



Australian Energy Regulator

Review of Services
provided by Distribution
Network Service Providers

November 2006

This report contains 34 pages



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1 Introduction

1.1 Purpose of this Report

The recently amended *Australian Energy Market Agreement 2006* provides that responsibility for the economic regulation of distribution networks will transfer to the Australian Energy Regulator (AER) from 1 July 2007.

The AER has acknowledged the importance of having a clear understanding of the nature and scope of the services that the thirteen electricity Distribution Network Service Providers (DNSPs) typically provide to enable it to fulfil its regulatory responsibilities in the most effective manner.

Accordingly, Network Advisory Services has been engaged to:

- Identify, and describe the nature of the services that are typically provided by DNSPs across the National Electricity Market (NEM);
- Specify the party to whom the DNSP typically provides its services;
- Review the approach that jurisdictional regulators have taken to categorising the services provided by DNSPs and the form of regulation and price control that have been applied to each type of service in each NEM jurisdiction; and
- Identify the key instruments in each NEM jurisdiction that regulate the services provided by DNSPs.

1.2 Structure of this Report

The remainder of this report is structured as follows:

- Section 2 details the key findings of our review;
- Section 3 overviews the relevant provisions of the National Electricity Rules (NER), the application of the NER to categorise the services provided by DNSPs and the form of regulation and price control that have been applied in each NEM jurisdiction;
- Section 4 identifies and describes the nature of the services that are typically provided by DNSPs across the NEM, details the party to whom these services are typically provided and how they are categorised in each jurisdiction for regulatory purposes;
- Section 5 details the key regulatory instruments in each jurisdiction that are relevant to the regulation of services provided by DNSPs; and
- Section 6 sets out the different types of metering installations in the NEM under the NER.

1.3 Disclaimer

This report is the outcome of a desk-top review of jurisdictional regulatory arrangements and services provided by DNSPs. The contents of this Report pertain solely to the information gathered during that review.

Neither Network Advisory Services nor any employee of Network Advisory Services takes responsibility arising in any way whatsoever to any person (other than the AER) in respect of this advice, for any errors or omissions herein, arising through negligence or otherwise however caused. This document is not to be used for any purpose other than those specified herein.

2 Key Findings

The key findings of our review of the services provided by DNSPs across the NEM jurisdictions are as follows:

Nature of Services

- There is a need to distinguish between a service that a DNSP provides directly to other parties and an activity that a DNSP internally undertakes to fulfil its own obligations or requirements, albeit that such an activity may indirectly relate to the provision of a service. An example of a service is a new customer connection whereas an example of an internal activity is DNSP-initiated capital works. This report focuses only on the services provided by DNSPs to other parties, not on internal DNSP activities;
- There are about 80 services that are typically provided by DNSPs and there is a high degree of commonality between the services that are provided by DNSPs in each jurisdiction. A list of services is provided in section 4.2;
- DNSPs principally derive their revenues through the provision of services, although they also earn some revenue from other sources, for example interest income, asset sales and insurance recoveries; and
- The nature and scope of services that a DNSP typically provides are significantly different to those that are typically provided by a transmission network service provider (TNSP).

Recipients of Services

A DNSP may provide its services to:

- An electricity Retailer;
- An electricity customer of the DNSP (i.e. an end consumer of electricity) – certain services may also be provided to a member of the public who is not otherwise a customer of the DNSP;
- A Registered Electrical Contractor / Builder / Developer; and
- Another DNSP or a TNSP.

It is also noted that DNSPs have certain obligations to NEMMCO, including under MSATS Procedures.

Regulatory Rights and Obligations

- DNSPs are required to undertake some services but have a right to choose whether to undertake other services. The mandatory services are generally those where the DNSP is the sole supplier, whereas discretionary services are generally those where there is a competitive market serviced by multiple suppliers;

- DNSPs' rights and obligations to provide services are detailed in a large number of legislative and regulatory instruments – some of which are national but most of which are jurisdictionally-based. There is little consistency across the jurisdictional instruments in relation to the ways in which these rights and obligations are expressed; and
- DNSPs must deliver some services to a standard that is defined by regulation, whereas it can determine at what standard it will provide other services.

Categorisation of Services

- The services provided by DNSPs are categorised as either distribution or non-distribution services. In all jurisdictions, other than Tasmania, distribution services comprise prescribed and excluded distribution services – in Tasmania, distribution services are either declared or non-declared services;
- Jurisdictional regulators are responsible for categorising services. The general approach has been for distribution services, by default, to be classified as prescribed distribution services unless they are otherwise assessed and categorised as excluded distribution services. The result is that:
 - There is a high level of definition around the nature and scope of excluded distribution services but relatively little definition in relation to the nature and scope of prescribed distribution services; and
 - In some jurisdictions, such as Victoria, South Australia and NSW, there are a large number of excluded distribution services, whereas in Queensland, for example, there are no excluded distribution services with all distribution services being treated as prescribed distribution services.
- The reasons for different categorisations of the same services between jurisdictions include that:
 - Different tests are applied by jurisdictional regulators to assess whether a distribution service should be treated as an excluded distribution service;
 - The markets for the same services have different characteristics, such as different levels of competition in providing the services; and
 - Certain services have been submitted to the jurisdictional regulator for re-assessment of their categorisation in some jurisdictions but not in other jurisdictions.

Form of Regulation

- The NER provides for a formal regulatory control being applied to prescribed distribution services and for a “light-handed” form of regulation being applied to excluded distribution services;

- There is no single view across each jurisdiction of what is meant by “light-handed” for the purposes of regulating excluded distribution services. The approach taken by regulators differs by jurisdiction and may involve:
 - Setting the pricing principles for these charges;
 - Taking an active role in approving the charges for excluded services; or
 - Not being involved significantly in approving either the principles for charging or the charges themselves.
- Different forms of price control have been used across the jurisdictions for regulating prices for both prescribed distribution services and excluded distribution services;
- A DNSP’s Distribution Use of System (DUOS) charge typically covers a number of prescribed distribution services. Differences in the categorisation of distribution services across the jurisdictions means DNSPs’ DUOS charges cover different services;
- Certain prescribed distribution services, and almost all excluded distribution services, are charged for on a ‘fee for service’ (individual) basis; and
- By far the majority of each DNSP’s revenues are recovered through the provision of prescribed distribution services.

3 Regulatory Framework

This section overviews the current provisions of the NER relevant to the regulatory categorisation of services provided by DNSPs and to determining the form of regulation that is applied to these services in each NEM jurisdiction.

3.1 NER Definitions

The NER defines distribution services, prescribed distribution services and excluded distribution services.

3.1.1 Distribution Services

“Distribution services” are defined as:

The services provided by a distribution system which are associated with the conveyance of electricity through the distribution system. Distribution services include entry services, distribution network use of system services and exit services.

“Distribution system” is defined as:

A distribution network, together with the connection assets associated with the distribution network, which is connected to another transmission or distribution system. Connection assets on their own do not constitute a distribution system.

“Entry services” are defined as:

A service provided to serve a Generator or group of Generators at a single connection point.

“Exit services” are defined as:

A service provided to serve a Transmission or Distribution Customer or group of Transmission or Distribution Customers at a single connection point.

“Distribution network use of system service” is defined as:

A service provided to a Distribution Network User for use of the distribution network for the conveyance of electricity that can be reasonably allocated on a locational and/or voltage basis.

Services that a DNSP provides that are not distribution services are treated as non-distribution services and are generally not regulated by the jurisdictional regulators.

3.1.2 Prescribed and Excluded Distribution Services

There are two types of distribution services, being “prescribed distribution services” and “excluded distribution services”.

“Prescribed distribution services” are defined as:

Distribution services provided by distribution network assets or associated connection assets which are determined by the Jurisdictional Regulator under clause 6.10.4(a) as those which should be subject to economic regulation in accordance with the principles set out in clause 6.10.5.

“Excluded distribution services” are defined as:

Distribution services which are subject to a more "light-handed" regulatory approach than that described in clause 6.10.5 with the result that the costs of and revenue for such services are excluded from the revenue cap or price cap which applies to prescribed distribution services.

3.2 Application of NER by Jurisdictional Regulators

3.2.1 Jurisdictional Regulators’ Responsibilities

Chapter 6 of the NER makes the jurisdictional regulators responsible for determining which distribution services are prescribed distribution services and which are excluded distribution services. Clause 6.10.4 states that:

- (a) *The Jurisdictional Regulator is responsible for determining which, if any, distribution services provided by a Distribution Network Service Provider in the relevant participating jurisdiction should be deemed to be prescribed distribution services and accordingly subject to economic regulation in accordance with clause 6.10.5. In making this determination the Jurisdictional Regulator must have regard to:*
- 1. the principles for regulation of distribution service pricing described in clause 6.10.3;*
 - 2. the extent of effective competition in the provision of that distribution service;*
 - 3. whether sufficient competition exists to warrant the application of a regulatory approach which is more "light handed" than the approach described in clause 6.10.5;*
 - 4. the effectiveness of the form of economic regulation specified under clause 6.10.5 in achieving the efficiency objectives included in clause 6.10.2; and*
 - 5. the form, if any, of that regulation.*
- (b) *Distribution services which are not prescribed distribution services are deemed to be excluded distribution services and, without limiting the discretion of the Jurisdictional Regulator under clause 6.10.4(a), excluded distribution services are those to which it is appropriate to apply a regulatory approach which is more "light-handed" than the approach described in clause 6.10.5 (and so the costs of and revenue for such services are excluded from the revenue cap or price cap which*

applies to prescribed distribution services). The Jurisdictional Regulator must determine the form of regulation which is to be applied to excluded distribution services.

Section 5 of Schedule 6.6 of the NER lists the services and activities that may qualify as excluded distribution services.

Clause 6.10.5 of the NER sets out the basis for the jurisdictional regulator determining the form and mechanism of economic regulation to apply to prescribed distribution services and clauses 6.10.2 and 6.10.3 set out a series of principles and objectives for pricing distribution services.

The following sections examine the criteria used by each jurisdictional regulator for categorising distribution services and the form of regulation that have been applied in each jurisdiction. Non-distribution services are not addressed because these services are not regulated by the jurisdictional regulators, with the charges for these services being determined by the DNSPs.

3.2.2 New South Wales

Categorisation of Services

The Independent Pricing and Regulatory Tribunal's (IPART) "NSW Electricity Distribution Pricing 2004/05 – 2008/09"¹ includes its "Final Determination" in relation to prescribed distribution services and the "Regulation of Excluded Distribution Services Rule 2004/1". The "Regulation of Excluded Distribution Services Rule 2004/1" was IPART's determination on excluded services submitted by the NSW DNSPs.

The Final Report issued by IPART in relation to the Final Determination states in section 2.1:

For the purposes of clause 6.10.4(a) of the Code, the Tribunal determines that all Distribution Services are Prescribed Distribution Services, except for the following:

- (a) Customer Funded Connections;*
- (b) Customer Specific Services;*
- (c) Type 1 to 4 Metering Services; and*
- (d) the construction and maintenance of Public Lighting Infrastructure.²*

IPART based its decision to define certain services as excluded distribution services on:

... whether that service is contestable under the Code of Contestable Works administered by the Department of Energy, Utilities and Sustainability³. Being

¹ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>

² <http://www.ipart.nsw.gov.au/files/op-23.pdf>, page 23

³ <http://www.deus.nsw.gov.au/index.asp>

*contestable means that service providers other than the DNSPs are able to provide the service. Contestability is the first step towards introducing competition for that service. The extent of the competition that results depends on a number of factors, including the barriers to entry and exit, and the number of service providers entering the market.*⁴

The prescribed distribution services are regulated under the “Final Determination” whereas the excluded distribution services are regulated under the “Regulation of Excluded Distribution Services Rule 2004/1”.

Form of Regulation

The form of regulation for prescribed distribution services in NSW is a weighted average price cap for DUOS tariffs and miscellaneous and monopoly fees.⁵

In relation to the form of regulation for excluded distribution services, clause 2.1 of the Regulation of Excluded Distribution Services Rule 2004/1 provides that:

For the purposes of clause 6.10.4(b) of the Code, the Tribunal determines that for the duration of the Regulatory Control Period:

(a) the Excluded Services Regulatory Arrangements set out in clause 2.2 is the form of regulation which will apply to all Excluded Distribution Services, except for:

(1) the construction and maintenance of Public Lighting Infrastructure; and

(2) any Excluded Distribution Services which the Tribunal determines under clause 2.4(c) have satisfied the Competition Test in Annexure 2;

(b) the Public Lighting Regulatory Arrangements set out in clause 2.3 is the form of regulation which will apply to the construction and maintenance Public Lighting Infrastructure; and

*(c) there will be no form of regulation applying to any Excluded Distribution Services which the Tribunal determines under clause 2.4(c) have satisfied the Competition Test.*⁶

Clauses 2.2 and 2.3 of the Rule include pricing principles and information disclosure requirements with which a DNSP must comply in providing excluded distribution services.

As noted, IPART’s “Regulation of Excluded Distribution Services Rule 2004/1” is its most recent determination in relation to excluded services, and is due to expire at the same time as the determination for prescribed services in June 2009.⁷

⁴ <http://www.ipart.nsw.gov.au/files/op-23.pdf>, page 173

⁵ <http://www.ipart.nsw.gov.au/files/op-23.pdf>, page 12

⁶ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>

⁷ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>, page 97

Pricing of Services

The types of charges allowed for prescribed distribution services are set out in section 3 of IPART's Final Determination.⁸ These are:

- Monopoly service charges;
- Miscellaneous service charges;
- Emergency recoverable works charges; and
- Network tariffs for providing distribution use of system charges, which must comprise:
 - A DUOS tariff; and
 - A transmission cost recovery tariff.

Pricing principles for prescribed distribution services are set out in Appendix 13 of the Final Determination.⁹ The DNSPs' network tariffs are approved annually by IPART before taking effect from 1 July each year.

In relation to excluded distribution services, the pricing principles in clause 2.2(a)(1) of the Regulation of Excluded Distribution Services Rule 2004/1 state that:

...the DNSP must use its reasonable endeavours to comply with the following pricing principles:

(A) prices are to signal the economic costs of service provision by being subsidy free (i.e. between incremental costs and stand alone costs); and

(B) the underlying service classifications, cost data, cost allocations and other elements that contribute to the prices charged by the DNSP for these Excluded Distribution Services should be periodically reviewed and updated where relevant to reflect industry developments and changes in user requirements and preferences, methods of service provision and costs.¹⁰

Section 2.2(a)(2) of the "Regulation of Excluded Distribution Services Rule 2004/1" requires DNSP's to make available to customers a document which sets out the prices for excluded services and how these are calculated.

⁸ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>, page 4 and 5

⁹ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>, page 87

¹⁰ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf.PDF>

Energy Australia's pricing methodology¹¹ for excluded services sets out a number of formulae for calculating its charges:

- For Customer Funded Connections and Metering Services for Type 1-4 meters, the price is equal to the sum of direct labour + direct materials + other direct costs + profit margin + 10% GST;
- For Customer Specific Services, the price is set at (direct labour + direct labour oncosts) x 1.98 x 1.1 contingency allowance for 'fixed price' quotations only + (direct materials + stores handling oncosts) + direct contracted labour services x 1.45 + ALL OTHER DIRECT SERVICES + 10% GST, where:
 - a 98% oncost rate applies to the total direct labour; and
 - a 45% oncost rate applies to any direct contracted labour services, (which includes a component for risk).

Integral Energy¹² and Country Energy¹³ apply similar pricing methodologies for their excluded services. Their prices are built up based on its direct labour costs, direct material costs and a profit and overhead component. Applicable Government taxes are then applied to determine a final price for the service.

IPART does not approve the DNSPs' excluded distribution service prices but has powers to investigate any complaints made in relation to the charging under clause 2.2(2)(b) of the Regulation of Excluded Distribution Services Rule 2004/1.

3.2.3 Victoria

Categorisation of Services

In its "Electricity Distribution Price Review 2006-10, Final Decision Volume 1 - Statement of Purpose and Reasons" (Final Determination), the Essential Services Commission (ESC) created two classes of prescribed distribution services: prescribed DUOS services and prescribed metering services.¹⁴

In relation to prescribed metering services, the ESC stated:

¹¹[http://www.energy.com.au/energy/ea.nsf/AttachmentsByTitle/Excluded+Services/\\$FILE/Excluded+Services4.pdf](http://www.energy.com.au/energy/ea.nsf/AttachmentsByTitle/Excluded+Services/$FILE/Excluded+Services4.pdf)

¹²<http://www.integral.com.au/download.cfm?DownloadFile=12A2DECE-8028-BBAF-1B287C2047FD8FF2>

¹³[http://www.countryenergy.com.au/internet/cewebpub.nsf/AttachmentsByTitle/Customer+Funded+Connections.pdf](http://www.countryenergy.com.au/internet/cewebpub.nsf/AttachmentsByTitle/Customer+Funded+Connections.pdf/$FILE/Customer+Funded+Connections.pdf) and

[http://www.countryenergy.com.au/internet/cewebpub.nsf/AttachmentsByTitle/Type+1-4+Metering+Services.pdf/\\$FILE/Type+1-4+Metering+Services.pdf](http://www.countryenergy.com.au/internet/cewebpub.nsf/AttachmentsByTitle/Type+1-4+Metering+Services.pdf/$FILE/Type+1-4+Metering+Services.pdf)

¹⁴<http://www.esc.vic.gov.au/NR/rdonlyres/AF67E65E-9F47-4139-9702-58471B03A9DD/0/FinalDecisionVolume1StatementPurposeOct05.pdf>

From 1 January 2006, the distributors will be exclusively responsible for the provision of metering services to:

- *first tier customers who consume less than 160 MWh per annum and do not have an interval meter that is remotely read; and*
- *subject to the National Electricity Code or Rules (as appropriate), second tier customers with a metering installation type 5, 6 or 7, but excluding those with an interval meter that is remotely read.*

The Commission will regulate those metering services that distributors are exclusively responsible for as prescribed services. However, it will regulate these services separately to, and unbundled from, the regulatory arrangements applying to distribution use of system tariffs. The prescribed metering services that these new arrangements will apply to include:

- *meter provision (the supply, installation and maintenance of metering equipment); and*
- *metering data services (the collection, processing, storage of, and provision of access to, metering data).¹⁵*

Clause 2.2 of the “Victorian Electricity Supply Tariff Order 2005” (2005 Tariff Order) specifies the basis on which the ESC can determine whether a distribution service is an excluded distribution service, when making a price determination. Clause 2.2(b) specifies the criteria that must be satisfied for the ESC when making its determination, being that:

- (1) The cost of providing the Distribution service or kind of Distribution service can be reasonably attributed to a customer provided, or to be provided, with the Distribution service or kind of Distribution service, and that cost need not be recovered through use of system charges; and*
- (2) The market for the Distribution service or kind of Distribution service is characterised by competition or the potential for competition.¹⁶*

Other parts of clause 2.2 of the 2005 Tariff Order provide guidance to the ESC about how to apply these criteria.

Taken together, the 2005 Tariff Order and the Final Determination provide the approved list of excluded distribution services in Victoria.¹⁷

¹⁵ <http://www.esc.vic.gov.au/NR/rdonlyres/AF67E65E-9F47-4139-9702-58471B03A9DD/0/FinalDecisionVolume1StatementPurposeOct05.pdf>, part B4

¹⁶ <http://www.esc.vic.gov.au/NR/rdonlyres/09022EDF-FA55-4BAC-8EC4-78CC8315B256/0/VictorianTariffOrder2005.pdf>

¹⁷ <http://www.esc.vic.gov.au/NR/rdonlyres/87F6EE15-CB75-4223-A10E-0954C116B3EC/0/FinalDecisionVolume2PriceDeterminationOct05.pdf>

Form of Regulation

The form of regulation for prescribed distribution services in Victoria is a weighted average price cap.¹⁸ The ESC annually approves re-balancing mechanisms under the weighted average price cap as well as network tariffs before the DNSPs issue their tariff schedules to take effect from 1 July each year in line with the Final Determination.

In relation to the excluded distribution services, clause 2.2(h) of the 2005 Tariff Order provides that:

*Terms and charges for a Distributor's Excluded Services will be set in accordance with the provisions of Distributors' Distribution licences issued under Division 3 of Part 2 of the EIA and any applicable guidelines published by the ESC, and subject to oversight under the ESC Act.*¹⁹

Clause 12.1 of the Distribution Licences²⁰ provides that:

The charge for and terms and conditions on which, in the conduct of its distribution business, the Licensee provides any excluded service other than an excluded service contemplated by clauses 6, 7, 8, 9 or 10 must be fair and reasonable and consistent with:

- (a) the Price Determination or any other applicable price determination made by the Commission; and*
- (b) any applicable approved statement.*²¹

Clause 12.2 of the Distribution Licences states that:

Any question as to the fairness and reasonableness of such terms and conditions is to be decided by the Commission on the basis of the Commission's opinion of the fairness and reasonableness of the terms and conditions.

The most recent determination by the ESC in relation to excluded services was in the Final Determination, which provided that prices for excluded services must be set in accordance with "Electricity Industry Guideline 14: Provision of Services by Electricity Distributors".²²

¹⁸ <http://www.esc.vic.gov.au/NR/rdonlyres/AF67E65E-9F47-4139-9702-58471B03A9DD/0/FinalDecisionVolume1StatementPurposeOct05.pdf>, page 494

¹⁹ "EIA" refers to the Electricity Industry Act and "ESC Act" refers to the Essential Services Commission Act.

²⁰ <http://www.esc.vic.gov.au/public/Energy/Regulation+and+Compliance/Licences/Energy+Licences+Issued/Energy+Licences+Issued.htm>

²¹ See sample licence at http://www.esc.vic.gov.au/NR/rdonlyres/8D3FC942-5316-4BB9-A592-DC169567C339/0/ElecDistributionLicenceUED_Jan05.pdf

²² http://www.esc.vic.gov.au/NR/rdonlyres/CAB61A89-6A0B-4329-8EBC-2203D91E713C/0/Guideline14_Final6Apr04_dwc.pdf

This Guideline draws a distinction between “contestable excluded services” and “non-contestable excluded services” in determining what information needs to be provided to the ESC in support of the associated charges. Clause 5.3.1 of the Guidelines state that:

If the Commission decides that an excluded service is a contestable excluded service, the Commission will not require any distributor to submit any statement of a proposed charge and terms and conditions for that excluded service for approval under clause 16 of the distributor’s distribution licence.

Clause 5.3.2 sets out a test for what constitutes a “contestable excluded service”. If the ESC determines that the service is non-contestable then the service’s charge and terms and conditions of supply need to be approved by the ESC.

Clause 5.4.1 of the Guideline states that:

If the Commission decides that an excluded service is a non-contestable excluded service, the Commission may require any distributor to submit a statement of a proposed charge and terms and conditions for that excluded service for approval under clause 16 of the distributor’s distribution licence.

Clause 5.5 of the Guideline provides that a DNSP’s statement of its proposed charge and terms and conditions (or supporting document) relating to an excluded service submitted to the ESC for approval must include:

- (a) a description of the excluded service, including details of what is actually provided as part of that service;*
- (b) an explanation for any change in the distributor’s proposed charge and terms and conditions for the excluded service including reasons for any change in, or change in the magnitude of, costs incurred by the distributor in providing the excluded service and the effect of any such change on the distributor’s proposed charge and terms and conditions for the excluded service;*
- (c) a breakdown of each estimated cost to be incurred by the distributor in providing the excluded service reflected in the distributor’s proposed charge for the excluded service;*
- (d) details of what is required of the distributor in providing the excluded service, such as materials and labour (including labour type, hourly rates and estimated man-hours to complete the work);*
- (e) if a different charge or different terms and conditions are proposed for providing the excluded service to different customers or classes of customers, the magnitude of and justification for the different costs incurred by the distributor in providing the excluded service to those different customers or classes of customers;*

- (f) if there are any shared or common costs incurred by the distributor in providing the excluded service and in providing any other goods or services, whether in the conduct of the distributor's business as a distributor or any other business, a proportional breakdown and allocation of those costs;
- (g) if the proposed charge for the excluded service is a standard charge reflecting the average costs incurred by the distributor in providing the excluded service across the distributor's customer base, details of the assumptions and calculation used to derive the standard charge;
- (h) details of any consultations with customers undertaken by the distributor in developing the distributor's proposed charge and terms and conditions for the excluded service; and
- (i) any other information relevant in the context of whether the distributor's proposed charge and terms and conditions for the excluded service are fair and reasonable.

Clause 5.6 of the Guidelines then details the basis on which the ESC will consider and approve the DNSP's submission.

Pricing for Services

The ESC's Final Determination sets out pricing principles for prescribed DUOS services, prescribed metering services and excluded distribution services.²³

DUOS charges are applied in relation to prescribed DUOS services. The pricing principles for DUOS charges are set out in section 12.2 of the Final Determination and consist of the following three principles, that:

- Tariffs for each customer should generate revenue in excess of the avoidable cost to service the customer;
- Tariffs for each customer should generate revenue less than the cost of providing the service on a stand-alone basis to the customer; and
- Each distribution tariff should signal the impact of additional usage on future investment costs.

The ESC sets the pricing for prescribed metering services in its Final Determination based on:

*The metering service charges proposed by the distributors and scaled by the Commission based on the Commission's decision on the prescribed metering service revenue requirement relative to the distributor's proposal.*²⁴

²³ <http://www.esc.vic.gov.au/NR/rdonlyres/AF67E65E-9F47-4139-9702-58471B03A9DD/0/FinalDecisionVolume1StatementPurposeOct05.pdf>

²⁴ <http://www.esc.vic.gov.au/NR/rdonlyres/AF67E65E-9F47-4139-9702-58471B03A9DD/0/FinalDecisionVolume1StatementPurposeOct05.pdf>, page 583

The Final Determination sets out each DNSP's proposed charges for its excluded services but does not provide details of the information that the DNSPs presumably submitted to the ESC in support of these charges, as required by the Guideline No. 14.²⁵

Powercor / Citipower^{26,27,28}, AGL²⁹, United Energy^{30,31} and SPI-AusNet's³² prices and terms and conditions for their excluded distribution services are detailed on their respective websites.

3.2.4 Queensland

Categorisation of Services

The Queensland Competition Authority's (QCA) "Final Determination – Regulation of Electricity Distribution" creates two categories for prescribed distribution services, being:

- DUOS Services; and
- Non-DUOS Services.³³

The QCA defined "Non-DUOS Services" as:

Those prescribed distribution services that are not DUOS Services and whose revenue is earned from miscellaneous charges. For Energex these services are: recoverable works not subject to legislative provision; temporary builders services; and subdivision fees. For Ergon these services are: recoverable works not subject to legislative provision; temporary builders services; subdivision fees; and reconnection/disconnection services.³⁴

The QCA's "Electricity Distribution: Determination of Prescribed Services" report issued in September 2000 states that:

The Authority has decided to adopt an approach whereby:

- *initially, all services performed by each DNSP that are associated with, or ancillary to, access to that DNSP's network for the supply of electricity within that DNSP's service area are to be declared as 'prescribed services' and therefore subject to economic regulation by the Authority; and*

²⁵ <http://www.esc.vic.gov.au/NR/rdonlyres/87F6EE15-CB75-4223-A10E-0954C116B3EC/0/FinalDecisionVolume2PriceDeterminationOct05.pdf>, page 124

²⁶ http://www.powercor.com.au/docs/Powercor_Excluded_Services_280306.pdf

²⁷ http://www.powercor.com.au/docs/Powercor_New_Connections_Charges_incl_GST_.pdf

²⁸ http://www.powercor.com.au/docs/Powercor_Excluded_Services_280306.pdf

²⁹ http://www.agl.com.au/NR/rdonlyres/upvywtub43wwwwpimqrjnuzjc77ny27tyrlx45kecbrjzyfovp6n4w25cx6q2x2nyofvnn4ka22vcqenbtbgui6h/Excluded%2bService%2bCharges_Public%2bLighting_Tariffs.pdf

³⁰ http://www.ue.com.au/industry/network_prices/download/standard_service_prices.pdf

³¹ http://www.ue.com.au/industry/network_prices/np_public_lighting.htm

³² [http://www.sp-ausnet.com.au/CA256FE40021EF93/Lookup/Tariff/\\$file/30-2251.pdf](http://www.sp-ausnet.com.au/CA256FE40021EF93/Lookup/Tariff/$file/30-2251.pdf)

³³ <http://www.qca.org.au/files/ACF14.pdf>

³⁴ <http://www.qca.org.au/files/ACF14.pdf>, Appendix 2

- *DNSPs, or any other interested party, may apply on a case by case basis to have specific services treated as excluded services where it can be demonstrated that the market for such services is ‘contestable’, that is subject to potential – if not actual – competition.*

Any case put to the Authority for a service to be treated as excluded, will need to provide evidence that there is a contestable market for that service. A contestable market will be determined to exist if:

- *the market is one where the DNSP does not have substantial market power, that is, the DNSP does not dominate the market – in the absence of evidence to the contrary, this will be assumed to be the case where the DNSP has a less than 40% market share; or*
- *the market is nonetheless contestable (that is lacks significant barriers to entry).*

Appendix A of the QCA’s Determination details the contestability test for excluded distribution services.

There are currently no excluded distribution services in Queensland.

Form of Regulation

The form of regulation for prescribed distribution services in Queensland is a revenue cap.³⁶ Under the QCA’s Final Determination, the DNSPs must provide network tariff schedules to the QCA each year for approval prior to of the DNSPs issuing these schedules to apply for the next financial year.

The pricing of prescribed non-DUOS services is regulated via light-handed regulation for most charges, and Ministerial price setting regulation in relation to several charges that have been set in the to the *Electricity Regulation 1994*.

As no distribution services have been declared to be excluded distribution services, the QCA has not set a form of regulation for these services although it has foreshadowed the potential for a more light-handed approach to be applied.³⁷

³⁵ <http://www.qca.org.au/files/ElectricityDistributionPrescribedServicesFinal.pdf>

³⁶ <http://www.qca.org.au/files/ACF14.pdf>, page x

³⁷ <http://www.qca.org.au/files/ElectricityDistributionPrescribedServicesFinal.pdf>, page 5

Pricing for Services

The QCA leaves the responsibility for determining pricing principles for prescribed DUOS and non-DUOS services to the DNSPs, which are required to submit their Pricing Principles Statements to the QCA for approval.³⁸ Both Energex and Ergon Energy's approved Pricing Principles Statements are on the QCA's website.³⁹ These documents note that both distributors charge for their non-DUOS services on the basis of cost plus a 5% margin.⁴⁰

It is noted that, although it approves the Principle Principles Statements, the QCA does not formally approve the charges for non-DUOS services.

As no distribution services have been declared to be excluded distribution services, the QCA has not applied needed to consider the charges for any of these services.

3.2.5 South Australia

Categorisation of Services

The Essential Service Commission of South Australia's (ESCOSA) "2005-2010 Electricity Price Determination – Part A – Statement of Reasons" (Price Determination) provides that:

Having regard to each of the matters set out in clause 6.10.5, the Commission has formed a view that all distribution services provided by ETSA Utilities should be defined as prescribed distribution services, excepting, however, any individual distribution service deemed by the Commission to be an excluded service.⁴¹

ESCOSA states in section 2.5.6 of its Price Determination that:

Excluded distribution services have been defined as follows for the 2005-2010 regulatory period:

excluded distribution services means the services provided by ETSA Utilities set out in Schedule 1 in respect of which the Commission has price determination powers under the ESC Act and a more "light handed" approach to price regulation is taken.⁴²

ESCOSA lists ETSA Utilities' excluded distribution services in section 2.5.6 of its Price Determination.

³⁸ <http://www.qca.org.au/files/ACF14.pdf>, page 198

³⁹ <http://www.qca.org.au/electricity/pricing-principles/principles.php>

⁴⁰ <http://www.qca.org.au/files/Energex%20Network%20Pricing%20Principles%20Statement%202006-07May06.pdf>; <http://www.qca.org.au/files/Ergon%20Network%20Pricing%20Principles%202006-07May06.pdf>

⁴¹ http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf, page 16

⁴² http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf, page 26

Form of Regulation

The form of regulation for prescribed distribution services in South Australia is a system-wide maximum average distribution revenue control, where the average revenue is calculated as the weighted average of the revenue yield across ten different customer classes.⁴³ The details of the price control are set out in the South Australian “Electricity Pricing Order”.⁴⁴ This is consistent with the requirement in the Pricing Order that ESCOSA use incentive based regulation adopting a CPI-X approach applying to average revenue.

Clause 2.5.7 of the Price Determination recognises the need for a light-handed form of regulation for excluded distribution services.⁴⁵ ESCOSA noted that:

The term “light-handed” is not defined. However, it is generally taken to mean some combination of:

- *less regulatory involvement;*
- *less, or more targeted, intervention;*
- *lower administrative and compliance activity; and/or*
- *a simpler structure of regulation.*

*This still allows for a considerable range of options. In the Commission’s experience with other regimes (such as ports and rail), the most significant aspect of a more light handed approach is that it should allow for less regulatory involvement in the day to day aspects of the services being regulated.*⁴⁶

Pricing for Services

Pricing principles for prescribed distribution services are set out in Schedule 5 of the Price Determination.⁴⁷

ESCOSA approves the list of excluded distribution services as part of its Price Determination, but does not explicitly approve the prices for each service. In its “2005-2010 Electricity Price Determination – Part A – Statement of Reasons”, ESCOSA provides one set of pricing principles to apply to all excluded distribution services other than street-lighting, and another set of pricing principles that only apply to street-lighting.⁴⁸ The Determination states that:

⁴³ <http://www.escosa.sa.gov.au/webdata/resources/files/060929-D-EDPDPartBPriceDetermination.pdf>, page 41

⁴⁴ <http://www.escosa.sa.gov.au/webdata/resources/files/030514-R-EPO.pdf>

⁴⁵ http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf, pages 26 - 28

⁴⁶ http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf, page 27

⁴⁷ <http://www.escosa.sa.gov.au/webdata/resources/files/060929-D-EDPDPartBPriceDetermination.pdf>, page 55

⁴⁸ http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf, page 28

The pricing principles for all excluded services, except standard public lighting (SLUOS), will be as follows:

- *Prices for excluded services are to be fair and reasonable, including consideration of:*
 - *cost reflectivity; and*
 - *overall profitability in relation to the total grouping of excluded distribution services.*
- *The annual price movement for any particular excluded service should be restricted to no more than CPI+10 % (unless otherwise approved by the Commission).*
- *For those excluded services for which effective competition exists, market determined prices will be considered as being fair and reasonable. However, ETSA Utilities must demonstrate the existence of effective competition to the Commission.*
- *ETSA Utilities will be required to publish its list of prices for excluded services annually. For those services where this is not possible (because the charges would depend on a case-by-case basis) only the list of the services need be published.*
- *In the event of a dispute, the Commission will determine whether an amount proposed to be charged by ETSA Utilities in respect of an excluded service complies with the pricing principles, as set out here.*

The pricing principles for Streetlighting Use Of Service, an excluded service, will be as follows:

- *Prices for SLUOS are to be fair and reasonable. The price that will be considered by the Commission to be fair and reasonable during the 2005-2010 regulatory period will be:*
 - *any price that has been negotiated between ETSA Utilities and a customer (or a representative of a group of customers); or*
 - *in the event that agreement is not reached and there is a dispute, the price that is determined by the Commission.*
- *The annual price movement for any particular SLUOS service should be restricted to no more than CPI (unless otherwise approved by the Commission); and*
- *ETSA Utilities will be required to publish its list of prices for SLUOS annually*

ETSA Utilities sets out its excluded services charges on its website,⁴⁹ however it does not provide any information on how these charges have been calculated.

ESCOSA issued a Draft Guideline in relation to Excluded Services Regulation in November 2005⁵⁰, which re-stated the above. It made clearer that ETSA Utilities, not ESCOSA, was responsible for setting the prices for excluded services and that “The Commission is only involved in price setting if a dispute between ETSA Utilities and its customer(s) arises”⁵¹.

3.2.6 Tasmania

Categorisation of Services

The Office of the Tasmanian Energy Regulator’s (OTTER) “Investigation of Prices for Electricity Distribution Services and Retail Tariffs on Mainland Tasmania Final Report and Proposed Maximum Prices”⁵² (Price Investigation) in 2003 for the current regulatory period (2004-2007) was prepared in accordance with the *Electricity Supply Industry (Price Control) Regulations 2003*.⁵³ As a result, the distinction between prescribed and excluded distribution services set out in Chapter 6 of the NER did not apply in Tasmania.⁵⁴ Instead, clause 19(2) of the *Electricity Supply Industry (Price Control) Regulations 2003* states that:

The Regulator, by notice published in the Gazette, may declare a good or service provided by an electricity entity to be a declared electrical service if the Regulator is of the opinion that –

- (a) the electricity entity has substantial market power in respect of that good or service; and*
- (b) the promotion of competition, efficiency or the public interest requires the making of the declaration.*

As a result, distribution services in Tasmania are either declared or not declared, rather than prescribed or excluded. However, the costs of, and revenues derived from, distribution services that have been declared in Tasmania are regulated in broadly the same manner as prescribed distribution services under the NER.

⁴⁹ <http://www.etsa.com.au/default.jsp?xcid=881>

⁵⁰ <http://www.escosa.sa.gov.au/webdata/resources/files/051102-R-ExcludedServicesDraftReportGuideline.pdf>

⁵¹ <http://www.escosa.sa.gov.au/webdata/resources/files/051102-R-ExcludedServicesDraftReportGuideline.pdf> ,

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⁵² [http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/\\$file/R_ElectPriceInvest_FinalReport.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/$file/R_ElectPriceInvest_FinalReport.pdf)

⁵³ http://www.thelaw.tas.gov.au/tocview/index.w3p;cond=ALL;doc_id=%2B54%2B2003%2BAT%40EN%2B20061008150000;histon=;prompt=;rec=;term=price%20control

⁵⁴ This is discussed on page 15 of the “Price Control of Electrical Services – Reasons for Declaration of Certain Services” on

[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf/\\$file/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf/$file/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf)

OTTER issued a “Price Control of Electrical Services – Reasons for Declaration of Certain Services - Statement of Reasons and Revocation Notice” in November 2002 that detailed the declared distribution services in Tasmania.⁵⁵

Form of Regulation

The form of regulation for declared distribution services in Tasmania is a revenue cap.⁵⁶ OTTER has commenced consultation in relation to the form of regulation for the upcoming regulatory period.⁵⁷

As noted above, there are no excluded distribution services in Tasmania.

Pricing for Services

OTTER’s Price Investigation in 2002 states that “Distribution prices are to be set in accordance with any guidelines on pricing methodologies issued by the Regulator”.⁵⁸ It is understood that, to date, no such guidelines have been issued.

Aurora does not publish any information concerning the services that it provides to retailers equivalent to the list in section 4 of this Report.

3.2.7 Australian Capital Territory

Categorisation of Services

The Independent Competition and Regulatory Commission (ICRC) considered the requirements of clauses 6.10.3, 6.10.4 and 6.10.5 of the NER in deciding what should be prescribed and excluded distribution services. In its Draft Decision for the current regulatory period 1 July 2004 to 30 June 2009, the ICRC stated that:

*The Commission has considered the principles outlined clause 6.10.4(a) of the code and has chosen to define the majority of ActewAGL’s services as prescribed electricity distribution services, primarily in response to concerns over the potential for monopoly pricing outlined in clause 6.10.3(a) of the code. Additionally, the Commission is of the opinion that this approach best balances of the interests of network users and network providers.*⁵⁹

⁵⁵[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf/\\$file/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf/$file/R_Statement%20of%20reasons%20and%20Revocation%20Notice.pdf), pages 13 - 16

⁵⁶[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/\\$file/R_ElectPriceInvest_FinalReport.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/$file/R_ElectPriceInvest_FinalReport.pdf), page 102

⁵⁷[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/Framework%20Paper%20ta%20051206.pdf/\\$file/Framework%20Paper%20ta%20051206.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/Framework%20Paper%20ta%20051206.pdf/$file/Framework%20Paper%20ta%20051206.pdf)

⁵⁸[http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/\\$file/R_ElectPriceInvest_FinalReport.pdf](http://www.energyregulator.tas.gov.au/domino/otter.nsf/LookupFiles/R_ElectPriceInvest_FinalReport.pdf/$file/R_ElectPriceInvest_FinalReport.pdf), page 102

⁵⁹ http://www.icrc.act.gov.au/_data/assets/pdf_file/17500/draftdecisionelecprices7nov03.pdf, page 22

The ICRC's Final Decision for the "Investigation into Prices for Electricity Distribution Services in the ACT" (Final Decision) states that:

The approach of the Commission's 2003 draft decision was to define electricity distribution services by exclusion. That is, prescribed distribution services include all distribution services provided by ActewAGL with the exception of the provision of and servicing of meters for customers consuming fewer than 160 megawatt hours per annum, including:

- *meter testing;*
- *meter reading;*
- *meter checking;*
- *the processing of metering data; and*
- *the provision of non-standard meters.*

*The Commission did not receive any submissions on this matter; therefore, the commission's position remains unchanged between the draft and the final decision.*⁶⁰

Form of Regulation

The form of regulation for prescribed distribution services in the ACT is a revenue cap.⁶¹

In relation to excluded distribution services, the ICRC noted in its Final Decision that:

*Under clause 6.10.4(b) of the Code the Commission is responsible for determining the form of regulation which is to be applied to excluded distribution services. The code provides little guidance to the Commission other than the obligation to determine the form of regulation, and the stipulation that regulation is to be more light handed than the regulation of prescribed electricity distribution services described in clause 6.10.5 of the code.*⁶²

As noted above, the ICRC only declared certain metering services to be excluded distribution services for the 2004/05-2008/09 regulatory period. In its Final Decision, the ICRC stated that:

The Commission considers that the form of 'light handed' regulation that is best applied to metering services is one that decreases as a competitive market is established. When ActewAGL is able to provide the Commission with evidence of contestability in the market, regulation should cease.

If ActewAGL is unable to provide the Commission with evidence of the emergence of a contestable competitive market by the end of the next regulatory period, the

⁶⁰ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf page 14

⁶¹ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf, page xiv

⁶² http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf, page 14

*Commission will then reconsider whether or not such services should continue to be excluded services.*⁶³

Accordingly, the ICRC chose to regulate excluded metering services using a maximum allowable revenue during the current regulatory period.

Separate revenue caps therefore apply to ActewAGL's prescribed and excluded distribution services.

Pricing for Services

ActewAGL's prices for its distribution services are set in accordance with pricing principles detailed in section 4 of the ICRC's Final Decision.⁶⁴

The Final Decision requires that, in developing its prices, ActewAGL must submit to the ICRC a Pricing Strategy Statement and an Annual Pricing Statement, which reflect the pricing principles.

The ICRC's Final Decision provides that ActewAGL's Pricing Strategy Statement must include:

- *ActewAGL's medium term pricing strategy*
- *ActewAGL's approach to calculating prices, including its cost allocation methodology*
- *An explanation of how the medium term pricing strategy and the cost allocation methodology comply with the pricing principles outlined in section 4*
- *An outline of the proposed capital expenditure program, the expected consumption and the maximum demand over the medium term and how prices relate to these important price triggers*
- *An outline of potential non-network alternatives to augmentation of the network and current and future demand management programs*
- *An outline of the expected service levels over the regulatory control period*
- *The annual pricing report, as set out in section 5.2, for the first year of the regulatory control period.*⁶⁵

The Final Decision provides that the ActewAGL's Annual Pricing Statement must include:

- *Demonstration of compliance with the first pricing principle set out in section 4 (the commission will consider this section of the report commercial in confidence and will not require this to be made publicly available)*
- *A list of new prices*
- *A discussion of price changes (in excess of 5% higher than the natural price change⁷⁹ allowed by the commission's determination) or changes in the structure of prices, and any new or obsolete tariffs*
- *A demonstration of the impact on typical customer's bills and forecast average prices (based on typical bill categories as set by the Electricity Supply Association of Australia)*

⁶³ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf, page 18

⁶⁴ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf, page 152

⁶⁵ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnnetpricemar04.pdf, page 156

- *An explanation how these prices comply with the medium term pricing strategy, or any change in the strategy (substantial change to the strategy will require a new pricing strategy to be approved by the commission)*
- *An outline of the expected levels of service and projected capital expenditure programs that will occur during the year*
- *An outline of the expected consumption for major customer classes and maximum demand for the year*

The commission will test ActewAGL's annual pricing report for compliance with its determination and ActewAGL's own pricing strategy statement before approving prices and making this document publicly available.

ActewAGL sets out the excluded services charges on page 21 of this pricing strategy statement for 2004/5-2008/9, but does not provide any detail of the methodology by which these were calculated.⁶⁶ ActewAGL's Annual Pricing Statement does not appear to be publicly available, although its prices are published on its website.⁶⁷

3.3 Summary – Excluded Services Across NEM Jurisdictions

The following table summarises for each NEM jurisdiction:

- The jurisdictional regulator's role in relation to the approval of excluded services charges;
- The timing of the reviews of excluded service charges;
- What information is provided to the Regulator in relation to excluded services charges; and
- What margin is allowed for in excluded services' charges.

⁶⁶ http://www.icrc.act.gov.au/_data/assets/pdf_file/17509/actewaglpricingstatement.pdf, page 21

⁶⁷ <http://www.actewagl.com.au/electricity/networks/charges.aspx>

Comparison of Excluded Services Charging Across NEM Jurisdictions					
	Regulator's approval role	Timing of reviews	Information used to set charges	Margin allowed by Regulator	Escalation arrangements
NSW	IPART approves the list of excluded services, and pricing principles for excluded service charges. IPART does not explicitly approve the charges.	List of services and pricing principles are set for 5 year revenue control period. Charges are periodically updated by DNSP to account for changes in costs or operating environment.	DNSP publishes pricing principles in public documents. IPART may request information from DNSP about determination of charges if a dispute arises over excluded services prices.	Regulator does not explicitly approve margin for excluded services charges.	Annual price increases permitted (subject to prices remaining subsidy free). No submission required to Regulator. Regulator investigates price increases only if a complaint is made. ⁶⁸
Victoria	ESC approves the list of services and the charges as part of the DNSP's pricing determination. ESC also approves charges for non-contestable excluded services, but not for contestable services.	Charges for non-contestable excluded services can only be increased with the approval of the ESC. Charges for contestable excluded services can be increased without the ESC's approval.	Guideline No. 14 details the information that the DNSPs must provide to the ESC in order for a non-contestable excluded service to be approved.	Charges must be "fair and reasonable" in accordance with the DNSP's licence and Guideline No. 14.	Annual indexation of prices, but not automatic. DNSP must apply to ESC. ⁶⁹
Qld	There are currently no excluded services in Queensland.	n.a.	n.a.	n.a.	n.a.
South Australia	ESCOSA approves the list of excluded services and pricing principles for excluded services. The list of services can be added to within the period through a "flexibility	Charges are set by ETSA Utilities consistent with ESCOSA's pricing principles and can be amended annually.	ESCOSA does not require ETSA Utilities to provide costings to support the build-up of the charges for services, but has powers to require information in the event of disputes.	The pricing principles require ETSA Utilities to consider its overall profitability from the total grouping of excluded services in determining whether prices	Prices may automatically increase each year by no more than CPI+10 % DNSP not required to submit these for approval to ESCOSA. ⁷⁰

⁶⁸ <http://www.ipart.nsw.gov.au/files/NSW%20Electricity%20Distribution%20Pricing%202004-05%20to%202008-09%20-%20Final%20Determination.pdf>

⁶⁹ <http://www.esc.vic.gov.au/NR/rdonlyres/87F6EE15-CB75-4223-A10E-0954C116B3EC/0/FinalDecisionVolume2PriceDeterminationOct05.pdf>

⁷⁰ http://www.escosa.sa.gov.au/webdata/resources/files/050405-EDPD_Part_A_StatementofReasons_Final.pdf

	mechanism”.			are fair and reasonable.	
Tasmania	There are currently no excluded services in Tasmania.	n.a.	n.a.	n.a.	n.a.
ACT	ICRC sets revenue cap for excluded services by establishing a “mini-building-block” form of regulation for these services. ICRC has also established pricing principles for setting charges.	ICRC’s revenue cap and pricing principles and ActewAGL’s Pricing Strategy apply for the full regulatory period. However, charges can change annually under Annual Pricing Statement.	ActewAGL provides forecast cost information to the ICRC to enable the calculation of a revenue cap. ICRC also approves five year Pricing Strategy Statement and Annual Pricing Statement.	ActewAGL must not recover more in revenue in any year than is allowed under its approved revenue cap.	Prices for excluded services permitted to adjust with inflation over the regulatory period. ⁷¹

⁷¹ http://www.icrc.act.gov.au/_data/assets/pdf_file/16750/finalrepelecdistnetpricemar04.pdf, page 18

4 Services Typically Provided by a DNSP

This section identifies and describes the services that are typically provided by DNSPs across the NEM.

4.1 Context of DNSP Service Provision

Before addressing the various types of services that are typically provided by a DNSP, it is useful to consider several matters relevant to the provision of these services, being:

- The nature of a customer or Retailer's right to the supply of electricity at a premises;
- The nature of the contractual relationships between the DNSP and the main parties to whom it provides its services – Retailers and customers;
- The means by which different parties may request a service from a DNSP; and
- The various parties involved in the provision of metering services.

These issues are considered in turn.

4.1.1 Supply of Electricity

A customer or Retailer's right to the supply of electricity at a premises in the NEM is provided for in jurisdiction-specific instruments and is typically dealt with in conjunction with a right to connection.

NSW

Section 15(2) of the *Electricity Supply Act 1995* provides that:

A distribution network service provider to which such an application is made is obliged:

- to provide customer connection services to the applicant's premises under the customer connection contract relevant to the applicant, or*
- to ensure that customer connection services are so provided.*

Section 34 of the *Electricity Supply Act 1995* also provides that:

(4) If a person who has a right under this section to do so makes an application to a standard retail supplier, the standard retail supplier is under an obligation:

- to supply electricity to the applicant's premises under a negotiated customer supply contract or to ensure that electricity is so supplied, or*
- in the case of any customer who is a small retail customer and who elects under this section to be supplied under a standard form customer supply contract, to supply electricity to the customer's premises under such a contract or to ensure that electricity is so supplied.*

- (5) *If a small retail customer who has a right under this section to do so makes an application to a standard retail supplier, the standard retail supplier is under an obligation to arrange, on behalf of the customer, for customer connection services to be provided to the premises concerned.*

Victoria

Clause 6.1 of a DNSP's licence provides that:

If a retailer or a customer requests the Licensee to offer:

- (a) to provide connection services so as to allow the supply of electricity from the Licensee's distribution system to an electrical installation of the customer; and*
- (b) to supply electricity from the Licensee's distribution system to that electrical installation,*

the Licensee must make such an offer within 20 business days in accordance with clause 11 and subject to the Electricity Distribution Code and, if the request is made by a retailer, the offer must be consistent with the retailer's use of system agreement with the Licensee.

Furthermore, clause 2.2 of the Victorian Electricity Distribution Code provides that:

Subject to clauses 2.3.1 and 2.6.1, where a connection request has been made by a customer or a retailer on behalf of a customer, a distributor must use best endeavours to connect the customer at a new supply address on the date agreed with the customer or with the retailer on behalf of the customer. Where no date is agreed, the distributor must connect the supply address within 10 business days after the request.

Queensland

Section 40(2) of the *Electricity Act 1994* states that:

A distribution entity to which an application is made has an obligation to provide to the applicant the customer connection services to the premises.

Section 44 of the *Electricity Act 1994* states that:

..... it is a condition of a distribution authority that the entity must provide, as far as technically and economically practicable, network services, on fair and reasonable terms, for persons authorised to connect supply of electricity to the network or take electricity from the network.

Section 10 of the *Electricity Act 1994* defines "network services" as:

..... services for electricity transfer provided by transmission entities and distribution entities to persons connected to a transmission grid or supply network.

South Australia

Clause 4.1 of the Distribution Licence states that:

The Licensee must grant rights to use, or have access to, its distribution network (on non-discriminatory terms):

- (a) to other electricity entities for the distribution of electricity by the other electricity entities; and*
- (b) to enable the other electricity entities and customers to obtain electricity from the distribution network.*

Tasmania

Section 25 of the *Electricity Supply Industry Act 1995* provides that:

- (1) If an electricity entity has an exclusive right under its licence to sell electricity to non-contestable customers within a particular supply area, the licence is subject to the following conditions:*
 - (a) on request by any person who is, or on the supply of electricity would be, a non-contestable customer, the electricity entity must offer to provide customer retail services to the person at an electrical installation in the area on reasonable terms and conditions;*

ACT

Section 79(1) of the *Utilities Act 2000* provides that:

An electricity distributor must, on application by a person for any of the following utility services, provide the service in accordance with the utility's standard customer contract:

- (a) connect the premises to which the application relates to the distributor's network;*
- (b) vary the capacity of the connection between the premises to which the application relates and the distributor's network;*
- (c) if the applicant elects accordingly — allow the connection, or the variation of the capacity of the connection, and the associated work, to be done by another person accredited under the relevant technical code.*

Section 80 of the *Utilities Act 2000* provides that:

An electricity supplier must, on application by a person, and in accordance with the supplier's standard customer contract, supply electricity to premises owned or occupied by the person.

4.1.2 Contractual Relationships between DNSP, Retailers and Customers

In considering the provision of services by a DNSP, it is important to understand the nature of its contractual relationships with the main parties to whom it provides its services – Retailers and customers.

Generally where retail competition has been introduced in the NEM, customer-related interactions between Retailers and Distributors are formalised through a Coordination or Use of System Agreement, to ensure that their respective rights and obligations to the customer are streamlined. This Agreement supports the deemed standard or negotiated contract governing the delivery of services by the DNSP to the customer.

The following table sets out the nature of the standard contractual relationship between a DNSP, a Retailer and a customer in each jurisdiction, although it is noted the parties may negotiate alternative arrangements.

Jurisdiction	DNSP and Retailer	DNSP and Customer
NSW	Deemed Use of System Agreement set out in Market Operations Rule (Network Use of System Agreements) No. 2	Standard Customer Connection Contract as provided for by sections 18 to 20 of the <i>Electricity Industry Act</i>
Victoria	Default Use of System Agreement as provided for by clause 4 of the Electricity Distribution Licence	Deemed Distribution Contract as provided for by clause 5 of the Electricity Distribution Licence
Queensland	There is currently no formal provision for a Coordination, or Use of System, Agreement, although a default Coordination Agreement has been prepared for the introduction of full retail competition, the establishment of which will have legislative and regulatory support	Standard Customer Connection Contract under clause 3.3 of the Electricity Industry Code
South Australia	Coordination Agreement as provided for by clause 22 of the Electricity Distribution Licence	Standard Connection and Supply Contract under Part B of the Electricity Distribution Code
ACT	Network Use of System Agreement as required under clause 3 of the Network Use of System Code	Standard Customer Contract under section 79(1) of the <i>Utilities Act 2000</i>

In Tasmania, there is a linear contractual relationship between the DNSP, the Retailer and the customer, whereby only the Retailer has a contractual relationship with the customer. The standard terms and conditions of supply for:

- Contestable customers are provided for by Part 3 of the *Electricity Supply Industry (Contestable Customer) Regulations 2005*; and
- Tariff customers are included in tariff conditions to be approved by the Regulator under clauses 5 and 6 of the *Electricity Supply Industry (Tariff Customers) Regulations 1998*.

4.1.3 Requesting Services from a DNSP

A DNSP can provide certain services as part of its routine distribution activities without an explicit request from a third party. However, other services that a DNSP provides are made at the request of one of the following parties:

- Customer – A customer in its own right (i.e. dealing directly with a DNSP without involving a Retailer) could request a DNSP to provide a service. Typically, a customer will make such a request:
 - By telephone through the DNSP’s contact centre; or
 - Face-to-face at a DNSP’s office or depot.
- Registered Electrical Contractor / Builder / Developer – A registered electrical contractor, builder or developer, acting in its own right or on behalf of a customer, could request a DNSP to provide a service. Typically, such a request would be made through a DNSP’s connections group; and
- Retailer – A Retailer could ask a DNSP to provide a service either for its own benefit or on behalf of a customer by making a business-to-business (B2B) service order request.

The NER defines B2B communications as:

Communications between Local Retailers, Market Customers and Distribution Network Service Providers relating to an end-user or supply to an end-user provided for in the B2B Procedures.

The electricity industry has agreed to national B2B communication, process and transaction data standards relating to Customer and Site Details Notification Process, Meter Data Process and Service Order Process. In addition to these national arrangements, industry has developed jurisdictional-specific B2B arrangements in relation to particular activities, for example Victoria, South Australia, NSW and the ACT have each defined B2B arrangements in relation to network billing.

NEMMCO’s “B2B Procedure – Service Order Process” is particularly relevant to the consideration of DNSPs’ services as it sets out national processes for the provision of certain defined standard distribution services requested of a DNSP by a Retailer. This procedure:

....defines standard process and transaction data requirements, which apply to participants in the NEM. This Procedure enables Retailers to request defined services (“Service Orders”) from Service Providers and to receive confirmation that the work will or will not be undertaken (or attempted) and subsequently that the work has or has not been completed as requested using a consistently understood process and transactions.⁷²

⁷² <http://www.nemmco.com.au/meteringandretail/640-0115.pdf>, page 6

The Service Order types covered by this B2B Procedure are as follows:

- Allocate National Metering Identifier (NMI);
- New connection;
- Re-energisation;
- De-energisation;
- Special read;
- Additions and alterations;
- Meter reconfiguration;
- Meter investigation;
- Supply abolishment; and
- Miscellaneous.

The B2B Procedure includes a table which details whether or not the Service Order type applies in respect of NMIs located in a particular jurisdiction. Currently:

- The B2B Procedure does not apply in Queensland or Tasmania, although it is due to be adopted in Queensland from 1 July 2007;
- “New Connection” and “Additions and Alternations” is not used in NSW; and
- “Allocate NMI” is not used in Victoria or South Australia and is not proposed to apply in Queensland.

It is further noted that the B2B Procedure does not apply to a number of types of services, including:

- Processes for unmetered supplies;
- Requests for network augmentations or modifications;
- New connections and metering work performed by Accredited Service Providers in NSW;
- The reporting of faults and emergencies; and
- Work for Type 1 to 4 metering installations that is a contestable service.⁷³

⁷³ Refer to section 6 for definitions of different types of metering installations.

4.1.4 Parties to Metering Services Provision

DNSPs are responsible under the NER for the provision of certain metering services. Chapter 7 of the NER sets out the various parties involved in the provision of metering services:

- Responsible Person (RP) – this is the entity responsible for providing the metering installation and which also has related obligations regarding the management and maintenance of the metering installation. Typically, the DNSP, as the Local Network Service Providers (LNSP), is the RP for all Type 5 to 7 metering installations within its distribution area. The RP for all Type 1 to 4 metering installations will be either the Financially Responsible Market Participant (FRMP) (e.g. Market Generator or Retailer) for the connection point or, where agreement has been reached between the FRMP and the LNSP, the LNSP;
- Metering Provider (MP) – this is the entity, accredited and registered with NEMMCO that installs, provides and maintains the metering installation. There are two categories of MP:
 - MPA – this type of MP is only accredited to install metering installation Types 5 and 6; and
 - MPB – this type of MP can be accredited to install, provide and maintain metering installation Types 1 to 4, 5 to 6 or 1 to 6.

The NER provides that the RP will nominate the MP to be used at the connection point and pay the MP's fees. Typically, the DNSP, as the RP, engages itself as the MP for all Type 5 and 6 metering installations and may also provide MP services if requested to do so by the RP for Type 1 to 4 metering installations; and

- Metering Data Provider (MDP) – this is the entity, accredited and registered with NEMMCO that undertakes NEMMCO's data collection and processing obligations under the NER. There are two types of MDP for metering installation Types 5 to 7:
 - MPC – this is the entity that only collects metering data for metering installation Types 5 to 6; and
 - MPD - this is the entity that collects, processes and transfers metering data for metering installation Types 5 to 7.

A Metering Data Provider (MDA) is a type of MDP that is accredited and registered with NEMMCO that collects, processes and transfers metering data for metering installation Types 1 to 4.

The NER provides that the RP will nominate the MDP to be used at the connection point and pay the MDP's fees. Typically, the DNSP, as the RP, engages itself as the MDP for all Type 5 and 7 metering installations. The DNSP may also provide MDA services if requested to do so by the RP for Type 1 to 4 metering installations.

Section 6 provides a description of the nature of the different types of metering installations in the NEM.

4.2 Services Listing

The following table details the services that are typically provided by a DNSP. The table details:

- The nature and description of each service;
- The typical recipient of each service, although it is noted that the recipient of services can differ by jurisdiction; and
- How each service is categorised for regulatory purposes in each NEM jurisdiction.

Table 1: Services Typically Provided by a DNSP

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
	NMI Standing Data								
1.	National Metering Identifier (NMI) allocation	Allocate new NMI and NMI check sum for each connection point in accordance with responsibilities under Market Settlements and Transfer System (MSATS) Procedures	Retailer	Prescribed,	Prescribed	Prescribed	Prescribed	Declared	Prescribed
2.	NMI Standing Data maintenance	Maintain NMI Standing Data in MSATS accordance with MSATS Procedures	NEMMCO	Prescribed,	Prescribed,	Prescribed,	Prescribed,	Declared,	Prescribed,
3.	Other Local Network Service Provider (LNSP) responsibilities	Fulfill the other responsibilities of the LNSP under the MSATS Procedures ⁷⁴	NEMMCO	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Prescribed
	New Connection - Permanent								
4.	New connection – connection assets	Capital works related to new customer connection	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
5.	New connection - install new service line	Install service line from property pole to connection point	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
6.	New connection – energisation only	Energisation of new customer connection	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
7.	Revisit charge or delay	Charge for wasted site visit or delays where installation is not ready for connection	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
8.	New permanent unmetered supply point	Connection of an permanent unmetered supply point, e.g. bus shelter	Retailer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed

⁷⁴ <http://www.nemmco.com.au/meteringandretail/640-0102.pdf>, page 20

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
9.	Embedded generation	Services and system augmentation or extension required to receive energy from an embedded generator	Embedded generator / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
10.	Reserve supply	Charges for reserve (or duplicate) supply	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
11.	Stand-by supply	Provision of stand-by supply	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
12.	New connection to another DNSP's network	Distribution augmentation required to receive energy from another distributor	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Not applicable	Not applicable	Prescribed
	New Connection - Temporary								
13.	Temporary connection then disconnection of supply	Building contractor (or like) requires supply to be available but does not take supply	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
14.	Temporary disconnection then reconnection of supply	Service wire remains attached but for safety during electrical alternations supply temporarily disconnected then reconnected (e.g. painting)	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
15.	Temporary Overhead and Underground Services	Customer requested temporary overhead or underground services (e.g. for building sites until such time as the construction of the facility is complete or until that structure is equipped with its own permanent supply)	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
16.	New temporary unmetered supply point	Connection of an temporary unmetered supply point (e.g. caravan)	Retailer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
	Existing Connection								
17.	Additions and alteration to service point of attachment	Additions and alteration to service point of attachment requiring temporary disconnection and reconnection	Builder / Developer / Customer / Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
18.	Relocation of network assets pursuant to statutory obligation	Relocation of network assets pursuant to statutory obligation	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
19.	Upgrade, replacement or relocation of existing overhead service	Customer request for upgrade, replacement or relocation of existing overhead service	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
20.	Upgrade, replacement or relocation of existing underground service	Customer request for upgrade, replacement or relocation of existing underground service	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
21.	Location of DNSP underground cables	Customer requested assistance in locating DNSP underground cables	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
22.	Underground service conversion	Customer requested conversion of existing overhead service to underground service	Builder / Developer / Customer	Excluded	Excluded	Non-Distribution	Excluded	Declared	Prescribed
23.	Additional overhead phase for hobby and other non-business purposes	Customer requested installation of additional overhead phase for hobby and other non-business purposes	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
24.	Higher reliability or quality of supply including specific services for identified customers	Customer requested increase in reliability or quality of supply above the "base level". Includes conversion to multi-phase supply	Builder / Developer / Customer / Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
25.	Inspections of electrical installations	Customer request for inspection of electrical work required to meet certain safety obligations	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
	Reconnection / Re-Energisation								
26.	Reconnection / re-energisation during normal business hours	Retailer / customer request for reconnection / re-energisation during normal business hours, including reconnection following disconnection for debt	Retailer	Prescribed	Excluded	Prescribed	Prescribed. Excluded when arising from network user's fault	Declared	Prescribed
27.	Reconnection / re-energisation after normal business hours	Retailer / customer request for reconnection / re-energisation services after normal business hours, including reconnection following disconnection for debt	Retailer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
	De-Energisation								
28.	Disconnection during business hours at: - pillar box or pole top; or - fuse or meter box	Retailer / customer request for disconnection / de-energisation during business hours	Retailer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
29.	Disconnection after business hours at: - pillar box or pole top; or - fuse or meter box	Retailer / customer request for disconnection / de-energisation after business hours	Retailer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
	Supply Abolishment								
30.	Supply abolishment – customer / Retailer requested	Retailer / customer request for abolishment of customer connection	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
	Supply								
31.	Supply of electricity	Supply of electricity through distribution system to a customer’s electrical installation or premises	Retailer / Customer	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Prescribed
	Meter Provision, Installation and Maintenance								
32.	Metering Provider for type 1 to 4 metering installations	Provision, installation and maintenance of type 1 to 4 metering installations	Retailer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Non-Distribution
33.	Metering Provider for type 5, 6 and 7 metering installations	Provision, installation and maintenance of type 5, 6 and 7 metering installations	Retailer	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Excluded
34.	Provision of prepayment meters	Installation of prepayment meters at the request of the customer	Retailer	Not applicable	Excluded	Prescribed	Excluded	Declared	Excluded
35.	Meter provision at above standard level of service	Meter installation outside of standard practice at customer's request, for example installed after hours	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
	Meter Additions and Alterations								
36.	Exchange meter	Like for like exchange of meter at customer request	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
37.	Meter re-location at customer or Retailer request	Re-location of metering infrastructure at customer or Retailer request	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
38.	Upgrade Meter - Customer/Retailer requested	Provision, installation and maintenance of different category of meter for a customer who would otherwise be provided with a standard category of meter – Retailer or customer initiated	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
39.	Removal of meter at Retailer request	Removal of meter at Retailer request - not related to supply abolishment	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
	Metering Data Collection, Processing, Storage and Transfer								
40.	Metering Data Provider services – standard	Collection, processing, storage and transfer of standard energy data for small customers with type 5, 6 and 7 metering installations	Retailer / Customer	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Excluded
41.	Meter Data Provider services – higher standard at Retailer’s request	Collection, processing, storage and transfer of energy data from type 5 meter for a customer who would otherwise be provided with a type 6 meter – Retailer requested	Retailer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
42.	Meter reading by appointment	Where customer requires DNSP to make an appointment to read the meter	Retailer	Excluded	Excluded	Prescribed	Excluded	Declared	Excluded
	Metering Data Agent								
43.	Metering Data Agent services	Collection, processing, storage and transfer of energy data from types 1 to 4 metering installations	Retailer / Customer	Excluded	Excluded	Prescribed	Non-Distribution	Declared	Non Distribution

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
44.	Metering Data Agent services – higher standard Retailer requested	Collection, processing, storage and transfer of energy data from types 1 to 4 metering installations for a customer who would otherwise be provided with a type 6 metering installation – Retailer requested	Retailer / Customer	Excluded	Excluded	Prescribed	Non-Distribution	Declared	Non Distribution
	Special Meter Reads								
45.	Special meter reading - Check Read	Meter read to check the accuracy of the meter reading	Retailer	Prescribed	Excluded	Non Distribution	Excluded	Declared	Excluded
46.	Special Meter Reading - Final Read	Meter reading to prepare a final customer bill	Retailer	Prescribed	Excluded	Prescribed	Excluded	Declared	Excluded
	Meter Investigations								
47.	Meter investigation / meter test in relation to Type 5 and 6 metering installations	Investigation / testing of type 5 and 6 meters at customer's request, including inspection and re-test	Retailer	Prescribed	Excluded	Prescribed	Excluded	Declared	Excluded
48.	Meter investigation / meter test in relation to type 1 to 4 meter installations	Investigation / testing of type 1 to 4 meter installations at customer's request, including inspection and re-test at request of the customer or MDA	Retailer	Excluded	Excluded	Prescribed	Non Distribution	Declared	Non Distribution
	Meter reconfiguration								
49.	Tariff change that requires meter re-programming	Reconfiguration of meter due to tariff change requested by customer / Retailer	Retailer	Prescribed	Excluded	Non Distribution	Prescribed	Declared	Excluded
	Miscellaneous								
50.	Provision of old billing data	Provision of old billing data to customer / Retailer	Retailer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
51.	Coverage of low voltage mains	Charge where customer requests the line close to a construction site be physically covered to prevent risk of electrocution	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
52.	Service truck or van visit	Service truck or van visit required where field service vehicles are not appropriately equipped due to health, safety, environmental or other requirements	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Prescribed	Declared	Prescribed
53.	Public lighting	Public lighting construction, operation and maintenance (including repair and replacement)	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
54.	Property searches / asset information requests	Provision of information to third parties regarding the electricity network. Includes field visit where required	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
55.	Design fees	Provision of detailed design estimate for customer requested works	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
56.	Indicative and offer letter	Provision of offer by DNSP to construct customer requested works	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
57.	Review of third party designs	DNSP review of designs prepared by third party to ensure compliance with DNSP's standards	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
58.	Specification fees	DNSP preparation and issuance of specifications for customer extension works	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
59.	Inspections	Attendance, assessments and other inspection of third party works by DNSP for DNSP's approval	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
60.	Temporary generation or other equipment hire	DNSP provides temporary generator or other equipment to maintain supply during sub-division works	Builder / Developer / Customer	Non-Distribution	Non-Distribution	Prescribed	Non-Distribution	Declared	Prescribed
61.	Pole and duct rental	Where broadband/telco service providers make use of distribution network to carry broadband/telco assets	Service providers	Non-Distribution	Non-Distribution	Non-Distribution	Non-Distribution	Declared	Non-Distribution
62.	Installation of 'watchman' lights	Installation of night watchman security lighting requested by customer that is connected to the distribution system	Builder / Developer / Customer	Excluded	Excluded	Non-Distribution	Excluded	Declared	Prescribed
63.	Provision of security camera fitted to poles	Provision of security camera fitted to electricity poles requested by customer	Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
64.	High load escort - connecting, reconnecting and lifting	Connection and reconnection of the distribution network and lifting of wires at customer's request to allow a high load vehicle to pass underneath	Vehicle owner / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
65.	Escort Services provided by DNSP	Provision of escort vehicle services to accompany high loads	Vehicle owner / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
66.	Testing and Calibration Services	Provision of testing and calibration services on third party equipment	Third party equipment owner	Non-Distribution	Non-Distribution	Prescribed	Non-Distribution	Declared	Prescribed
67.	Network switching	Switching of network to enable sub-division works to proceed to meet customer's needs	Builder / Developer / Customer	Excluded	Excluded	Non-Distribution	Excluded	Declared	Prescribed

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
68.	Erection of extra poles	Erection of extra poles at request of customer	Builder / Developer / Customer	Excluded	Excluded	Prescribed	Excluded	Declared	Prescribed
69.	Repairs and maintenance	Repairs and maintenance of equipment (e.g. service fuse replacement, loss of supply, voltage and load checks) due to damage by a customer or a third party or fatigue or failure of equipment	Customer	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Prescribed
70.	Works on customer's premise	Services performed by DNSP that are beyond the connection point including maintenance of installations and private power lines, and provision of service fuses	Customer	Non-Distribution	Excluded	Prescribed	Non-Distribution	Declared	Prescribed
71.	Non-NEM activities	Services provided by DNSP outside of the NEM but within its licensed supply area (e.g. remote and isolated networks)	Retailer / customer	Non-Distribution	Non-Distribution	Non-distribution	Non-Distribution	Not applicable	Non Distribution
72.	Services provided outside the DNSPs area	Services provided in areas outside of the DNSP's licensed supply area, such as contract services performed by DNSP's to other DNSPs or TNSPs (e.g. in emergency situations)	Retailer / customer	Non-Distribution	Non-Distribution	Non-Distribution	Non-Distribution	Non-Declared	Non Distribution
73.	Tree trimming on private property	Vegetation management on private property at customer's request	Customer	Non-Distribution	Excluded	Non-Distribution	Excluded	Declared	Prescribed
74.	Retailer of Last Resort (ROLR)	Provision of ROLR services by DNSP	Regulatory requirement	Not applicable – local retailer	Not applicable – local retailer	Not applicable – local retailer	Excluded	Non-Declared	Not applicable – local retailer

	Service	Description	Typical Recipient	NSW	Victoria	Qld	SA	Tasmania	ACT
75.	Rectification of illegal connection or damage to DNSP equipment	Work required as a consequence of an illegal connection or damage to equipment or customer non-compliance with contractual requirements	DNSP initiated	Prescribed	Excluded	not applicable	Excluded	Declared	Prescribed
76.	Issuance of access permit	Provision of a permit by a DNSP to a person authorised to work on or near its distribution system	Permit applicant	Prescribed	Excluded	Prescribed	Prescribed	Declared	Prescribed
77.	Emergency recoverable works	Work carried out by DNSP as a result of emergency, third party action or natural disaster (e.g. car hits pole)	DNSP initiated	Prescribed	Prescribed	Prescribed	Prescribed	Declared	Prescribed
78.	Conversion to aerial bundled cables	Bundling of cables which is carried out at the request of another party	Builder / Developer / Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
79.	Transportation of electricity not consumed in the DNSP's electricity system	Transportation of electricity across DNSP's electricity system but not consumed by a customer within the DNSP's licensed supply area	Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed
80.	Provision of reactive power	Charges for the provision or receipt of reactive power and energy to and from a connection point	Customer	Prescribed	Excluded	Prescribed	Excluded	Declared	Prescribed

5 Key Jurisdictional Regulatory Instruments

This section lists the key national and jurisdictional regulatory instruments relevant to the provision of services by DNSPs across the NEM.

National

- National Electricity Rules
- MSATS Procedures, including CATS Procedures
- National Metrology Procedure for Type 1 to 4 Metering Installations, NEMMCO, March 2002
- B2B Procedures:
 - Customer and Site Details Notification Process
 - Meter Data Process
 - Service Order Process

NSW

- *Electricity Supply Act 1995*
- *Electricity Supply (General) Regulation 2001*
- Market Operations (Arranged Connection Services) Rule No. 1 of 2001
- Market Operations Rule (Network Use of System Agreements) No. 2 of 2001
- Market Operations (NSW Transfer Rules for Retail Electricity Supply) Rules No. 4 of 2001
- Market Operations Rule (Retailer of Last Resort) No. 5 of 2001
- Market Operations Rule (NSW Electricity Business to Business Procedures) No.6 of 2004
- Code of Contestable Works
- Guidelines and Requirements Policy for Electricity Distribution Network Service Providers' and Retail Suppliers' Licences
- Electricity Distribution Network Service Providers – Licence Conditions
- New South Wales Electricity Supply Industry Metrology Procedure – Types 5, 6 and 7 Metering Installation, IPART, January 2003

- NSW Electricity Distribution Pricing 2004/05 – 2008/09, IPART, June 2004

Victoria

- *Electricity Industry Act 2000*
- *Victorian Electricity Supply Tariff Order 2005*
- Electricity Licences – Distribution
- Electricity Distribution Code, ESC, January 2006
- Public Lighting Code, ESC, April 2005
- Electricity Customer Metering Code, ESC, January 2006
- Electricity Customer Transfer Code, ESC, April 2004
- Electricity System Code, ESC, December 2002
- Electricity Industry Guideline No.15 Connection of Embedded Generation, ESC, August 2004
- Electricity Industry Guideline No. 14: Provision of Services by Electricity Distributors, ESC, April 2004
- Electricity Industry Guideline No. 5: Connection and Use of System Agreements, ESC, November 1996
- Victorian Electricity Supply Industry Metrology Procedure – Types 5, 6 and 7 Metering Installations, ESC, February 2005
- Electricity Distribution Price Review 2006-10, Final Decision Volume 1 - Statement of Purpose and Reasons, ESC, October 2005

Queensland

- *Electricity Act 1994*
- *Electricity Regulation 2006*
- Electricity Industry Code, second edition, 20 July 2006
- Electricity Authority – Distribution
- Final Determination – Regulation of Electricity Distribution, QCA, April 2005
- Electricity Distribution: Determination of Prescribed Services, QCA, September 2000

- Queensland Electricity Supply Industry Metrology Procedure Types 5, 6 and 7 Metering Installations, QCA, June 2004

South Australia

- *Electricity Act 1996*
- Electricity Pricing Order, October 1999
- Electricity Distribution Licence
- Energy Customer Transfer and Consent Code, ESCOSA, April 2005
- Electricity Distribution Code, ESCOSA, July 2005
- Electricity Metering Code, ESCOSA, July 2005
- South Australian Electricity Supply Industry Metrology Procedures – Types 5, 6 and 7 Metering Installations, July 2003
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ACT

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- Retailer of Last Resort Guidelines, Independent Competition and Regulatory Commission, ICRC, December 2002
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6 Metering Installations in the NEM

The requirements for metering installations are specified in schedule 7.2 of the NER with the type of installation required at a connection determined on the basis of the energy that passes through a metering point in a year.

There are seven different types of metering installations, as detailed in the table below.

Number	Type of Metering	Volume limit per annum per connection point
Type 1	Remotely read interval meter	Greater than 1000 GWh
Type 2	Remotely read interval meter	100 to 1000 GWh
Type 3	Remotely read interval meter	0.75 to less than 100 GWh
Type 4	Remotely read interval meter	Less than 750 MWh
Type 5	Manually read interval meter	Less than 'x' MWh
Type 6	Accumulation meter	Less than 'y' MWh
Type 7	Unmetered load	Volume limit not specified

As shown in the table, small customers could potentially be metered using any of Type 4 to 7 metering installations, while large customers could be metered using any of Type 1 to 4 meters.

The values of 'x' and 'y' for Type 5 and 6 metering installations cannot exceed 750 MWh per annum and are detailed in the relevant Metrology Coordinator in each jurisdiction. These thresholds are currently as follows:

- In NSW, the value of x is 160MWh pa, and the value of y is 100MWh pa;⁷⁵
- In Vic, the value of x is 160MWh pa, and the value of y is 160MWh pa;⁷⁶
- In Queensland, the value of x is 100MWh pa, and the value of y is 100MWh pa;⁷⁷
- In South Australia, the value of x is 160MWh pa, and the value of y is 160MWh pa;⁷⁸
- In the ACT, the value of x is 160MWh pa, and the value of y is 160MWh pa;⁷⁹ and
- In Tasmania, no values for x and y have not yet been established.

⁷⁵ <http://www.ipart.nsw.gov.au/electricity/documents/NSWMetrologyProcedureVersion224Jan2003.pdf>

⁷⁶ http://www.esc.vic.gov.au/NR/rdonlyres/246E3AB9-90D7-4268-B36A-6A377A94A882/0/MP_FinalVer4_25Nov04dwc.pdf

⁷⁷ <http://www.qca.org.au/electricity/metrology/metrologyprocedure.php>

⁷⁸ <http://www.escosa.sa.gov.au/webdata/resources/files/030711-MetrologyProcedureFinal-July2003.pdf>

⁷⁹ http://www.icrc.act.gov.au/_data/assets/pdf_file/16763/actmetrologyproctypes567june2005.pdf