Preliminary position paper

Framework and Approach Papers for Ergon Energy, Energex, SA Power Networks and Directlink 2025–30

March 2023

AUSTRALIAN ENERGY REGULATOR

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1 Framework and approach

The Australian Energy Regulator (AER) exists to ensure energy consumers are better off, now and in the future. Consumers are at the heart of our work, and we focus on ensuring a secure, reliable, and affordable energy future for Australia. The regulatory framework governing electricity transmission and distribution networks is the National Electricity Law and Rules (NEL and NER). Our work is guided by the National Electricity Objective (NEO).

A regulated network business must periodically apply to us for a determination of the revenue it can recover from consumers using its network. Electricity distribution network service providers Ergon Energy (Ergon), Energex and SA Power Networks (SAPN), and electricity transmission network interconnector Directlink, are due to submit their next revenue proposals on 31 January 2024, for the period 1 July 2025 to 30 June 2030 (2025–30 period).

The first step in our process to determine efficient prices for electricity distribution and transmission services for these businesses is to publish Framework and Approach papers (F&A). The F&A sets our approach to key elements of the upcoming determinations and facilitates early consultation on these before businesses prepare and submit their revenue proposals. These elements include:

- Which incentive schemes will apply, for example, to service quality, improvements in network reliability or capital and operating expenditure.[1] The purpose of incentive schemes is to encourage network service providers to manage their business in a safe, reliable manner that serves the long-term interests of consumers. The schemes provide network service providers with incentives to only incur efficient costs and to meet or exceed service quality targets.
- Our approach to setting efficient expenditure allowances[2] and the establishment of the opening regulatory asset base for the upcoming regulatory control period[3].
- For distribution network service providers, which services will be covered by our revenue determination[4], and the form of regulation that will apply to them[5]. For example, we may determine that costs for a particular service can be bundled into a generic electricity supply service (standard control service). Alternatively, we may decide that charging for a service on a user-pays basis is more appropriate (alternative control service), or to allow consumers and network service providers to negotiate the price of a service (negotiated distribution service).

The F&As that have applied to Ergon, Energex, SAPN and Directlink in the current (2020–25) regulatory control period were published in July 2018. Since then, we have seen significant transition in the energy market and the rules, schemes and guidelines under which we regulate electricity networks. In December 2022, we therefore confirmed that we would

1 NER, cll. 6.8.1(b)(2)(iii), (iv), (v), (vi), (vii); 6A.10.1A(b)(1), (2), (3), (4), (7).

2 NER, cll. 6.8.1(b)(2)(viii); 6A.10.1A(b)(5).

3 NER, cll. 6.8.1(b)(2)(ix); 6A.10.1A(b)(6).

4 NER, cll. 6.8.1(b)(2)(i);

5 NER, cll. 6.8.1(b)(1)(i); 6.8.1(2)(ii).

review and make amended or replacement F&As for each of Ergon, Energex, SAPN, and Directlink.

This paper sets out our preliminary positions on amendments and revisions to each of the elements above and seeks stakeholder views to assist consideration of our final decision.

1.1 About this consultation

For network businesses, like Ergon, Energex, SAPN and Directlink, that have F&As in place from previous periods, the NER provide for a review every 5 years in preparation for the next regulatory determination.

On 31 October 2022, all four businesses wrote to us asking us to consider amending and replacing their current F&As in preparation for the 2025–30 period. We published those letters on our website and sought submissions from stakeholders on whether amendments to the F&As are necessary or desirable.

Having received no submissions, we considered the information provided by the businesses and decided that we will make amended or replacement F&As for each of Ergon, Energex, SAPN, and Directlink. Our reasons for commencing this review were set out in a decision published in December 2022.[6]

As indicated in that paper, we are now engaging with stakeholders as we consider preliminary positions on the amendments required, before making a final decision on amended or replacement F&As in July 2023.

Submissions

We invite stakeholders to make written submissions on our preliminary positions by Monday, 17 April 2023. Submissions should be emailed to QLDSA_FandA@aer.gov.au. Alternatively, you can mail submissions to:

Warwick Anderson
General Manager Network Pricing
Australian Energy Regulator
GPO Box 3131
Canberra, ACT, 2601

We prefer that all submissions be publicly available to facilitate an informed and transparent consultative process. We will treat submissions as public documents unless otherwise requested. All non-confidential submissions will be placed on the AER's website. For further information regarding the AER's use and disclosure of information provided to it, see the ACCC/AER Information Policy.

We request parties wishing to submit confidential information:

- clearly identify the information that is the subject of the confidentiality claim
- provide a non-confidential version of the submission in a form suitable for publication.

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6 AER, *Replacement of framework and approach papers: Ergon Energy, Energex, SA Power Networks and Directlink, 1 July 2025 – 30 June 2030*, December 2022.

2 Service classification

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 a number of factors, including existing and potential competition to supply these services. Our Electricity Distribution Service Classification Guideline 2022 (2022 Guideline)[7] provides a practical explanation of how we classify distribution services. The 2022 Guideline has been reviewed and amended since service classifications for the 2020–25 period were determined, to take into account the *National Electricity Amendment (Regulated stand-alone power systems) Rule 2022*, which requires regulated stand-alone power systems (SAPS) to be treated the same as the interconnected components of the distribution network for the purposes of service classification and directs us to include regulated SAPS as a distribution service.

We approach classification on the basis that we:

- classify the service, rather than the asset – we can only decide on service classification if we understand what the service being provided is. That is, distribution service classification involves the classification of services that distributors supply to customers rather than the classification of:
  - the assets used to provide such services
  - the inputs/delivery methods distributors use to provide such services to customers
  - services that consumers or other parties provide to distributors.
- classify distribution services in groupings rather than individually. This avoids the need to classify services one-by-one and instead defines a service cluster, so that services similar in nature receive the same regulatory treatment. As a result, a new service with characteristics that are the same or essentially the same as other services within a group can simply be added to the existing group and hence be treated in the same way for pricing or ring-fencing purposes. This provides distributors with flexibility to alter the exact specification (but not the nature) of a service during a regulatory control period. Where we make a single classification for a group of services, it applies to each service in the group.

The classifications available to us are:

- classify a service so the distributor may recover related costs from all customers (direct control – standard control service)
- classify a service so the user benefiting from the service pays (direct control – alternative control service)

7 AER - Distribution service classification guideline - August 2022

- allow customers and distributors to negotiate the provision and price of some services – we will arbitrate should negotiations stall (negotiated distribution service)
- not classify a service – we have no regulatory control over this service or the prices charged by the distributor (unregulated service).

In July 2022, following an extensive period of consultation with Ausgrid, Endeavour Energy and Essential Energy (NSW), TasNetworks (Tasmania), Evoenergy (ACT/NSW) and Power and Water Corporation (NT), we published F&A papers for those businesses for their 2024–29 regulatory control periods. SAPN, Ergon and Energex were also active in these consultations. In conjunction with the 2022 Guideline[8], these July 2022 F&A papers have guided both the revision requests we have received from SAPN, Ergon and Energex and our preliminary positions set out in this paper. We have looked in particular to bring consistent approaches to classification of services across networks and jurisdictions where possible.

Revisions requested by SAPN, Ergon and Energex, and some additional (or alternative) revisions we are proposing, are set out in appendices A and B to this paper. We summarise our preliminary positions on key issues below, and in appendices A and B have presented them in annotated tables marking amendments proposed by the businesses and by us.

2.1 Common distribution services

Common distribution services are concerned with providing a safe and reliable electricity supply to customers and are intrinsically tied to the network infrastructure and the systems that support the shared use of the distribution network by customers. Providing common distribution services involves a variety of different activities, such as the construction and maintenance of poles and wires used to transport energy across the shared network. The precise nature of activities provided to plan, design, construct and maintain the shared network may change over time. Regardless of what activities make up common distribution services, this service group reflects the provision of access to the shared network to all customers. The range of activities that make up the common distribution service are not contestable. As a consequence, common distribution services are classified as direct control services, and further as standard control services.

Where no amendments to the common distribution service grouping have been requested by distributors and the services remain consistent with the 2022 Guideline[9] and our most recent service classification positions for other distributors, subject to submissions, we remain satisfied for the reasons set out in those decisions that these remain appropriate.

2.1.1 Regulated stand-alone power systems (SAPS)

The *National Electricity Amendment (Regulated stand-alone power systems) Rule 2022*[10] determined that regulated SAPS are to be treated the same as other distribution services for the purposes of classification. Further, the rule change stipulates that the distribution

8 AER - Distribution service classification guideline - August 2022

9 AER - Distribution service classification guideline - August 2022

10 National Electricity Amendment (Regulated stand-alone power systems) Rule 2022

services provided by regulated SAPS are to be classified as a standard control service.[11] These amendments were incorporated into the 2022 Guideline in August 2022.[12]

Ergon, Energex and SAPN have therefore requested the inclusion of this as a new activity, to be classified as part of the standard control, common distribution service. The service is described in their revision requests (as it is in the 2022 Guideline) as "work related to a distributor-led SAPS deployment, operation and maintenance (including fault and emergency repairs) and customer conversion activities".[13]

Consistent with the 2022 Guideline[14], we propose to classify regulated SAPS as a direct control service, and further as a standard control service, consistent with the rule change outlined above. The service is listed as an activity under the common distribution service grouping and classified as part of that grouping. This is consistent with our classification approach, as outlined above and in the 2022 Guideline[15].

2.1.2 Rectification of simple customer faults

Ergon and Energex have proposed the addition of a new service for the rectification of simple customer fault activity under the common distribution service group, and therefore as a standard control service. This new service is to allow for the rectification of simple customer faults that are generally located behind the meter on the customers' premises that are discovered when investigating customer outages.

We agree that this activity is likely to improve the customer experience and potentially reduce costs of repeated visits to customer premises.

We considered and accepted the addition of a similar service in our F&As for NSW and Tasmanian distributors in July 2022, and propose to accept it here, but with the addition of the words *"….and does not normally require a second visit.*", to provide additional clarity and maintain consistency in this service offering between networks and jurisdictions. Ergon and Energex are in agreement with the suggestion to include this additional text.

SAPN did not propose this amendment to its common distribution service group, however we recommended its inclusion in the interests of consistency between networks and jurisdictions, noting the potential it creates for an improved customer experience. SAPN have agreed with its inclusion for the reasons set out above.

2.1.3 Provision of basic energy advisory services

In consultation with its customers, SAPN is investigating options to implement an energy advisory platform (portal) which would be available to all customers 24x7.

SAPN has advised that it already acts as an independent and trusted member of the community providing impartial, basic energy advice to every customer based on their usage profile. It noted there are limited advisory services on the market currently, with no one

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11 NER, cl. 6.2.1A(b),(c).

12 AER Decision - Updating instruments for regulated stand-alone power systems - August 2022, p. 12

13 AER - Distribution service classification guideline - August 2022, p. 23.

14 AER - Distribution service classification guideline - August 2022

15 AER - Distribution service classification guideline - August 2022

service provider being able to provide the holistic advisory service requested by customers who find the increasing market complexities difficult to navigate. SAPN is of the view that a basic level of energy advice should be available to all customers, and particularly vulnerable individuals.

The cost of providing this basic energy service as a self-service solution is unable to be directly attributed to individual customers, with all customers having access to use the service. Accordingly, SAPN has suggested that this service should be explicitly listed as a direct control service and classified as a standard control, common distribution service.

As SAPN is currently still investigating options and their scope around energy advisory services with stakeholders, including through its People's Panel deliberative forum process, we do not currently propose to include this service for classification.

We will have the opportunity to consider the appropriate classification for this service if SAPN's ongoing consumer engagement ultimately supports, and SAPN incorporates, its inclusion in SAPN's 2025–30 regulatory proposal. We expect that engagement on this issue would include seeking customer preferences as to its classification and how any costs for this service would be recovered.

2.1.4 Leasing of excess battery capacity

SAPN noted that grid-scale batteries are an emerging technology that can increase the grid's renewables hosting capacity, support security of the overall energy system and put downward pressure on electricity process by providing a flexible alternative to traditional network investment.

SAPN advised that across its regional customer engagement workshops, strong support was identified for exploring community batteries and combined solar schemes, with a desire to see infrastructure investment based on equity principles not on population size.

Distributors may install batteries where it is the most efficient means of addressing a network capacity issue instead of augmenting their network. However, there could be excess battery capacity under these circumstances that could be leased as an unregulated service, subject to the obligations of our *Ring-fencing guideline (Electricity distribution)*[16] and any requirements for a waiver.[17] Where a waiver application would be required, SAPN notes that making use of this spare capacity is efficient and in the long-term interests of customers.

SAPN has not requested changes to its service classification to support the leasing of existing battery capacity, on the basis that work required to facilitate shared access to the network support battery (where allowed under the Ring-fencing guideline) would form part of the activities related to shared asset facilitation of distributor assets under the common distribution service[18] grouping and classified as a standard control service. This recognises that the leasing of excess capacity itself would be an unregulated service with benefit sharing with regulated customers dealt with under existing regulatory requirements.

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16 AER - Ring-fencing guideline (Electricity distribution) - Version 3 - 3 November 2021

17 AER - Ring-fencing guideline (Electricity distribution) - Version 3 - 3 November 2021, p. 41

18 AER - Distribution service classification guideline - August 2022, p. 22.

We are satisfied that the regulatory treatment of this service has already been addressed in our Ring-fencing guideline, and agree that further identification of the service, either as an unregulated distribution or non-distribution service, is not necessary. This approach is consistent with that taken in our most recent service classifications for other networks. It remains consistent with the NER[19] and the framework set out in the 2022 Guidelines[20], which does not require us to list or define services that are not classified.[21]

2.1.5 Customer export services

SAPN, Ergon and Energex note and support the position we took in our most recent F&A decisions to recognise export services as part of the standard control, common distribution service grouping, but not to list them as a separate activity.

This approach treats the export service the same as a consumption service and distributors will be able to operate their networks in relation to forecast network demand requirements, regardless of the direction of that demand. This includes the planning, design, repair, maintenance, construction and operation of the distribution networks, as well as works to fix damage and demand management activities.

Our position recognises export services as a single service with varying levels of capacity being made available to standard control service customers. It also recognises that the manner in which export capacity is to be requested by standard control service customers, will be the subject of the connection policy. Connection policies govern whether a capital contribution or other cost recovery approach is required and the applicable methodology. These matters are also subject to jurisdictional requirements.

We consider customer requests for export capacity that go beyond that provided within the common distribution service grouping—requiring design and build that exceeds the minimum technical specification—are covered by the 'enhanced connection service' which is classified as an alternative control service under the connection service grouping. Our approach aims to provide clarity that the enhanced connection service can be provided for the purposes of enhanced exports, as well as consumption. (See 2.4.2 below)

2.1.6 Electric vehicle charging infrastructure

SAPN has noted that the uptake of electric vehicles (EVs) in South Australia is continuing to increase, with the South Australian Government investing $41 million to deliver ten actions to accelerate their uptake. These actions aim to integrate EVs and charging into homes, businesses and lifestyles and aid South Australia's transition to a low carbon economy.[22]

SAPN however also considers there are unique challenges for the take up of EVs in rural and regional Australia, due to larger distances and limited access to EV charging and hydrogen refuelling infrastructure[23].

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19 NER, cl. 6.2.1(a)

20 AER - Distribution service classification guideline - August 2022

21 AER - Distribution service classification guideline - August 2022, p. 19

22 www.energymining.sa.gov.au/industry/modern-energy/electric-vehicles

23 National Electric Vehicle Strategy, Consultation Paper, September 2022, page 9

SAPN considers that regulatory reform may be required if the market fails to deliver the necessary charging infrastructure, requiring distribution network service providers to play more than a facilitative role in the provision of EV charging infrastructure in some regions. For example, SAPN suggests that such businesses may also be required to provide EV charging of last resort services. In that context, SAPN proposes that this service should be considered in the development of the F&A for 2025–30 period.

We note SAPN's observations. We consider greater clarity around the direction that EV charging infrastructure takes is required to facilitate the classification of such services. SAPN is encouraged to continue to engage with its stakeholders on this matter and revert to us following the emergence of a clearer position on the charging infrastructure landscape.

Supporting our preliminary decision to not classify the potential provision of EV-related infrastructure services at this point for SAPN, we are also mindful of the potential for service providers other than SAPN to provide competitive services in this area.

2.1.7 Solar For renters

SAPN notes that the ability for renters to access the benefits of solar PV has been difficult to achieve due to the split incentive for landlords and tenants. Landlords are often reluctant to pay for an asset that only benefits the tenant and does not provide additional value to the property. Tenants, on the other hand, are reluctant to pay for an asset that has a long payback period and is ultimately owned by the landlord.

As a result, only a limited number of renting households have access to the benefits of solar, and this places them at a disadvantage to their peers in participating fully with access to renewable energy.

Several Australian jurisdictions have implemented programs to help support renting households, including the Victorian Government's 'solar for rentals' program and the Queensland Government's 'solar rebates for rentals' trial which ran until June 2020.

A solar for renters initiative received strong and diverse support in SAPN's consumer engagement activities. In response to this feedback, SAPN is currently exploring options with government and industry stakeholders to provide a solar service for renters in South Australia. These discussions are at an early stage. Whilst it is currently unclear what role SAPN might play in the delivery of this potential service, they have requested that it is considered as an option for the 2025–30 period.

SAPN has proposed that if the service is provided outside of a specific jurisdictional scheme, it would anticipate that it would be subject to direct control on the basis that:

- there are apparent barriers to competitive service provision and limited current offerings from the market
- there are split incentives, so that landlords are unlikely to enter into arrangements with any competitive service provider
- these circumstances mean renters are generating less energy, and consuming more from the grid than they would otherwise
- SAPN would seek to ensure that any arrangement would be enduring for the property even if there is a change of tenant.

SAPN propose that the service would further be classified as alternative control service noting the costs of providing the service are able to be directly attributed to the customer receiving the service.

As SAPN is currently still engaging with key stakeholders to explore this service, we do not currently propose to include this service for classification. Once clarity and broad consensus has been reached between SAPN and its stakeholders, SAPN has the opportunity to include the specific details of the proposed service in its 2025–30 proposal for our consideration.

2.2 Network ancillary services

Ancillary services share the common characteristics of being services provided to individual customers on an 'as needs' basis (e.g., meter testing and reading at a customer's request, moving mains, temporary supply, alteration, and relocation of existing public lighting assets). Ancillary services involve work on, or in relation to, parts of a respective distribution network. Therefore, similar to the common distribution services grouping, only the relevant distributor may perform these services in its distribution area. The network ancillary services grouping is classified as alternative control services on the basis that the costs of providing the relevant service are directly attributable to the person to whom the service is provided.[24]

2.2.1 Security lighting

Security lighting services are provided to private premises by attaching security lights to network infrastructure to provide lighting and improve security. In recent years, the volumes of new security lights have decreased significantly. This means it is costly for both consumers and businesses to maintain systems and processes for the provision of security lights. Importantly, cost effective and easy to install security lighting solutions are now widely available to customers, driving a decline in new services.

For these reasons, Energex and Ergon propose to cease providing security lights to new customers in the 2025–30 period, but will continue to maintain and operate security lights for existing customers until they transition to alternative solutions.

Our preliminary position is to agree with the proposed changes as they reflect the changing requirements of the market and do not appear to have a negative impacts on consumers. This leaves security lighting classified as an alternative control service under the network ancillary service grouping.

2.2.2 Customer requests for electricity data and energy advice

Further to section 2.1.3 above ("Provision of basic energy advisory services"), SAPN has recommended that where customers seek a more bespoke energy advisory service, potentially involving dealing with a customer service advisor directly, that this service could best be classified as an alternative control service under the network ancillary service grouping. This would be on the basis that the costs would be directly attributable to the person to whom the service is provided.

SAPN believes that providing energy advisory services will not only deliver tailored advice that aligns with a customer's immediate expectations, but will also influence a customer's

[24] NER 6.2.2(c)(5).

future tariff choices, including energy efficiency initiatives. SAPN submits that it has extensive industry knowledge of metering types, electricity pricing arrangements and opportunities available with solar and battery ownership, and is in a unique position to serve all segments of the South Australian electricity market.

As per our earlier view at section 2.1.3 above, as SAPN is currently still investigating options around energy advisory services, including their scope and the implications this would have for service definition and classification, we do not currently propose to include this service for classification. We will have the opportunity to consider the appropriate classification for this service if SAPN's ongoing consumer engagement ultimately supports, and SAPN incorporates, its inclusion in its 2025–30 proposal. We expect that engagement on this issue would include seeking customer preferences as to its classification and how any costs for this service would be recovered.

Supporting our preliminary decision to not classify the potential provision of energy advisory services at this point for SAPN, we are also mindful of the potential for service providers other than SAPN to provide competitive services in this area.

2.3 Metering services

SAPN noted the Australian Energy Market Commission's (AEMC) September 2021 directions paper on its review of the regulatory framework for metering services.[25] Since its F&A revision request was received, the AEMC has also published a draft report for consultation.[26]

This review may impact on the current regulatory framework for metering services, including the consideration of the future roles of distribution network service providers in providing metering services. Where available, we will consider the implications of this review for service classifications for SAPN, Ergon and Energex for the 2025-30 period. Noting that the AEMC's final report is not yet available, it may be that consultation on this in time for the publication of final F&As in July 2023 is not possible. More thorough consideration of its implications is likely to be achievable through engagement by SAPN, Ergon and Energex on their 2025–30 regulatory proposals that are due in January 2024, and for consideration in our determination.

2.4 Connection services

Connection services are the services a distributor performs in order to:

- connect a person's home, business, or other premises to the electricity distribution network (premises connection)
- get more electricity from the distribution network than is possible at the moment (augmentation)
- extend the network to reach a person's premises (extension).

25 AEMC, Review of the regulatory framework for metering services, 16 September 2021

26 AEMC, Review of the regulatory framework for metering services, Draft report, 3 November 2022

As we indicate in the 2022 Guideline[27], while we consider the provisions under Chapter 5A of the Rules provides a consistent set of terminology for connections, we realise that there are differences in classification approach across distributors. These differences arise due to jurisdictional and operational requirements.[28]

2.4.1 Connection services Groupings

Ergon and Energex propose service groupings for connection services that are considerably more granular and less streamlined than those approved in the 2022 Guidelines or more recent F&A decision for NSW distributors. For example, Ergon and Energex split standard connection down into premises connections, network extension and augmentations. This granularity reflects the approved connections policies for Ergon and Energex. Having explored the potential for a more streamlined set of connection services, we remain of the view held in previous periods that for Ergon and Energex it is appropriate, and more transparent, to explicitly distinguish between small and large customers based on the nature of the connection asset rather than on energy consumption alone.

We also propose to accept the minor amendments Ergon and Energex have suggested to the description of this service, to explicitly exclude “additions or upgrades” which are currently classified as alternative control services

Ergon and Energex proposed that any clarification required in relation to these additions or upgrades can already be found in the service group, Connection Application and Management Services (Connection Services, alternative control) and the Connection Policy.

2.4.2 Enhanced Connection Services

Ergon, Energex and SAPN have proposed similar revisions to their alternative control ‘enhanced connection services. Their proposed approach to align to the classification of consumption-based and export connection services is consistent with the recent F&As for NSW, Tasmanian and Northern Territory distributors for their 2024–29 regulatory control periods. It recognises the ability for distribution network service providers to charge for export energy in the future, where costs allocated to consumption and export services should not overlap.

Ergon and Energex

The insertion of a new footnote into enhanced connection services clarifies that this service includes both consumption and export services. An additional footnote added into the service group heading for Connection Services, clarifies that connection services apply to both Chapter 5 and 5A of the Rules, where Chapter 5A focusses on micro-embedded generators.

SAPN

SAPN have proposed to delete the reference to large embedded generators from the classification table. In addition, we propose to insert the two new footnotes mentioned above to provide clarification.

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27 AER - Distribution service classification guideline - August 2022

28 AER - Distribution service classification guideline - August 2022 pp 14-20.

SAPN believes aligning the services will result in the following impacts to the classification of connection services

- No change for small-embedded generation connections with these continuing to be treated as basic connections.
- Large embedded generators would generally be treated as a negotiated connection. This is a change from current classification where they are all treated as enhanced connections. As a negotiated connection (alternative control) service, customers would fully fund the premises connection, with any extension or augmentation classified as standard control services. Large embedded generators may be required to pay a capital contribution towards augmentation, with these charges determined in accordance with the connection policy.
- Large embedded generator connections requested above the least cost technically accepted level (LCTAS) would be treated as enhanced connections[29]. In this case, the customer will fully fund the premises connection (alternative control service) with any extension or augmentation up to the LCTAS treated as a standard control service, and capital contributions for augmentation costs will continue to apply. The customer will also fully fund all work required above LCTAS (alternative control service).

2.4.3 Connection application and management services

In last year's F&As for NSW, Tasmanian and Northern Territory distributors, we approved a shorter list of connection application and management services that consolidated the further description to:

> *Works initiated by a customer or retailer which are specific to the connection point. This includes but is not limited to*
>
> - *Connection application related services*
> - *Connection point management services*

In the interests of consistency, we discussed this consolidation with both Ergon, Energex and SAPN. The business advised us they valued the additional detail that these tables provided to customers and, as such, we do not propose any amendments.

[29] This could for example include provision of a secondary/back-up connection where requested by the customer.

3 Control mechanisms

A distribution determination must impose controls over the prices and/or revenues of direct control services.[30] Direct control services are classified as either standard control services or alternative control services. Different control mechanisms can apply to each of these classifications, or to different services within the same classification.

The form and formulae of the control mechanisms in our distribution determination must be as set out in the relevant F&A.[31] There are only limited circumstances in which the AER can depart from these and these are set out in the NER.[32] For example, where the AER considers a material change in circumstances justifies departing from the classification of a service set out in the F&A, and no form of control set out in the F&A should apply to that service.

For the 2025–30 regulatory control period, we propose to apply the same control mechanisms as they currently apply. That is,

- revenue cap mechanism for standard control services
- price cap mechanism for alternative control services.

We consider these controls have been working well over the current regulatory control periods and have not been provided with compelling reasons to depart from them. However, the three distributors requested amendments to the formulae underlying the control mechanisms, which we consider in the sections below.

3.1 Revenue cap for standard control services

Ergon and Energex have proposed minor amendments to their current revenue cap formulae to reflect that version 2.0 of the service target performance incentive scheme (STPIS 2.0) will apply.[33] SAPN also proposed a corresponding amendment to its revenue cap formulae for the application of STPIS 2.0.[34]

In addition, SAPN proposed to adjust its revenue cap formulae to account for the end of the South Australian solar feed-in tariff (PVFiT) scheme in June 2028. SAPN proposed to introduce a new J-factor in the DUoS revenue cap to recover from or return to customers the potential under or over recovery of historical PVFiT payments.[35] SAPN noted an alternative approach could be to update the B-factor definition to incorporate jurisdictional scheme under or over recoveries.[36]

30 NER, cl. 6.2.5(a)

31 NER, cll. 6.12.3(c) and 6.12.3(c1).

32 NER, cll. 6.12.3(c)(1) and (2); 6.12.3(c1).

33 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 8.

34 SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 24.

35 SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 24

36 SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 24

Our preliminary position is to maintain the revenue cap mechanism with adjustments for the application of STPIS 2.0. However, we do not accept SAPN's proposal to add a J-factor. We consider the continuation of the current jurisdictional scheme unders and overs account will appropriately account for the end of the PVFiT scheme amounts over the forthcoming regulatory control period.

3.2 Price caps for alternative control services

All three networks proposed to maintain price caps for alternative control services.[37]

For quoted alternative control services, Ergon Energy and Energex proposed amendments to add margin and tax components in the current price cap formula for quoted services.[38] SAPN also supported including adding a tax component, with a margin component being introduced to its quoted services formula in the most recent determination.[39]

The inclusion of these factors is consistent with the final F&A papers for Evoenergy, Power and Water Corporation, TasNetworks and the NSW distributors published in July 2022. These components promote competitive neutrality and enable distributors to recover their efficient costs. The inclusion also promotes consistency of regulatory arrangements for similar services across jurisdictions.

37 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 10; SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 26.

38 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 10.

39 SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 26.

4 Incentive schemes

Our F&As for Ergon, Energex, SAPN and Directlink will set out our proposed approach to the application of the following incentive schemes in the 2025–30 period:

- Efficiency benefit sharing scheme (EBSS).[40] This provides a continuous incentive to pursue efficiency improvements in opex and provide for a fair sharing of these between ElectraNet and network users. Consumers benefit from improved efficiencies through lower opex in regulated revenues for future periods.
- Capital expenditure sharing scheme (CESS).[41] This incentivises efficient capex throughout the period by rewarding efficiency gains and penalising efficiency losses, each measured by reference to the difference between forecast and actual capex. Consumers benefit from improved efficiencies through a lower RAB, which is reflected in regulated revenues for future periods.
- Demand management incentive scheme (DMIS) and demand management innovation allowance mechanism (DMIAM).[42] The DMIS, which applies to electricity distributors only, provides network service providers with financial incentives for undertaking efficient demand management activities instead of more expensive traditional network investments with long lives. The DMIAM, versions of which apply to both distribution and transmission networks, funds research and development in demand management projects that have the potential to reduce long term network costs.
- Service target performance incentive scheme (STPIS).[43] This balances incentives to reduce expenditure with the need to maintain or improve service quality, by providing financial incentives to maintain and improve service performance where consumers are willing to pay for these improvements. Once improvements are made, consumers benefit as the benchmark performance targets will be tightened in future years.
- Customer service incentive scheme (CSIS) (for Ergon, Energex and SAPN).[44] The CSIS is designed to encourage electricity distributors to engage with their customers, identify (through customer engagement) the customer services their customers want improved, and then set targets to improve those services based on their customers' preferences and support.
- any other small scale incentive schemes.[45]

These schemes work together within a revenue determination to provide incentives for network service providers to invest efficiently and operate in the long-term interests of consumers.

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40 NER, cll. 6.8.1(b)(2)(iv), 6A.10.1(b)(2)

41 NER, cll. 6.8.1(b)(2)(v), 6A.10.1(b)(3)

42 NER, cll. 6.8.1(b)(2)(vi), 6A.10.1(b)(7)

43 NER, cll. 6.8.1(b)(2)(iii), 6A.10.1A(b)(1)

44 NER, cll. 6.8.1(b)(2)(vii)

45 NER, cll. 6.8.1(b)(2)(vii), 6A.10.1A(b)(4)

Since we published the F&As for the current 2020–25 period, we have initiated reviews of a number of the incentive schemes in place at that time, and announced our intention to review or introduce others. The timing of these reviews will allow the application of new and revised schemes as part of our 2025-30 determinations. Our preliminary position is therefore that the current suite of schemes will continue to apply, as amended through those reviews. It will also be open to the businesses to propose (and/or to us to decide) that any new scheme introduced also applies in the 2025-30.

4.1 CESS and EBSS

We have initiated a review of incentive schemes including the CESS and EBSS that have applied under determinations for that period. Our draft decision on that review was that revisions to the EBSS were not necessary but that changes should be made to the sharing ratios in the CESS to implement a tiered arrangement, with a 30 per cent sharing ratio for any underspend up to 10 per cent of the forecast capital expenditure allowance, a 20 per cent for any underspend over 10 per cent and a 30 per cent sharing ratio for any overspend. Our final decision on the incentive review is expected to be made in April 2023, after the planned publication of our preliminary positions on the F&As. We expect to make any new versions of those schemes before revenue proposals for Ergon, Energex, SAPN and Directlink are submitted on 31 January 2024. Our preliminary position is that our 2025–30 determinations for those businesses will apply the EBSS and the CESS as amended by the incentives review.

4.2 Distribution STPIS, DMIS and DMIAM

The STPIS, DMIS and DMIAM that have applied to Ergon, Energex and SAPN in the current, 2020-25 period are still in effect, and our preliminary position is that they should apply again in 2025-30.

For 2025–30, SAPN has proposed that the distribution STPIS, DMIS and DMIAM continue to apply.

Ergon and Energex have also proposed the continued application of the current DMIS and DMIAM.[46] In proposing continued application of the distribution STPIS, they propose to largely maintain the STPIS parameters that have applied in the current period. This includes a proposal that revenue at risk under the STPIS would remain capped at ±2 per cent relative to the STPIS default cap of ±5 per cent. They submit that as they have consistently improved their reliability performance through consistently outperforming the STPIS targets, a higher powered incentive scheme is not necessary.[47]

Our preliminary position is to continue to apply the STPIS, DMIS and DMIAM to Ergon Energy, Energex and SAPN in accordance with the scheme.

In our determination for Ergon Energy and Energex 2020–25 on STPIS, we concluded, based on stakeholders' feedback, that a revenue at risk of at ±2 per cent should be applied

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46 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 15.

47 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 13.

to the distributors. We considered that Ergon Energy and Energex had demonstrated strong reliability performance and a revenue at risk ±2 per cent would be a good balance between incentives to maintain reliability versus consumer price impact.[48]

Consequently, we are interested in stakeholders' feedback on which revenue at risk (either ±2 per cent or the default revenue at risk of ±5 per cent under the STPIS) is more appropriate to incentivise Ergon Energy and Energex to improve reliability versus consumer price impact in the next regulatory period.

Our position is that we will not apply the:[49]

- GSL component of the STPIS where the distribution business remains subject to a jurisdictional GSL scheme
- the Customer Service (telephone answering) component of STPIS if we approve the distributors' application to apply the CSIS.

4.3 CSIS

We released a new CSIS for electricity distributors in 2020. The CSIS will be available to Ergon, Energex and SAPN for the first time in the 2025–30 period. Each has indicated its intention to propose a CSIS if this is supported by their customers.[50]

Unlike our other incentive schemes, the nature of a CSIS is bespoke and expected to be designed in collaboration with consumers on a business-by-business basis. Our recommended preliminary position is that we should be open to the inclusion of a CSIS in proposals. However, our decision on whether the scheme will apply to the distribution businesses is subject to, as part of a regulatory proposal in January 2024, a fully developed CSIS proposal, sound measurement methodology and evidence of supporting customer engagement on, and co-design of, the CSIS. As noted, the STPIS customer service (telephone answering) parameter would not apply to distribution businesses which apply an approved CSIS. In this case, revenue currently at risk under the STPIS would be reduced to reflect the removal of the telephone answering parameter and would instead sit under the CSIS.

4.4 Potential new export services incentive scheme

On 10 March 2023, the AER published its draft export service incentive scheme for consultation.[51] This scheme would allow distributors to propose bespoke incentives related to

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48 AER, Final Decision Ergon Energy Distribution Determination 2020 to 2025 Attachment 10 Service target performance incentive scheme, June 2020, p. 7; AER, Final Decision Energex Distribution Determination 2020 to 2025 Attachment 10 Service target performance incentive scheme June 2020, p.7.

49 AER, Electricity distribution network service providers Service target performance incentive scheme Version 2.0, November 2018.

50 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 14; SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 28.

51 https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/export-service-incentive-scheme

export services based on their network circumstances, customer preferences and evidence-based performance data.

The scheme is a product of our consultation with stakeholders on incentivising and measuring export service performance, which considered appropriate incentive arrangements for export services to balance existing incentive schemes related to consumption services. It is designed to encourage distributors to engage with their customers and provide export services in accordance with their preferences. It allows us to set targets for export service performance and require distributors to report on performance against those targets. Distributors may be financially rewarded or penalised depending on how they perform against their export service targets. SAPN's request for an amended F&A notes the potential for any new scheme to apply as part of its 2025-30 determination.[52]

We intend to publish a final scheme by July 2023. Our preliminary position is therefore that we are open to the application of any new scheme to Ergon, Energex and SAPN in that period and will consider it as part of the determination process.

4.5 Transmission STPIS and DMIAM

For Directlink, consistent with the current period, our preliminary position is that the transmission STPIS will continue to apply in the 2025-30 period. Our expectation is that the review of the Market Impact Component of the transmission STPIS planned for the second half of this year will mean that a new version of the STPIS will apply to Directlink in 2025–30.[53]

We released a new DMIAM for transmission network service providers in May 2021 that has not previously applied to Directlink.[54] In its letter to us, Directlink has pointed out that the application of this scheme to an interconnector may not deliver any benefit.[55] Our draft decision on the 2023–28 revenue determination for the Murraylink interconnector was that the DMIAM would not apply, as we considered that there would be very limited utility to energy users were Murraylink to invest in researching demand management opportunities through the DMIAM.[56] Our recommended position is that the DMIAM should not apply to Directlink on the similar grounds.

As a number of incentive scheme reviews are still ongoing, we have not included our position on the parameters of the incentive schemes that may apply, or our reasons for applying them in this paper. Taking into account stakeholder input, we will provide our reasoning and current approach in the final F&A, with full application of our final decision on the review of incentive schemes reflected in the draft and final determinations.

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52 SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 29.

53 AER - Draft decision - Review of incentives schemes for networks - 16 December 2022, p. 33; AER, Electricity transmission network service provider Service target performance incentive scheme Version 5 (corrected) October 2015. The network capability component is not applicable to Directlink as per clause 2.2 (d) of STPIS.

54 AER - Demand management innovation allowance mechanism - Transmission - May 2021.

55 Directlink - Request for a revised Framework and Approach - October 2022.

56 AER - Murraylink 2023-28 - Draft decision – Overview - September 2022, p. 14.

5 Expenditure forecast assessment guidelines

Our F&As for Ergon, Energex, SAPN and Directlink will set out our proposed approach to the application of our Expenditure Forecast Assessment Guideline[57] (the EFA guideline) to each business.[58]

The EFA guideline contains a suite of assessment/analytical tools and techniques to assist our review of the expenditure forecasts that distributors include in their regulatory proposals. We intend to have regard to the assessment tools set out in the guideline. The tool kit includes:

- models for assessing proposed replacement and augmentation capex
- benchmarking (including broad economic techniques and more specific analysis of expenditure categories)
- methodology, governance and policy reviews
- predictive modelling and trend analysis
- cost benefit analysis and detailed project reviews.[59]

We exercise judgement to determine the extent to which we use a particular technique to assess a regulatory proposal. We use the techniques we consider appropriate depending on the specific circumstances of the determination. The guideline is flexible and recognises that we may employ a range of different estimating techniques to assess an expenditure forecast.

We applied the EFA guideline in our assessment of Ergon, Energex and SAPN proposals for the current, 2020–25 period. These businesses have indicated they plan to continue to apply the EFA guideline and align their proposals with the AER's Better Resets Handbook for the 2025–30 period.[60] Consistent with this, our preliminary position is we will apply the EFA guideline in our assessment of their proposals for the 2025–30 period.

Given the smaller scale of Directlink's assets and the nature of its network operations as a transmission interconnector only, our F&A for the current period confirmed that we would apply the Guidelines, but that we did not intend to use standardised benchmarking analysis or predictive modelling in assessing its capital and operating expenditure forecasts. In assessing its forecast capex for the current period we instead relied on our judgement to determine the extent to which we used particular techniques to assess regulatory proposals. In its request that we amend or replace the framework and approach paper that applied for the 2020–25 period, Directlink did not request any change to how we apply the EFA

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57 We were required to develop the EFA guideline under clauses 6.4.5 and 11.53.4 of the NER. We published the guideline on 29 November 2013. It can be located at www.aer.gov.au/node/18864.

58 NER, cll. 6.8.1(b)(2)(viii), 6A.10.1(b)(5)

59 AER, *Explanatory statement: Expenditure assessment guideline for electricity transmission and distribution*, 29 November 2013.

60 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 16; SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 30.

guideline. Consistent with this, our preliminary position is we will apply the EFA guideline in our assessment of its proposal for the 2025–30 period as we did for the 2020–25 period.

We note that work is currently underway to incorporate emissions reductions into the NEO. which guides the AER and other market bodies in their decision making.[61] This change may impact the framework and guidelines we use to assess regulatory proposals. This is something that we, and the businesses, will need to be mindful of as we progress through the 2025–30 determinations.

61 https://www.energy.gov.au/government-priorities/energy-and-climate-change-ministerial-council/priorities/national-energy-transformation-partnership/consultation-proposed-legislative-changes-incorporate-emissions-reduction-objective-national-energy-objectives

6 Depreciation to establish the opening RAB

Our F&As for Ergon, Energex, SAPN and Directlink will set out whether regulatory depreciation for establishing the opening RAB for the 2030–35 regulatory control period, commencing 1 July 2030, is to be based on actual or forecast capital expenditure.[62] As part of the roll forward methodology, when the RAB is updated from forecast capex to actual capex at the end of the regulatory control period, it is also adjusted for depreciation.

The depreciation approach we use to roll forward the RAB can be based on either:

- actual capex incurred during the regulatory control period (actual depreciation). We roll forward the RAB based on actual capex less the depreciation on the actual capex, or
- the capex allowance forecast at the start of the regulatory control period (forecast depreciation). We roll forward the RAB based on actual capex less the depreciation on the forecast capex approved for the regulatory control period.

Our preliminary position, consistent with the capital expenditure incentive guideline,[63] is to continue to use the forecast depreciation approach to establish the RAB at the commencement of the 2030–35 regulatory control period for all four businesses.

While Ergon, Energex and SAPN have indicated they are open to maintaining this approach, Ergon, Energex and SAPN have noted potential interrelationships with any amendments made to the CESS.[64] If the final decision on the review of the CESS confirms our draft decision, our view is that changes to that scheme will not impact our current approach to depreciation for establishing the opening RAB. This position is consistent with that taken in the draft decision on the incentives review, as reflected in proposed amendments to the CESS published with the draft decision.

However, while the outcomes of that review remain open, we consider the question of whether actual or forecast depreciation is used to determine the opening RAB on 1 July 2030 should also remain open in finalising the F&A for the 2025–30 period.

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62 NER, cll. 6.8.1(b)(2)(ix) and 6A.10.1A(b)(6).

63 AER, Capital expenditure incentive guideline, November 2013, pp. 21-22

64 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 16; SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 31.

7 Dual Function assets

Dual function assets are high voltage transmission assets forming part of a distribution network. Where a network service provider notifies us that it owns, controls or operates dual function assets, we assess how material the value of the dual function asset is to decide whether the revenue attributed to dual function assets is to be recovered according to the transmission or distribution pricing principles.[65] Considering transmission assets as part of a distribution determination avoids the need for a separate transmission proposal.

Ergon Energy, Energex and SAPN do not have any dual function assets.[66] This assessment is therefore not required in these F&As.

65 NER, cll. 6.8.1(b)(1)(ii) and 6.25(b)-(d).

66 Energex and Ergon Energy Network - Submission to AER - Request to amend the Framework and Approach - October 2022, p. 17; SAPN - Request to replace Framework and Approach 2025–30 - 31 October 2022, p. 32.

Glossary

Term	Definition
ACS	Alternative control services
AEMC	Australian Energy Market Commission
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
Capex	Capital expenditure
CESS	Capital expenditure sharing scheme
CSIS	Customer service incentive scheme
DMIAM	Demand management innovation allowance mechanism
DMIS	Demand management incentive scheme
DNSP or distributor	Distribution Network Service Provider
DUoS	Distribution Use of System Changes
EBSS	Efficiency benefit sharing scheme
EFA	Expenditure Forecast Assessment
EV	Electrical Vehicles
F&A	Framework and approach
GSL	Guaranteed service level
LCTAS	Least cost technically accepted level
NEL	National Electricity Laws
NEO	National Electricity Objectives
NER	National Electricity Rules
Opex	Operating expenditure
RAB	Regulated asset base
SAPS	Stand-alone power systems
SCS	Standard control service
STPIS	Service target performance incentive scheme

Appendix A – SA Power Networks – service classification

Service Group	Further Description	Proposed classification 2025-30	AER Comments
Common distribution service — use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)			
Common distribution service ~~(formerly 'network services')~~	The suite of activities that includes, but is not limited to, the following: • 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 • training internal staff and contractors delivering direct control services • activities related to 'shared asset facilitation' of distributor assets[67] • 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	SCS	• Green and strike throughs are deletions and insertions throughout agreed with business for consistency and following consultation on draft F&A submission. • Where additional explanation as to rationale is required, this is provided in this column or expanded upon in the preliminary position paper. • Provision of basic energy and advisory services - see preliminary position paper

67 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.

Service Group	Further Description	Proposed classification 2025-30	AER Comments
	• Rectification of simple customer faults where: 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 (NMIs) 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)[68], and customer conversion activities.** • ~~Provision of basic energy advisory services, for example electricity education, billing and tariff advice, and advice regarding home and business electrification.~~ Such services do not include a service that has been separately classified including any activity relating to that service.		
Connection Services—services relating to the electrical or physical connection of a customer to the network[69]			
Basic connection services	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: (a) either: 1. (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. (2) the retail customer is, or proposes to become, a micro embedded generator;	Premises Connections = SCS + customer contributions	

68 **Includes simple customer fault rectification on generation service of regulated SAPS**

69 Applies to both NER chapter 5 and 5A connections

Service Group	Further Description	Proposed classification 2025-30	AER Comments
	and ~~Connection Services include:~~ (b) the provision of the service involves minimal or no augmentation of the distribution network; and (c) a model standing offer has been approved by the AER for providing that service as a basic connection service.		
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 = ACS Extensions and Augmentations = SCS + customer contribution	
Negotiated connection services	Means a connection service (other than a basic connection service) for which a ~~distributor~~ DNSP provides a connection offer for a negotiated connection contract.	Premises connections = ACS Extensions and Augmentations = SCS + customer contributions	
Enhanced[70] connection services	Other or enhanced connection services provided at the request of a customer or third party that include those that are: • ~~Provision of connection services above minimum requirements – customer requests increase in reliability or quality of supply beyond the standard, and/or above minimum regulatory requirements (e.g. reserve feeder);~~ • 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	ACS	• First bullet point deleted as duplicative • Please see Preliminary position paper for large-embedded generators

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

Service Group	Further Description	Proposed classification 2025-30	AER Comments
	Power Networks; or • ~~For large embedded generators (30 kW 3 phase or above 5 kW 1 phase and above); or~~ • Other additional customer dedicated connection lines / assets		
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: • 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. • 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.	ACS	

Service Group	Further Description	Proposed classification 2025-30	AER Comments
Metering Services [71] — 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	
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 services	ACS	• All metering capital will be recovered by 30 June 2025 (i.e. current reg period)
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	**Activities include:** • 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.	ACS	
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.	SCS	

71 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	Proposed classification 2025-30	AER Comments
Auxiliary metering services (Type 5 to 7 metering installations)	Activities include: • 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. • 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.	ACS	
Emergency supply restoration in relation to metering equipment not owned by the distributor (contestable metering)	~~The distributor is called out by a customer or their agent (e.g. retailer, Metering Coordinator or Metering Provider) due to a power outage where an external Metering Provider's metering equipment has failed or an outage has been caused by the Metering Provider and the distributor has had to restore power to the customer's premises. This may result in an unmetered supply arrangement at this site.~~ Customer or third party request to restore power to a customer's premises due to metering equipment not owned by the distributor.	ACS	• Shorter version of wording to be included to be consistent with more recent decisions for other distribution businesses.
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 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.	ACS	

Service Group	Further Description	Proposed classification 2025-30	AER Comments
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.	ACS	
Network ancillary services – customer and third party initiated services ~~closely~~ related to common distribution services ~~but for which a separate charge applies.~~			
Access permits, oversight and facilitation ~~services~~	Activities include: • 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. • A distributor issuing confined space entry permits and associated safe entry equipment to a person authorised to enter a confined space. • A distributor providing access to switch rooms, substations and other network ~~plant~~ **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.	ACS	
Network safety services	Examples include: • provision of traffic control and safety observer services by the distributor where required[72] • fitting of tiger tails or aerial markers ~~as requested by a customer or directed by~~	ACS	• Accept inclusion of the Office of the Technical Regulator (OTR) footnote in order to

[72] When provided in relation to the distribution system or future distribution system

Service Group	Further Description	Proposed classification 2025-30	AER Comments
	~~the OTR~~[73]. • 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 caused impact on the network.[74]		comply with South Australian safety regulations.
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.	ACS	
Notices of arrangement and completion notices	Examples include: • 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.	ACS	

[73] As requested by a customer or directed by the Office of Technical Regulator (OTR)

[74] 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	Proposed classification 2025-30	AER Comments
Rectification works to maintain network safety	Activities include issues identified by the DNSP and work involved in managing and resolving pre-summer bushfire inspection customer vegetation defects or aerial mains where the customer has failed to do so.	ACS	
Customer requested planned interruption ~~– customer requested~~	Examples include: • 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. • 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).	ACS	
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).	ACS	
Inspection and auditing services	Activities include: • inspection and reinspection by a distributor of gifted assets or assets, installed ~~or relocated~~ 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.**	ACS	• SAPN do not allow third parties to relocate SAPN assets Deleted to provide transparency to third parties. • Addition relates to the Office of the Technical Regulator (OTR) obligation to test if a disconnection is greater than 12 months old

Service Group	Further Description	Proposed classification 2025-30	AER Comments
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 network. Examples of training might include high voltage training, protection training or working near power lines training.	ACS	
Authorisation and approval of third party service providers design, work and materials	Activities include: • 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.	ACS	
Security lights	Provision, installation, operation and maintenance of equipment mounted on ~~the~~ distribution ~~network~~ **equipment** used for security services, e.g. nightwatchman lights Note: excludes connection services	ACS	
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)	ACS	
Customer requests for electricity data and energy advice ~~Customer requested provision of electricity~~	~~Includes:~~ • D*ata* requests by customers or third parties including requests for the provision of electricity network data or consumption data outside of legislative obligations.	ACS	• Provision of tailored advice - see preliminary position paper

Service Group	Further Description	Proposed classification 2025-30	AER Comments
~~network or consumption data~~	• ~~Customer requests for tailored energy advice, providing a personalised service for customers who wish to talk to obtain more specific advice beyond the basic energy advisory service offered to all customers.~~		
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.	ACS	
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.	ACS	
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	
Contestable metering support roles	~~Includes metering coordinator, metering data provider and metering provider for Type 1 to 4 metering installations~~ 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	• Alternative version of wording to be included to be consistent with more recent decisions for other distribution businesses.
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	
Provision of training to third parties for work not associated with common	~~Training programs provided to third parties for work that is not associated with the provision of common distribution services nor network access.~~ Training programs provided to third parties for non-network related issues	Unregulated	• Alternative version of wording to be included to be consistent with more recent

Service Group	Further Description	Proposed classification 2025-30	AER Comments
distribution services nor network services			decisions for other distribution businesses.

Appendix A – Ergon and Energex – service classification

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
Common distribution service-use of the distribution network for the conveyance/flow of electricity (including the services relating to network integrity)			
Common distribution service	The suite of activities that includes, but is not limited to, the following: • the planning, design, repair, maintenance, construction and operation of the distribution network • the relocation of assets that form part of the distribution network, but not relocations requested by a third party (including a customer) • works to fix damage to the network[76] and (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 purposes • training internal staff and contractors undertaking direct control services. • activities related to 'shared asset facilitation' of distributor assets[77] • 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 • rectification of simple customer faults where: 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. • rectification of simple customer fault relating to a life support customer or other critical health and safety issues the distributor is able to address	Standard control	• Green and strike through are insertions and deletions throughout agreed with the businesses for consistency and following consultation on draft F&A submission. • Where additional explanation as to rationale is required, this is provided in this column or expanded upon in the preliminary position paper

75 The examples and activities listed in the "Further description" column are not intended to be an exhaustive list and some distributors may not offer all activities listed. Rather the examples provide a sufficient indication of the types of activities captured by the service.

76 May include the provision of temporary stand-alone power systems to restore supply.

77 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.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
	• establishment and maintenance of national metering identifiers (NMIs) in market and/or network billing systems, and other market and regulatory obligations • bulk supply point metering – activities relating to monitoring the flow of electricity through the distribution network • ongoing inspection of private electrical works (not part of the shared network) required under legislation for safety reasons • Work related to a regulated stand-alone power systems (SAPS) deployment, operation and maintenance (including fault and emergency repairs) and customer conversion activities[78] Such services do not include a service that has been separately classified, including any activity relating to that service.		
Connection services – services relating to the electrical or physical connection of a customer to the network[79]			
Basic connection services - premises connections	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: (a) either: (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; and (b) the provision of the service involves minimal or no augmentation of the distribution network; and (c) a model standing offer has been approved by the AER for providing that service as a basic connection service Premises connections are ~~includes any additions or upgrades~~ new connection assets located on the customer's premises for:	A. Standard control	• Additional footnote added on heading for connection services –to help provide clarity and consistency around large embedded generators? • Minor deletions explicitly exclude additions or upgrades, which are classified as ACS. Further guidance is available for customers in the Connections Policy and Connections Applications Management Service Group. Please also see Preliminary position paper section 2.4.1.

78 Includes simple customer fault rectification on generation service of regulated SAPS.

79 Applies to both NER chapter 5 and 5A connections

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
	A. small customers. [80]		
Standard connection services – premises connections	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 connections are ~~includes any additions or upgrades to~~ new connection assets located on the customer's premises for: A. major customers. [81] B. small customers. [82]	A. Alternative control B. Standard control	• Deletions as above
Standard connection services – network extension	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. **Network extension** means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate: A. a new or altered major customer connection[83], where the network extension will be dedicated to the exclusive use of the major customer at the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy.	A. Alternative control B. Standard control C. Standard control	

80 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

81 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

82 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

83 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
	B. a new or altered major customer connection[84], where the distributor considers there is a reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy (i.e., will form part of the shared network). C. a new or altered small customer connection. [85]		
Standard connection services – Augmentations	**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. **Augmentation** means any shared network enlargement/enhancement undertaken by a distributor, which is not an extension, to facilitate: A. a new or altered major customer connection. [86] B. a new or altered small customer connection. [87]	A. Standard control B. Standard control	
Negotiated connection services – premises connections	Means a connection service (other than a basic connection service or standard connection service) for which a DNSP provides a connection offer for a negotiated connection contract. **Premises connections** are ~~includes any additions or upgrades to~~ new connection assets located on the customer's premises for:	A. Alternative control B. Standard control	• Deletions as above

84 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

85 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

86 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

87 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
	A. major customers. [88] B. small customers. [89]		
Negotiated connection services – Network extensions	Means a connection service (other than a basic connection service or standard connection service) for which a DNSP provides a connection offer for a negotiated connection contract. Means an enhancement required to connect a power line or facility outside the present boundaries of the transmission or distribution network owned or operated by a network service provider to facilitate: A. a new or altered major customer connection, [90] where the network extension will be dedicated to the exclusive use of the major customer at the time of installation and energisation and there is no reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy. B. a new or altered major customer connection,[91] where the distributor considers there is a reasonable likelihood that the network extension will be used to supply another customer or customers within the time period set out in the distributor's Connection Policy (i.e., will form part of the shared network). C. a new or altered small customer connection. [92]	A. Alternative control B. Standard control C. Standard control	

88 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

89 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

90 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

91 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

92 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
Negotiated connection services – Augmentations	Means a connection service (other than a basic connection service or standard connection service) for which a DNSP provides a connection offer for a negotiated connection contract. **Augmentation** means any shared network enlargement/enhancement undertaken by a distributor, which is not an extension, to facilitate: A. a new or altered major customer connection.[93] B. a new or altered small customer connection.[94]	A. Standard control B. Standard 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: • Connection application related services • de-energisation[95] • 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" • 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	Alternative control	

93 Generally, major customers are those customers who connect under the Individually Calculated Customer and Connection Asset Customer tariff classes as per the distributor's pricing proposal, including real estate developments as set out in the distributor's connection policy.

94 Generally, small customers are those customers who connect under the Standard Asset Customer tariff classes as per the distributor's pricing proposal, excluding real estate developments as set out in the distributor's connection policy.

95 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[75]	Proposed classification 2025-30	AER Comments
	• 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		
Enhanced connection services[96]	Other or enhanced connection services at the request of a customer or third party include those that are: • 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 by the distributor. • for embedded generators, including the removal of network constraints.	Alternative control	
Metering services[97] 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 [98] and supporting services are competitively available.	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 (including meters with internally integrated load control devices)	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	

96 Includes for both consumption and export services

97 The Qld distributors will continue to be responsible for existing 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'. The Qld distributors will continue to be solely responsible for the Mount Isa-Cloncurry supply network, which is not connected to the NEM.

98 Includes the instrument transformer, as per the definition of a 'metering installation' in Chapter 10 of the NER.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
Type 5 and 6 meter maintenance, reading and data services (legacy meters)	Activities include: • Meter maintenance covers works to inspect, test, maintain and repair 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, 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.	Alternative control	
Auxiliary metering services (Type 5 to 7 metering installations)	Activities include: • 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 • 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	Alternative control	
Type 5 and 6 meter installation and provision (Mount Isa-Cloncurry supply network only)	On site installation or upgrade (at a customer's request) by Ergon Energy Network of a type 5 or 6 metering installation at a customer's premises in the Mount Isa-Cloncurry supply network. Load control services provided by a type 5 or 6 metering installation are grouped with metering services and classified alternative control. Ergon Energy Network may recover the capital cost of types 5 and 6 metering equipment (including meters with internally integrated load control devices) replaced on or after 1 December 2017, where the replacement was initiated by Ergon Energy Network.	Alternative control	• Note – Ergon only
Types 5 and 6 meter maintenance, reading and data services	• Meter maintenance covers works to inspect, test, maintain and repair metering installations. It also includes the removal and disposal of a metering installation at customers' premises. • Meter reading refers to quarterly or other regular reading of a metering installation.	Alternative control	• Note – Ergon only

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
(Mount Isa-Cloncurry Network)	• Metering data services are those 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.		
Additional auxiliary metering services (Mount Isa-Cloncurry supply network only)	Metering services offered by Ergon Energy Network in the Mount Isa-Cloncurry supply network for type 5 and 6 metering installations: • Provision and installation of instrument transformers for type 5 and 6 metering purposes Exchange meter – customer requests exchange of their current meter (e.g., for alternative metering configuration/ consolidation of multiple meters for one meter), or customer requests exchange of their current meter for a solar photovoltaic meter	Alternative control	• Note – Ergon only
Emergency ~~maintenance of failed~~ supply restoration in relation to metering equipment not owned by the distributor	~~The distributor is called out by the customer or their agent (e.g., retailer, metering coordinator or metering provider) due to a power outage where an external metering provider's metering equipment has failed, or an outage has been caused by the metering provider and the distributor has had to restore power to the customer's premises. This may result in an unmetered supply arrangement at this site.~~ 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 version of wording to be included to be consistent with more recent decisions for other distribution businesses.
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 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	
~~Third party requested outage for purposes of replacing meter~~ Distributor arranged outage for purposes of replacing meter	~~At the request of a retailer or metering coordinator, provides notification to affected customers, and isolates power at a customer's premises to facilitate the replacement of the existing metering installation by an external metering provider.~~ At the request of the retailer or metering co-ordinator 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 version of wording to be included to be consistent with more recent decisions for other distribution businesses.

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
Network ancillary services – services closely related to common distribution services but for which a separate charge applies			
Access permits, oversight and facilitation	Activities include: • 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. • 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 the like~~ 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. • 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 of the network. • facilitation of activities within clearances of distributor's assets, including physical and electrical isolation of assets.	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 become part of the shared distribution network.	Alternative control	
Notices of arrangement and completion notices	Examples include: • 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	

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
Network related property services	Activities include: • 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. • Conveyancing inquiry services relating to the provision of property conveyancing information at the request of a customer.	Alternative control	
Network safety services	Examples include: • provision of traffic control and safety observer services by the distributor or third party where required. • fitting of tiger tails and aerial markers. • third party request for de-energising wires for safe approach • high load escorts.	Alternative control	
Customer requested ~~network outage or rescheduling of a~~ planned interruption	Examples include: • 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. • 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).	Alternative control	
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 includes 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	
Inspection and auditing services	Activities include: • inspection and reinspection by a distributor, of gifted assets or assets that have been installed or relocated by a third party.	Alternative control	

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
	• 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[99] 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.		
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 network. Examples of training might include high voltage training, protection training or working near power lines training.	Alternative control	
Authorisation and approval of third party service providers' design, work and materials	Activities include: • 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	
Security lights (legacy)	~~Provision, installation,~~ Operation and maintenance of equipment mounted on ~~a~~ distribution equipment used for security services, e.g., nightwatchman lights installed before 30 June 2025 ~~**Note excludes connection services)**~~	Alternative control	

99 We note that this "after hours" reference is included because it specifically relates to section 219 and 220 of the Electrical Safety Regulation 2013 (Qld)

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
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	
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.	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	
Public lighting – lighting services provided in connection with a distribution network			
Public lighting	Includes the provision, construction and maintenance of public lighting and emerging public lighting technology.	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	
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 ~~Type 1 to 4 metering installations.~~	Unregulated	
Provision of training to third parties for non-network related access	Training programs provided to third parties which ~~are not ASPs or contractors which~~ are not related to network access	Unregulated	
Type 5 and 6 meter data management to	The provision of type 5 and 6 meter data management to other electricity distributors.	Unregulated	

Service Group	Further Description[75]	Proposed classification 2025-30	AER Comments
other electricity distributors			
Distribution services provided in unregulated isolated networks	Ownership and operation of isolated supply networks, other than the Mount Isa-Cloncurry supply network (Ergon Energy Network).	Unregulated	• Ergon Only
Hayman Island undersea cable		Unregulated	• Ergon only
Inspection of private network infrastructure	Inspection of privately owned low voltage or high voltage network infrastructure (i.e., privately owned distribution infrastructure before the meter).	Unregulated	