

Jemena Electricity Networks (Vic) Ltd

2016-20 Electricity Distribution Price Review Regulatory Proposal

Attachment 5-1

Classification of Services

Public

30 April 2015



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OVERVIEW

1. Jemena Electricity Networks (Vic) Ltd (**JEN**) is regulated in accordance with the national electricity rules, under these rules JEN's services are classified into groups largely dependent on the degree of competition for providing these services. The process for classifying services is undertaken in a number of steps, the first considers:
 - The form of regulation (if any) previously applicable to the relevant service or services
 - The desirability of consistency in the form of regulation
2. If the Australian Energy Regulator (**AER**) determines that a service should be regulated under the first step it will then undertake a further review by considering:
 - The potential for development of competition in the relevant market and how the classification might influence that potential
 - The possible effects of the classification on administrative costs of the AER, the distribution network service provider and users or potential users
 - The regulatory approach (if any) applicable to the relevant service immediately before the commencement of the distribution determination for which the classification is made
 - The extent the costs of providing the relevant service are directly attributable to the person to whom the service is provided.
3. The NER requires us to propose how our services¹ should be classified. To support our proposal we will:
 - Consider the preferences of the AER for classifying JEN's services as outlined in its Framework and Approach paper²
 - Where JEN proposes to vary a classification then sound economic rationale will be provided.
4. This attachment outlines JEN's services and proposes how these services are classified during the 2016 regulatory period.

¹ NER cl 6.8.2(c)(1)(i) and (ii) require us to include a classification proposal in our regulatory proposal

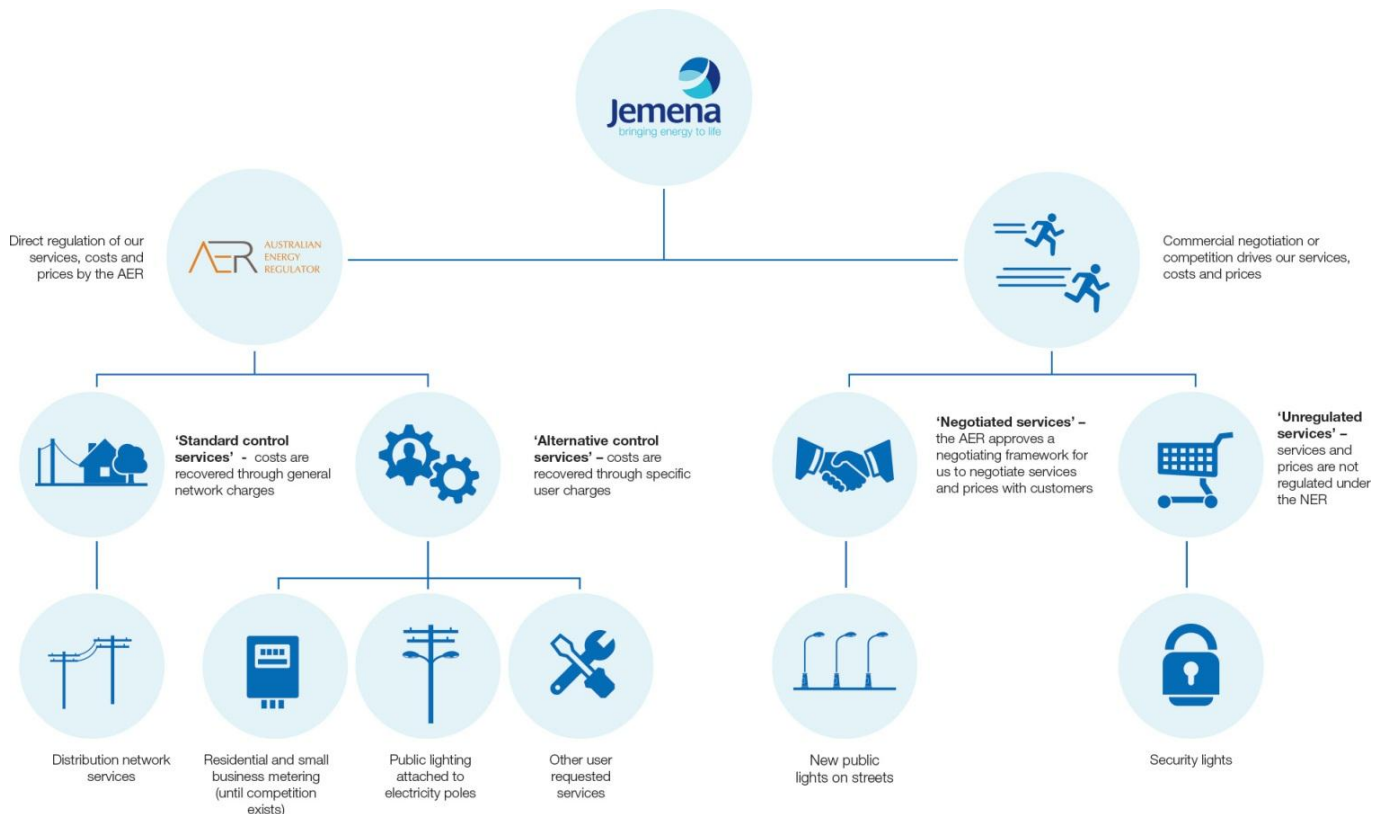
² AER, *Final Framework and Approach for the Victorian Electricity Distributors, Regulatory control period commencing 1 January 2016*, 24 October 2014

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1. SERVICE CLASSIFICATION

1. Our proposed services classification (summarised in Figure 1–1) is consistent with the AER’s intended classification as outlined in the Framework and Approach paper³. Additionally, our proposed classification is also broadly in line with the classification that applied in the 2011 regulatory period.
2. We consider that consistency with the AER’s proposed classification provides customers and stakeholders with confidence that prices and charges for our distribution network services and user-requested services will continue to be directly regulated by the AER, while the prices and charges for other services will be determined through a competitive process. As policymakers have highlighted, the emergence of new technologies and energy market players requires the regulatory framework to evolve⁴ so that regulation does not get in the way of business competition and innovation.⁵

Figure 1–1: Proposed classification of our services for the 2016 regulatory period



6. Table 1–1 outlines how JEN proposes to classify the services that it provides to customers,⁶ the table also outlines the AER’s preferences on service classification as detailed in the final Framework and Approach paper.⁷

³ AER, *Final Framework and Approach for the Victorian Electricity Distributors, Regulatory control period commencing 1 January 2016*, 24 October 2014

⁴ CoAG Energy Council, *Meeting Communique*, May 2014.

⁵ Australian Government, *Energy White Paper—Green Paper 2014*, p viii.

⁶ As required under NER, cl. 6.8.2(c)(1)(i)

⁷ AER, *Final Framework and approach for the Victorian Electricity Distributors, Regulatory control period commencing 1 January 2016*, AER, 24 October 2014

1 — SERVICE CLASSIFICATION

Table 1–1: Detailed services classification

Service	Final Framework and Approach	JEN Position	Notes
Network Services			
Planning the distribution network	Standard Control Service	Standard Control Service	
Designing the distribution network	Standard Control Service	Standard Control Service	
Constructing the distribution network	Standard Control Service	Standard Control Service	
Maintaining the distribution network and connection assets	Standard Control Service	Standard Control Service	
Operating the distribution network and connection assets for DNSP purposes	Standard Control Service	Standard Control Service	
Administrative support (call centre, billing, etc)	Standard Control Service	Standard Control Service	
Emergency response	Standard Control Service	Standard Control Service	
Location of underground cables (dial before you dig)	Standard Control Service	Standard Control Service	
Service group—connection services			
Routine connections - customers up to 100 amps	Alternative control (fee-based)	Alternative control (fee-based)	
Routine connections - customers above 100 amps	Alternative control (quoted)	Alternative control (quoted)	In most cases services above 100 amps will require assessment under the 'new connections requiring augmentation' service.
New connections requiring augmentation	Standard control	Standard control	
Repair and replacement of routine connection	Alternative control (fee-based)	Alternative control (fee-based)	

Service	Final Framework and Approach	JEN Position	Notes
Supply enhancement at customer request	Unclassified	Unclassified	Depending on the nature of work it may be more appropriate to offer supply enhancement requests under quoted service classification.
Customer initiated undergrounding and/or rearrangement of distribution assets serving that customer ⁸	Standard Control Service	Standard Control Service	
Supply abolishment (>100 amps)	Alternative control (quoted)	Alternative control (quoted)	
Supply abolishment (up to 100amps)	Standard control	Standard control	
Temporary supply services	Alternative control (fee-based)	Alternative control (fee-based)	
Temporary disconnect/reconnect services	Alternative control (fee-based)	Alternative control (quoted)	
De-energisation of existing connections	Alternative control (fee-based)	Alternative control (fee-based)	
Energisation of existing connections	Alternative control (fee-based)	Alternative control (fee-based)	
PV & small generator installation pre-approval (up to 5 kW)	Alternative control (fee-based)	Alternative control (fee-based)	AS 4777 ⁹ grid-connected inverters include a safety feature whereby if the mains power is lost, it shut down the grid connection. ¹⁰ JEN no longer performs anti-islanding and therefore JEN does not provide this service.

⁸ This classification applies where a customer contribution is calculated and applied in accordance with ESC Guideline 14 or, if chapter 5A of the NER applies, the AER's connection guidelines.

⁹ Standards Australia, *AS 4777.1—2005, Grid connection of energy systems via inverters*, 2005

¹⁰ Energy Safe Victoria, *Creating a safer state with electricity and gas*, October 2013.

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Service	Final Framework and Approach	JEN Position	Notes
PV & small generator installation pre-approval (>5kW)	Alternative control (fee-based)	Alternative control (fee-based)	Depending on the nature of work it may be more appropriate to offer this service under other service classifications where the service is governed by Electricity Industry Guidelines 14 and 15, or if chapters 5 and 5A of the NER apply.
Service group—metering services			
Installation, operation, repair & maintenance, and replacement of type 1-4 metering installations (excluding smart meters)	Unclassified	Unclassified	
Collection of meter data, processing and storage of meter data, and provision of access to meter data for type 1-4 metering installations (excluding smart meters)	Unclassified	Unclassified	
Operation of type 7 metering installations	Alternate control	Alternate control	
Service sub-group—regulated metering services for type 5, 6 and smart meters			
Installation, operation, repair & maintenance, and replacement of type 5-6 metering installations (including smart meters)	Alternative control (revenue cap)	Alternative control (revenue cap)	
Collection of meter data, processing and storage of meter data, and provision of access to meter data for type 5-6 metering installations (including smart meters)	Alternative control	Alternative control	
Meter exit services	Alternative control	Alternative control	
Meter restoration services	Alternative control	Alternative control	
Meter investigation	Alternative control (fee-based)	Alternative control (fee-based)	
Special meter read	Alternative control (fee-based)	Alternative control (fee-based)	

Service	Final Framework and Approach	JEN Position	Notes
Re-test of type 5 and 6 metering installations (including smart meters) for first tier customers with annual consumption greater than 160 MWh	Alternative control (fee-based)	Alternative control (fee-based)	
Installation, operation, repair & maintenance, and replacement of type 5-6 metering installations (including smart meters) to new customers ¹¹	Unclassified	Unclassified	
Service group—public lighting services			
Operation, maintenance, repair and replacement - shared public lighting assets	Alternative control (fee-based)	Alternative control (fee-based)	
Operation, maintenance and repair - dedicated public lighting assets	Negotiated	Negotiated	
Replacement - dedicated public lighting assets	Negotiated	Negotiated	
Alteration and relocation of DNSP public lighting assets	Negotiated	Negotiated	
New public lights (that is, new lighting types not subject to a regulated charge and new public lighting at greenfield sites)	Negotiated	Negotiated	

¹¹ A 'new customer' includes an existing customer who elects to replace an existing meter.

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Service	Final Framework and Approach	JEN Position	Notes
Service group—ancillary services			
Fault response - not DNSP fault	Alternative control (fee-based)	Alternative control (fee-based)	
Wasted attendance - not DNSP fault	Alternative control (fee-based)	Alternative control (fee-based)	
Service truck visits	Alternative control (fee-based)	Alternative control (fee-based)	
Reserve feeder construction	Negotiated	Negotiated	
Reserve feeder maintenance	Alternative control (fee-based)	Alternative control (fee-based)	
Rearrangement of network assets at customer request, excluding alteration and relocation of public lighting assets	Alternative control (quoted)	Alternative control (quoted)	
Auditing design and construction	Alternative control (quoted)	Alternative control (quoted)	
Specification and design enquiry fees	Alternative control (quoted)	Alternative control (quoted)	
Elective undergrounding where above ground service currently exists	Alternative control (quoted)	Alternative control (quoted)	
Damage to overhead service cables caused by high load vehicles	Alternative control (quoted)	Alternative control (quoted)	
High load escorts - lifting overhead lines	Alternative control (quoted)	Alternative control (quoted)	
Covering of low voltage lines for safety reasons	Alternative control (quoted)	Alternative control (quoted)	
After hours truck by appointment	Alternative control (quoted)	Alternative control (quoted)	
Emergency recoverable works	Unclassified	Unclassified	
Provision of possum guards	Unclassified	Unclassified	
Installation, repair, and maintenance of watchman lights	Unclassified	Unclassified	