

ACTIVE

we're switched on

Submission

Electricity Distribution Code Review: Issues Paper

September 2019

Active Utilities Pty Ltd

ABN 78 116 498 803

40 English Street, Essendon Fields, VIC 3041

activeutilities.com.au

Table of Contents

| | |
|---|---|
| Table of Contents | 2 |
| Customer service standards | 5 |
| Notifying Embedded Network customers of power outages | 5 |
| Guaranteed Service Level Scheme | 8 |

13th September 2019

To: Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne, Victoria 3000

To Essential Services Commission (ESC)

Re: Active Utilities Pty Ltd (Active) Submission to the Electricity Distribution Code Review: Issues Paper

Thank you for the opportunity to comment on the ESC's review of the Electricity Distribution Code which sets out the requirements for the distribution of electricity in Victoria.

Active understand this review stems from the ESC seeking to promote the long-term interests of Victorian customers by ensuring the Electricity Distribution Code rules remain fit for purpose.

Active is an Embedded Network Service Provider, operating mainly with customers located on the east coast of Australia. Active's submission is focussed on the following areas:

- Information exchange; and
- Customer Service Standards.

Active believe consideration should be given to the current notification process and the limitations and risks involved that lessen consumer protections and the flow of information exchange for customers within an embedded network. To alleviate these concerns, Active has explored an updated methodology that would insure a more seamless information exchange to customers within embedded networks. This is explored in further detail in this submission.

Active have also provided commentary on our concerns of the query of applying Guaranteed Service Level scheme obligatory payments on Embedded Networks in their capacity as a private network. We believe consideration should be given to the dependency Embedded Network Operators have on Distributors in relation to the reliability of the distribution network.

Active also acknowledge that the ESC is also working on and reviewing other aspects of the distribution framework, including:

- Life support requirements; and
- Connection processes for new sites.

Active understand these matters are being progressed outside of this code review. Please note, Active will also be supplying submissions on these provisions in due course.

Active look forward to working closely with the ESC in relation to the issues regarding the Electricity Distribution Code. If you require any further information in relation to this submission, please feel free to contact me.

Kind Regards,



Kyle Johnson
Legal, Risk & Compliance Manager

Customer service standards

Notifying Embedded Network customers of power outages

The Electricity Distribution Code sets minimum service standards for the distribution networks for the objective of providing a level of service protections for Victorian customers.

However, in relation to appropriate notifications, Active believes a major gap exists between distributors and Victorian customers that reside within an embedded network. Similar to guaranteed service level payments (*discussed in more detail below*), customers behind the gateway connection meter are not recognised by a distributor and are at risk of not receiving notifications in relation to power outages (*planned or unplanned*).

In our experience, this is due to the customer (*normally an Owners Corporation*) at the Gateway Connection Meter not understanding and/or maintaining compliance with the obligations required of them to ensure notifications received from Distributors are passed on to the individual embedded network customers.

The reasons behind this non-compliance are varied, but predominately we find this error occurring as the operation of an embedded network is not a gateway customer's principal business. Many gateway customers acknowledge the implications and extensive regulatory compliance burdens placed on them, therefore enter arrangements with Embedded Network Operators to operate the embedded networks on their behalf.

However, although gateway customers are taking steps to ensure their embedded networks are compliant with the required regulatory compliance. The established processes of notifications are still failing as the Embedded Network Operators are not receiving notifications from distributors as currently the requirement on Distributors is to notify the gateway connection meter customer that is connected to the distribution network.

To further demonstrate the current notification process and Active's proposed notification process to address these concerns, please see '*Figure 1: Current and proposed notification processes for embedded network customers*' on the following page.

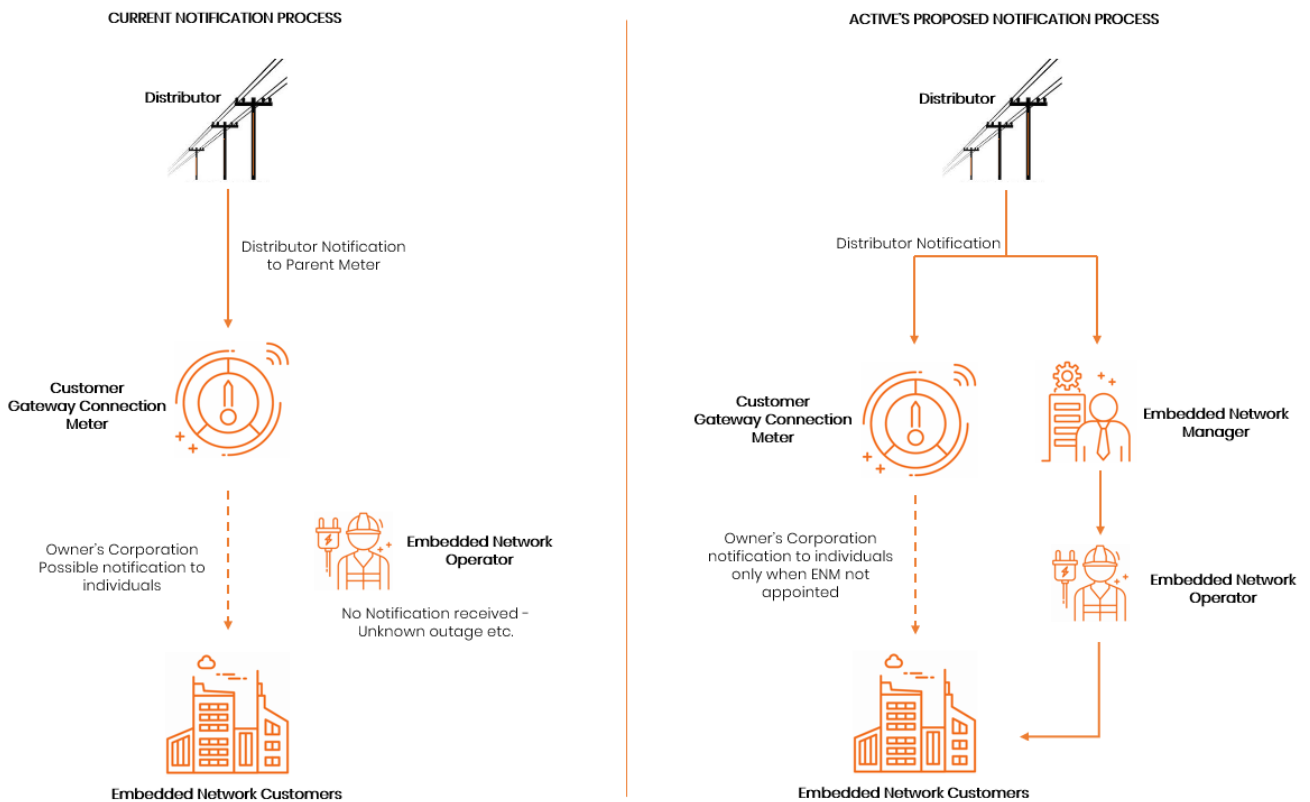


Figure 1: Current and proposed notification processes for embedded network customers.

As demonstrated in *Figure 1* above, in the current notification process, the Distributor is required to notify the customer of the gateway connection meter only. Then the obligation of notification to the individual embedded network customers is transferred to the customer of the gateway connection meter. As detailed above, in Active’s experience, these notifications are not provided in a timely manner, if at all, to the individual embedded network customer. Furthermore, the Embedded Network Operator, engaged by the gateway connection meter customer to manage/operate the network does not receive notifications from a distributor and can’t effectively manage the embedded network and provide consumer protections effectively.

Proposed notification process

In the interest of advancing consumer protection for customers within an embedded network, Active proposes consideration be given to our proposed notification process. In this process we propose the following steps:

1. The Distributor is required to notify both:
 - a. the gateway connection meter customer (*as per the current process*); and

- b. the appointed Embedded Network Manager (ENM) which is recorded in AEMO's Market Settlement and Transfer Solutions (MSATS) required under section 4.18(f) of the MSATS CATS procedures.¹

2. The ENM is then required to provide the notification to the Embedded Network Operator (ENO)².

Active feel this is the strongest notification process between multiple parties to ensure the intended notification to the individual embedded network customer for the following reasons:

- The ENM and ENO are known to each other, either with the ENO also completing the functions of an ENM, or the two parties maintaining a relationship;
- Communication channels are already established between the above parties; and
- Both parties work in the best interest of the embedded network customer.

3. The ENO then provides notification to all individual embedded network customers ensuring that notifications have been provided in accordance with regulatory requirements.

Active feel that the ENO can also operate as a liaison between the individual embedded network customer and Distributor, if needed, to ensure customer protections are upheld, including for life support customers. Active feels this process will increase these customer protections.

Other considerations

If the proposed notification process is adopted by the industry, there will be other positive flow on effects including:

1. If Distributors are required to notify vulnerable customers in the future, this process will ensure vulnerable customers in embedded networks are contacted;
2. This process would support electronic notifications to both the ENM/ENO and individual embedded network customers as well as proposed B2B methods between a Distributor, ENM and ENO;
3. An established process for planned outage notifications; and
4. Notifying individual embedded network customers of cancelled or rescheduled planned outages.

Please note, consideration needs to be given to minimum time requirements of notification periods on ENM/ENO's due to the process flow and current notification periods imposed on Distributors when providing notifications.

¹ When an ENM is not required to be appointed to an embedded network, existing provisions should prevail where the customer of the gateway connection meter would be required to notify individual embedded network customers.

² As an alternative, the ESC may consider providing details of the ENO to the distributors to streamline the notification process by removing the ENM role from any notification obligations.

Guaranteed Service Level Scheme

EXEMPT PERSONS AND OTHER TYPES OF NETWORKS

Active agrees that some embedded network operators perform functionary roles that could be considered similar to distributor roles within the confines of a private network. Some of these functionary roles are the maintenance and operation of a private network.

Active is also sympathetic that embedded network customers do not have access to guaranteed service level scheme payments under the current regulatory framework in Victoria as only the gateway connection owner is considered as the distribution customer.

However, Active urges caution in applying further GSL obligations and payment requirements to Embedded Network Operators in the same way that they are applied to Distributors as we believe this would be an unfair application.

Active considers if GSL obligations are imposed on Embedded Networks, this would be an unfair application as the majority of the current GSL obligations are outside of an ENO's control. An embedded network's reliability and service is dependent on a Distributor and the management of the distribution network. For example, if there is an issue on the distribution network that causes an outage, it should not be expected that the Embedded Network Operator will need to make a guaranteed service level payment, as it could not have taken reasonable measures to avoid the outage or be able to fix that outage.

Active Utilities considers more thought and collaboration needs to be undertaken by the ESC and relevant stakeholders including Embedded Networks, Embedded Network Operators and Distributors to address that embedded network customers do not have access to guaranteed service level schemes and to conceptualise a mutually beneficial arrangement that may ensure embedded network customers have access to GSL's in the future.