

# Final Decision

**Ausgrid, Endeavour Energy,  
Essential Energy (NSW) and  
Evoenergy (ACT)**

**Electricity Distribution**

**Determination 2024 to 2029**

**(1 July 2024 to 30 June 2029)**

**Attachment 13**

**Classification of services**

**April 2024**

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#### **Amendment record**

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1	30 April 2024	33

## List of attachments

This attachment forms part of the AER's final decision on the distribution determination that will apply to Evoenergy for the 2024–29 period. It should be read with all other parts of the final decision.

As a number of issues were settled at the draft decision stage or required only minor updates, we have not prepared all attachments. The final decision attachments have been numbered consistently with the equivalent attachments to our draft decision. In these circumstances, our draft decision reasons form part of this final decision.

The final decision includes the following documents:

Overview

Attachment 1 – Annual revenue requirement

Attachment 2 – Regulatory asset base

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Efficiency benefit sharing scheme

Attachment 13 – Classification of services

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## 13 Classification of services

Service classification determines the nature of economic regulation, if any, that is applicable to specific distribution services. Classification is important to customers as it determines which network services are included in basic electricity charges, the basis on which additional services are sold, and which services we will not regulate. Our decision reflects our assessment of a number of factors, including existing and potential competition to supply these services.

We are required to decide on the classification of each distributor's distribution services.<sup>1</sup> Our decision on the classification of distribution services is set out in the relevant framework and approach paper (F&A).<sup>2</sup> We set our intended approach to the classification of services for Ausgrid, Endeavour Energy, Essential Energy (NSW businesses) and Evoenergy (ACT) (the businesses) in their respective final F&As.

This final decision relates to potential amendments to the final F&As for those businesses. Our F&A decision applies unless we consider that a material change in circumstances justifies departing from that classification.<sup>3</sup>

### 13.1 Final decision – summary

Our final decision is:

- to modify the classifications in final the F&A due to a material change in circumstances in the final decision of the Australian Energy Market Commission's (AEMC) review of the regulatory framework for metering services<sup>4</sup>
- to not approve the businesses' proposed amendments to the final F&As relating to new unregulated distribution services, except for including a clarifying example of leasing space on electricity infrastructure for electric vehicle (EV) charging.

We discuss the reasoning for our decision at section 13.5.

Subject to the changes identified, our final decision maintains the remainder of the classification as set in our F&A published in July 2022.<sup>5</sup> Appendix A sets out our detailed classification decision. We present new additions in our classification approach, since our final F&A, in highlighted text.

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<sup>1</sup> NER, cl. 6.12.1(1).

<sup>2</sup> AER, [Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period](#), July 2022; AER, [Final framework and approach for Evoenergy for the 2024–29 regulatory control period](#), July 2022.

<sup>3</sup> NER, cl. 6.12.3(b).

<sup>4</sup> AEMC, *Final report, Review of the regulatory framework for metering services*, 30 August 2023.

<sup>5</sup> AER, [Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period](#), July 2022; AER, [Final framework and approach for Evoenergy for the 2024–29 regulatory control period](#), July 2022. See section 13.4 of the summary of the positions on key issues made during this process.

## 13.2 Ausgrid, Endeavour Energy, Essential Energy and Evoenergy’s revised proposals

In our draft decision, we outlined that the businesses had adopted our classification approach as set out in our final F&A decisions.<sup>6</sup> However, our decision foreshadowed that several ongoing processes may affect the positions outlined in the F&A. This included identifying that a material change in circumstance had occurred because of the final decision of the AEMC in its metering review.

The AEMC investigated the regulatory framework for metering services. The AEMC’s final decision following this review was released on 30 August 2023.<sup>7</sup> The AEMC confirmed that it will target 100% replacement of distribution network owned accumulation meters with smart meters offered by other parties by 30 June 2030.<sup>8</sup> Due to the proximity of the release of the AEMC’s final decision to our draft decision, we did not have the opportunity to fully incorporate it in our draft decision.

However, we indicated that we considered the reclassification of legacy meter services to standard control services was likely to be more appropriate. This approach would result in the benefit of the business’ metering services costs being recovered across a wider customer group during the smart meter transition.<sup>9</sup>

More broadly, the draft decisions noted the NSW businesses had flagged that the rate of change in the energy transition may result in changes for system support services.

The NSW businesses and Evoenergy, all submitted changes to their service classification for consideration for the final decision.

In the businesses’ revised proposals, the proposed changes were limited to:

- legacy (distributor-provided) metering services
- other metering related services
- data services
- new unregulated distribution services.

The following sections discuss the changes proposed by the businesses. The NSW businesses noted they have collaborated (where possible) to propose a common approach across the jurisdiction.

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<sup>6</sup> AER, [Draft Decision Attachment 13 - Classification of services - Ausgrid – 2024–29 Distribution revenue proposal](#), September 2023; AER, [Draft Decision Attachment 13 - Classification of services – Endeavour Energy – 2024–29 Distribution revenue proposal](#), September 2023; AER, [Draft Decision Attachment 13 - Classification of services – Essential Energy – 2024–29 Distribution revenue proposal](#), September 2023; AER, [Draft Decision Attachment 13 - Classification of services – Evoenergy – 2024–29 Distribution revenue proposal](#), September 2023.

<sup>7</sup> AEMC, *Final Report: Review of the regulatory framework for metering services*, August 2023.

<sup>8</sup> AEMC, *Final Report: Review of the regulatory framework for metering services*, August 2023.

<sup>9</sup> AER, [Draft Decision Attachment 13 - Classification of services - Ausgrid – 2024–29 Distribution revenue proposal](#), September 2023, p. 9. See the relevant reference for Endeavour Energy, Essential Energy and Evoenergy’s draft decision.

### 13.2.1 Metering services

The final F&A for the businesses maintained that type 5 and 6 metering installations and legacy metering services were classified as alternative control services.<sup>10</sup>

In response to our draft decision, and the AEMC’s metering review, Endeavour Energy and Essential Energy proposed to reclassify legacy metering services from alternative control services to standard control services.<sup>11</sup> Under this approach legacy metering costs could be recovered from all low voltage customers, not only customers who had used a distributor-provided meter.

The Consumer Challenge Panel, sub-panel 26 (CCP26), observed that the NSW businesses engaged with stakeholders on how to manage legacy metering cost recovery.<sup>12</sup> Further, CCP26 noted: “they understood that implementation of this AEMC review outcome is a current topic of discussion between the AER and Evoenergy”.<sup>13</sup>

For example, Essential Energy engaged with its People’s Panel and asked its members to consider their preference on the options for sharing costs, which included:

1. Spreading costs across all customers who have or have had a legacy meter.
2. Spreading costs across all customers.<sup>14</sup>

A report by Woolcott, Essential Energy’s engagement partner, noted that there was significant debate between participants as to what is the fairest option, as both options provided fairness in different ways.<sup>15</sup> The majority of participants presented support for Option 2. However, Woolcott noted that many people’s opinions did not seem too strong as it was discussed this was a transitional charge and the difference between the two options was only \$6 per annum.<sup>16</sup>

Essential Energy also tested support with its Stakeholder Collaboration Collective and Pricing Collaboration Collective. Woolcott indicated that the groups seemed supportive, based on the feedback from the People’s Panel, to move to standard control.

Endeavour Energy submitted that it had a broad discussion with its Regulatory Reference Group (RRG), which indicated that a standard control service classification would be preferable. The RRG stated in its submission that:

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<sup>10</sup> AER, *Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period*, July 2022; AER, *Final framework and approach for Evoenergy for the 2024–29 regulatory control period*, July 2022.

<sup>11</sup> Endeavour Energy, *0.03 Revised Service Classification*, November 2023; Essential Energy, [6.01 Classification of Services](#), November 2023.

<sup>12</sup> CCP26, *Advice to AER – 2024–29 Revised Electricity Determination and Draft Decision – Ausgrid*, January 2024, p.6; CCP26, *Advice to AER – 2024–29 Revised Electricity Determination and Draft Decision - Endeavour Energy*, January 2024, p. 8; CCP26, *Advice to AER – 2024–29 Revised Electricity Determination and Draft Decision - Essential Energy* January 2024, p.14.

<sup>13</sup> CCP26, *Advice to AER – 2024–29 Revised Electricity Determination and Draft Decision – Evoenergy*, January 2024, p.8.

<sup>14</sup> Essential Energy, [Revised Proposal - 2.03 Phase 5 Engagement Report – Woolcott](#), November 2023, p. 39.

<sup>15</sup> Essential Energy, [Revised Proposal - 2.03 Phase 5 Engagement Report – Woolcott](#), November 2023, p. 39.

<sup>16</sup> Essential Energy, [Revised Proposal - 2.03 Phase 5 Engagement Report – Woolcott](#), November 2023, p. 40.

Our position is to support Endeavour Energy’s proposal to reclassify legacy metering services as a Standard Control Service, on the understanding that the replacement of the vast majority of legacy meters will take place over the upcoming regulatory period and that the remaining customers on legacy meters would otherwise face escalating costs.<sup>17</sup>

Ausgrid and Evoenergy both proposed to retain the existing alternative control service classification for legacy metering, consistent with our draft decision.<sup>18</sup> Ausgrid received feedback from its Reset Customer Panel on the treatment of metering.<sup>19</sup>

### **Proposed amendments to the service grouping**

The businesses’ proposed changes to the service grouping for type 5 and 6 installations activities from “Other metering services...” to “Metering services...”. The businesses also proposed to list a further description, being:

activities related to legacy meter remediation or acceleration of advanced meter roll-out deemed the responsibility of the distributor.<sup>20</sup>

## **13.2.2 Other metering related services**

In addition to the main activities for the transition of legacy metering services, a few additional changes were proposed by the businesses to address the AEMC’s final decision for metering. These are discussed in sections 13.2.2 and 13.2.3.

### **13.2.2.1 Advanced metering acceleration services**

The NSW businesses and Evoenergy proposed a new service, “advanced metering acceleration services”, to encompass any additional activities required of distributors under the AEMC’s accelerated smart meter rollout. The businesses’ proposed service classification tables note the details of this service would be subject to our confirmation of new obligations arising under the National Electricity Rules (NER) or jurisdictional policies.

The proposed classification was suggested as either standard or alternative control services. It was also proposed that the obligations would be subject to confirmation from the AER when new obligations or activities have come into effect to carry out the work of the metering roll out.

Ausgrid’s revised proposal indicated that the proposed changes are required to allow the businesses to increase their involvement in metering installations and site remediation, particularly in multi-occupancy sites and remote/regional areas.<sup>21</sup> It also stated the proposed

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<sup>17</sup> RRG Independent Members panel, [Submission on Endeavour Energy’s revised proposal and draft decision 202429](#), January 2024, p. 3

<sup>18</sup> Ausgrid, [Att. 10.1 - Service classification](#), 30 Nov 2023, p.11; Evoenergy, [Revised regulatory proposal](#), November 2023, p. 27.

<sup>19</sup> Ausgrid, [Revised proposal, 2024–29 revised regulatory proposal](#), 30 Nov 2023, p. 17.

<sup>20</sup> Essential Energy, [6.01 Classification of Services](#), November 2023, p15; Evoenergy, [Appendix E marked up F&A](#), November 2023, p. 8; Endeavour Energy, [0.03 Revised Service Classification](#), November 2023; Ausgrid, [Att. 10.1 - Service classification](#), 30 Nov 2023, p. 6.

<sup>21</sup> Ausgrid, [Att. 10.1 - Service classification](#), 30 Nov 2023, p. 6.



approach provides flexibility, given the uncertainty in the final approach to implementation of the AEMC’s final decision.<sup>22</sup>

### **13.2.2.2 Contestable metering support services – unregulated distribution services**

The businesses also proposed amendments to the existing unregulated distribution service “contestable metering support”. The businesses submitted that the proposed amendments would provide clarity to stakeholders that distributors can participate in work to accelerate the smart meter rollout, when and if called upon by the financially responsible market participant.<sup>23</sup>

The current unregulated distribution service already refers to roles that are otherwise undertaken by other parties. These include metering coordinators (except where the distributor is the initial metering coordinator), the metering data provider and the metering provider for meters installed or replaced after 1 December 2017.<sup>24</sup> This proposed change would include metering installer and site remediator roles to provide clarity that the businesses may undertake these activities in some circumstances. The businesses acknowledged the existing support roles listed in this service are defined by the NER, while no such role of site remediator exists.

The businesses further requested that we also change the name of the service grouping to “Contestable metering support services”.<sup>25</sup>

### **13.2.2.3 Access permits, oversight and facilitation**

The final metering related service classification change proposed within the NSW businesses revised proposals was an amendment to the existing “Access permits, oversight and facilitation” alternative control service. For example, in NSW, customers are only permitted to secure their electricity meters with authorised industry master locks to provide distributors with secure access to them. This applies to residential gates and fences, or secured common areas in the case of multi-occupancy sites where meters are located behind them.<sup>26</sup>

This proposed change clarifies that distributor staff may provide third party access to electrical installations (particularly meter boxes) secured by a distributor master lock and acknowledges that the volume of requests for master lock access is likely to grow given the accelerated metering rollout.

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<sup>22</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p. 6.

<sup>23</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.12.

<sup>24</sup> AER, *Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period*, July 2022, p.69.

<sup>25</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p.3.

<sup>26</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.12.

### 13.2.3 Data services

The AEMC’s metering review’s final decision also outlined measures that would unlock further benefits from smart meter data and services. This includes improving access to a broader range of data and services provided by smart meters.<sup>27</sup>

The NSW businesses’ and Evoenergy’s revised proposals included proposed amendments to the common distribution service definition to specify provision of standardised data sets upon stakeholder request in accordance with NER obligations.

The NSW businesses’ revised proposals outlined that as data-sharing frameworks expand and become more refined, businesses are likely to see an increase in obligations and broader demand for electricity usage data – from customers or third parties acting on their behalf.<sup>28</sup> They note the proposed change would ensure that where a business receives data, such as from smart meters, at no additional cost and creates standardised data sets, they believe this data should be made available to customers and stakeholders free of charge.<sup>29</sup>

The businesses further proposed to amend the existing definition of “non-standard customer or third party requested data services”, an alternative control service, to specify provision of data beyond standardised data sets or NER obligations. This also included the provision of advice or data interpretation.

The NSW businesses provided clarification that where the costs for providing “non-standard” data are directly attributable to the requester, this would warrant an alternative control classification. The proposed changes provide a refinement to the existing “customer requested provision of electricity network data”.<sup>30</sup>

### 13.2.4 New unregulated distribution services

The businesses’ revised proposals also outlined proposed changes for unregulated distribution services to address essential system services.

The NSW businesses outlined that they considered there had been a material change in circumstance that warranted further consideration of the issues discussed in detail during the development of the F&A.

The NSW businesses and Evoenergy proposed changes to the classification of:

- distributors leasing space on electricity infrastructure for EV charging
- distributors leasing battery capacity.

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<sup>27</sup> AEMC, *Final report, Review of the regulatory framework for metering services*, 30 August 2023, p. i.

<sup>28</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p. 6; Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.17; Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p. 10.

<sup>29</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p. 6; Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.17; Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p. 10.

<sup>30</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p. 6; Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.17; Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p. 10.

In relation to the addition of EV charging to examples of leasing infrastructure space, the NSW businesses proposed to simply add the activity as another example of what is permissible under the existing “distribution asset rental” (unclassified) service. They outlined they do not consider this is a change in classification as distributors are already providing this service to EV charge point operators. The proposed minor amendment is to provide clarification to an existing service definition.

For the proposed change to allow distributors to lease excess battery capacity as an unregulated distribution service, Essential Energy suggest that it is in the interest of the market to provide clarity that the leasing of excess network-owned battery capacity to third parties is a distribution service (which is not classified), on the basis that they believe:

- the leasing of excess capacity of network-owned batteries is a distribution service
- the AER has a responsibility and obligation to stakeholders to provide clarity regarding the regulatory treatment of distribution services
- a material change in circumstances since the final F&A triggers the need for a change in classification approach
- listing it as a distribution service, which is not classified, is consistent with the treatment of similar services
- and listing the activity as part of distribution asset rental allows for unregulated revenues from this service to be shared with customers.<sup>31</sup>

All NSW businesses consider that the NSW Government’s *Electricity Supply and Reliability Check Up Report* sets targets for distributed batteries, and the potential that NSW businesses will be required to play an expanded role in delivering community batteries.<sup>32</sup>

Evoenergy’s revised proposal noted that it has proposed these minor revisions to aim for consistency with the changes proposed by the NSW businesses.<sup>33</sup>

In addition, the NSW businesses also requested services for:

- distributors providing ‘system support services’ (also known as ‘essential system services’), being:
  - reliability and emergency reserve trading (RERT)
  - frequency control ancillary services (FCAS)
  - dynamic voltage management systems (DVMS)
  - system strength and inertia.

In Ausgrid’s revised proposal, it stated that it considers a material change of circumstance has occurred as a result of the outcome of the NSW Government’s cabinet-endorsed response accepting recommendation 29 in the Check Up Report to connect more generation to distribution networks. It stated that this “highlights the potential that the NSW Government

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<sup>31</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p. 5.

<sup>32</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p.13; Endeavour Energy, *0.03 Revised Service Classification*, November 2023, pp. 7-8; Essential Energy, *6.01 Classification of Services*, November 2023, pp. 5-6.

<sup>33</sup> Evoenergy, *Revised regulatory proposal*, November 2023, p. 27.

will require distributors to play an expanded role in delivering essential system support services”.<sup>34</sup> Ausgrid also noted that the 2023 Australian Energy Market Operator’s (AEMO) Electricity Statement of Opportunities identified that the need for these types of essential system support services is likely to increase as the energy market transitions away from dispatchable generation from fossil fuels.<sup>35</sup>

Endeavour Energy and Essential Energy have made similar claims that a material change of circumstances has occurred.<sup>36</sup>

Further, the NSW businesses revised proposals noted that AEMO can direct them to provide certain support services, as required. Since the F&A, they identified that we have granted distributors a class waiver to provide RERT services to AEMO.<sup>37</sup> They submitted that AEMO’s letter to the AER in support of an urgent ring-fencing waiver to allow distributors to participate in the market, indicated the need for these type of services “to support reliability of supply and the market is no longer in its infancy”.<sup>38</sup>

### 13.3 AER’s assessment approach

Our assessment approach applies the relevant considerations for service classifications set out in the NER and is guided by the *Electricity distribution service classification guideline 2022* (Service classification guideline).<sup>39</sup>

A high-level summary of our process for classification of services, includes:

- We must first determinate whether a service is a “distribution service”. The NER defines a distribution service as a service provided by means of, or in connection with, a distribution system.<sup>40</sup> A distribution system includes a “distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission or distribution system”.<sup>41</sup>
- We must consider whether economic regulation of the distribution service is necessary, having regard to the form of regulation factors.<sup>42</sup> When we do not consider economic regulation is warranted, we will not classify the service and it will remain an unregulated distribution service.<sup>43</sup> If economic regulation is necessary, we consider whether to classify the service as either a direct control service or a negotiated distribution service.

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<sup>34</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p. 15.

<sup>35</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p. 15.

<sup>36</sup> Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p. 5; Essential Energy, *6.01 Classification of Services*, November 2023, p.4.

<sup>37</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p. 4. See AER, [Decision Distribution Ring Fencing Class Waiver for RERT via Voltage Management, December 2022](#), Section 3.7, p 16.

<sup>38</sup> Ausgrid, *Att. 10.1 - Service classification*, 30 Nov 2023, p. 15. Also see Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p. 9.

<sup>39</sup> NER cl. 6.2.1 and 6.2.2.

<sup>40</sup> NER, chapter 10, glossary.

<sup>41</sup> NER, chapter 10, glossary.

<sup>42</sup> NER, cl. 6.2.1(c).

<sup>43</sup> NER, cl 6.2.1(a).

- When we consider that a service should be classified as direct control, we further classify it as either a standard control or alternative control service.<sup>44</sup>
- For simplicity and where appropriate, we can classify services in groupings rather than individually, as permitted by the NER.<sup>45</sup>

Further detail of our assessment approach for classifying a service is set out at Section 2.1 of our final F&A for Ausgrid, Endeavour Energy, Essential Energy and Evoenergy.<sup>46</sup>

### 13.3.1 Interrelationships

In classifying services, we are determining how costs incurred in providing those services are recovered from customers. To recover the cost of assets used to provide standard control services, assets associated with delivering those services are added to the regulatory asset base (RAB). A RAB may also be constructed for the capital costs associated with an alternative control service. There will usually be operating costs associated with the provision of a service as well.

The assets that make up the RAB, and operating costs that relate to standard control and alternative control service, form the bulk of the businesses' costs to be recovered through regulated charges or tariffs. Classification of services will therefore influence all revenue components of our decision.

## 13.4 Final decision – Summary of changes

Our final F&A for the businesses was subject to wide consultation with a range of stakeholders.<sup>47</sup> Our final decision is to maintain the classification set out in our final F&A published in July 2022, except for the following changes:

- For Endeavour Energy and Essential Energy – accepting the reclassification of legacy metering services from alternative control services to standard control services.
- For Endeavour Energy and Essential Energy – accepting the proposed change that the provision of “Other metering services for Type 5 to 6 metering installations and legacy meters” remain alternative control services.
- For Ausgrid, Endeavour Energy and Essential Energy – accepting an amendment to the existing “access permits, oversight and facilitation” alternative control service, to confirm access to electrical installations secured by a distributor master lock.
- For Ausgrid, Endeavour Energy, Essential Energy and Evoenergy – accepting the changes to support the AEMC’s metering review intent for data changes, including:

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<sup>44</sup> NER, cl. 6.2.2 (a) and (c).

<sup>45</sup> NER, cl. 6.2.1(b) and 6.2.2(b).

<sup>46</sup> AER, *Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period*, July 2022; AER, *Final framework and approach for Evoenergy for the 2024–29 regulatory control period*, July 2022

<sup>47</sup> AER, *Final framework and approach for Ausgrid, Endeavour Energy and Essential Energy for the 2024–29 regulatory control period*, July 2022; AER, *Final framework and approach for Evoenergy for the 2024–29 regulatory control period*, July 2022

- An addition to the standard control service “Common distribution services” for the “provision of frequently requested, and/or data that is provided in accordance with obligations under the Rules”
- Modification of the alternative control service “Provision of electricity network data” for data requests by customer or third parties.
- For Ausgrid, Endeavour Energy, Essential Energy and Evoenergy – accepting the clarification to the unregulated distribution service for “Distribution asset rental” of “EV chargers”.
- For Ausgrid, Endeavour Energy, Essential Energy, and Evoenergy – amending the service grouping to “Contestable metering support services” and clarifying that metering installer and site remediator functions are also part of this unregulated distribution service.
- For Essential Energy – to accept the amendment to the non-distribution services, “Generation assets” to remove reference to Oaky Hydro.<sup>48</sup>

## 13.5 Reasons for our final decision

The NER require our position on service classification to be set out in our F&A unless a material change in circumstances justify a change in our classification approach.<sup>49</sup> We are satisfied that a material change in circumstance has occurred, being the final decision of the AEMC’s metering review, which justifies departing from classifications in the F&A as identified in this section.

This section sets out our reasons for our final decision on the distribution service classifications for Ausgrid, Endeavour Energy, Essential Energy and Evoenergy.

### 13.5.1 Metering services

As already noted, throughout the 2024–29 regulatory determinations we have signalled that the AEMC’s final decision on the transitioning of legacy meters may require us to consider different classification and/or price/revenue control settings for the businesses.

Since publishing our draft decision, we have engaged with the businesses on the most appropriate outcome. We have done so to ensure customers are not inequitably impacted by rising costs during the transition, nor prevented from realising the benefits the smart meters provide.

While we looked to maintain consistency of approach to legacy metering services across the 2024–29 businesses, further consideration of the individual circumstances of the businesses identified that a tailored approach is required to ensure we are providing an outcome that is in the long-term interest of consumers.

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<sup>48</sup> Essential Energy advised that they no longer have Oaky Hydro and as a result it is not required to be listed.

<sup>49</sup> NER, cl. 6.12.3(b).



### **Metering services (Type 5 to 6 metering installations and legacy meters)**

In consideration of the impacts for each individual business, our final decision is to accept the businesses' revised proposal classifications for legacy metering services:

- Endeavour Energy and Essential Energy will reclassify from alternative control services to standard control services
- Ausgrid and Evoenergy will maintain as alternative control services.

As identified at 13.3.1, as a result of this change in classification, all building block components for Endeavour Energy and Essential Energy have been affected by changing the classification of legacy metering services from alternative control services to standard control services. For our overarching revenue determination, metering revenue has been separated from other standard control service revenues to facilitate time series analysis. We further discuss our approach to metering in attachment 20 – Metering services.

For Ausgrid, our final position is to accept its revised proposal to maintain legacy metering services as alternative control services. It was submitted that there would be minimal difference for Ausgrid's customers in reclassifying these services to standard control services.

For Evoenergy, our position is to maintain legacy metering as alternative control services, while applying our draft decision approach to cost recovery. Evoenergy's revised proposal maintained an alternative control service classification for legacy metering but did not accept our draft decision approach to socialising costs.

We have engaged with Evoenergy since the submission of its revised proposal and consider that applying our draft decision approach to cost recovery would provide the best option for customers to ensure costs are appropriately socialised.

The respective Attachment 20 – Metering services outlines in detail, for each business, our approach and decision on the classification of legacy metering services.

### **Other metering services**

The revised proposals of the businesses included an addition to the service group "Other metering services (type 5 to 6 metering installations and legacy meters)", being:

activities related to legacy meter remediation or acceleration of advanced meter roll-out deemed the responsibility of the distributor.

Following further consultation with the businesses, we decided that adding the above services to "Other metering services" was not required. The general activities for remediation, that would be the responsibility of the distributor, would already be captured under this service grouping.

We consider that any new activities required as part of the accelerated roll out, where activities relate to distributor owned assets, would be covered under this service grouping as approved. In most cases, customers are responsible for their site remediation, and in some instances, it is the role of the distributor. For example, Essential Energy identified in some areas it has legacy meters that need to be replaced from its poles.

General work and responsibilities of the distributor related to the retirement of legacy meters, including the development and execution of the legacy metering retirement plans would also be covered under the existing service group for type 5 and 6 meters.

We have also changed the title of the service grouping from “Other metering services...” to “Metering services...”. The businesses proposed this change.

### **Other metering services for Type 5 to 6 metering installations and legacy meters**

During the process of transitioning legacy meters to smart meters, there will still be instances where a legacy meter will be the subject of specific requests by customers or third parties. For example: replacement of shared fuses; additional changes to the distributor load control relay channel; and works to reseal a meter.<sup>50</sup> The businesses advised that these works are not related to meter replacement, are customer-initiated and are financially attributable to the requesting party.

Endeavour Energy and Essential Energy proposed that we separately classify the above services as alternative control services, as they believe these services are customer driven.

As context for our consideration of the above proposals, we note that the following activities are already included in the alternative control service grouping “Other metering services” for type 5 and 6 meters:

- works to re-seal a type 5 or 6 meter due to customer or third-party action (e.g. by having electrical work done on site)
- change distributor load control relay channel on request that is not a part of the initial load control installation, nor part of standard asset maintenance or replacement services related to legacy meter replacement.

Given the similarities between the proposed separate metering alternative control services and existing metering alternative control services, we consider this approach for the NSW businesses is appropriate to provide consistent classification of alternative control services for customer attributable services.

Our final decision is to approve the changes proposed by Endeavour Energy and Essential Energy.

## **13.5.2 Other metering related services**

### **13.5.2.1 Advanced metering acceleration services**

Our final position is to not classify the proposed new service grouping of Advanced metering acceleration services because of the uncertainty of the obligations and services that may be included.

In discussions with us, the businesses indicated they considered this new service grouping would allow them to perform new services if required (for example, because of potential new regulatory obligations).

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<sup>50</sup> Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p.4.



While we are sympathetic to the concerns of the businesses, we consider the current service groupings for type 5 and 6 metering services are sufficiently broad to cover the activities that the businesses anticipate they may engage in.

Where a service related to the accelerated smart meter rollout is new, and not accurately captured by the service classifications set out in this final decision, we consider it prudent to consider it under the Ring-fencing guideline provisions.

### **13.5.2.2 Contestable metering support services – unregulated distribution services**

Unregulated distribution services are distribution services because they are provided “by means of, or in connection with, a distribution system”. “Unregulated” is how we describe distribution services we have not classified as either direct control (alternative control and standard control) or negotiated distribution services.<sup>51</sup>

As these are unregulated services the regulatory framework does not require us to make determinations on the revenue recoverable for these services. Moreover, ring-fencing provisions require the businesses to apply to the AER for ring-fencing waivers should they wish to actually provide these services. Ring-fencing obligations are not impacted by listing a service as an unregulated distribution service in a business’ service classification table.

With that in mind, our final decision is to accept the businesses’ proposal to amend the title and definition of the existing unregulated “Contestable metering support services” as they proposed. We expect the potential benefits from doing so are likely to be marginal, if any. However, we understand the businesses consider this will help stakeholders understand what support activities the businesses may provide in the context of an accelerated smart meter rollout.

Essential Energy also suggested in its revised proposal that we consider issuing a class waiver allowing participation in potential contestable metering support services. It considers that this would provide market clarity and alignment with the AEMC’s recommendations.<sup>52</sup>

While we acknowledge the concerns raised by Essential Energy regarding the uncertainty of responsibility in the smart meter roll-out, we consider a class waiver is not required. There are no specific jurisdictional obligations at this time. It is not clear when, or if, the businesses will be tasked with further responsibilities than they have now. We will continue to monitor this issue.

### **13.5.2.3 Access permits, oversight and facilitation**

Our final position is to approve the addition of “...and access to electrical installations secured by a DNSP master lock” to the Access permits, oversight and facilitation service grouping for the NSW businesses. This addition clarifies that distributors may provide third party access to electrical installations (particularly meter boxes) secured by a distributor master lock.

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<sup>51</sup> AER, *Service classification guideline*, August 2022, p. 19.

<sup>52</sup> Essential Energy, *6.01 Classification of Services*, November 2023, p.3.

We understand that businesses already provide this service, however the volume of requests for master lock access is likely to grow given the accelerated metering rollout.

### **13.5.3 Data services**

Our final position is to approve the data service amendments proposed by the businesses. These amendments are discussed at 13.2.3. We consider these changes are consistent with the AEMC’s metering review. We also consider the approach by the businesses will provide clarity around what data will be provided on request under the common distribution service and what may be charged for under alternative control services.

#### **Common distribution services**

Our final decision accepts the majority of the wording proposed by the businesses to enable the provision of data to customers and stakeholders at no direct cost.

It is our understanding that where a distributor has access to any free data, they will pass this to customers for free. However, if they did incur a cost, then they may choose to pass some of those costs on under a customer requested alternative control service.

The accepted wording for the common distribution services includes a reference to standardised data sets as requested. The businesses have outlined that they consider that while it is unclear what this might include under the data received, these standardised data sets may be created from frequently received data.

Our final decision has removed the proposed wording in relation to “frequently requested” as we consider that businesses may consider including less frequently requested data into standardised data sets.

At the time of our decision, the AEMC published its draft rule and draft determination for the “Accelerating smart meter deployment” rule change project. The AEMC’s draft determination amendment outlines that distributors will have access to power quality data to better manage their networks to reduce network cost for customers.<sup>53</sup> The rule change is still in progress and there is still uncertainty around what level of “free data” will be accessible for distributors, and what then would flow into the consideration of a “standardised data set”.

However, we consider the proposed service will allow the businesses to ensure the intent of the AEMC’s rule change is met.

#### **Provision of electricity network data – ancillary network service**

Our final decision accepts most of the wording proposed by the businesses to amend the current ancillary network service grouping for customer requested data.

The proposed changes will continue to enable the businesses to provide services that relate to specific customer-initiated requests (for example, requests that are beyond a customer’s own consumption data, such as asset details, voltage reports, network analytics and

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<sup>53</sup> AEMC, [Draft National Electricity Amendment \(Accelerating smart meter deployment\) Rule 2024](#), April 2024, p. 17.

topography, high voltage (HV) network data and postcode level consumption and export data).<sup>54</sup>

We expect that where data is received at no direct cost to the business, customers in turn would not be required to pay for access to this data. The benefit being that, in the future, as businesses gain access to more free data, this information can continue to be shared with customers at no cost.

For this alternative control service, we have maintained most of the changes proposed by the businesses. This includes accepting the additional service, which enables businesses to charge for services related to the provision of network data requests (which previously was not captured under the provision).

### 13.5.4 New unregulated distribution services

Our final decision is to not classify battery leasing services and provision of new energy services, and to maintain our final F&A decision.

The one exception is that we accept the businesses' proposed clarification to the unregulated distribution service for 'Distribution asset rental'. Under this proposal, "EV chargers" has been added to the indicative list of examples for which electricity infrastructure may be leased.

With respect to the NSW businesses' proposals to classify provision of currently unregulated energy services, we note the significant stakeholder engagement process undertaken to inform our F&A final decision for the 2024–29 period.

Prior to the request from businesses to amend their F&As in October 2021, the 2024–29 distribution businesses jointly consulted with stakeholders on service classification, including holding a public forum and seeking submissions on a joint consultation paper.<sup>55</sup>

For our part, we finalised the F&A after:

- publishing our F&A preliminary position paper
- a 6 week period for written submissions
- holding an F&A stakeholder public forum
- receipt of 16 stakeholder submissions – published on the AER website.

That consultation took into account the rapid changes in Australia's energy market. These include uptake of new technologies including EVs, distributed energy resources penetration, proposals by networks to provide batteries, and the potential transition of networks to become platforms for services.

Our F&A consultation process culminated in our final decision, amongst other things, to not classify leasing of battery capacity or provision of new energy services (e.g. RERT). This

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<sup>54</sup> Endeavour Energy, *0.03 Revised Service Classification*, November 2023, p.10.

<sup>55</sup> NSW/ACT/NT and Tasmanian Distributors, *Consultation paper: Paper One – Service classification*, October 2021.

means businesses must seek ring-fencing waivers from us if they wish to provide those services.

With their initial regulatory proposals for the 2024–29 period, the NSW businesses did not challenge our final F&A positions on these matters. However, with their revised proposals the NSW businesses submitted that there had been a material change of circumstances warranting reopening the discussion regarding classification of battery leasing and new energy services. The NSW businesses substantiated their proposals to classify these services by referencing several policy reviews and reports.

We consider the reviews and reports referenced by the NSW businesses fall short of establishing new or additional obligations. Nor do they identify an immediate need for changes in regulatory settings, particularly for services provided by the businesses under existing class waivers from ring-fencing obligations.

We consider the ring-fencing framework provides necessary flexibility to permit businesses to engage in new energy service markets and to lease battery capacity, while also providing appropriate regulatory oversight.

We note that the businesses currently have a ring-fencing class waiver, initiated by the AER, to facilitate delivery of the Commonwealth Government's Community Batteries for Household Solar Program. A further class waiver, initiated by the AEMO, is currently in place for provision of RERT services.

In addition to ring-fencing waivers, we also encourage businesses to consider accessing the AER's Innovation Sandbox, if necessary. The Sandbox mechanism allows for waiving of a broad range of regulatory elements to developing the evidence base for new services, technologies or regulatory approaches.

We also encourage the businesses to engage with their stakeholders on these issues, as we are not aware that engagement has occurred on these issues since we released the final F&A.

#### **13.5.4.1 Clarification of EV charging**

Our final decision is to accept the businesses' proposed addition to the unregulated distribution service currently called "Distribution asset rental" to include "EV chargers". This change will make clear that leasing access to electricity network infrastructure for EV charging equipment is permitted.

We consider the addition of this clarification does not represent a change in classification as distributors are already providing this service to EV charge point operators where a business is applying the Shared Asset Guideline as required.

## Shortened forms

Term	Definition
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CCP26	Consumer Challenge Panel, sub-panel 26
DVMS	dynamic voltage management systems
EV	electric vehicle
F&A	framework and approach
FCAS	frequency control ancillary services
HV	high voltage
NER	national electricity rules
RAB	regulatory asset base
RERT	reliability and emergency reserve trading

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## A Appendix: AER final decision on service classification of Evoenergy’s distribution services for 2024–29

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
<b>Common distribution services —use of the distribution network for the conveyance/flow of electricity (including services relating to network integrity)</b>			
Common distribution services	<p>The suite of activities that includes, but is not limited, to the following:</p> <ul style="list-style-type: none"> <li>the planning, design, repair, maintenance, construction and operation of the distribution network</li> <li>the relocation of assets that form part of the distribution network, but not relocations requested by a third party (including a customer)</li> <li>works to fix damage to the network<sup>56</sup> and recoverable works to fix damage caused by a customer or third party</li> <li>support for another network during an emergency event</li> <li>procurement and provision of network demand management activities for distribution purposes</li> <li>provision of standardised data sets and/or data that is provided to a distributor in accordance with obligations under the Rules.<sup>57</sup></li> </ul>	Standard control	Standard control

<sup>56</sup> May include the provision of temporary stand-alone power systems to restore supply.

<sup>57</sup> Where a network receives data from smart meters at no additional cost, this data is considered to be available to customers and stakeholders at no charge.

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> <li>• activities related to 'shared asset facilitation' of distributor assets<sup>58</sup></li> <li>• 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</li> <li>• rectification of simple customer fault relating to a life support customer or other critical health and safety issues the distributor is able to address</li> <li>• establishment and maintenance of National Metering Identifiers (NMI) in market and/or network billing systems, and other market and regulatory obligations</li> <li>• ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons</li> <li>• bulk supply point metering – activities in relation to monitoring the flow of electricity through the distribution network</li> <li>• work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs)<sup>59</sup>, and customer conversion activities.</li> </ul>		

<sup>58</sup> Revenue for these services is charged to the relevant third party and is treated in accordance with the shared asset guideline. 'Shared asset facilitation' refers to administrative costs of providing the unregulated service.

<sup>59</sup> Includes simple customer fault rectification on generation service of regulated SAPS.

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
<b>Network ancillary services—customer and third party initiated services related to the common distribution service</b>			
Design related services	Activities include: <ul style="list-style-type: none"> <li>• provision of design information, design consultation, design rechecking services in relation to connection and relocation works provided contestably</li> <li>• specialist services where the design is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor assets.</li> <li>• the provision of engineering consulting (related to the shared distribution network).</li> </ul>	Alternative control	Alternative control
Contestable network commissioning and decommissioning	The commissioning and decommissioning of network equipment associated with ASP Level 1 contestable works. Includes equipment checks, tests and activities associated with setting or resetting network protection systems and the updating of engineering systems.	Alternative control	Alternative control
Access permits, oversight and facilitation	Activities include: <ul style="list-style-type: none"> <li>• 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.</li> <li>• a distributor issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space.</li> <li>• a distributor providing access to switch rooms, substations and the like to a non-Local Network Service Party who is accompanied and supervised by a distributor's staff member. May also include a distributor providing safe entry equipment (fall-arrest) to enter difficult access areas.</li> <li>• facilitation of generator connection and operation of the network.</li> </ul>	Alternative control	Alternative control



Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> <li>• facilitation of activities within clearances of distributor’s assets, including physical and electrical isolation of assets.</li> </ul>		
Network related property services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>• Network related property tenure services such as property tenure services related to providing advice on or obtaining: deeds of agreement, deeds of indemnity, leases, easements or other property tenure in relation to property rights associated with connection or relocation.</li> <li>• Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</li> </ul>	Alternative control	Alternative control
Sale of approved materials or equipment	Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to the DNSP to become part of the shared distribution network.	N/A	Alternative control
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> <li>• provision of traffic control and safety observer services by the distributor or third party where required</li> <li>• fitting of tiger tails, possum guards and aerial markers</li> <li>• third party request for de-energising wires for safe approach</li> <li>• high load escorts.</li> </ul>	Alternative control	Alternative control
Rectification works to maintain network safety <sup>60</sup>	<p>Issues identified by the distributor, including but not limited to:</p> <ul style="list-style-type: none"> <li>• work involved in managing and resolving pre-summer bush fire inspection,</li> <li>• customer vegetation defects, or aerial mains.</li> </ul>	Alternative control	Alternative control

<sup>60</sup> Allows the distributor to conduct rectification works where the customer has failed to do so.

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
Services provided in relation to a Retailer of Last Resort (ROLR) event	<p>The distributor may be required to perform a number of services when a ROLR event occurs. For example:</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	Alternative control	Alternative control
Customer requested network outage or rescheduling of a planned interruption	<p>Examples include:</p> <ul style="list-style-type: none"> <li>where the customer requests to reschedule a distributor planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours.</li> <li>customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customers assets, work close or for safe approach)</li> </ul>	Alternative control	Alternative control
Attendance at customers' premises to perform a statutory right where access is prevented.	<p>A follow up attendance at a customer's premises to perform a statutory right where access was prevented or declined by the customer on the initial visit. This includes the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).</p>	Alternative control	Alternative control
Inspection and auditing services	<p>Activities include:</p> <ul style="list-style-type: none"> <li>inspection and reinspection by a distributor, of gifted assets or assets that have been installed or relocated by a third party</li> <li>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</li> </ul>	Alternative control	Alternative control

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> <li>auditing and inspection of a third-party service provider’s work practices in the field</li> <li>re-test at a customer’s installation, where the installation fails the initial test and cannot be connected.</li> </ul>		
Provision of training to third parties for network related access	<p>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.</p> <p>Excludes training for internal staff and contractors undertaking Common distribution services.</p>	Alternative control	Alternative control
Authorisation and approval of third party service providers’ design, work and materials	<p>Activities include:</p> <ul style="list-style-type: none"> <li>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 provider (excludes training services)</li> <li>acceptance of third party designs and works</li> <li>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.</li> </ul>	N/A	Alternative control

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
Customer or third-party initiated network asset relocations/re-arrangements	Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer).	N/A	Alternative control
Provision of electricity network data	<p><b>Activities include:</b></p> <ul style="list-style-type: none"> <li>Data requests by customers or third parties for the provision of electricity network data beyond standardised data sets obligations under the Rules.</li> <li>Additional services related to network data requests including provision of advice and interpretation.</li> </ul>	Alternative control	Alternative control
Third party funded network alterations or other improvements	Alterations or other improvements to the shared distribution network to enable third party infrastructure (e.g. NBN Co telecommunications assets) to be installed on the shared distribution network. This does not relate to upstream distribution network augmentation.	N/A	Alternative control
<b>Metering services – activities relating to the measurement of electricity supplied to and from customers through the distribution system (excluding network meters)</b>			
Type 1 to 4 metering services	Type 1 to 4 metering installations and supporting services are competitively available.	Not classified	Not classified
Type 5 and 6 meter provision (prior to 1 December 2017)	Recovery of the capital cost of type 5 and 6 metering equipment installed prior to 1 December 2017	Alternative control	Alternative control
Type 7 metering services	Administration and management of type 7 metering installations in accordance with the NER and jurisdictional requirements. Includes the processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables.	Standard control	Standard control

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	Activities include: <ul style="list-style-type: none"> <li>• meter maintenance covers works to inspect, test, maintain metering installations</li> <li>• meter reading refers to quarterly or other regular reading of metering installations including field visits and remotely read meters</li> <li>• metering data services includes, for example: services that involve the collection, processing, storage and delivery of metering data, the provision of 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.</li> </ul>	Alternative control	Alternative control
Metering services (Type 5 to 7 metering installations)	Activities include: <ul style="list-style-type: none"> <li>• off-cycle meter reads for type 5 and 6 meters</li> <li>• requests to test, inspect or investigate, or alter an existing type 5 or 6 metering installation</li> <li>• testing and maintenance of instrument transformers for type 5 and 6 metering purposes</li> <li>• type 5 to 7 non-standard metering services</li> <li>• 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)</li> <li>• 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</li> <li>• emergency maintenance of metering equipment not owned by the distributor (contestable meters)</li> </ul>	N/A	Alternative control

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
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 a permanent disconnection has been requested where it has not been removed and disposed of by the incoming metering provider.	Alternative control	Alternative control
Distributor arranged outage for purposes of replacing meter	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.	N/A	Alternative control
<b>Connection services—services relating to the electrical or physical connection of a customer to the network<sup>61</sup></b>			
Basic connection services	<p>Means a <i>connection service</i><sup>62</sup> related to a <i>connection</i> (or a proposed <i>connection</i>) between a <i>distribution system</i> and a <i>retail customer's</i> premises (excluding a non-registered <i>embedded generator's</i> premises) in the following circumstances:</p> <p>(a) either:</p> <ol style="list-style-type: none"> <li>1) the retail customer is typical of a significant class of <i>retail customers</i> who have sought, or are likely to seek, the service; or</li> <li>2) the <i>retail customer</i> is, or proposes to become, a <i>micro embedded generator</i>; and</li> </ol> <p>(b) the provision of the service involves minimal or no <i>augmentation</i> of the <i>distribution network</i>; and</p> <p>(c) a <i>model standing offer</i> has been approved by the AER for providing that service as a <i>basic connection service</i>.</p>	N/A	Standard control

<sup>61</sup> Applies to both NER chapter 5 and 5A connections.

<sup>62</sup> Italics denotes definitions in Chapter 5A of the NER.

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
Standard connection services	Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.	N/A	Standard Control
Negotiated connection services	Means a connection service (other than a basic connection service) for which a DNSP provides a connection offer for a negotiated connection contract.	N/A	Standard Control
Enhanced connection services <sup>63</sup>	<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"> <li>• 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.</li> <li>• in excess of levels of service or plant ratings required to be provided by the distributor</li> <li>• large embedded generators (beyond the threshold set out in the connection policy).</li> </ul>	N/A	Alternative control
Connection application and management services	<p>Works initiated by a customer or retailer which are specific to the connection point. This includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• connection application related services</li> <li>• de-energisation</li> <li>• re-energisation</li> <li>• temporary connections (of a size less than the shared network augmentation threshold) as a basic connection service e.g. builder’s supply, fetes, etc.</li> <li>• remove or reposition connection</li> </ul>	N/A	Alternative control

<sup>63</sup> Applies to both NER chapter 5 and 5A connections and includes enhancements for both consumption and export services.

Service group / Activities included	Further description	Current classification 2019–24	Proposed classification 2024–29
	<ul style="list-style-type: none"> <li>• 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</li> <li>• protection and power quality assessment</li> <li>• supply enhancement (e.g. upgrade from single phase to three phase)</li> <li>• customer requested change requiring primary and secondary plant studies for safe operation of the network (e.g. change protection settings)</li> <li>• upgrade from overhead to underground service</li> <li>• rectification of illegal connections or damage to overhead or underground service cables</li> <li>• 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</li> <li>• power factor correction.</li> </ul>		
<b>Unregulated distribution services</b>			
Distribution asset rental	Rental of distribution assets to third parties (e.g. office space rental, pole and duct rental for hanging telecommunication wires, EV charge etc.).	Not classified	Not classified
Contestable metering support services	Includes metering installer, site remediator, metering coordinator (except where the distributor is the initial metering coordinator), metering data provider and metering provider for meters installed or replaced after 1 December 2017.	Not classified	Not classified
Provision of training to third parties for non-network related access	Training programs provided to third parties for non-network related issues	Not classified	Not classified



<b>Service group / Activities included</b>	<b>Further description</b>	<b>Current classification 2019–24</b>	<b>Proposed classification 2024–29</b>
Type 5 and 6 meter data management to other electricity distributors	The provision of type 5 and 6 meter data management to other electricity distributors.	Not classified	Not classified