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**ACAT Submission – AER standardised model for ancillary network services**


I refer to the request by the Australian Energy Regulator (AER) for submissions in relation to the *Issues Paper: AER standardised model for ancillary network services*.

The ACT Civil and Administrative Tribunal (ACAT) is the jurisdictional energy ombudsman for the Australian Capital Territory. In that capacity, ACAT has considered the Issues Paper and supports the recommendation that a standardised model be developed for pricing ancillary network services (ANS) provided to energy customers in the National Energy Market.

A standardised ANS pricing model would enhance consistency in ANS pricing across different distributors in the energy market, provide an improved basis for informed advocacy by customer advocacy groups, and improve the efficiency of AER distribution price determinations.

ACAT strongly supports enhanced comparability and transparency in relation to the operation of the distribution monopolies in the Australian energy market. While the nature and level of individual ANS fees cannot be completely standardised because of factors such as locational and input cost issues, a more consistent basis for determining how individual fees are described and calculated is achievable.

ACAT recently had occasion to consider the fee-based services charged by the ACT energy distributor, Evoenergy, and make comparisons with NSW electricity distributors. An excerpt of the comparison is contained in Table 1 attached to this submission.

Drawing on this experience, there are two aspects of the preliminary standardised ANS model on which ACAT provides specific comment.

First, there can be large variation in the way that particular ANS fees are described by distributors (inconsistent definitions) and considerable imprecision in pricing (little explanation of the actual scope of work provided). This variability could be reduced by AER:

- further refining Rate Codes and defining the services encompassed in each Rate Code;
- expressly incorporating the Rate Codes and defined services into the standardised ANS model; and
- requiring distributors to present their ANS Price Lists to customers in a way that is aligned to the Rate Codes and with a reasonable level of explanation of each Rate Code.

Second, there are inconsistent approaches between distributors as to whether a fee is charged to an individual customer. For example, Evoenergy charges a substantially higher price for a disconnection due to debt non-payment compared with a standard disconnection. Some other distributors agree to waive disconnection fees altogether for customers experiencing financial hardship. These diverse approaches may be due to different understandings of what constitutes a 'service' to a customer, what is 'efficient' to impose as a fee given costs of recovery, or even what is appropriate as a matter of policy. The preliminary standardised ANS model is silent on these matters.

Given that the long term interests of consumers are central to the National Electricity Objective, and concepts of efficiency underpin the Revenue and Pricing Principles, it is appropriate that the standardised ANS model provide a place for consideration of these issues. A process which makes the application of these factors explicit and subject to scrutiny will lead to better and more consistent

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outcomes. At a minimum, the standardised ANS model should require a distributor to provide information and/or submissions where the decision to impose a fee is affected by broader considerations.

Thank you for the opportunity to make this submission. Please contact me if you would like any further information.

Yours sincerely

Mary-Therese Daniel

**Temporary President**

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**Attachment – Table 1**

The following table sets out a brief comparison of certain ANS prices charged by Evoenergy (ACT); Ausgrid (metro Sydney and the Hunter region); Endeavour Energy (Sydney and the Illawarra); and Essential Energy (rural NSW).

| | Special Meter Reading | Special Meter Test | Disconnection (De-energisation) | Disconnection for debt non-payment |
|---|---|---|---|---|
| **Ausgrid** | $11.63 | $158.25^ | $158.25* | NA |
| **Endeavour** | $31.70 and $39.60 | $118.90 and $475.90^^ | $79.30 and $67.20** | NA |
| **Essential** | $18.37 per job | $632.23 and $762.39^^^ | $57.19 + $50.69*** | NA |
| **Evoenergy** | $35.44 | $327.67 and $491.63^^^^ | $81.92**** | $163.83 |

Prices are ex GST
^ *Type 5-6 Meter Test Quoted (per hour)*
^^ *Site Visit MTSV Per Job* and *Per Request MT01 Per Job*
^^^ *1st* and *CT Meter*
^^^^ *(Whole Current) – Business Hours* and *(CT/VT) – Business Hours*
* *Disconnection Visit (Site Visit Only) Quoted (per hour)* and also *Disconnection Completed Quoted (per hour)*
** *Disconnections (Meter Box) Includes Reconnection Driver Per Disco CDF3* and *Disconnections (Site Visit) Driver Per Visit CDS3*
*** *Disconnect/Reconnect – Complete* and *Reconnection - Complete*
**** *Existing Network Connection - Business Hours*

The basis for comparison of ANS pricing is in the following links:

a. Ausgrid - https://www.ausgrid.com.au/-/media/Documents/Regulation/Pricing/PList/Appendix-B-Ausgrid-2021-22-Pricing-Proposal-ACS-components-March-2021.pdf

b. Endeavour Energy - https://www.endeavourenergy.com.au/__data/assets/pdf_file/0013/6052/ANSPriceList_202122_v1.pdf

c. Essential Energy - https://www.essentialenergy.com.au/-/media/Project/EssentialEnergy/Website/Files/Our-Network/PriceScheduleforAncillaryNetworkServices1July2021.pdf?la=en&hash=FA693F1B8D3416D047F0EAB9CBC7AC87E2391A33

d. Evoenergy (pdf download) - https://www.evoenergy.com.au/-/media/evoenergy/documents/electricity/evoenergy-electricity-schedule-of-charges-2021-22.pdf?la=en&hash=FE93F804F0C8EC77C1952BB5A84B907B7295FC19