

## Minutes

### Electricity Connections – Governance Committee Meeting #6

**Time and date:** 1.30-3.00 pm, 17 September 2019

**Location:** Commission Boardroom room, level 37, 2 Lonsdale Street, Melbourne 3000

#### Committee Members Present

| Name            | Organisation                  | Name                | Organisation                  |
|-----------------|-------------------------------|---------------------|-------------------------------|
| Laurie Mitchell | Victorian Planning Authority  | Angus Crawford      | Property Council of Australia |
| James Osborne   | Jemena                        | Justin Betlehem     | AusNet Services               |
| Adam Gellie     | United Energy                 | Andrew Cooke        | Jemena                        |
| James Walker    | Powercor                      | John Hamill (Chair) | Essential Services Commission |
| Sarah McDowell  | Essential Services Commission |                     |                               |

#### Apologies

Neil O'Connor – Urban Development Institute of Australia

#### Committee Support

Aaron Yuen – Essential Services Commission

Merryn Wilson – Essential Services Commission

### Agenda items

#### Electricity Distribution Code review

Commission staff commented that the recently released Electricity Distribution Code issues paper covered a range of matters including connections, technical standards, guaranteed service levels and customer service standards. Staff added that in relation to connections, feedback was only received from two distribution businesses. The final decision on technical standards is expected to be released in December 2019, and the final decision on customer standards in January/February

2020. And the customer standards paper could be where issues relating to connections are dealt with.

## **Updates**

### **Victorian Planning Authority**

The Victorian Planning Authority said that its industry working group comprising industry peak bodies and growth area councils had met, and that a key message was concern with civil construction that led to cracked footpaths and roadways. The Victorian Planning Authority noted that the red tape commissioner was going to be key note speaker at an upcoming forum. The forum is aimed at increasing the understanding of the challenges faced by development industry and councils. The Victorian Planning Authority said that it had appointed a consultant to facilitate three workshops with councils designed to understand issues related to public lighting.

### **Technical Standards Committee**

Powercor reported that the Technical Standards Committee met on 25 June 2019. One of the first actions of the committee was to establish a process to identify standards that could be harmonised to deliver consistency across industry. The process resulted in a draft report containing 252 items that could be potentially harmonised. The draft report will be tabled at the next meeting of the committee on 25 September 2019.

Powercor added that committee oversees a working group and gives the working group direction on what standards to prioritise. Committee minutes can be found on the VEDN website as well as a timetable for the work.

The chair asked when we could expect to see some changes in the standards. Powercor responded that we could expect to see movement on standards by the end of this year.

### **Powercor**

Powercor reported that all activities under the Service Improvement Commitment were tracking to plan. Powercor added that currently two IT projects were being delivered in parallel and when completed would give customers greater visibility about where their projects are at.

Powercor reported that they would run a workshop for industry in October to outline their new processes. Powercor added that the workshop would also explore the role of the PM2 and site control more generally. From HSSE perspective site control appeared adequate but from a works quality perspective there are still concerns.

Powercor said that it was increasing its efforts to show industry what 'good' looked like in an attempt to lift audit pass rates. This included preparing tutorials on how to install marker tape.

Powercor asked whether works quality was discussed in industry working groups. The Property Council responded that quality has not been discussed by its working groups.

Powercor noted that earlier this year reaudits had dropped away but had begun to increase again recently.

Jemena observed that the distribution businesses were making improvements and it was equally important that others (industry) get on board. The Property Council responded that they would take these concerns back to their working groups.

The chair asked whether we could force a single point of contact on a development site. Powercor responded that they were unclear about what industry thought about a single point of contact. United Energy commented that it might work but developers need to drive it and that in the past they have been known to be very hands off. They added the advantage of this approach was that it forced developers to be involved in the issues.

Powercor stated that it was important to get industry bodies like the Civil Constructors Federation (CCF) involved in discussions about site supervision. Powercor added that the VEDN needs a refresh and be given more authority. And that one of the biggest time savings would be in reducing the number of reaudits.

Audit volumes varied across the distribution businesses. United Energy reported 1 to 3 jobs a month whereas Powercor reported 264 in the first half of 2019.

## **Jemena**

Jemena reported that it had achieved 85% of jobs being completed within 12 weeks from the time of the contract being signed. These jobs were ones where Jemena undertook the construction work. Jemena added that it was going live with a new portal to log basic pole to pit connections. Previously it took Jemena 5 days to respond to these inquiries now responses were received within 1 minute. Jemena has also developed a tool to automate pricing estimates. It expects the pricing tool will go live in November this year.

## **AusNet Services**

AusNet Services reported that it was now able to report on design approval times accurately. And that over the past two months design approvals times were on average 18.8 business days. AusNet Services added that its business case was approved to allow developers to select contractors online via a portal. The portal would also give developers visibility about where jobs are at. It expected the portal would go live in March next year.

AusNet Services added that they had released a tender so as they could increase the number of auditors available. They also remarked that they had been working on documenting a process to deal with onsite defects in a similar way to Powercor, which is using photographs as evidence of rectification.

AusNet Services reported that the overall time taken to complete works have reduced by up to 30% which may reflect a greater sense of urgency by contractors to remediate defects and by the distributor in reducing lead times.

The Victorian Planning Authority asked whether the customer forums raised any surprises. AusNet added that while averages may point to good results, there can always be pockets that show issues. AusNet Services added that the customer forum would stay in place until the end of the Electricity Distribution Price Review submission process. Following the final submission, AusNet Services “customer consultative committee” will take a greater role with customer engagement until the next Customer Forum is established.<sup>1</sup> Jemena added that the AER expects the customer forums to remain in place between the EDPR processes as well.

## **Making the improvements sustainable**

The chair asked the committee whether there were any elements of the improvements achieved to date that should be codified that would make a difference. This is so that when growth rates increase again performance is maintained. Jemena commented that different distribution businesses experience different growth rates and have different degrees of contestability. Therefore, any measures that are codified need to be fair to all. Powercor added that it had made significant investments to achieve improvements.

United Energy asked how strongly do we codify is the issue? They said that the distribution businesses had diligent boards and proud executive management teams and would not let things slip. They then added that public reporting would encourage good behaviour.

United Energy commented that rigid regulatory obligations could see the risk of distribution businesses behaviour become more transactional and inflexible. They added reporting should reflect what good practice looks like.

AusNet Services stressed that care needed to be given when setting targets so as to get the right outcomes not just regulatory targets are met.

United Energy said that using contractual arrangements could be a way of maintaining performance. For example, penalties could be applied to either party when an obligation was not met. Powercor added that punitive approaches can just result in costs being passed on.

Jemena remarked that regulations should not be applied that hamper improvements.

United Energy stated that the balance was risk versus service. Developers build assets that distribution businesses buy from them but at the same time there needs to be a minimum level of service. They also said that risk could be treated through the contract and developers could be made responsible for the asset for 30 years.

Jemena said that spot checks on reporting could be performed and where problems are found regulatory actions could be taken. They added that reporting helps builds trust.

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<sup>1</sup> See <https://www.ausnetservices.com.au/Community/Customer-Consultative-Committee>

The chair said that the focus should be about building customer focus, improving B2B processes and supporting all this with regular reporting.

The Property Council said nobody wants punitive outcomes and building trust should be a priority.

United Energy added that reporting helps support business cases for things like resources and investment to meet service levels.

Commission staff added that right measures were ones that measured performance at critical stages in the connections process for developers and distribution businesses.

The chair added that performance could be reported through the business portals. United Energy replied that being transparent was crucial to ensuring the industry has a common view on issues.

The chair asked whether there was an opportunity to codify the standards. Powercor responded by saying the standards are very complicated and that interpretation so as they can be constructed is important. And that the opportunities lie in being able to prepare a simple set of guidelines that are understandable by those constructing assets. Furthermore, more involvement by industry bodies such as the CCF was necessary to achieve this.

## **Next meeting**

The next meeting is at the commission's offices on 26 November 2019 at 1.30 to 3.00 pm.