

ESC Residential Connections

Service Improvement Commitment

December 2018



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1. Executive Summary

Powercor and United Energy have committed to address industry concerns regarding new residential sub-division connections

Background and status

In August 2018 the Essential Services Commission (ESC) engaged with Victorian electrical distribution businesses seeking acceptance of a proposed Service Improvement Commitment (SIC). The ESC has undertaken to understand the residential connections process and where the greatest advancements can be made. We have committed to achieve the following outcomes:

1. Improve developers and contractors understanding of distribution business' policies and practises, or how they can influence them
2. Minimising avoidable delays in connecting greenfield developments to existing distribution networks
3. Improving how technical standards are managed and communicated
4. Improve audit processes and practises
5. Promoting efficient competition in connection services (or component parts)
6. Resource constraints – evidence that resourcing is sufficiently aligned to increased residential development activities

Powercor and United Energy (UE) had already moved to improve process efficiency across a range of these elements via a strategic program of work aimed at improving customer project timeframes. This includes the establishment of a dedicated 'Contestable Works' team, specifically focussed on the delivery of urban residential estates, commercial / industrial developments and public lighting.

A combined Powercor / UE project team has been established to focus on the delivery of further initiatives to achieve the agreed outcomes.

The project will run until mid-2019 and will focus specifically on:

- Creating, measuring and transparently sharing our performance against a range of measures specific to each stage of residential subdivision connections processes
- Developing process improvement reports to be published bi-annually for the consumption of customers and other industry stakeholders
- Introducing process and technology improvements to simplify and accelerate delivery
- Taking a proactive and transparent approach to sharing and addressing relevant industry issues via regular engagement forums
- Evaluating opportunities to extend contestable elements with a view to creating value for customers

2. The ESC 'Service Improvement Commitment'

The Service Improvement Commitment seeks 6 key outcomes

Each outcome will form the key objective of a 'work stream' (1 of 2)

ESC outcome sought	Details	CPPAL proposed actions
<p>1</p> <p>Improving developers and contractors understanding of the distribution business' policies and practices and how they can influence them</p>	<ul style="list-style-type: none"> Ensuring website material is clear, easy to understand and consistent with practices Clearly explaining each party's roles and responsibilities under the regulatory framework Identifying opportunities for stakeholders to participate in relevant regulatory decisions Establishing a consultative panel including developers to discuss and resolve matters relating to electricity connections Present report to stakeholders and engaging with them to identify areas of change or for improvement Exploring the development of SLA's in consultation with stakeholders. This should be referenced or incorporated into the 2021-2025 network price determinations 	<ul style="list-style-type: none"> Update guideline for the technical requirements relating to residential subdivisions Include actions in stakeholder management plan for residential subdivisions Update guideline for the technical requirements relating to residential subdivisions Update website material to be clear and concise with clear process aligned to regulatory process
<p>2</p> <p>Minimising avoidable delays in connecting greenfield developments to the existing distribution network</p> <ul style="list-style-type: none"> Making the process and reasons for delays transparent Establishing a clear process for developers to raise persistent complaints or for addressing them 	<ul style="list-style-type: none"> Setting timeframes for specified stages of the negotiated connection process Creating a 6 monthly performance report against KPI's set out including any reasons for not meeting targets Establishing an ongoing review cycle for updating targets and KPIs Publishing steps to escalate a complaint in relation to new connections on the distributor's website Developing ways to communicate in a "two way" manner with developers about progress and reasons for delays in connections 	<ul style="list-style-type: none"> Publish a residential sub division connections diagram with indicative timeframes for each element Report / publish performance against agreed KPIs (quarterly); KPIs to be reviewed annually Include actions in stakeholder management plan for residential subdivisions Establish a mechanism for developers to engage with a residential sub divisions connections team and access escalation pathways including a link to the commission's complaints register
<p>3</p> <p>Improving how technical standards are managed and communicated. Including:</p> <ul style="list-style-type: none"> Making standards across distributors consistent whilst allowing for justifiable differences. Ensuring consistent interpretation of standards by different distributors and auditors. Improving certainty and transparency about which standards are applicable. Ensuring timely consultation about changes to standards and their implementation 	<ul style="list-style-type: none"> The distribution businesses will lead the development of a new technical standards committee whose indicative membership will include the distribution businesses, developers, councils, electrical designers, civil contractors, electrical cable installers, Energy Safe Victoria and the Victorian Planning Authority Harmonise standards across the distribution businesses and create a methodology for feedback 	<ul style="list-style-type: none"> Establish the Technical Standards Committee Create sub-committee to work on joint standards for design and auditing.

The Service Improvement Commitment seeks 6 key outcomes

Each outcome will form the key objective of a 'work stream' (2 of 2)

ESC outcome sought	Details	CPPAL proposed actions
<p>4</p> <p><i>Review and improve audit processes and practices such that they are fair, efficient, transparent, predictable and protected from inappropriate influence. Consider appropriate pricing of audit services</i></p>	<ul style="list-style-type: none"> • Each distribution business will develop a program to improve its audit process and practices • Each distribution business will publish an audit performance report for feedback every 6 months (incorporated in the performance report) • Each distribution business will seek appropriate service descriptions and classifications for audit services as part of the AER Service Classification process for the 2021 – 2025 Victorian electricity distribution price review. (e.g. consider fast tracked audit services as possible ACS) 	<ul style="list-style-type: none"> • Review audit process and consider improvements • Include audit performance in the frequently published KPI performance report • To consider and address service descriptions in the Victorian Electricity Distribution price review
<p>5</p> <p><i>Promoting efficient competition in connection services</i></p>	<ul style="list-style-type: none"> • Review each component of delivery for contestability • Each distributor to use the AER Service Classification process at the beginning of each price review (NER Chapter 6) for the AER to seek appropriate service classifications to facilitate competition • Each distribution business will prepare a report on the matters discussed above. The report is due by 28th February 2019 	<ul style="list-style-type: none"> • Review for contestability. Communicate outcomes of planning scopes (done) • Add any changes or proposals to the 2021-2026 price review • Prepare a report on the findings of adding further contestable works
<p>6</p> <p><i>Resource constraints – Increased number of developments and associated pressure on qualified industry resources</i></p>	<ul style="list-style-type: none"> • Each distribution business will prepare a report outlining its initiatives to increase resourcing related to new connections. The first report is due by 30 November 2018 and is then to reviewed / published annually 	<ul style="list-style-type: none"> • Prepare and publish an annual report showing activities and resourcing allocated to meet the KPI timeframes