



# **FINAL DECISION**

## **United Energy Distribution Determination 2021 to 2026**

### **Attachment 13 Classification of services**

April 2021

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## Note

This attachment forms part of the AER's final decision on the distribution determination that will apply to United Energy for the 2021–26 regulatory control period. It should be read with all other parts of the final decision.

The final decision includes the following attachments:

### Overview

Attachment 1 – Annual revenue requirement

Attachment 2 – Regulatory asset base

Attachment 3 – Rate of return

Attachment 4 – Regulatory depreciation

Attachment 5 – Capital expenditure

Attachment 6 – Operating expenditure

Attachment 7 – Corporate income tax

Attachment 8 – Efficiency benefit sharing scheme

Attachment 9 – Capital expenditure sharing scheme

Attachment 10 – Service target performance incentive scheme

Attachment 12 – Customer service incentive scheme

Attachment 13 – Classification of services

Attachment 14 – Control mechanisms

Attachment 15 – Pass through events

Attachment 16 – Alternative control services

Attachment 18 – Connection policy

Attachment 19 – Tariff structure statement

Attachment A – Negotiating framework

# Contents

**Note .....2**

**Contents .....3**

**Appendix A: AER final decision on service classification of United Energy’s distribution services 2021–26.....4**

## Appendix A: AER final decision on service classification of United Energy’s distribution services 2021–26

| Service group  | Further description   | Current classification 2016–20 | AER final decision classification 2021–26 |
|--|---|--------------------------------|---|
| <b>Common distribution service - use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)</b> |   |                                |   |
| Common distribution service (formerly 'network 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>works to fix damage to the network (including recoverable works 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 or system reliability, efficiency or security purposes</li> <li>activities related to 'shared asset facilitation' of distributor assets<sup>1</sup></li> </ul> | Standard control               | Standard control                          |

<sup>1</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. It does not refer to the costs associated with providing the unregulated service itself.

| Service group | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---------------|--|--------------------------------|---|
|               | <ul style="list-style-type: none"> <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>• establishment and maintenance of National Metering Identifiers (NMIs) in market and/or network billing systems, and other market and regulatory obligations</li> <li>• ongoing inspection of private electrical networks (not part of the shared network) required under legislation for safety reasons<sup>2</sup></li> <li>• supply abolishment of basic connection<sup>3</sup></li> <li>• customer safety information, e.g. 'dial before you dig' services</li> <li>• Bulk supply point metering - activities relating to monitoring the flow of electricity through the distribution network</li> <li>• Third party initiated network asset relocations/re-arrangements under ESCV Guideline 14 <sup>4</sup></li> </ul> |                                |   |

<sup>2</sup> The Victorian Electricity Safety Act 1998, clause 113F, requires Vic DNSPs to inspect overhead private electric lines.

<sup>3</sup> This service is classified as Standard Control Services under the 2016-20 Determination for public safety reasons. Victorian DNSPs wish to continue with the classification.

<sup>4</sup> This classification applies where a customer contribution is calculated and applied in accordance with Essential Services Commission (ESCV) Guideline 14 or where a customer contribution is calculated and applied in accordance with any other relevant Victorian legislation or regulation, including regulations made under the National Electricity (Victoria) Act, 2005. The party requesting such works under this classification must pay the net cost of the works, subject to any rebates specified in Guideline 14 or by any other relevant Victorian legislation or regulation.

| Service group | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---------------|--|--------------------------------|---|
|               | <ul style="list-style-type: none"> <li>• Transmission network support</li> </ul> |                                |   |

**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"> <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 other network equipment to a non-Local Network Service Provider 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>• 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</li> <li>• facilitation of generator connection and operation of the network</li> <li>• facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets</li> </ul> | Not classified | Alternative control |
|--|---|----------------|---------------------|

| Service group                                 | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---|--|--------------------------------|---|
| Sale of approved materials or equipment       | Includes the sale of approved materials/equipment to third parties for connection assets that are gifted back to become part of the shared distribution network  | Not classified                 | Alternative control                       |
| Notices of arrangement and completion notices | <p>Examples include:</p> <ul style="list-style-type: none"> <li>• Work of an administrative nature where a local council requires evidence in writing from the distributor that all necessary arrangements have been made to supply electricity to a development. This includes: receiving and checking subdivision plans, copying subdivision plans, checking and recording easement details, assessing supply availability, liaising with developers if errors or changes are required, and preparing notifications of arrangement</li> <li>• 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</li> </ul> | Not classified                 | Alternative control                       |
| Network related property services             | <p>Activities include:</p> <ul style="list-style-type: none"> <li>• Network related property services such as property tenure services relating 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 a connection or relocation</li> </ul>  | Not classified                 | Alternative control                       |



| Service group                                       | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---|--|--------------------------------|---|
|   | <ul style="list-style-type: none"> <li>• Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.</li> </ul>   |                                |   |
| 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 where required</li> <li>• fitting of tiger tails, possum guards, and aerial markers</li> <li>• high load escorts.</li> <li>• site visit relating to location of underground cables/assets</li> <li>• Third party request for de-energising wires for safe approach</li> </ul> | Alternative control            | Alternative control                       |
| Planned Interruption – customer requested amendment | <p>Examples include:</p> <ul style="list-style-type: none"> <li>• where the customer requests to move a distributor planned interruption and agrees to fund the additional cost of performing this distribution service outside of normal business hours</li> </ul>  | Not classified                 | Alternative control                       |
| Customer requested supply outage                    | <p>Examples include:</p> <ul style="list-style-type: none"> <li>• 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)</li> </ul>  | Not classified                 | Alternative control                       |
| Inspection and auditing                             | Activities include:  | Alternative control            | Alternative control                       |

| Service group  | Further description   | Current classification 2016–20 | AER final decision classification 2021–26 |
|--|---|--------------------------------|---|
| services   | <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> <li>auditing 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>                              | Not classified                 | 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 providers (excludes training services)</li> </ul>   | Alternative control            | Alternative control                       |

| Service group  | Further description   | Current classification 2016–20 | AER final decision classification 2021–26 |
|--|---|--------------------------------|---|
|  | <ul style="list-style-type: none"> <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> |                                |   |
| Security lights  | <p>Provision, installation, operation, and maintenance of equipment mounted on distribution equipment used for security services, e.g. nightwatchman lights.</p> <p>Note: excludes connection services</p>  | Not classified                 | Alternative control                       |
| Customer requested provision of electricity network data     | Data requests by customers or third parties including requests for the provision of electricity network data or consumption data outside of legislative obligations   | Not classified                 | 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                    | Alternative control            | Alternative control                       |
| Customer 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), not provided under ESCV Guideline 14   | Alternative control            | Alternative control                       |
| Community network upgrades                                   | Collective customer requested network enhancement. Activities related to community requests to augment the network to enable higher PV exports.   | Not Classified                 | Alternative Control                       |

### **Metering services - activities relating to the measurement of electricity supplied to and from customers through the**

| Service group   | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---|--|--------------------------------|---|
| <b>distribution system (excluding network meters)</b>                                 |  |                                |   |
| Type 1 to 4 metering services   | Type 1 to 4 metering installations <sup>5</sup> and supporting services are competitively available  | Unregulated                    | Unregulated                               |
| Type 5 and 6 (inc. smart metering) services where the distributor remains responsible | <p>Includes:</p> <ul style="list-style-type: none"> <li>• Recovery of the cost of type 5 and 6 metering equipment<sup>6</sup> including communications network (including meters with internally integrated load control devices)</li> <li>• Testing, inspecting, investigating, maintaining or altering existing type 5 or 6 metering installations or instrument transformers</li> <li>• Quarterly or other regular reading of a metering installation</li> <li>• Metering data services that involve the collection, processing, storage and delivery of metering data, the provision of metering data from the previous two years, 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                       |

<sup>5</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

<sup>6</sup> Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

| Service group  | Further description   | Current classification 2016–20 | AER final decision classification 2021–26 |
|--|---|--------------------------------|---|
| Auxiliary metering services (type 5 to 7 including smart metering) where the distributor remains responsible | <p>Activities include:</p> <ul style="list-style-type: none"> <li>• requests to test, inspect and 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>• Non-standard metering services for Type 5 to 7 meters and any other meter types introduced.</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>• Remote de-energisation and re-energisation</li> <li>• Remote meter configuration</li> <li>• Field based special meter read</li> <li>• Office based special meter read</li> <li>• Metering exit services</li> </ul> | 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   | Alternative control            | Alternative control                       |

| Service group | Further description | Current classification 2016–20 | AER final decision classification 2021–26 |
|---------------|---------------------|--------------------------------|---|
|---------------|---------------------|--------------------------------|---|

processing and delivery of calculated metering data for unmetered loads, and the population and maintenance of load tables, inventory tables and on/off tables

**Connection services<sup>7</sup> - services relating to the electrical or physical connection of a customer to the network**

|                           |   |                     |                     |
|---------------------------|---|---------------------|---------------------|
| Basic connection services | <p>Means a <i>connection service</i><sup>8</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 <i>retail customer</i> 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</p> | Alternative control | Alternative control |
|---------------------------|---|---------------------|---------------------|

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<sup>7</sup> When discussing connections, we must consider how connection policies and chapter 5A of the NER impact the regulation of connection services. For this reason, we will not be able to completely address the classification of connection services in the classification guideline.

<sup>8</sup> Italics denotes definitions in Chapter 5A of the NER.

| Service group                                  | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|--|--|--------------------------------|---|
|  | <p><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>  |                                |   |
| Standard connection service                    | 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   | Standard control               | Standard control                          |
| Negotiated connection                          | <p>Means a connection service (other than a basic connection service) for which a DNSP provides a connection offer for a negotiated connection contract.</p> <p>This includes connections under Chapter 5 of the NER</p>   | Standard control               | Standard control                          |
| Connection application and management services | <ul style="list-style-type: none"> <li>• Connection application related services</li> <li>• Works initiated by a customer or retailer that are specific to the connection point. This includes, but is not limited to:</li> <li>• field based de-energisation<sup>9</sup> and re-energisation</li> <li>• Non basic supply abolishment or reposition non-basic connection</li> <li>• Temporary connections (e.g. for builder's supply, fetes etc.)</li> </ul> | Alternative control            | Alternative control                       |

<sup>9</sup> De-energisation services related to business as usual activities and de-energisation services that may relate to changing over meter types

| Service group | Further description  | Current classification 2016–20 | AER final decision classification 2021–26 |
|---------------|--|--------------------------------|---|
|               | <ul style="list-style-type: none"> <li>• overhead service line replacement – customer requests the existing overhead service to be replaced (e.g. because 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>• calculation of site specific loss factors when required under the NER</li> <li>• power factor correction</li> <li>• Embedded network management</li> <li>• assessing connection applications or a request to undertake relocation of network assets as contestable works and preparing offers</li> <li>• processing preliminary enquiries requiring site specific or written</li> </ul> |                                |   |



| Service group   | Further description   | Current classification 2016–20                  | AER final decision classification 2021–26 |
|---|---|---|---|
|   | <p>responses</p> <ul style="list-style-type: none"> <li>• undertaking planning studies and associated technical analysis (e.g. power quality investigations) to determine suitable/feasible connection options for further consideration by applicants</li> <li>• liaising with groups representing multiple connecting parties (e.g. community group upgrades)</li> <li>• site inspection in order to determine the nature of the connection service sought by the connection applicant and ongoing co-ordination for large projects</li> <li>• registered participant support services associated with connection arrangements and agreements made under Chapter 5 of the NER.</li> </ul> |   |   |
| Enhanced connection services  | <p>Other or enhanced connection services provided at the request of a customer or third party that include those that are:</p> <ul style="list-style-type: none"> <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. This includes reserve feeder installation and maintenance</li> <li>• in excess of levels of service or plant ratings required to be provided by the distributor</li> </ul>  | Alternative control/ negotiated/ Not classified | Alternative control                       |
| <b>Public lighting - lighting services provided in connection with a distribution network</b> |   |   |   |

| Service group   | Further description  | Current classification 2016–20  | AER final decision classification 2021–26 |
|-----------------|--|---------------------------------|---|
| Public lighting | <ul style="list-style-type: none"> <li>(1) Operation, maintenance, repair and replacement public lighting services</li> <li>(2) Alteration and relocation of public lighting assets</li> <li>(3) New public lighting services incl. greenfield sites &amp; new light types (distributor provided)</li> <li>(4) Provision, construction and maintenance of emerging public lighting technology</li> </ul> | Alternative control/ negotiated | Alternative control                       |