

23 May 2022



Essential Services Commission
Via: energyreform@esc.vic.gov.au

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Dear Commissioners,

Re: Making the Electricity Distribution Code of Practice - Consultation

Jemena Electricity Networks (**JEN**) welcomes the opportunity to provide feedback on the making of the Electricity Distribution Code of Practice (**Code of Practice**).

JEN owns and operates an electricity distribution network in the Northwest region of greater Melbourne and is impacted by the proposed amendments.

JEN supports the need to consolidate obligations across various legal instruments into the Code of Practice as a means to give effect to the compliance and enforcement framework as set out within The Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021 (Compliance and Enforcement Act) implemented on 1 December 2021.

JEN broadly supports the Essential Services Commission (**Commission**) in their objective of ensuring the transition to a Code of Practice remains administrative in nature. However, we have concerns there may be unintended consequences given the scope and volume of change that impact many different parts of our business. We consider there would be benefit in delaying the commencement date of the Code of Practice to enable a second round of review so that industry, and the Commission, can ensure changes are implemented as intended.

Below we provide comments on substantial issues from our review.

Continuation of avoided cost calculations for customer connections

We consider that the obligations outlined in clause 2 of current Guideline 14 concerning avoided costs for undergrounding works should be retained in the Code of Practice. The draft version of the Code of Practice seeks to remove this obligation.

Currently, the avoided cost calculations for undergrounding ensures that Distribution Network Service Providers (**DNSPs**) do not over recover costs from customers; once through the connection charge and again from shared customers through asset replacement programs (funded through replacement capex programs as part of a price reset determination). By maintaining the avoided cost requirement, Victorian customers are assured of only paying once for the assets employed to provide distribution services.

If this obligation is removed, then the method for calculating customer contributions falls to Chapter 5A of the National Electricity Rules (**NER**). This NER requirement does not have the same obligation to account for the avoided cost of underground works, and therefore, Victorian customers could incur higher charges.

Mandatory tendering of connection works

The draft version of the Code of Practice seeks to impose an obligation on DNSPs to undertake a tender for construction works for any connection works. Currently, this obligation is not mandated, rather, it is an option available to large customers requesting a connection to the shared network.

We consider mandating a tender on every occasion is onerous, costly, and may not always be what customers seek. To this point, we note the recent review undertaken by the Commission¹, which reviewed the lead times for large customer connections being made by DNSPs. This review was conducted in response to customer complaints. Imposing mandatory tendering processes will only add to the connection time frames and, therefore, exacerbate our large customers' concerns.

¹ Timely electricity connections – reporting against the Greenfields Negotiated Electricity Connection Customer Service Standard

As long as customers are aware of their rights to call for a tender, then this should strike the right balance of cost and timing that our customers seek. To this end, a more rigorous requirement on DNSPs to inform customers of their right to a tender would be preferable to a mandatory tender.

We also have the following comments on specific clauses:

- **Clause 2.3(b)**, the 7 business day postal timeframe for receipt of notices is inconsistent with the timeframes to notify non digital customers of a cancelled planned interruption. We would consider 4 business days as a more appropriate timeframe.
- **Clause 7.3.4**, the removal of “best endeavours” from this clause would have a negative consequence when needing to access certain premises to investigate illegal activity.
- **Clause 14.5.5**, we note the shift from seeking approval to notification of excluded events aligns to other jurisdictions and support this approach. We would however like to understand in more detail what would occur in an instance where the Commission disagreed with our assessment.

Furthermore, we believe excluded events should include connection related GSL payments. In a major event situation, all resources are directed at ensuring public safety and infrastructure repair targeting restoration of supply to large volumes of customers, both for JEN and providing assistance to other DNSPs. As a direct consequence of redirecting the workforce we see an increase in connection related GSL payments being made.

- **Clause 18.2.1** erroneously references complaint handling processes being included in the distributor's Customer Charter. The requirement to maintain a Customer Charter has been replaced by the website publication requirements detailed in clause 25.2.1 of the Code of Practice.
- **Clause 19.4.5(d) and Schedule 2**, with the introduction of new reporting obligations defined in Section 5 of the Compliance and Performance Reporting Guideline – Version 7, we suggest the removal of Schedule 2 from the Code of

Practice and reframe clause 19.4.5(d) to refer to reporting of information defined in Section 5 of the Compliance and Performance Reporting Guideline.

- **Clause 20.3.2**, the proposed steady state voltage excursions, to “remain within +13% and -10% of nominal for 100% of the time”, does not account for factors outside the distributors control, such as faults, customers having incorrect technical settings on their inverters and the lack of a compliance and enforcement framework governing solar installers application of inverter settings. Table 1 would be better represented as:

	Voltage Level in kV	Voltage range for time periods			Impulse voltage
		Steady State	Less than 1 minute	Less than 10 seconds	
1	<1	AS61000.3.100*			6kV peak
2**		+13% -10%	+13% -10%	Phase to earth: +50%, -100% Phase to phase: +20%, -100%	

Notes:

* Table 2 of AS61000.3.100 applies. This allows the steady state voltage excursions above +10% of nominal for no more than 1% of the time, and below -6% for no more than 1% of the time

** Row 2 requires the Steady state, Less than 1 minute and Less than 10 seconds voltage to remain within the stated limits at all times.

A further minor note is a typographical error in row 1 of Table 1 which notes the standard as AS6100.3.100 rather than AS61000.3.100.

- **Clauses 20.5.4 and 21.7.3** there are multiple clauses within AS61000.3 and it is unclear which clauses the Code of Practice refers.

JEN considers the variation of licences as described in the consultation and Annexures C and D as a logical approach, but remain cautious of unintended consequences as noted previously.

If you have any questions regarding this submission, then please get in touch with me at [REDACTED]

Kind regards,

Brad Parsons
Regulatory Compliance Manager