

Minutes

Electricity Connections – Governance Committee Meeting #4

Time and date: 2.00-3.30 pm, 14 May 2019

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

Committee Members Present

Name	Organisation	Name	Organisation
Dean Rochfort	Victorian Planning Authority	Angus Crawford	Property Council of Australia
Neil O'Connor	Villawood, Urban Development Institute of Australia	Leesa Penaluna	AusNet Services
James Osborne	Jemena	Andrew Cooke	Jemena
James Walker	Powercor	John Hamill (Chair)	Essential Services Commission
Sarah McDowell	Essential Services Commission	Michael Somerville (Observer)	Red Tape Unit DTF

Committee Support

Aaron Yuen – Essential Services Commission

Merryn Wilson – Essential Services Commission

Agenda items

Action items from Governance Committee meeting #3.

The Chair asked committee members about the status of action items from the last Committee meeting. Members of the committee responded that all items had been completed.

Role of the retailer in the connections process

At the last meeting, the committee decided it would be beneficial to bring someone from the retail businesses in to explain the connections processes from the retailer's perspective. Commission staff arranged for a staff member from Red Energy to attend this meeting.

The Chair introduced the discussion by explaining that this committee was primarily set up to address connections issues in the greenfields areas.

Red Energy said that they are a customer focused retailer that operates in Victoria. Red Energy said that one of the biggest issues about new connections is that there is a lack of visibility about the timeframes for steps in the connections process. They added that the biggest challenges occur when electricity and gas are connected concurrently.

Red Energy explained that the connections process is a three step process. The first step involves allocating a NMI the second and third steps are issuing supply and metering works orders. The second and third steps are usually combined.

Red Energy said that the second and third steps can sometimes pose problems. Red Energy allocates a NMI once they understand the site requirements. After this the other B2B processes proceed.

They added that distributors have different ways of capturing customer data. CitiPower has a portal for either the customer or registered electrical contractor to enter site details. This is in contrast to Jemena and AusNet Services that use paper systems which are difficult to navigate.

Paper systems are front ended and it is difficult to explain to customers why things are taking so long.

From 1 December last year retailers have had more understanding about where connections orders are at in the process. Red Energy said that the CitiPower/Powercor connections orders seemed to be processed much more smoothly.

Red Energy explained that the portal used by a South Australian distributor offered retailers and customers much greater visibility about the stage electricity connections are at. One of the key features of the portal was it allowed for site photos to be uploaded. This functionality also ensures that all parties have access to the same information. The portal sends out reports when each step in the process is passed and validated and if necessary sends out reminder notices.

Red Energy added that CitiPower/Powercor were on par with the South Australian portal.

Jemena said that they were close to launching their new portal for connections.

Updates

Victorian Planning Authority

The Victorian Planning Authority said that it had received a nomination from United Energy to sit on its working group for the public lighting project. This project looks at the roles of the distribution businesses and councils in the public lighting approvals processes and questions whether councils add any value to the process. The Victorian Planning Authority explained that it was also undertaking a project to do a 'health check' on all seven growth area councils from a planning/engineering perspective. Each council would be assessed against:

- Skills and resourcing levels
- Technology employed
- Culture and maturity and
- Sophistication of processes

The Victorian Planning Authority is aware that the Red Tape commissioner is looking at the internal referrals processes. In 2019-20, one of the key projects will look at investing in software to automate plan checking.

Urban Development Institute of Australia (Victoria)

The Urban Development Institute of Australia said that its greenfields committee had met in the morning to discuss matters related to electricity connections. The committee primarily comprises engineers and developers at the managing director level.

The Urban Development Institute of Australia reported that audit processes are still a major issue for developers. Audit is the last step in the process for developers before titles can be released and money comes in. There is feeling the processes are draconian when little things fail and hold title release up.

However, it is important to note that there had been some improvement.

The Urban Development Institute of Australia added that there were some good things happening too. For example 'the 10 points and walk off' audit process had been replaced and now two people audited a site rather than one. They also added that auditors were generally more helpful as they now allowed photos to be submitted to show defects had been rectified.

One frustration that remained was little things like a slight lean on a light pole might result in a fail and a reaudit. The chair asked who owns the asset. The distribution businesses responded that the asset is gifted to them.

The Urban Development Institute of Australia stated that external consultants were now allowed to prepare master plans and this had streamlined the process. They added that market changes

(property market downturn) and increased resources may have also contributed to reduce delays to connections.

The Urban Development Institute of Australia stressed that development industry is also trying to improve. For example developers are doing trial audits before the final audit to see where defects may be. They said that they are putting pressure on contractors to improve their standards and quality of work.

The Urban Development Institute of Australia said that the 'authorities are big beasts' nevertheless if scored out of 10 their performance had lifted from 2 out of 10 last year to 6 out of 10 this year.

The chair asked what it would take to lift the score from 6 out of 10 to 10 out of 10.

The Urban Development Institute of Australia noted that the perception was that negative attitudes toward customers had softened. But there were still opportunities for distribution businesses to build closer customer relationships with developers. They said that the relationships between developers and water businesses and councils were close but relationships with the power companies were not so close. They added when relationships were not close miscommunication of issues was more likely to happen.

The chair asked what would happen if we enter into another growth phase. Powercor responded that its portal and the work on of the Technical Standards committee would help prepare for the next growth phase. The Victorian Planning Authority said that this quiet phase was an opportunity to double down on efforts to improve and be ready for the upturn.

The Urban Development Institute of Australia said that population growth was still strong and this effects greenfields developments.

Powercor said they would be better prepared for the next growth phase because its processes have improved. They also noted that well-constructed infrastructure will pass audit. They added that they had noticed most defects were minor and that there was a reduction in major defects reported. Powercor considered that a lack of governance on site leads to audit failure.

Jemena said that improvements onsite could be made if technical standards were given to the people digging holes. They added that training should focus on how to comply with the standards.

The Chair said there should be productivity benefits if people onsite were trained properly.

The Urban Development Institute of Australia said the failing audits results in losing money.

Powercor said it was difficult to find the responsible person onsite and that there was no authority to drive improvements.

The Chair asked how transparent the requirements to provide a responsible person onsite are.

Powercor said they had established a forum to discuss these issues but each developer has their own management arrangements. Powercor are also working towards making the contestable works agreement stipulate requirements about having a person onsite who is responsible for works

quality. Powercor said it seems the civil constructors are the people to coordinate with and that electrical contractors better understand the requirements generally. Powercor have also established an escalation process whereby people can come to Powercor to discuss audit failures.

Property Council of Australia

The Property Council of Australia presented the findings of discussions it had had with members of its property development committee about the performance of the distribution businesses. It reported transparency around connections processes had improved in general. It added that it had received positive feedback from developers about AusNet's performance.

The Property Council of Australia considered there had been a considerable improvement in the distribution businesses performance over the last 12 months and rated their performance at 6 or 7 out of 10.

The Property Council of Australia added that developers have concerns about knowing who within the distribution businesses they need to contact in the event of a major issue.

The Property Council of Australia advised that the short report capturing developer issues could be published with the minutes. And that distribution businesses should contact the Property Council of Australia if they wanted to discuss the report further.

AusNet

AusNet reported that it had received seed funding to develop a new customer portal for different customer types. It said that it would reach out to a range of customers including retailers to determine what functions would be useful to build into the portal. AusNet also said that customers had positive experiences with council's SPEAR portals.

AusNet added that its consultative committee had met and that the committee was working with VicRoads to establish tolerances for leans on light poles. The consultative committee also wanted to ensure that there was a three month notification period of any changes to standards.

AusNet reported that they had prepared tenders to appoint pre commissioning and final stage auditors.

Jemena

Jemena reported that its new customer portal was at the user acceptance testing stage and that it hoped the portal would go live on 3 June. Prior to the portal going live Jemena will further engage with developers to explain how to use it. Jemena advised that the portal will make the biggest difference to customers because it removes manual processes that can be time consuming.

Jemena will also look at appointing more auditors to its panel if required.

Powercor

Powercor reported that establishing the Technical Standards committee was a little behind schedule. It added that Jemena was now reviewing the terms of reference and that it had engaged consultants to review the civil focused standards. Powercor commented that the civil standards also had input from councils.

Powercor stated that it expected to see improvements through its contestable works team and that its consultative committee had met and had greater clarity of the processes.

Powercor reported that it was targeting construction tie ins of 20 days or as negotiated. Noting that 20 days would generally be much quicker than builders would require to commence construction.

AusNet stressed that tie-in should not happen too early. And stated a recent case where a staff member was badly injured when they went to work on electrical infrastructure that had been unattended for some time and then tampered with a greenfields area.

Commission staff asked Powercor to invite them to the first Technical Standards Committee meeting.

Complaints logged on the Commission's website

Commission staff reported that two complaints had been logged on its website. The first complaint was concerned with the time taken from when reticulation plans are approved to receiving an offer. The second was concerned that the distribution business's resourcing levels are lower than optimal and that the business's customer service focus is also low.

Essential Services Commission

Commission staff reported on how the commission proposed to address the initiatives that were assigned to it. Staff said we have planned that the first steps of many of the initiatives will commence in the middle of this year.

The Chair concluded by saying it was positive and helpful to receive feedback from developers and encouraging to see developers perceptions of the distribution businesses lift from 2 out of 10 last year to 6 or 7 out of 10 now. The Chair added that themes coming out of the meeting that would help lift the score to 10 out of 10 were: the importance of strong relationships and good communications, creating the right incentives to improve productivity on site, developing governance structures that show who is in control of a site and developing good processes.

Next meeting

The next meeting is at the commission's offices on 16 July 2019 at 1.30 to 3.00 pm.