

7 August 2020



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Timely negotiated electricity connections, Issues Paper, 30 June 2020

Jemena Electricity Networks (**JEN**) thanks the Essential Services Commission (**Commission**) for providing the opportunity to comment on the timely negotiated electricity connections.

The issues paper acknowledges that improvements have been made to the negotiated electricity connections process by distribution businesses since the establishment of the governance committee to oversee the under the service improvement commitment. However, developers have raised concerns about whether the electricity distribution businesses would maintain their focus on improving and better managing the negotiated connections processes once the committee ends its role later in 2020. Therefore, the Commission is exploring four approaches to maintain electricity distribution businesses' focus on timely negotiated electricity connections for new developments in greenfields areas.¹

The approaches explored are:

- A. Allowing distribution businesses to continue voluntarily reporting publicly on their performance relating to negotiated connections.
- B. Placing specific obligations on distribution businesses to publicly report their performance.
- C. Placing a general requirement on distribution businesses to regularly review and improve the way they manage the negotiated connections processes.
- D. Regulating the timeframes to undertake stages of the negotiated connections process.

JEN supports approach C and an element of approach B that would place specific obligations in the Electricity Distribution Codes (**Code**) requiring distribution businesses to report their performance on the management of negotiated electricity connections, regularly and publicly. Our proposed approach would ensure performance reporting and focus on improving and better managing the negotiated connections processes continues without undue compliance cost.

We do not support approach D.

¹ ESC, Timely negotiated electricity connections, Issues paper, p. 5.

Approach C

Approach C involves introducing an overarching obligation in the Code that requires distribution businesses to have appropriate governance and management practices overseeing negotiated connection processes relating to greenfield or underground residential distribution estates. The issues paper notes the overarching obligation could be complemented by separate guidance issued by the Commission, on the type of practices that should be adopted and implemented by distribution businesses and that the guidance would aim to support effective business relationships between distribution businesses and developers to work toward mutual outcomes. We support this approach. Additionally, we support the areas of guidance identified in the issues paper and note that these specific areas of guidance would not be directly enforceable.²

Approach B

Further to our support of Approach C, we support *an element* of approach B that places an obligation in the Code requiring distribution businesses to report their performance regularly and publicly. This approach would provide transparency on the performance of distribution businesses for negotiated connection timeframes relating to greenfield or underground residential distribution estates. The obligation could include a requirement to report on certain key performance measures and the guidance topics identified in the issues paper under Approach C.³

Our support to placing an obligation in the Code requiring distribution businesses to report their performance regularly and publicly differs from approach B in that it does not set targets to report on. We believe the timeframes and targets should be determined by the distribution business in consultation with the group of developers operating in the distribution area as per the current approach A. This is because, the volume of connection applications, contestability practices and processes vary significantly between distribution businesses and it would be difficult to set maximum timeframes for master plans, design reviews and approvals.

We consider the best way to implement this approach would be to include a general requirement to have appropriate management of negotiated connections and report their performance regularly and publicly in the Code in section 2 'Connection of supply', since the requirement relates to management of connections.

Approach D

JEN does not support Approach D, where the Commission would set maximum timeframes or yearly targets. The issues paper acknowledges⁴ practices relating to negotiated connections are vary across the distribution businesses. We consider it is difficult to set practical timeframes for completion of the various stages from master planning to electrical tie-in. We believe specifying timeframes for each stage of the negotiated connections for real estate developments may not yield an optimum outcome in all cases.

² ESC, Timely negotiated electricity connections, Issues paper, p. 17.

³ Ibid., p. 16.

⁴ Ibid., p. 25 and p. 27.

Moreover, enforcing the regulated timeframes would come at a cost. To demonstrate compliance with the obligations, distribution businesses would have to invest in compliance monitoring and reporting systems, which could be costly. We do not think such an investment would be prudent as it would be specific to management of connection for real estate developments, which may slow down in the future and this issue on the timelines of connections in this industry sector may not be an issue.

If you require further information in relation to the submission, please contact Andrew Cooke on (03) 9173 7706 or andrew.cooke@jemena.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Nichols', with a horizontal line extending to the right.

Tim Nichols
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