcomes of energy policy developments (emerging from the Finkel and other reviews specific to South Australia) and our own stakeholder engagement currently underway in preparation for our 2020-25 regulatory proposal.

Application of the Expenditure Forecast Assessment Guideline

The AER should outline how it intends to apply its Expenditure Forecast Assessment Guideline (EFAG) in assessing our proposed expenditures for 2020-25.¹² In our view:

- While the EFAG outlines various assessment tools the AER might apply to assessing proposed expenditures the AER has to date applied a consistent approach in assessing proposed operating expenditure, providing clarity on required information and explanations in regulatory proposals; and
- Should the AER seek to amend its current approach for example by introducing any bottom-up reviews of operating expenditures in response to the Federal Court decisions on the NSW and ACT distribution determinations, timely and transparent communication will be needed.

Approach to depreciation

The AER should outline its intended approach to depreciation to establish the regulatory asset base as at commencement of the following regulatory control period. We do not see any reason to depart from the AER's current approach of applying forecast depreciation, consistent with the CESS Guideline, when the CESS mechanism is in place, as we consider should be the case for 2020-25.

Treatment of services

All SA Power Networks services currently listed in the AER's 2015-20 distribution determination will require some degree of consideration, with respect to:

- the terminology and descriptions to apply;
- how they should be classified; and
- the forms of control and formulae that should apply to particular services.

⁸ As required under clause 6.8.1(b)(2) of the NER, the AER must set out its proposed approach to incentives schemes.

⁹ The draft decisions are unclear as to whether the financial incentives and allowances will be excluded from the EBSS calculations and how these amounts together with other demand management opex will be treated under benchmarking. SAPN, *Submission to draft decisions—Demand management incentives & innovation allowance*, 12 October 2017, pp.2-3.

¹⁰ The AER is yet to issue its draft decision on revisions to the STPIS.

¹¹ Under clause 6.6.4 of the NER, the AER may develop and publish an SSIS

¹² AER, *Better Regulation—Explanatory Statement: Expenditure Forecast Assessment Guideline*, November 2013.

Service terminology and descriptions

Attachment A sets out SA Power Networks’ initial proposed amendments to the terminology to apply to our services at the primary and secondary level of these services and to their descriptions. The amendments are to ensure that our list of services adequately reflects activities we can undertake over the 2020-25 regulatory period, and have been driven by:

- AER desire for common terminology of services for all DNSPs as far as reasonably practical—as observed from recent F&A decisions and discussions with AER staff;¹³
- the wording of some of our services reflecting obsolete legacy regulatory arrangements¹⁴ or otherwise being duplicative in their descriptions; or
- regulatory reforms applying to metering services, requiring further delineation of these services.

The key outcomes of our initial proposed approach are displayed in Figure 1, and include:

- A new list of services at the primary and secondary levels, with the latter reduced from 40 to 28 services¹⁵ by removing wording duplication and non-relevant services.
- Some services removed pertain to reclassification of customer contributions (e.g. on standard connections according to SA Power Networks’ Connection Policy; and funds recovered from customers who have damaged the distribution network).¹⁶ We seek AER confirmation that these contributions will reside outside of the limits of the revenue cap applied to Standard Control Services (SCS) in order to avoid revenue shortfall.
- The various activities constituting our core monopoly service of providing a shared distribution network are now termed, ‘common distribution services’.¹⁷ Based on the AER’s recent F&A decisions¹⁸ we included emergency recoverable works in ‘common distribution services’ but as mentioned above, we request clarification on the treatment of contributions recovered for these services.¹⁹
- Monopoly services that are specifically requested by customers and for which specific charges apply are now termed ‘ancillary services (specific monopoly)’.
- At the secondary service level, distinctions are made between services, allowing for different regulatory treatment. Also consistent with recent AER F&A decisions, a detailed description is provided of each service to avoid doubt on the application of ring-fencing.

Figure 1: New initial proposed structure of service list

Primary service level	Secondary service level	Service description
Common Distribution Services	1 service	Detailed description of the activities that comprise each service
Ancillary services (specific monopoly)	x 14 specific services	
Metering Services	x 9 specific services	
Public Lighting Services	1 service	
Connection Services	x 3 types of services	
Unregulated Distribution Services	x 3 services (non-exhaustive list)	

¹³ The service descriptions largely reflect the descriptions used in the AER’s NSW, ACT and TAS F&As with minor amendments where necessary to reflect jurisdictional differences.

¹⁴ For example, some our current NDS reference Metering Codes no longer in force, and services that were provided under pre-AER jurisdictional regulation. All such services are mentioned in Attachment A.

¹⁵ There are 28 services that are likely to require regulatory oversight. Unregulated services are not included in this number.

¹⁶ SA Power Networks has to date listed these contributions as NDS revenue.

¹⁷ An expanded description has been provided as to the likely activities involved in providing our core monopoly service in order to avoid doubt as to the activities for which ring-fencing requirements will not apply.

¹⁸ This includes the AER’s F&A decisions for NSW, ACT and Tas, and the AER’s draft decision on ring-fencing waivers. AER, *Ring-fencing applications draft decision*, October 2017, p.19

¹⁹ We have interpreted that the AER’s intent is for DNSPs to still pursue recoverable funds from relevant parties.

Classification of services

Many of SA Power Networks' services are expected to require classification consideration noting:

- Changes to the NER commencing 1 December 2017 will introduce contestability in metering services and specify responsibilities required of registered parties;²⁰
- AER desire for consistency in approach implemented across DNSPs as far as practical; and
- AER development of the ring-fencing guideline which requires among other things, that DNSPs not share staff, offices and branding between the delivery of Direct Control Services (i.e. SCS and ACS) and contestable electricity services (which include NDS and unregulated distribution services).²¹ Ring-fencing creates significant issues for our business and how our services should be classified:
 - For the remainder of the 2015-20 period, we applied for (and were granted) a waiver from these ring-fencing obligations for our NDS to avoid unnecessarily increasing costs to our business and customers in delivering services our current distribution determination allows us to provide.
 - For the 2020-25 regulatory period, reclassification of all of our NDS will avoid unnecessary ring-fencing cost imposition on our business and customers. Generally, however, the NDS framework:
 - Has promoted innovation, enabling us to tailor certain service offerings to customers and adapt services and charges to reflect customers' desires over the five-year regulatory period. This contrasts to what might be a more rigid ACS approach of fixing how services are described and fixing their charges across the five-year period; and
 - Might have a greater future role in circumstances if and where technological changes drive greater substitution possibilities or greater consumer power and thereby create opportunities to move to lighter-handed forms of regulation.

Our initial views on how our services might be classified, assuming that the ring-fencing guideline remains as currently drafted, are detailed in Attachment A and summarised in Figure 2 below. Our initial view is that all of our NDS could be reclassified as ACS.

Figure 2: New initial proposed classification of services

Primary service level	2015-20	2020-25 (initial view)
Common Distribution Services	SCS	SCS
Ancillary services (specific monopoly)	NDS	ACS
Metering Services	<ul style="list-style-type: none"> • ACS (type 5 & 6) • NDS (type 1-4; special reads) • SCS (type 7) 	<ul style="list-style-type: none"> • ACS (type 5 & 6; special reads) • Unclassified (type 1-4) • SCS (type 7)
Public Lighting Services	NDS	ACS
Connection Services	<ul style="list-style-type: none"> • SCS (standard connections) • NDS (non-standard connections; disconnections/reconnections; contributions on standard connections) 	<ul style="list-style-type: none"> • SCS (standard connections; contributions on standard connections) • ACS (non-standard connections; disconnections/reconnections)
Unregulated Distribution Services	Not listed	x 4 services (non-exhaustive list)

Our initial views on service classification (Attachment A and summarised in Figure 2) are discussed below.

²⁰ That is, the Metering Coordinator, Metering Provider, Meter Data Provider, the Financially Responsible Market Participant and the Local Network Service Provider.

²¹ Defined in Section 1.4 of the AER's Ring-Fencing Guideline.

Common distribution services

- The provision of our core monopoly service of providing (i.e. planning, constructing, maintaining and operating) a distribution network is a service that is shared by all customers and remains appropriately classified as an SCS.
- A non-exhaustive activity list is described in Attachment A to clarify activities for which the legal, office and staff separation ring-fencing requirements should not apply.
- This activity list is drafted to include emergency recoverable works, given apparent AER preference. As mentioned above, this item requires clarification as to the treatment of contributions in circumstances where funds have been pursued and recovered from parties that have damaged the network.²²

Ancillary services (specific monopoly)

- Ancillary services is a new term referring to the services variously described in our current list of NDS, for which specific charges can be applied to customers that request these services.
- All ancillary services suit an NDS framework by virtue of being specifically requested services that should therefore be subject to discussions / negotiations with customers to tailor service provision.
- However, as these services all reflect monopoly characteristics we propose they all be reclassified as ACS. An ACS classification is consistent with the AER's expectations set out in its recent draft decision on waiver applications.²³ These are all services only SA Power Networks can provide, for example:
 - The provision and overseeing of permits to access the distribution network,²⁴ can only be undertaken by SA Power Networks, being the party responsible for network safety / integrity.
 - The provision of network safety services such as fitting of tiger-tails, closely relates to the maintenance of network safety and can only be provided by SA Power Networks.²⁵
 - Even where there is some limited service contestability, such as where a property developer seeks to construct and self-fund energy reticulation at a greenfield site to then integrate (and gift) into the distribution network, only SA Power Networks can provide the functional specification and design standards required.²⁶ For example, we might provide design specifications to a developer who might look to source a third-party contractor to design a sub-division, which we ultimately inspect before approving integration into our network. We are ultimately responsible for ensuring the technical safety of the distribution network.

Metering services

- Type 1 to 4 metering services are contestable and appropriately reclassified from NDS to ACS.
- All other metering services should be classified as ACS—being either services specifically requested by customers (e.g. request for additional consumption data)²⁷ or services involving our existing meter stock (types 5 to 6). All these services are commensurate with SA Power Networks' scope of responsibilities post 1 December 2017.²⁸

²² Likewise, we will also seek AER confirmation on the expected treatment of works to support another distributor during an emergency event. That this, whether this would be a service that SA Power Networks would charge another distributor for and record as a contribution on SCS.

²³ AER, *Ring-fencing waiver applications draft decision*, October 2017, pp.18-29

²⁴ Listed in Attachment A as service (6) –'Access permits, oversight and facilitation services'.

²⁵ Listed in Attachment A as service (5)–'Network safety services'.

²⁶ Listed in Attachment A as service (4)–'Design related services (for non-SAPN build)'.

²⁷ Listed in Attachment A as service (24)—Customer requested provision of additional metering consumption data.

²⁸ These services are treated equivalently to the AER's approach in its NSW, ACT and Tas F&A decisions.

Connection services

- *Connections services (premises, extensions, network augmentations):*
 - These services refer to services previously termed standard connections—i.e. services provided to customers as reflecting the least cost technically acceptable solution required for their circumstances.
 - These services remain appropriately classified as SCS as they embody the standard service applied to all customers in like circumstances (the type of connection will still vary depending on the customer's circumstances) and are services that reflect monopoly characteristics.²⁹
 - We note the AER's preference for customer contributions (determined via SA Power Networks Connection Policy³⁰ which in-turn accords with Chapter 5A of the NER) to be recorded as SCS revenue. The AER should clarify that these contributions (i.e. revenues) are not subject to the revenue cap to apply to SCS, in order to avoid revenue shortfall to our business.
- *Other or enhanced connection services:*
 - This is a new term for non-standard connections, being connections requested by customers at a higher standard than required (i.e. above the least cost technically acceptable solution). Examples include where a customer wants a permanent stand-by supply (e.g. back-up feeder or duplicate supply) or a higher voltage supply. Also in this category are: connections for large embedded generators which, given their size, require specific solutions and consideration of their impact on the network; and any other specific connection lines / assets that customers might request.
 - We propose reclassifying these services from NDS to ACS as they also reflect monopoly characteristics but are services for which service-specific customer charges should be provided to customers that request these services so as to mitigate cross-subsidisation.³¹

Public lighting services

- Currently, our public lighting services are classified as NDS. We negotiate with customers and charge for specific types of services—ranging from fully integrated services where we provide full luminaire and infrastructure maintenance and replacement of lights on our poles, to charges for maintenance of luminaires and systems management for lights on customer (i.e. council and State Government) owned infrastructure.³²
- We accept that public lighting can be classified as ACS consistent with the AER's apparent intent across all DNSPs. However, our acceptance is subject to the identification of an approach under the ACS framework that affords us flexibility to tailor our service offerings to our customers. This is noting that:
 - The AER has indicated a preference for all public lighting services to be classified as ACS in all jurisdictions, due to matters of market power on the part of DNSPs.³³
 - While market power / conditions are a consideration in determining if a service should be classified as NDS or ACS, we consider that a key positive feature of the NDS framework valued by our customers is the opportunity to discuss / negotiate with customers on how best to tailor services they require. This contrasts to what might be a more rigid ACS approach by way of specifying a schedule of ACS prices across a period of five years.

²⁹ SA Power Networks' Connection Policy allows some limited contestability in connection services, by allowing third parties (i.e. developers) to build / self-fund greenfield connection assets. However, classifying connections as SCS won't hinder the limited circumstances in which this option is chosen. For example, in circumstances where a developer self-funds / constructs a greenfield connection asset and wishes to integrate this into the shared distribution network, our Connection Policy would apply such that any connection charge payable by the developer recognises the funds they have already paid.

³⁰ SAPN, *Connections policy for 2015-2020*, June 2015.

³¹ This is consistent with the AER's expectations as to treatment of connection services that are at a higher standard than the least cost technically acceptable standard. AER, *Ring-fencing waiver applications draft decision*, October 2017, p.21.

³² We generally refer to these as our CLER (Customer Lighting Equipment Rate) and Energy Only service charges.

³³ For example, this is reflected in the AER's discussion on public lighting in the Tas F&A (pp.38-30) and in the Draft Decision on ring-fencing waiver applications (pp.18-19).

- There are key differences between public lighting and ancillary services. While ancillary services involve single requests and charges, the provision of public lighting to our customers (i.e. councils) typically requires entering contracts over several–year terms. Our customers have had differing preferences in terms of the following:
 - service scope—whether they prefer that we provide a fully integrated service or only maintain luminaires on poles they might own, together with other lighting energy systems management;
 - technology type—the type of luminaire to be installed;³⁴ and
 - contract specification—whether they prefer upfront fees or fees spread over a longer term; and whether they wish to be responsible for capital asset risk (i.e. responsible for asset replacement where there are failures) among a number of other issues.
- We expect to engage with the AER and stakeholders on which options under an ACS framework might best suit the circumstances of providing public lighting services as described. We would aim to avoid service rigidity and excessive complexity / administrative burden to us, our customers, and the AER.

Unregulated distribution services

This term does not have any formal status in the AER’s service classification as any services not requiring regulation are ‘unclassified’. However, consistent with recent AER F&A decisions, we have provided a non–exhaustive list of some services fitting this term. This clarifies some services which, under the AER’s ring–fencing guideline, can be provided by SA Power Networks, but which will be subject to functional separation of office locations and staff.³⁵

³⁴ For example, SA Power Networks has, over the past two years been engaging with customers (according to the process in our Negotiating Framework which was approved by the AER) to upgrade old public lighting luminaires with new LED luminaires. We have already upgraded and committed to upgrade a significant number of luminaires to LED, via agreements with councils. We are now looking to engage with other remaining councils as to the possibility of similar agreements.

³⁵ That is, by still being ‘distribution services’, under the AER’s ring–fencing guideline these do not require legal separation into a legally separate affiliate.

Form of control and formulae applying to services

Our initial views on the forms of control to apply to different service classifications are summarised in Figure 3 and discussed below:

- SCS—application of a revenue cap remains appropriate for SCS, for the reasons set out in the AER’s last round of distribution determinations for all DNSPs and in its recent F&A decisions.³⁶ A revenue cap is likely to remain a key component in equalising the treatment of network spends and demand management alternatives. Further, the formula specified in the AER’s recent F&A decisions appears to remain appropriate, subject to clarification on the treatment of:
 - contributions as mentioned throughout this submission; and
 - the AER’s new DMIS.
- ACS—price caps by way of caps on the prices of individual services, appear suitable as these are services that are specific in nature and for which individual prices should apply. We intend these price caps to apply by a combination of specific fee and quoted services, as typically applied by the AER to ACS pricing. As mentioned above, we are still considering which form of control might be most appropriate for public lighting.

Figure 3: Initial views on forms of control

Classification	2015-20	2020-25 (initial view)
SCS	Revenue cap	Revenue cap
ACS – ancillary services	Not applicable – all NDS	Price caps – caps on the prices of individual services. Combination of fee & quoted services
ACS – connection services	Not applicable – non-standard connections are NDS	Price caps – caps on the prices of individual services. Combination of fee & quoted services
ACS – metering services	Price caps – caps on the prices of individual services	Price caps – caps on the prices of individual services
Public Lighting Services	Not applicable – all NDS	To be considered

³⁶ For example, see AER F&A for Tas. AER, *Framework and Approach – TasNetworks electricity transmission and distribution: regulatory control period commencing 1 July 2019*, July 2017, pp.36-38.

Attachment A: Draft SA Power Networks service list – initial views

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
Common distribution services				Standard network services	
1	Common distribution services	<p>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) and includes but is not limited to the following:</p> <ul style="list-style-type: none"> ▪ The planning, design, repair, maintenance, construction and operation of the distribution network ▪ The relocation of assets that form part of the distribution network but not relocations requested by a third party (including a customer) ▪ Works to fix damage on the network (including emergency recoverable works) ▪ Works to support another distributor during an emergency event ▪ Network demand management for distribution purposes ▪ Training internal staff undertaking distribution services ▪ Activities related to ‘shared asset facilitation’ of distributor assets ▪ Emergency disconnect for safety reasons and work conducted to determine if a customer outage is related to a network issue ▪ Bulk supply metering ▪ Rectification of simple customer fault (e.g. fuse) relating to a life support customer ▪ Neutral integrity test—where a distributor will identify the source of a fault following detection from a network issued device. Rectification work to render the network safe is limited to distribution network infrastructure. <p>Such services do not include a service separately classified including any activity relating to that service.</p>	SCS	A.1 Standard network services	SCS
Ancillary services				Term was not used.	
2	Customer initiated asset relocations	<p>Preparation of offer, and performance of work, for relocation of assets that form part of the distribution network in circumstances where the relocation was:</p> <ul style="list-style-type: none"> ▪ Initiated by a third party (including a customer); or ▪ Triggered by a customer’s non-compliance with network safety or security standards. 	ACS	A.13 Asset relocation, temporary disconnection and temporary line insulation services	NDS

¹ Numbering of services listed in this column correspond to the service listing in the AER’s 2015-20 distribution determination.

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
3	Connection application related services	<p>Activities include:</p> <ul style="list-style-type: none"> ▪ Assessing connection applications 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 coordination for large projects ▪ Registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER ▪ Inspection / reinspection of connection works undertaken by customer / third party 	ACS	<ul style="list-style-type: none"> ▪ A.15 other services – carrying out planning studies and analysis relating to distribution, including sub-transmission and dual function asset connection applications ▪ A.15 other services – third party connection works charges for work not undertaken by SAPN. Includes but not limited to: specification services; works design compliance; works reinspection 	NDS
4	Design related services (for non-SAPN build)	<p>Activities include:</p> <ul style="list-style-type: none"> ▪ Provision of design information, design rechecking services in relation to contestable connection and relocation works provided at the request of a customer or third party. ▪ Specialist services where the design or equipment is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor assets. <p>The provision of engineering consulting (related to the shared distribution network)</p>	ACS	A.15 other services – third party connection works charges for work not undertaken by SAPN. Includes but is not limited to: specification services; works design compliance; works reinspection	NDS
5	Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> ▪ High load escorts and / or fitting of tiger tails as requested by a customer or directed by the Office of the Technical Regulator ▪ De-energising wires for safe approach (e.g. for tree pruning by a customer / third party). <p>Inspection Work undertaken to determine the cause of a customer fault where there may be a safety and/or reliability impact on the network or related component, and associated works to rectify impact on the network caused by the customer.</p>	ACS	<ul style="list-style-type: none"> ▪ A.13 Asset relocation, temporary disconnection and temporary line insulation services. ▪ A.15 Other services – Investigation and testing services ▪ A.15 Other services – Provision of (i) high load escorts (ii) measurement devices (iii) protection systems & (iv) Pole attachments, ducts or conduits (excluding for provision of telecommunications services). 	NDS

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
				<ul style="list-style-type: none"> ▪ A.15 Other services –provision of supply investigation where it's determined that distribution system is not cause of interference. ▪ A.15 Other services – attendance at a customer's premises at the customer's request or their agent's request, where it is determined that the fault was not related to SAPN's equipment or infrastructure 	
6	Access permits, oversight and facilitation services	<p>Activities include:</p> <ul style="list-style-type: none"> ▪ A distributor issuing access permits or clearances to work on or near the distribution systems to an authorised person. ▪ 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 to a third 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 ▪ Facilitation of generator connection and operation of the network ▪ Facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets ▪ Assessing an application from a manufacturer, customer or third party to consider approval of alternative material and equipment items not specified in the distributor's approved materials list. 	ACS	<ul style="list-style-type: none"> ▪ A.15 Other services – Provision of access permits or clearance to work on or near the distribution system ▪ A.13 Asset relocation, temporary disconnection and temporary line insulation services 	NDS
7	Reactive power services	Services for existing customers where it is deemed that a connection point does not comply with SA Power Networks' Service and Installation Rules. Includes but not limited to the investigation, design and installation of power factor correction related devices	ACS	A.15 Other services – provision of reactive power and energy to a connection point or receipt of reactive power and energy from a distribution connection point.	NDS

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
8	Asset location and identification services	Services pertaining to the provision of information as to the location and characteristics of distribution network assets for parties looking to undertake construction or other prospective works within proximity to or involving the distribution network. This includes 'dial before you dig' services and other information.	ACS	<ul style="list-style-type: none"> ▪ A.15 Other services – asset location and identification services ▪ A.15 Other services – provision of information to distribution network users or third parties not related to connection enquires. 	NDS
9	Security lighting and cameras	Provision of security lighting (e.g. night-watchman), and fitting of security cameras to the distribution network.	ACS	A.15 Other services – other lighting services	NDS
10	Third party funded network upgrades or other improvements.	Upgrades or alterations 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	A.15 Other services – Third party funded network upgrades, enhancements or other improvements including 'made ready work' for NBN Co.	NDS
11	Planned interruption – customer requested	Where the customer requests to move a planned interruption, and agrees to fund the additional cost of performing this distribution service outside of normal business hours.	ACS	Not currently listed but relevant.	NDS
12	Site establishment services	Activities include, but not limited to: <ul style="list-style-type: none"> • Site establishment, including liaising with the Australian Energy Market Operator (AEMO) or market participants for the purpose of establishing NMIs in market systems, for new premises or for any existing premises for which AEMO requires a new NMI and for validation of an updating network load data. includes processing and assessing requests for a permanently unmetered supply device • Site alteration, updating & maintaining NMI and associated data in market systems • NMI extinction, processing a request by the customer or their retailer for permanent disconnection and the extinction of a NMI in market systems. • Confirming or correcting metering or network billing information in market business to business or network billing systems, due to insufficient or incorrect information received from retailers or metering providers. 	ACS	Not currently listed but relevant.	

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
13	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	Not currently listed but relevant.	
14	Training services for external parties involved in distribution services	Training services provided to external parties for work associated with distribution services.	ACS	Not currently listed but relevant.	Unclassified
15	Miscellaneous services	<p>Other specifically charged activities including:</p> <p>a. <u>Wasted or cancelled visits</u>: relates to wasted visits for services such as connections, special meter reads, asset relocation and other services.</p> <p>b. <u>Attendance at customers' premises to perform a statutory right where access is prevented</u>.</p> <ul style="list-style-type: none"> - This pertains to 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). <p>c. <u>Services provided in relation to a retailer of last resort (ROLR) event</u>.</p> <ul style="list-style-type: none"> - The distributor may be required to perform a number of services as a distributor when a ROLR event occurs. For example: Preparing lists of affected sites and reconciling data with AEMO listings, arranging estimate reads for the date of the ROLR event, preparing final invoices and miscellaneous charges for affected customers, extracting customer data, providing it to the ROLR and handling subsequent enquiries. <p>d. <u>Provision of relevant regional energy consumption data to local government councils</u></p>	ACS	<p>a. Reflected in various charges including A.15 Other services – additional costs SAPN incurs where service provision couldn't be undertaken and or completed as planned due to actions of a customer or their agent.</p> <p>b. A.15 other services – attendance at a customer's premises to perform a statutory right where access is prevented.</p> <p>c. Not currently listed but relevant.</p> <p>d. A.15 Other services – provision of relevant regional energy consumption data to local government councils.</p>	<p>a. NDS</p> <p>b. NDS</p> <p>c. N.A</p> <p>d. NDS</p>

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
	Metering services			Variously described	
16	Type 1 to 4 metering services	Type 1 to 4 meters and supporting services	Unclassified	<ul style="list-style-type: none"> ▪ A.9 Non-standard small customer metering services ▪ A.10 Large customer metering services 	NDS
17	Type 5 and 6 meter provision (prior to 1 Dec 2017)	Recovery of the capital cost of type 5 and 6 metering equipment installed prior to 1 December 2017 (i.e. legacy meters).	ACS	A.4 Standard small customer metering services	ACS
18	Type 5 and 6 meter maintenance, reading and data services (legacy meters)	<ul style="list-style-type: none"> ▪ Meter maintenance covers works to inspect and test meter. ▪ Meter reading refers to quarterly or other regular reading of a meter. ▪ Metering data services are those that involve collection, processing, storage and delivery of metering data and management of relevant NMI Standing Data in accordance with the NER. 	ACS	A.4 Standard small customer metering services	ACS
19	Type 7 metering services	Administration and management of type 7 metering installations in accordance with the National Electricity Rules and jurisdictional requirements. Includes, approving non-standard equipment, processing and delivery of calculated metering data for unmetered loads, and population and maintenance of load tables, inventory tables, and on / off tables.	SCS	A.3 Unmetered metering services	SCS
20	Special meter reading and testing (legacy meters)	<p>Special meter reading and testing includes:</p> <ul style="list-style-type: none"> ▪ Special meter reading for type 5 & 6 meters and move in / move out metering reading (type 5 & 6 meters) ▪ Type 5 and 6 meter final read on removed type 5 and 6 metering equipment ▪ Special meter test (for type 5 and 6 meters) <p>Type 5 and 6 current transformer testing</p>	ACS	A.15 Other services – services provided in connection with Metering Code or rules	NDS

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
21	Emergency maintenance of failed metering equipment not owned by DNSP (contestable metering)	The DNSP 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. This fee will also be levied where a metering provider has requested the distributor to check a potentially faulty network connection and when tested by the distributor, no fault is found.	ACS	New service – as added in AER NSW, ACT and Tas F&A decisions.	
22	Meter recovery & disposal – type 5 and 6 (legacy meters)	Activities include: <ul style="list-style-type: none"> • At the request of the customer or their agent to remove and dispose of type 5 or 6 current transformer (CT) meters where a permanent disconnection has been requested • Disposing of type 5 or 6 whole current (WC) meters which may otherwise be removed and disposed of by the incoming metering provider. 	ACS	New service – as added in AER NSW, ACT and Tas F&A decisions.	
23	Distributor arranged outage for purposes of replacing meter	Activities include: 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	New service – as added in AER NSW, ACT and Tas F&A decisions	
24	Customer requested provision of additional metering consumption data	Customer requested provision of data in excess of requirements under rule 28 of the National Energy Retail Rules (two requests per annum are permitted under this rule).	ACS	New service – as added in AER NSW, ACT and Tas F&A decisions.	

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
	Connection services			Variously described	
25	Connection services	<p>Connection Services include:</p> <p><u>Premises connection services</u> – includes any additions or upgrades to the connection assets located on the customer’s premises (note: excludes all metering services).</p> <p><u>Extensions</u> – 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</p> <p><u>Network augmentations</u> – includes any shared network enlargement / enhancement undertaken by a distributor which is not an extension.</p> <p>These services are subject to customer contributions determined according to SA Power Networks’ Connection Policy.</p> <p>These services don’t include connection services for large embedded generators (30 kW 3 phase and above or 5 kW 1 phase and above).</p>	SCS	<p>A.2 Standard connection services</p> <p>A.8 New and upgraded connection point services</p>	SCS
26	Other or enhanced connection services	<p>Other or enhanced connection services provided at the request of a customer or third party that include those that are:</p> <ul style="list-style-type: none"> ▪ Provided with higher quality of reliability standards, or lower quality or reliability standards (where permissible) than required by the National Electricity Rules or any other applicable regulatory instruments; ▪ In excess of levels of service or plant ratings required to be provided by SA Power Networks; ▪ For large embedded generators (30 kW 3 phase and above or 5 kW 1 phase and above); or ▪ Other additional customer dedicated connection lines / assets 	ACS	<ul style="list-style-type: none"> ▪ A.6 Non-standard connection services ▪ A.7 Non-standard network services ▪ A.15 Embedded generation services ▪ A.12 Standby and temporary supply services 	NDS
27	Disconnections / Reconnections	<p>Disconnection and / or reconnection services (some provided in accordance with the National Energy Retail Rules). Examples include (but are not limited to):</p> <ul style="list-style-type: none"> ▪ Disconnection visit (site visit only) ▪ Disconnection visit (disconnection completed – technical) ▪ Disconnection visit (disconnection completed) ▪ Pillar box / pole top disconnection – completed ▪ Reconnection / disconnection outside of business hours ▪ Vacant property – site visit ▪ Vacant property disconnection (disconnection completed) ▪ Shared service fuse replacement ▪ Rectification of illegal connections ▪ Temporary connections and supply services ▪ Remove or reposition connection assets. 	ACS	<p>A.13 Asset relocation, temporary disconnection and temporary line insulation services.</p> <p>A.12 Standby and temporary supply services</p>	NDS

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
Public lighting services				Public lighting services	
28	Public Lighting	Includes provision, construction and maintenance of public lighting and emerging public lighting technology.	ACS- subject to conditions (as discussed)	A.11 Public lighting services: Street Lighting Use of System (SLUoS) Customer Lighting Equipment Rate (CLER), Energy Only Service (EO)	NDS
Unregulated distribution services (non-exhaustive list)				N.A	
29	Distribution asset rental (revenue)	Rental (rental recovery) of distribution assets to third parties (e.g. office space rental, pole and duct rental for hanging telecommunications wires etc).			Unclassified
30	Contestable metering support roles	Includes services pertaining to performing the roles of Metering Coordinator (except where the distributor is the initial Metering Coordinator), Metering Data Provider and Metering Provider for meters installed or replaced after 1 December 2017.			N.A
31	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.			N.A
Services reflecting legacy arrangements that are no longer relevant – no longer to be provided by SA Power Networks					
				A.5 Exceptional large customer metering services.	ACS
				A.15 Other services – transportation of electricity not consumed in the distribution system	NDS
				A.15 Other services – transportation of electricity to distribution network users connected to the distribution system adjacent to the transmission system	NDS

No.	2020-25 service	2020-25 service description	2020-25 classification	2015-20 service ¹	2015-20 classification
				A.15 Other services – provision of a television or radio interference investigation where it is determined that the distribution system is not the cause of the interference.	Currently listed as NDS but hasn't been subject to charge.
				A.15 Other services – off-peak conversion services	NDS
				A.15 Other services – work required for network tariff change requests	NDS
Current services which AER considers to not be appropriately classified as being a service					
				A.15 Other services – costs incurred by SAPN as a result of a customer not complying with SAPN's standard connection and supply contract or other obligations	NDS
				A.15 Other services – recovery of costs associated with larceny of supply including costs associated with repairing or replacing damaged equipment and investigation costs where larceny has occurred.	NDS
				A.15 Other services – recovery of debt collection services	NDS
	Contribution to be recorded as SCS revenue in addition to the revenue cap – To be confirmed by AER.			A.15 other services – Emergency recoverable works including repair and damage caused to the distribution network by a third party where costs are recovered.	Costs recovered recorded as NDS contribution