Proposal for Private Works Fault Rectification & Other Services

2024 – 2029 Regulatory Control Period

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1. PURPOSE

The purpose of this proposal is to:

- provide an alternative option for the AER and market participants to consider, to enable Tasmanian electrical contractors, the Tasmanian DNSP, Retailers and Meter Providers (MP) to better support the Tasmanian consumer in relation to private asset fault rectification and connections to the distribution network.
- highlight the opportunity for a more optimal industry and consumer focused service provider model that supports the DNSP and other market participants in achieving best consumer outcomes, whilst meeting consumer expectation for lower power prices and providing a more resilient and reliable energy supply.
- provide a starting point for initiating conversations and allow for the electrical industry and market participants to collectively determine:
    - how service providers (and market participants) best support the consumer including,
    - finer detail and processes of a service provider model that would achieve better industry and consumer outcomes.
- This proposal should be reviewed in conjunction with TasNetworks proposal to provide new services.

The contents of this proposal outline historical service provider schemes in Tasmania, and the persistent issues within the current DNSP dominated environment which discourage competition, hinders the private sector from performing maintenance on private assets and prevents the other market participants from achieving more optimal outcomes for their own programs of work and consumer initiatives.

The Tasmanian DNSP's dominance and perceived monopoly in the electricity fault and connections space within both the distribution and private asset areas no longer provides beneficial outcomes for the electricity consumer. The changing environment within the electricity industry and the Australian Energy Regulators (AER) focus on ensuring the consumer is well informed, consulted and actively involved in decisions which affect them provides the catalyst for change, i.e., *the way in which private fault rectification and connection to the distribution network should occur & the expectation that the entire consumer base will pay for the services a DNSP provides.*

The consumers expectation of lower power prices, reliable supply, transparency in matters that affect them & on how funding provided by the AER is used can only be realised if the DNSP changes the way it operates and allows the private sector & other market participants to be a more active and effective participant.

The DNSP often states in their submissions to the AER and at industry forums that good consumer outcomes are at the forefront of their endeavors. The evolution of a system that allows for a larger pool of qualified and competent practitioners & electrical contractors is key in achieving optimal consumer outcomes, whilst providing notable environmental benefits due to reduced site visits and less resources required to attend site.

2. BACKGROUND

Performing work on private overhead assets

In Tasmania, work on private overhead assets has been and continues to be performed predominantly by the only DNSP in Tasmania, TasNetworks. The reliance of DNSP self-reporting and absence of effective oversight on the work performed by the DNSP has ultimately created an environment where competition continues to be restricted and accountability is lacking.

The DNSP's recent submission to the AER proposing to provide new services such as 'Rectification of private works under fault' simply allows the DNSP permission to continue to operate as it has always done, essentially ensuring it no longer breaches ringfencing rules whilst being provided no incentive to improve consumer outcomes.

The DNSP's recent submission to the AER stated that better response and consumer outcomes would occur if approved.

This statement by the DNSP is misleading in that the DNSP already provides this service, making it impossible for the DNSP to improve response times or consumer outcomes. The DNSP's existing response times already reflect its capabilities in this space.

Historical Tasmanian Service Provider Schemes

During the early days of Aurora Energy's formation, the 'Authorised Contractor' scheme was introduced and was successful in addressing a resource shortage at that time using other service providers. The scheme supported the installation of Aurora Energy, electricity meters.

It was identified that the scheme did not meet important regulatory and safety requirements, forcing a review of the scheme and in 2008 the implementation of a replacement scheme called the 'Authorised Meter Installer (AMI) scheme. Once initial AMI scheme training was completed/rolled out, participants were provided with regular updates, were required to participate in annual refresher training and were able to apply for other Network Service Provider contract work when it was open for tender.

The scheme removed the need for multiple site visits by different parties and supported the Network Service Provider with connections to their network and electricity metering works.

In 2012, participants of the AMI scheme were required to become part of the Aurora Energy, 'Authorised Service Provider' (ASP) scheme to ensure participants were certified with their own safe systems of work, met requirements of work, health, and safety legislation, assisted Aurora Energy in maintaining its duty of care and enabled participants to continue to tender for DNSP contract work.

In October 2017, TasNetworks (formerly known as Aurora Energy) made the decision to abolish the AMI element of the ASP scheme in preparation for Power of Choice (PoC) on 1st December of 2017. This decision was made to ensure TasNetworks maintained control over the connections process once the DNSP no longer had a regulated role in replacement or installation of new electricity meters.

A Level 3 accreditation was introduced (Authority to Connect to TasNetworks PoS Assets) by the DNSP to enable ASP's (who had a DNSP works contract) to be provided the required authorisations to continue to connect to the DNSP's UG assets and perform 'general electrical works' such as fault attendance of 'Cable PI' faults past the PoS, i.e., on private electrical assets.

The DNSP, ASP scheme crosses into the private works space, where the DNSP determines who works on the private asset. This limits the private sector from being informed of the work or being able to perform the work, unless part of the DNSP's, ASP scheme.

3. OBTAINING BETTER CONSUMER & INDUSTRY OUTCOMES

Consumer Expectation

The consumers expectations of affordable and reliable electricity supply are consistently expressed in all engagement forums, community events and throughout media commentary. Achieving this in the most cost effective and efficient manner is paramount in ensuring that consumers are not left paying for something unnecessarily.

Rectification of private work under fault conditions, new connections, and alterations of existing electrical assets (including 'Provider of Last Resort') are areas that have the best opportunity for the DNSP and the industry to work collectively in achieving the sentiment of the consumer. The proposal within this report would improve outcomes for rectification of private works under fault and Provider of Last Resort, whilst removing unnecessary DNSP blockers and expense that is inevitably absorbed by the entire consumer base.

Achieving good consumer outcomes

The current connections process (e.g. new connections, alterations to existing connections) often requires 2 or 3 separate parties to attend individually to enable an electrical connection to occur. This process does not provide the most efficient and/or cost-effective outcome.

Removing 1 or 2 other parties from the need to attend, will immediately reduce overall cost and delays for the consumer, i.e.;

- Would reduce the need for 3 separate electrical practitioners (& vehicles) to attend,
- Would reduce time taken to obtain supply and complete the work,
- Would provide long term cost savings to the consumer base,
    - DNSP's would not require additional resources (and/or funding from AER)
    - MPs would not require additional resources to install meters,
- Would deliver time & process efficiencies,
    - ECs are able to maintain more control on connection time frames,
- Would deliver environmental benefits,

Fault attendance (for private works fault rectification) would provide similar benefits although further considerations would be required in determining call center narrative & questions when determining fault and who should attend.

As the Tasmanian DNSP has proposed to perform works within the area of private electrical assets, it is reasonable to expect that the private sector is provided the same opportunity, where a mechanism to perform specific types of tasks (with relation to LV connections and alterations) within the distribution network space is allowed.

How Does the Industry Achieve This?

An increase in the pool of competent electrical businesses to perform rectification of private work under fault conditions, new connections, and alterations to assist the DNSP, Retailers and MP's, to meet their objectives is the obvious means to achieve this, however ensuring that consumers are not paying for something they are not responsible for is critical to obtaining optimal outcomes.

Consumers who do not own a private electrical asset do not want to pay for the repair of someone else's asset, the obvious question is, 'why should they'. The DNSP approach of spreading the cost across the entire consumer base removes responsibility and accountability from the asset owner to everyone else and provides the DNSP with a mechanism and competitive advantage not available to other service providers.

When looked at for example from a house ownership point of view, those who do not own a house are not expected to pay for the repairs on that private asset owned by another, this should not be any different for private electrical assets. It is important to understand consumer demographics in that there is a high percentage of consumers who rent and do not own a house or private electrical asset.

The formation of an industry working group to begin conversations on how service providers can best serve the consumer is an important first step. Agreed timelines would assist in minimising the risk of discussions on this subject being stifled, stalled, and ignored which has historically been problematic, i.e., when discussions on matters of importance have been raised with the DNSP.

EC Connection/ Fault Repair Model

The contents of this section have been provided to promote discussion and collective industry consideration to determine effective processes and working model.

Most jurisdictions across Australia have a service provider scheme. Due to Tasmania's unique geographical nature, smaller consumer base and with the one DNSP operating in the state, the management of a diverse pool of EC's and electrical workers would require negligible effort or cost.

There are 3 areas that directly influence the ability to perform electrical connections and repair work:

- Legislation requires that anyone performing electrical work is licensed and is competent in the work that they perform,
- Work health and safety legislation requires that all businesses maintain and implement safe systems of work,
- DNSP & MPs restrict who can work on their assets, i.e., require authorisation/training.

Existing Tasmanian electrical licensing requirements already provide the basis and mechanism for service providers (electrical practitioners/contractors)to perform fault repairs and connection work on the low voltage overhead system without the need for a dedicated DNSP managed ASP type scheme, the following points are proposed and highlighted to provide context:

- Existing legislated electrical licensing requirements should be the mechanism to determine what work is permitted to be performed, keeping in mind that:
    - Occupational licensing is managed by CBOS not by the DNSP,
    - All work is certified by the EC/electrical worker and administered by CBOS,
    - All private electrical work is inspected as per inspectorate (CBOS) requirements, this would be no different to what already occurs,

        - additional pressure would not be imposed on CBOS as the DNSP should already be submitting electrical certifications for the private work it performs, as is required by legislation,

- Industry representatives should work with the Tasmanian DNSP to remove unnecessary DNSP blockers preventing the private sector from performing work on private assets, e.g.:
    - Industry stakeholders & DNSP should review DNSP authorisation framework to eliminate mechanisms that restrict competition,
    - Introduce a mechanism to allow trained and competent EC's/electrical workers to connect to specific existing low voltage (LV) distribution network assets (i.e., only turret or crossover pole with SPD already fitted) when it is customer generated work,

Note: MPs have indicated that they are willing to discuss mechanisms to allow meters to be installed on their behalf,

- Allow for a 'staged rollout' of different tiers/tranches of work types,
    - This would allow for any process to be trialed and adjusted as required, e.g.:
        - *Tier 1* - Underground (UG) connections up to 100 amps to UG assets
        - *Tier 2* - Overhead (OH) connections to cross over pole (up to 100 amps)

    - Current DNSP Level 1 & 2 authorisations allow for access to & operation of distribution LV PoS assets without the need of a 'service provider scheme arrangement',

    - A 'Level 3 authorisation (Connection to DNSP PoS assets)' can easily be introduced and risk management strategies introduced if required:
        - e.g., could introduce 2 yearly requirements to perform testing assessment or refresher training via any Registered Training Organisation (RTO) provided it has on its scope UETTDRMP011 – 'Testing of Connections to Low Voltage Electricity Networks' to address risk around testing & connections,

      ***Note**: Tasmania already has approximately 90 former AMI's (already have skills to perform the work) who have expressed interest in participating in the proposal and would require minimal refresher training on Tier 1 type work.*

- Meter Providers
    - MPs could provide opportunities for meter installer training and increase pool of meter installers to meet Retailer meter replacement program of work and requirements,

- Retailers, MP, DNSP & industry representatives should work collectively to determine aligning processes;
    - Processes for issuing of meter equipment,
    - Processes to allow for capture and upload of data,
    - Fault & provider of last resort triage process would need to be determined,

Design of the Distribution Network

How the distribution network is designed and constructed influences the life of the network, minimises potential for legacy issues/rework and how efficient connection and repair work can be delivered. Network design is an area that requires further improvement and collective industry input. For example:

- Location of the Service Protection Device (SPD) is critical in allowing a section of private overhead conductor to be safely worked on
    - Legacy SPD location issues are currently a problem and often prevent the private sector from working on private assets.
    - creates unnecessary rework and attendance by the DNSP (unnecessary cost to consumer base)

  ***Note**: This is a known decades old issue which the DNSP is currently addressing but continue to exclude private sector involvement*

- An adequately designed network should ensure:
    - SPD are well placed to remove risks around limits of approach & working at height and multiple attendances by different parties,
        - Risk would be minimised for connection work under specific scenarios, e.g., connection to turret (UG asset) and connection to cross over pole only (not main distribution line),
    - Load balancing during installation of SPD would support the DNSP and all service providers when connecting to the distribution network, would minimise potential for some network faults and eliminate unnecessary rework & return site visits.

There are many legacy DNSP issues and practices that provide challenges for all market participants and stakeholders. Although a side issue, effective strategy and forethought is required when anticipating problems and minimising the possibility of legacy issues and should be included as part of discussions.

As previously mentioned, the formation of a dedicated industry working group which should consist of industry stakeholders/associations, DNSP and government agencies such as CBOS is suggested as a mechanism and conduit to provide transparency and industry involvement in matters that impact them and would ensure that a collective view is allowed to exist. This group at a minimum, could focus on service provider and legacy matters, which would naturally allow the industry to provide cooperative input, support innovation and provide a mechanism for continual improvement.

Final Note

During the regulatory process, the greatest challenge to the consumer and the reliability of the distribution network is transparency on matters that effect the consumer and the taxpayer.

It is true that if nothing changes then nothing changes and history has demonstrated that a heavy reliance on the DNSP to operate efficiently, effectively and to do the right thing with limited outside influence has unfortunately not resulted in better consumer outcomes.

It is crucial that more active involvement by industry representatives/associations, consumer groups and the consumer occur to ensure a higher level of accountability and transparency.

It is worthwhile highlighting that throughout regulatory resets, proposals put forward always focus on positive aspects of these proposals which in most instances does not reflect what occurs when

implemented. In essence the veracity of data provided to promote a proposal is problematic in that it does not reflect what is happening, is not easily verifiable nor looked on favorably when scrutinised.

DNSP engagement within the current reset process in Tasmanian has been very selective as have engagement questions which are notably heavily skewered to obtain a specific outcome for the DNSP.

"Beginning conversations on how to improve DNSP engagement and its behaviors with the industry during the regulatory reset process, including how best to demonstrate accountability i.e., doing what it says it is doing, is critical in obtaining industry and consumer confidence that the DNSP is acting in the best interests of Tasmanians and the consumer."