

Draft Decision

SA Power Networks Electricity Distribution Determination 2025 to 2030 (1 July 2025 to 30 June 2030)

Attachment 13 Classification of services

September 2024

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13 Classification of services

Service classification determines the nature of economic regulation, if any, 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 those services we will not regulate. Our decision reflects our assessment of several factors, including existing and potential competition to supply these services.

We are required to make a decision on the classification of SA Power Networks' distribution services in accordance with the National Electricity Rules (NER).¹ First we decide whether a service should be regulated or unregulated. Regulated services are classified as direct control services or negotiated distribution services. Direct control services are further classified as standard control services (SCS) or alternative control services (ACS). The classification that we apply determines the nature of the economic regulation we will apply to those services. Our classification decision does not include determining how service charges are to be set. That involves further separate decisions – see the control mechanism, alternative control services and metering services attachments.²

The classification of distribution services must be as set out in the relevant framework and approach (F&A) paper unless we consider that a material change in circumstances justifies departing from that proposed classification.³ We set out our proposed approach to the classification of distribution services for SA Power Networks in our final F&A published in July 2023.⁴ A summary of the final F&A is set out in section 13.2.

13.1 Draft decision – summary

Our draft decision is to maintain the classifications set out in our final F&A, except for:

- reclassifying legacy metering services as SCS in accordance with the AER's November 2023 'Legacy metering services - guidance note' (Guidance note),⁵ reflecting the recommendations outlined in the AEMC's August 2023 final report of the metering services review.⁶
- Including data services as a common distribution service in line with the intent of the AEMC's Metering Review. This is also consistent with our final decisions for the 2024–2029 regulatory determinations.

¹ NER, cl. 6.12.1(1).

² AER, *Attachment 14 - Control mechanism – Draft decision – SA Power Networks distribution determination 2025–30*, September 2024; AER, *Attachment 16 – Alternative Control Services – Draft decision – SA Power Networks distribution determination 2025–30*, September 2024; and AER, *Attachment 20, Metering services – Draft decision – SA Power Networks distribution determination 2025–30*, September 2024.

³ NER, cl. 6.12.3(b).

⁴ AER, *Final Framework and approach - SA Power Networks 2025-30*, July 2023

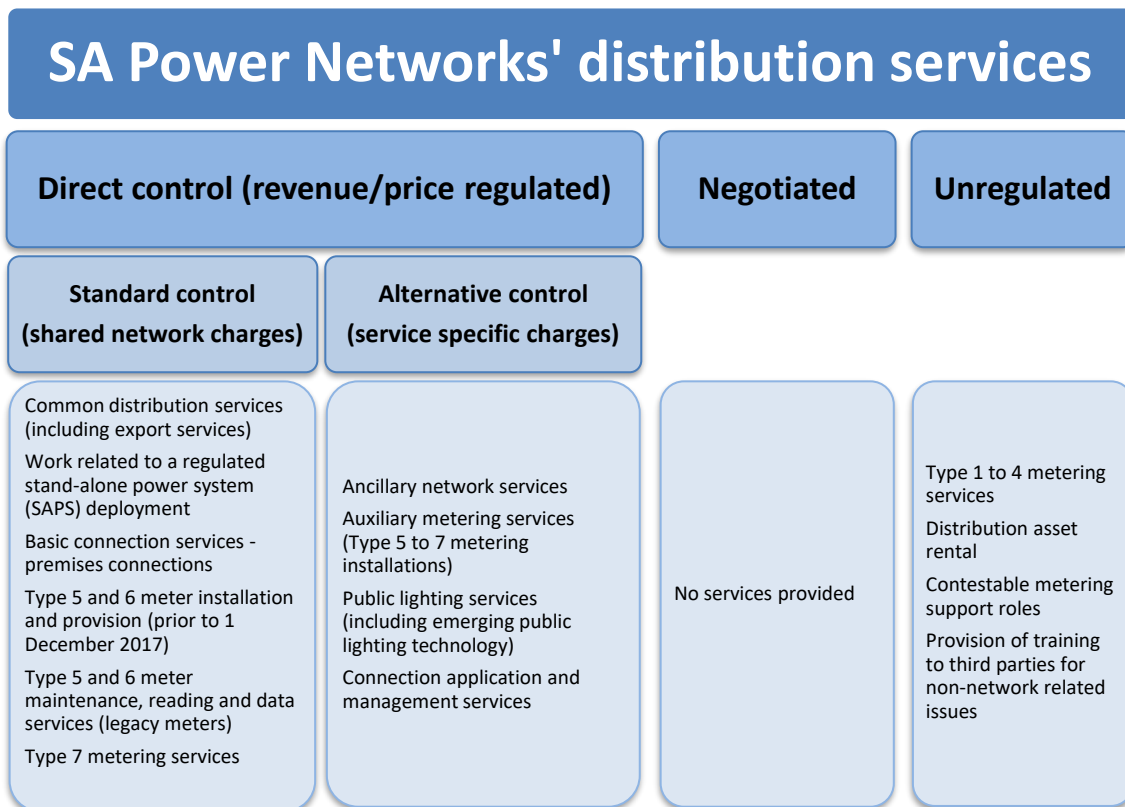
⁵ AER, *Legacy metering services – Guidance note*, November 2023, p.1.

⁶ AEMC, *Final Report Review of the Regulatory Framework for Metering Services*, 30 August 2023, p. i.

In this attachment, we also discuss electric vehicle charging of last resort to gather views from stakeholders regarding: its potential as a classified distribution service; the benefits or costs of enabling a DNSP to provide this service; and the avenues in which the AER could consider classification to permit DNSPs to provide this service (if considered appropriate) under the current rules.

Figure 13.1 summarises our draft decision on service classifications for SA Power Networks for the 2025–30 regulatory control period. Appendix A sets out our detailed classification decision for SA Power Networks. The additions and amendments that we have decided to make are shown as marked-up text.

Figure 13.1 AER draft decision on 2025–30 service classification for SA Power Networks



Note: This summary is a non-exhaustive list, refer to Appendix A for additional detail.

Source: AER.

13.2 Framework & Approach

The F&A process is the first formal step in a two-year regulatory process to determine efficient prices for SA Power Networks' distribution services. It sets the foundation for SA Power Networks' revenue proposal and the AER's revenue determination for SA Power Networks. This includes establishing the list of services that will be covered by the revenue determination, and the classification for each of those services.

Our final F&A for SA Power Networks was subject to wide consultation with a range of stakeholders and was published July 2023. Changes can only be made if we consider that

there has been a material change in circumstances. Table 13.1 provides a summary of the decisions made at the F&A stage of the regulatory process.

Table 13.1 Framework & Approach - summary of the service classification decision⁷

Service	Decision	Summary
Regulated stand-alone power systems (SAPS)	Standard control, common distribution service	The National Electricity Amendment Rule 2022 determined that SAPS are to be treated as SCS.
Rectification of simple customer faults	Standard control, common distribution service	Originally proposed by Energy Queensland as SCS under common distribution services. The AER applied this for SA Power Networks to promote consistency across jurisdictions as per the AER Guidance note. ⁸
Customer export services	Common distribution service, not listed separately	The AER agreed with SA Power Networks' proposal to include this service. This aligns with the AEMC's access, pricing and incentive arrangements for Customer Energy Resources rule change.
Export connection services	Alternative control service	Updated to align with the classification for consumption-based connection services. We removed reference to large embedded generators.
Legacy metering	Not classified – Subject to AEMC metering review	The AER noted that adjustments were likely and that the AER would adopt the decisions from the 2024–29 resets. Namely to shift legacy metering from ACS to SCS and include a new service for provision of data to customers.
Energy advisory services	Not classified – subject to further consultation	SAPN submitted it had received strong stakeholder support for basic energy advisory services. However, SAPN's People's panel and SACOSS did not support this. SAPN proposed bespoke services to be classified as ACS. The AER rejected this but noted SAPN was undertaking further engagement.
Electric vehicle charging infrastructure	Not classified – subject to further work	SA Power Networks proposed a new service to be included in the list of common distribution services to account for the possibility that the network may need to provide electric vehicle charging stations in regions deemed to be non-contestable. The AER chose not to classify this as a service. The AER's preliminary position was that greater clarity around the direction that electric vehicle charging infrastructure takes, and the nature of the service SAPN could be required to provide, would be necessary before we could make an informed decision on the classification of such services.
Leasing of excess battery capacity	Not classified	SA Power Networks proposed not to classify this. The AER agreed, as the regulatory treatment of this service

⁷ AER, [Final Framework and approach - SA Power Networks 2025-30](#), July 2023; SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024.

⁸ AER, [Legacy metering services – Guidance note](#), November 2023.

Service	Decision	Summary
		has been addressed in the AER’s Ring-fencing guideline. ⁹
Solar for renters	Not classified	Originally proposed by SA Power Networks, but withdrawn due to ‘complexities associated with the service’.

13.3 SA Power Networks' proposal

In its regulatory proposal received 31 January 2024, SA Power Networks proposed to adopt the service classifications set out in the AER’s final F&A except for Type 5 and 6 metering services (also known as ‘legacy metering services’), proposing to reclassify metering services from ACS to SCS.

SA Power Networks’ 2025–30 proposal for legacy metering services is consistent with the August 2023 AEMC final report and the November 2023 AER Guidance Note on legacy metering services.¹⁰

SA Power Networks does not propose to offer any negotiated services.¹¹

13.3.1 Metering services

The AEMC’s final report¹² recommended accelerated deployment of smart meters by 2030 for all small customers, including residential and small commercial or business customers. The AER considers this to be a material change in circumstances that justifies reclassifying legacy metering services as SCS to equitably recover costs across all customers. Classifying these services as SCS aims to maintain transparency and address pricing inequities during the smart meter rollout. This material change in circumstances means that, in accordance with clause 6.12.3(b) of the NER,¹³ we can depart from the service classification set out in our final F&A for SA Power Networks.

SA Power Networks proposal included the following changes in Table 13.2 from the AER’s final F&A for legacy metering (Type 5 and 6 meter) service classification:¹⁴

⁹ AER, [Ring-fencing guideline \(Electricity distribution\) - Version 3](#), 3 November 2021.

¹⁰ AEMC, [Final Report Review of the Regulatory Framework for Metering Services](#), 30 August 2023; AER, [Legacy metering services – Guidance note](#), November 2023.

¹¹ SA Power Networks, [Attachment 16 - Negotiated services framework and criteria](#), January 2024, p. 5.

¹² AEMC, [Final Report Review of the Regulatory Framework for Metering Services](#), 30 August 2023, p. i.

¹³ SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024, p. 6.

¹⁴ SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024, p. 15.

Table 13.2 SA Power Networks proposed reclassification of legacy metering services

Service group	Further description	Current classification 2020–25	Proposed classification 2025–30
Metering Services¹² – activities relating to the measurement of electricity supplied to and from customers through the distribution system (excluding network meters)			
Type 1 to 4 metering services	Type 1 to 4 metering installations and supporting services are competitively available.	Unregulated	Unregulated
Type 5 and 6 meter installation and provision (prior to 1 December 2017)	Recovery of the capital cost of type 5 and 6 metering equipment installed (including metering with internally integrated load control devices).	ACS	ACS-SCS
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	Activities include: <ul style="list-style-type: none"> • Meter maintenance covers works to inspect, test, and maintain metering installations. • Meter reading refers to quarterly or other regular reading of a metering installation including field visits and remotely read meters. • Metering data services includes for example: services that involve the collection, processing, storage and delivery of metering data, the provision of metering data in accordance with regulatory obligations, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER. • Legacy metering transition services required to support the accelerated replacement of legacy meters, including for example the development of the legacy meter retirement plan. 	ACS	ACS-SCS

SA Power Networks proposed to include the non-recurrent transitional costs associated with the accelerated replacement of legacy meters within the SCS legacy metering services component.¹⁵ Non-recurrent transitional costs will be isolated within the SCS legacy metering services component during the rollout, with any residual costs merging into the main SCS component by 1 July 2030. The proposal received in-principle support from the Community Advisory Board and Tariff Working Group.¹⁶

SA Power Networks proposed the inclusion of the activity (Table 13.2):

Legacy metering transition services required to support the accelerated replacement of legacy meters, including for example the development of the legacy metering retirement plan.

13.4 AER's Assessment approach

Our assessment approach is guided by the Electricity Distribution Service Classification Guideline 2022 (service classification guideline)¹⁷, which in turn applies the principles for service classification set out in the NER.¹⁸

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

1. We must first determine 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.¹⁹ 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. It also includes a stand-alone distribution system in a regulated SAPS'.²⁰

¹⁵ SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024, pp. 10.

¹⁶ SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024, p.10; SA Power Networks, [2025-30 Regulatory Proposal Overview](#), January 2024, p. 91.

¹⁷ AER, [Electricity Distribution Service Classification Guideline](#), August 2022.

¹⁸ NER cls. 6.2.1 and 6.2.2.

¹⁹ NER, chapter 10, glossary.

²⁰ NER, chapter 10, glossary.

2. We consider whether economic regulation of the service is necessary²¹. When we do not consider economic regulation is necessary, we will not classify the service. If economic regulation is necessary, we consider whether to classify the service as either a direct control, a negotiated distribution service, or leave it as an unregulated distribution service.
3. When we consider that a service should be classified as a direct control, we then further classify it as either a standard control or alternative control service.

Further detail of our assessment approach for classifying a service is set out in detail at Section 2 of our final F&A for SA Power Networks.²²

13.4.1 Interrelationships

In assessing what services we classify, we are setting the basis for what charges can be made for those services. To allow charges to be recovered for SCS, 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 ACS. 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 any particular service, form the bulk of the costs of the distributor's proposal that need to be assessed for recovering revenues through charges for their services. Classification of services will therefore influence all revenue components of our decision.

We set the revenues the distributor may collect from customers to recover their asset financing (capital) and operating costs. That revenue is recovered through tariffs the distributor develops to charge to its customers. The regulatory regime establishes incentives such as the Efficiency Benefit Sharing Scheme and the Capital Expenditure Sharing Scheme to encourage the provision of services as efficiently as possible. It also establishes incentives for maintaining reliability (Service target performance incentive scheme) so that cost reductions are not associated with lower reliability. All of these factors interrelate with each other. We must be cognisant of these interrelationships when we make our determinations.

13.5 Draft decision – details

Our draft decision is to maintain the classification set out in our final F&A for SA Power Networks published in July 2023²³, except for the following changes, which are consistent with our final decisions on NSW businesses' service classifications for 2024–29 regulatory period:²⁴

- Reclassifying legacy metering services from ACS to SCS.

²¹ AER, [Electricity Distribution Service Classification Guideline](#), August 2022

²² AER, [Final Framework and approach - SA Power Networks 2025-30](#), July 2023, pp. 3-12.

²³ AER, [Final Framework and approach - SA Power Networks 2025-30](#), July 2023.

²⁴ See for example, AER, [Final Decision Attachment 13 - Classification of services - Ausgrid - 2024–29 Distribution revenue proposal](#), April 2024, pp. 9-10.

- Reject the proposed additional wording under the legacy metering grouping, as this is adequately covered in the activities.
- Changes to support the intent of AEMC’s metering services review in relation to metering data, namely:
 - the inclusion of the following additional service as an SCS “Common distribution service”: “provision of standardised data sets and/or data that is provided to a distributor, at no cost to the distributor, in accordance with obligations under the Rules”.
 - an amendment to the “Provision of electricity network data” ACS to include the provision of other data where requested by the customer or by a third party.

13.6 Reasons for our draft decision

The NER requires our classification of distribution services to be as set out in our F&A unless a material change in circumstances justify a change in our classification approach.²⁵ We are satisfied that a material change in circumstance has occurred, being the final decision of the AEMC’s metering services review, which justifies departing from the classifications of legacy metering services in the SA Power Networks F&A.

This section sets out our reasons for our draft decision on the distribution service classifications for SA Power Networks.

13.6.1 Metering services

The AEMC conducted a review into the regulatory framework for metering services, initiated in December 2020, with its final report published in August 2023.²⁶ In our final F&A for SA Power Networks, we classified legacy metering services as ACS. However, we expected SA Power Networks’ proposal to depart from the F&A where necessary to reflect the AEMC Final Report.²⁷

SA Power Networks supported our view and departed from the F&A and proposed to reclassify legacy metering services as SCS.²⁸ It also provided a revenue cap control mechanism consistent with the approach set out in our guidance note for metering services.²⁹ Our proposed approach and guidance for legacy metering services is set out in Attachment 20 – Metering services.³⁰ Our view is that a reclassification of legacy metering services to SCS is appropriate. This approach will result in the benefit of recovering SA Power Networks’ metering services costs across a wider customer group during the smart meter transition.

²⁵ NER, cl. 6.12.3(b).

²⁶ AEMC, [Final Report Review of the Regulatory Framework for Metering Services](#), 30 August 2023

²⁷ AER, [Final Framework and approach - SA Power Networks 2025-30](#), July 2023, p. 10.

²⁸ SA Power Networks, [2025-30 Regulatory Proposal Overview](#), January 2024, p. 91; SA Power Networks, [Attachment 13 - Classification of services: 2025–30 Regulatory Proposal](#), January 2024, p. 9.

²⁹ SA Power Networks, [2025-30 Regulatory Proposal Overview](#), January 2024, p. 91.

³⁰ AER, [Draft Decision Attachment 20 - Metering Services - SA Power Networks - 2025-30 Distribution revenue proposal](#), September 2024.

SA Power Networks proposed the inclusion of the activity (Table 13.2):

Legacy metering transition services required to support the accelerated replacement of legacy meters, including for example the development of the legacy metering retirement plan.

However, we have decided not to include it as it as a specific activity as it is adequately covered in the legacy metering grouping. SA Power Networks had agreed with this approach during staff level discussions. This is also in-line with our decision for Endeavour Energy and Essential Energy.

Background – AEMC Metering Review

The AEMC’s draft report noted that smart meters provide whole-of-system benefits which should be realised as soon as possible.³¹ The AEMC’s final decision was released on 30 August 2023, and confirmed that it will target a 100% replacement of distribution network owned accumulation meters with smart meters offered by other parties by 30 June 2030.³²

Our final decisions for the ACT, NSW and TAS distributors for 2024–29 regulatory period noted the AEMC final report constituted a ‘material change in circumstances’ which would permit a change in classification from the F&A.³³ In our draft and final decisions, we considered a reclassification of legacy metering services as SCS and costs recovered through the revenue cap were likely to be more appropriate in order to reduce material price impacts for customers through the metering transition.

We published a Guidance note³⁴ on a common approach for distributors intending on reclassifying legacy metering services as SCS.

13.6.2 Data services

The AEMC’s metering review’s final decision 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.³⁵

Our 2024–29 resets final decisions for the ACT, NSW and TAS distributors include a note to the effect that where a business receives data, such as from smart meters, at no additional cost, this data should be made available to customers and stakeholders free of charge.³⁶

³¹ AEMC, [Review of the regulatory framework for metering services draft report](#), 3 November 2022, p. ii.

³² AEMC, [Final Report: Review of the regulatory framework for metering services](#), August 2023, p. 2.

³³ See for example, AER, [Final Decision Attachment 13 - Classification of services - Ausgrid - 2024–29 Distribution revenue proposal](#), April 2024, p.1.

³⁴ AER, [Legacy metering services – Guidance note](#), November 2023.

³⁵ AEMC, [Final Report Review of the Regulatory Framework for Metering Services](#), 30 August 2023, p. i.

³⁶ See for example, AER, [Final Decision Attachment 13 - Classification of services - Ausgrid - 2024–29 Distribution revenue proposal](#), April 2024, p.6.

The NSW businesses also proposed to amend the existing definition of “non-standard customer or third party requested data services”, an ACS, to specify provision of data beyond standardised data sets or NER obligations.³⁷

We approved the data service amendments proposed by the NSW businesses for the 2024–29 regulatory period. We considered these changes consistent with the AEMC’s metering services review. We also considered that the businesses’ approach would provide clarity around what data will be provided on request under the common distribution service and what may be charged for under ACS.³⁸

SA Power Networks proposed to reclassify legacy metering services as SCS, which would likely include metering data services, in line with the AEMC’s draft rule determination on Accelerating Smart Meter Deployment.³⁹ We have decided to make the classification changes proposed by SA Power Networks for legacy metering services and to make the following adjustment for metering ‘data services’ in line with our final decision for the 2024–29 Resets:

- The “*provision of standardised data sets and/or data that is provided to a distributor, at no cost to the distributor, in accordance with obligations under the rules*” as a new common distribution, standard control service; and
- “*data requests by customers or third parties for the provision of electricity network data beyond standardized data sets or obligations under the rules*” as an alternative control service

These amendments are intended to give effect to the intentions of the AEMC’s metering review over the next regulatory period. We note that a rule change request has been made by Energy Consumers Australia to take forward the implementation of consumers’ access to real time data as recommended in the AEMC metering review.⁴⁰

The amendment does not prescribe or define the type of data to be provided to consumers, which is yet to be explored by the AEMC during the development of the rule change. This amendment does not impede SA Power Networks from participating in the Energy Consumers Australia rule change request process as it progresses.

Engagement with SA Power Networks

We held staff level discussions with SA Power Networks regarding this adjustment. We note that SA Power Networks are concerned that the amendment puts an obligation on the network to provide certain types of data to customers, where it is not otherwise required to do so under the Rules. SA Power Networks also raised concerns that if this data were to include power quality data, the network would be unable to efficiently provide this data to customers

³⁷ See for example, AER, [Final Decision Attachment 13 - Classification of services - Ausgrid - 2024–29 Distribution revenue proposal](#), April 2024, p.6.

³⁸ See for example, AER, [Final Decision Attachment 13 - Classification of services - Ausgrid - 2024–29 Distribution revenue proposal](#), April 2024, p.14.

³⁹ AEMC, [Draft Rule Determination: National Electricity Amendment \(Accelerating Smart Meter Deployment\) Rule](#), 4 April 2024, p. i.

⁴⁰ Energy Consumers Australia, [Rule change request: access to real time data for consumers and their authorised representatives](#), 24 June 2024.

without system changes, as power quality data is stored in a separate system to consumption data.

We do not consider that this amendment puts any obligation on SAPN. The amendment does not require SAPN to create any standardised data sets or provide any data to consumers. Any obligations to do so will be set out in the NER or the NERR following a final decision on the Energy Consumers Australia rule change request. We consider this proposed service will allow the intent of the AEMC’s rule changes to be met.

Nevertheless, given the concerns raised by SA Power Networks, we have removed the footnote from the proposed amendment, which features in the 2024–29 revenue determinations, and further clarified the intent: *“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.”*

SA Power Networks had proposed two alternative approaches:

- Adopt the wording in the final F&A for Victorian electricity businesses;⁴¹ or
- To adjust the wording to read: “Provision of standardised data sets and/or data that is provided by a distributor in accordance with obligations under the Rules.

We do not think it is appropriate to adopt the wording proposed in the context of the Vic F&A. Victorian electricity businesses have different legal responsibilities under Victorian legislation, are not within the scope of the AEMC metering review, and have responsibility for their distributor-owned meters and the data they produce.

While we agree with SAPN that the obligatory free provision of data by a DNSP should be treated as a standard control service, we do not think that the amendment proposed in SAPN’s second approach is appropriate, because it moves away from the intention of the AEMC metering review to ‘unlock further benefits from smart meter data services’. The AEMC metering review contemplates SAPN and other DNSPs having the right to obtain certain data from other parties at no cost, and consumers having the right to access certain data free of charge. Where the distributor does incur a cost in obtaining that data, then they may choose to pass some of those costs on under a customer requested alternative control service.

We note that the rule changes to implement the AEMC metering review are pending (Real-time data for consumers⁴²) or still in progress (Accelerating smart meter deployment rule change⁴³), and that the detail of what level of “free data” that will be available to distributors and consumers is yet to be settled.

We encourage stakeholder views regarding our draft decision.

⁴¹ AER, [Final Framework and Approach - Victorian electricity distribution determinations 2026-31](#), July 2024, p. 27.

⁴² AEMC, [Real-time data for consumers](#), Rule change request by Energy Consumers Australia

⁴³ AEMC, [Accelerating smart meter deployment](#), Rule change

13.7 Electric vehicle charging infrastructure

During the review of our final F&A paper, SA Power Networks highlighted the growing uptake of electric vehicles (EVs) in South Australia and saw itself as a key facilitator for EV charging infrastructure. SA Power Networks proposed an EV charging of last resort service be included in the list of common distribution services to account for the possibility that it may need to provide electric vehicle charging stations in regions deemed to be non-contestable.

SACOSS at the time had submitted that it did not support classification of the provision of EV-related infrastructure services as a standard control, common distribution service as proposed by SA Power Networks. SACOSS noted that it would be more appropriate for the service to be delivered by the market or governments.

We rejected the request due to the lack of clarity in the proposal and because the network had not engaged with consumers on the issue. We had expressed the need for further clarity on the future direction of EV charging infrastructure and the role SA Power Networks might play before making any decisions on service classification for the 2025–30 period. SA Power Networks supported this approach, agreeing that it is premature to propose specific service classifications at that stage.⁴⁴

SA Power Networks did not include a proposal to amend the service classification table for the provision of EV charging services in its 2025–30 regulatory proposal. However, in July staff from SA Power Networks informed AER staff of the possibility of SA Power Networks proposing EV Charging services of last resort as an alternative control distribution service in its revised proposal, to be submitted on 2 December. Given this possibility, we have considered EV charging of last resort, and are seeking stakeholder views. We have included questions below to guide feedback.

What we understand of SA Power Networks' proposal

SA Power Networks provided us with a high-level description of the service via two information requests in July and August.

SA Power Networks states that there is an expectation that EV charging infrastructure will progressively be delivered by the contestable market, but that there will be transitional instances where it is not economic for third party providers to install EV charging infrastructure in some locations due to low EV density. In these cases, a 'requestor' such as the SA Government or local council could ask SA Power Networks to provide the service.

SA Power Networks would install, own and maintain EV charging infrastructure. The EV charging infrastructure would be installed on its existing infrastructure (for example, Stobie poles and streetlight columns). Where there is no existing infrastructure available, the charger may be freestanding. Once the infrastructure is installed, the network would service the EV charger over the life of the asset, and at end of life (expected 5 years), a market assessment would be undertaken to provide the option for a commercial EV charging provider to take over the provision of the EV charging service.

⁴⁴ AER, [Final Framework and approach - SA Power Networks 2025-30](#), July 2023, p.8.

SA Power Networks considers that the EV Charger of Last Resort service should be classified as an alternative control service. This is because SA Power Networks proposes to only provide this service as a provider of last resort and therefore charge only those to whom it provides the service.

SA Power Networks considers the EV charging infrastructure would be on the network-side of the connection point, with the EV charging equipment forming part of SA Power Networks distribution network. SA Power Networks claims that this is analogous to street lighting, which is classified as a distribution service, where electricity is conveyed from pole to pole.

The AER is ready to consider new services

We recognise that allowing distribution networks to provide EV charging services of last resort could assist the transition to EVs and be beneficial for consumers in the long run. We are also encouraged by the possibility that the EV charging service could be handed over to another EV charging service at a later date.

SA Power Networks seeks EV charger of last resort services to be classified as a regulated distribution service. We seek stakeholder views on whether this service should be classified as a direct control service under the Rules. Also, given that SA Power Networks may only put this classification proposal forward in its revised revenue proposal, we seek stakeholder views as to whether a material change in circumstances has occurred that justifies departing from service classifications set in the Framework & Approach Paper. We set out a list of questions for consultation below.

Interim measure – Application for waiver under the Electricity Distribution Ring Fencing Guideline

We observe that even if SA Power Networks is not successful in its service classification proposal, it may also apply for a waiver under the Electricity Distribution Ring-Fencing Guidelines to enable it to provide the EV Charger of Last Resort service over an interim period. There are several benefits to the applicant of using ring-fencing waivers:

- Ring-fencing waivers are flexible, relatively easy to submit, and not administratively burdensome.
- Ring fencing waivers can be applied for at any time. Applying for a waiver may assist DNSPs in developing business cases outside of the revenue determination process, and accrue evidence to support a service classification proposal in future distribution determinations.

The ring-fencing waiver framework is an established process for managing the delivery of contestable services by a monopoly network delivering services in a competitive market. It can include mechanisms for cost sharing and compliance reporting. The AER's ring-fencing guideline is binding on DNSPs, and can be enforced.

We are willing to provide further guidance to SA Power Networks in developing its ring-fencing waiver application. In summary, we expect that the proposal would have been canvassed with consumers and that the proposal would need to:

- address how allowing a monopoly network to be used to supply services in an emerging market would promote the National Electricity Objective (in the long-term interest of consumers);
- address whether the benefit, or likely benefit, to consumers of complying with the obligation would be outweighed by the costs to SA Power Networks of complying with the obligation; and
- demonstrate the controls the DNSP would have in place to reduce the potential to undermine competition via cross-subsidisation and discrimination (including in respect of price terms or non-price terms).

We are seeking stakeholder views

- Should DNSPs be involved in the provision of EV charging services including EV charging services of last resort?
- Do you think EV charging services should be classified as a distribution services under the existing rules? Why?
- Would enabling DNSPs to provide EV charging services assist in the transition towards higher EV penetration?
- Would enabling DNSPs to provide EV charging services inhibit market energy and the development of competition in this emerging market?
- If the AER were to allow the provision of EV charging services in this upcoming regulatory control period, which avenue do you think would be most appropriate – via a ring-fencing waiver, or as a classified distribution service? And why?
- If the AER were to include EV charging services of last resort as a classified distribution service, what form of regulation should be applied?
- Do you think a material change in circumstances has occurred, since our final F&A decision for SA Power Networks, such that the AER could now classify EV charging services as part of its final revenue determination? What is that material change in circumstances, and why does it justify a change to classify the envisaged EV Charger Service of Last Resort as a distribution service in this distribution determination?

13.8 Next Steps

- We encourage stakeholder feedback on any aspects of our draft decision, but particularly in relation to data services (where we note SAPN's concerns as outlined above) and EV charging services of last resort (which we note that SAPN is considering including in its revised proposal as discussed above).

Shortened forms

Term	Definition
ACS	Alternative control service
AEMC	Australian Energy Market Commission
AER	Australian Energy Regulator
DNSP or Distributor	Distribution Network Service Provider
EV	Electric vehicle
F&A	Framework and approach
Guidance note	Legacy metering services - guidance note
NEM	National electricity market
NER or the Rules	National electricity rules
RAB	Regulatory asset base
SAPN	SA Power Networks
SAPS	Stand-alone power system
SCS	Standard control service

Appendix A: AER draft decision on service classification of SA Power Networks' distribution services 2025–30 (Mark-up)

Red mark-up: AER proposed amendments for the Draft decision

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
Common distribution service — use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)			
Common distribution service	<p>The suite of activities that includes, but is not limited to, the following:</p> <ul style="list-style-type: none"> the planning, design, repair, maintenance, construction, and operation of the distribution network the relocation of assets that form part of the distribution network but not relocations requested by a third party (including a customer) ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons works to fix damage to the network (including emergency recoverable works caused by a customer or third party) support for another network during an emergency event procurement and provision of network demand management activities for distribution or system reliability, efficiency or security purposes Provision of standardised data sets and/or data that is provided to a distributor, at no cost to the distributor, in accordance with obligations under the Rules. training internal staff and contractors delivering direct control services 	Standard Control	Standard Control

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	<ul style="list-style-type: none"> • activities related to 'shared asset facilitation' of distributor assets⁴⁵ • emergency disconnect for safety reasons and work conducted to restore a failed component of the distribution system to an operational state upon investigating a customer outage • bulk supply point metering – activities relating to monitoring the flow of electricity through the distribution network. • rectification of simple customer fault (e.g. fuse) relating to a life support customer or other critical health and safety issues that the distributor is able to address • Rectification of simple customer faults where: <ol style="list-style-type: none"> 1) the need for rectification work is discovered in the course of the provision of distribution services 2) the work performed is the minimum required to restore safe supply 3) the work can be performed in less than thirty minutes and does not normally require a second visit. • establishment and maintenance of national metering identifiers (NMI) in market and/or network billing systems, and other market and regulatory obligations • investigation of customer-reported network faults • work related to a regulated stand-alone power system (SAPS) deployment, operation and maintenance (including fault and emergency repairs)⁴⁶, and customer conversion activities. <p>Such services do not include a service that has been separately classified including any activity relating to that service.</p>		

⁴⁵ 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.

⁴⁶ Includes simple customer fault rectification on generation service of regulated SAPS

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
Connection Services—services relating to the electrical or physical connection of a customer to the network⁴⁷			
Basic connection services	<p>Means a connection service related to a connection (or a proposed connection) between a distribution system and a retail customer’s premises (excluding a non-registered embedded generator’s premises) in the following circumstances:</p> <p>(a) either:</p> <ol style="list-style-type: none"> 1. the retail customer is typical of a significant class of retail customers who have sought, or are likely to seek, the service; or 2. the retail customer is, or proposes to become, a micro embedded generator; <p>(b) the provision of the service involves minimal or no augmentation of the distribution network; and</p> <p>(c) a model standing offer has been approved by the AER for providing that service as a basic connection service.</p>	Premises Connections = Standard control + customer contributions	Premises Connections = Standard control + customer contributions
Standard connection services	Means a connection service (other than a basic connection service) for a particular class (or sub-class) of connection applicant and for which a model standing offer has been approved by the AER.	Premises connection = Alternative control Extensions and Augmentations = Standard control + customer contribution	Premises connection = Alternative control Extensions and Augmentations = Standard control + customer contribution

⁴⁷ Applies to both NER chapter 5 and 5A connections

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
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.	Premises connections = Alternative control Extensions and Augmentations = Standard control + customer contributions	Premises connections = Alternative control Extensions and Augmentations = Standard control + customer contributions
Enhanced ⁴⁸ connection services	Other or enhanced connection services provided at the request of a customer or third party that include those that are: <ul style="list-style-type: none"> • Provided with higher quality of reliability standards, or lower quality of reliability standards (where permissible) than required by the NER or any other applicable regulatory instruments; • In excess of levels of service or plant ratings required to be provided by SA Power Networks; or • Other additional customer dedicated connection lines / assets 	Alternative control	Alternative control
Connection application and management services	Works initiated by a customer or retailer which are specific to the connection point. Includes, but is not limited to: <ul style="list-style-type: none"> • connection application related services • de-energisation • re-energisation • temporary connections (of a size less than the shared network augmentation threshold) as a basic connection service e.g. builder's supply, fetes, etc. 	Alternative control	Alternative control

⁴⁸ Applies to both NER chapter 5 and 5A connections and includes enhancements for both consumption and export services.

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	<ul style="list-style-type: none"> • remove or reposition connection • overhead service line replacement – customer requests the existing overhead service to be replaced (e.g. as a result of a point of attachment relocation). No material change to load • protection and power quality assessment • supply enhancement (e.g. upgrade from single phase to three phase) • customer requested change requiring secondary and primary plant studies for safe operation of the network (e.g. change protection settings) • upgrade from overhead to underground service • rectification of illegal connections or damage to overhead or underground service cables • calculation of a site specific distribution loss factor on request in respect of a generating unit up to 10 MW or a connection point for an end-user with actual or forecast load up to 40 GWh per annum capacity, as per clause 3.6.3(b1) of the NER • power factor correction. 		
Metering Services ⁴⁹ — activities relating to the measurement of electricity supplied to and from customers through the distribution system (excluding network meters)			
Type 1 to 4 metering services	Type 1 to 4 metering installations and supporting services are competitively available.	Unregulated	Unregulated

⁴⁹ SA Power Networks will continue to be responsible for type 5 and 6 meters until they are replaced (and entitled to levy associated charges). We refer to these meters as 'legacy meters'. New meters (that will be type 1 to 4 meters) installed from 1 December 2017 are referred to as 'contestable meters'.

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
Type 5 and 6 meter installation and provision (prior to 1 December 2017)	Recovery of the capital cost of type 5 and 6 metering equipment installed (including metering with internally integrated load control devices)	Alternative control	Alternative control Standard control services
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	<p>Activities include:</p> <ul style="list-style-type: none"> • Meter maintenance covers works to inspect, test, and maintain metering installations. • Meter reading refers to quarterly or other regular reading of a metering installation including field visits and remotely read meters. • Metering data services includes for example: services that involve the collection, processing, storage and delivery of metering data, the provision of metering data in accordance with regulatory obligations, remote or self-reading at difficult to access sites, and the management of relevant NMI Standing Data in accordance with the NER. • Legacy metering transition services required to support the accelerated replacement of legacy meters, including for example the development of the legacy metering retirement plan. 	Alternative control	Alternative control Standard control services
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
Auxiliary metering services (Type 5 to 7 metering installations)	<p>Activities include:</p> <ul style="list-style-type: none"> • Off-cycle meter reads for type 5 and 6 meters. • Requests to test, inspect and investigate, or alter an existing type 5 or 6 metering installation. • Testing and maintenance of instrument transformers for type 5 and 6 metering purposes. • Type 5 to 7 non-standard metering services. 	Alternative control	Alternative control

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	<ul style="list-style-type: none"> 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. 		
Emergency supply restoration in relation to metering equipment not owned by the distributor (contestable metering)	Customer or third party request to restore power to a customer’s premises due to metering equipment not owned by the distributor.	Alternative control	Alternative control
Meter recovery and disposal – type 5 and 6 (legacy meters)	<p>Activities include the removal and disposal of a type 5 or 6 metering installation:</p> <ul style="list-style-type: none"> At the request of the customer or their agent, where an existing type 5 or 6 metering installation remains installed at the premises and a replacement meter is not required. At the request of the customer or their agent, where a permanent disconnection has been requested where it has not been removed and disposed of by the incoming metering provider. 	Alternative control	Alternative control
Third party requested outage for purposes of replacing a meter	At the request of a retailer or metering coordinator provide notification to affected customers and facilitate the disconnection/reconnection of customer metering installations where a retailer planned interruption cannot be conducted.	Alternative control	Alternative control
Network ancillary services – customer and third party initiated services related to common distribution services			
Access permits, oversight and facilitation	<p>Activities include:</p> <ul style="list-style-type: none"> A distributor issuing access permits or clearances to work to a person authorised to work on or near distribution systems including high and 	Alternative control	Alternative control

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	<p>low voltage.</p> <ul style="list-style-type: none"> • 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-equipment to a non-LNSP party who is accompanied and supervised by a distributor’s staff member. May also include a distributor providing safe entry equipment (fall-arrest) to enter difficult access areas. • Specialist services (which may involve design related activities and oversight/inspections of works) where the design or construction is non-standard, technically complex or environmentally sensitive and any enquiries related to distributor assets. • Facilitation of generator connection and operation on the network. • Facilitation of activities within clearances of distributor’s assets, including physical and electrical isolation of assets. 		
Network safety services	<p>Examples include:</p> <ul style="list-style-type: none"> • provision of traffic control and safety observer services by the distributor where required⁵⁰ • fitting of tiger tails or aerial markers • high load escorts • third party request for de-energising wires for safe approach • Customer requested network inspection undertaken to determine the cause of a customer outage where there may be a safety and or reliability impact on the network or related component and associated works to rectify a customer 	Alternative control	Alternative control

⁵⁰ When provided in relation to the distribution system or future distribution system

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	caused impact on the network. ⁵¹		
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 become part of the shared distribution network.	Alternative control	Alternative control
Notices of arrangement and completion notices	<p>Examples include:</p> <ul style="list-style-type: none"> • Work of an administrative nature where a local council requires evidence in writing from the distributor that all necessary arrangements have been made to supply electricity to a development. This includes but not limited to: receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, site visits, assessing supply availability, liaising with developers if errors or changes are required, and preparing notifications of arrangement. • Provision of a completion notice (other than a notice of arrangement). This applies where the real estate developer requests the distributor to provide documentation confirming progress of work. Usually associated with discharging contractual arrangements (e.g. progress payments) to meet contractual undertakings. 	Alternative control	Alternative control
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.	Alternative control	Alternative control
Customer requested planned interruption	<p>Examples include:</p> <ul style="list-style-type: none"> • Where the customer requests to move a distributor planned interruption, and agrees to fund the additional cost of performing this distribution service outside 	Alternative control	Alternative control

⁵¹ An ACS charge is not applicable where it is determined that the customer outage was caused by a fault on the network

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	<p>of normal business hours.</p> <ul style="list-style-type: none"> Customer initiated network outage (e.g. to allow customer and/or contractor to perform maintenance on the customer’s assets, work close to or for safe approach, which impacts other networks users). 		
Attendance at customers’ premises to perform a statutory right where access is prevented	A follow up attendance at a customer’s premises to perform a statutory right where access was prevented or declined by the customer on the initial visit. This may include the costs of arranging, and the provision of, a security escort or police escort (where the cost is passed through to the distributor).	Alternative control	Alternative control
Inspection and auditing services	<p>Activities include:</p> <ul style="list-style-type: none"> inspection and reinspection by a distributor of gifted assets or assets, installed by a third party investigation, review and implementation of remedial actions that may lead to corrective and disciplinary action of a third party service provider due to unsafe practices or substandard workmanship auditing of a third party service provider’s work practices in the field after hours examination and/or testing of the consumer mains and main switchboard prior to initial energisation (upon request) after hours visual examination of an electrical installation to reconnect it to a source of electricity (upon request) re-test at a customer’s installation, where the installation fails the initial test and cannot be connected or has been disconnected for more than 12 months or disconnected for safety reasons. 	Alternative control	Alternative control
Provision of training to third parties for network related access	Training services provided to third parties that result in a set of learning outcomes that are required to obtain a distribution network access authorisation specific to a distributor’s network. Such learning outcomes may include those necessary to demonstrate competency in the distributor’s electrical safety rules, to hold an access authority on the distributor’s network and to carry out switching on the distributor’s	Alternative control	Alternative control

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
	network. Examples of training might include high voltage training, protection training or working near power lines training.		
Authorisation and approval of third party service providers design, work and materials	<p>Activities include:</p> <ul style="list-style-type: none"> • Authorisation or re-authorisation of individual employees and subcontractors of third party service providers and additional authorisations at the request of the third party service providers (excludes training services). • Acceptance of third party designs and works. • Assessing an application from a third party to consider approval of alternative material and equipment items that are not specified in the distributor’s approved materials list. 	Alternative control	Alternative control
Security lights	<p>Provision, installation, operation and maintenance of equipment mounted on the distribution equipment used for security services, e.g. nightwatchman lights</p> <p>Note: excludes connection services</p>	Alternative control	Alternative control
Customer initiated or triggered network asset relocations/re-arrangements	Relocation of assets that form part of the distribution network in circumstances where the relocation was initiated by a third party (including a customer), or triggered by a customer’s non-compliance with network safety or security standards (such as network encroachments)	Alternative control	Alternative control
<p>Provision of electricity network data</p> <p>Customer requests for electricity data and energy advice</p>	<ul style="list-style-type: none"> • Data requests by customers or third parties for the provision of electricity network data beyond standardised data sets or obligations under the Rules. including requests for the provision of electricity network data or consumption data outside of legislative obligations. • Additional services related to network data requests including provision of advice and interpretation. 	Alternative control	Alternative control

Service Group	Further Description	Current classification 2020-25	Proposed classification 2025–30
Third party funded network alterations or other improvements	Alterations or other improvements to the shared distribution network to enable third party infrastructure (e.g. NBN Co telecommunications assets) to be installed on the shared distribution network. This does not relate to upstream distribution network augmentation.	Alternative control	Alternative control
Public Lighting Services - lighting services provided in connection with a distribution network			
Public Lighting	Includes provision, construction and maintenance of public lighting and emerging public lighting technology.	Alternative control	Alternative control
Unregulated Distribution Services - (non-exhaustive list)			
Distribution asset rental	Rental of distribution assets to third parties (e.g. office space rental, pole and duct rental for hanging telecommunication wires etc.).	Unregulated	Unregulated
Contestable metering support roles	Includes 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.	Unregulated	Unregulated
Type 5 and 6 meter data management to other electricity distributors	The provision of type 5 and 6 meter data management to other electricity distribution network service providers.	Unregulated	Unregulated
Provision of training to third parties for work not associated with common distribution services nor network services	Training programs provided to third parties for non-network related issues	Unregulated	Unregulated