

## Minutes

### Electricity Connections – Governance Committee Meeting #5

**Time and date:** 1.30-3.00 pm, 16 July 2019

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

#### Committee Members Present

Name	Organisation	Name	Organisation
Laurie Mitchell	Victorian Planning Authority	Angus Crawford	Property Council of Australia
Neil O'Connor	Villawood, Urban Development Institute of Australia	Leesa Penaluna	AusNet Services
Adam Gellie	United Energy	Andrew Cooke	Jemena
James Walker	Powercor	John Hamill (Chair)	Essential Services Commission
Sarah McDowell	Essential Services Commission		

#### Apologises

James Osborne – Jemena

#### Committee Support

Aaron Yuen – Essential Services Commission

Merryn Wilson – Essential Services Commission

### Agenda items

#### Action items from Governance Committee meeting #4

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.

## Updates

### AusNet

AusNet reported that it had developed a business case to upgrade its customer portal, but it was yet to receive approval. AusNet commented that it received valuable input from Jemena and Powercor about how the portal could be built.

AusNet added that it had convened a meeting of its consultative committee. Many of the representatives on the consultative committee are also on the whole of industry Technical Standards Committee. The committee discussed a number of matters including using photographs as evidence that non-conformances had been rectified and how stakeholders could better access AusNet's standards. AusNet also stated that it had completed and submitted its 6 monthly performance report to the commission.

The Chair asked what the timeframe was for getting the business case approved and then delivery of the portal. AusNet responded that the business case is up for approval next month and with the intent to build the portal by March 2020.

### Jemena

Jemena reported that it was reviewing its contestable services manual. The review makes 31 recommendations for improvement. It commented that its newly launched portal was working well and 100 per cent of new applications were being received through the portal. Jemena added that it was updating its Underground Residential Development manual and hoped the manual would be on its website in August. It also said that it was working toward making its standards and technical standards available to all through its website.

Jemena added that it was going to place an indicative pricing tool on its website for residential customers and multi storey developments. The tool would not be suitable for new estates because they are too complex.

The Chair asked when the contestable service review would be completed. Jemena responded that it would take some time to understand and implement all of the 31 recommendations. The commission asked whether the review would establish what data could be useful to measure performance. Jemena responded that its review was looking at what data could be useful.

The commission asked whether Jemena's pricing proposal was in line with the Australian Energy Regulator's (AER) framework and approach paper. Jemena responded that it would check for any changes but was sure it was still in line with the AER framework.

### Powercor / United Energy

Powercor reported that notably the Technical Standards Committee had met for the first time in June and that the committee has good representation from across the distribution businesses and industry.

Powercor added that the majority of the initiatives outlined in the Service Improvement Commitment were well underway. However, a number of IT systems needed to be completed to support the further development of the initiatives.

United Energy reported that not a lot of residential development occurs within its zone. Year to date 9 residential stages had been commenced compared to 268 in Powercor's zone. United Energy added that most of the work is contestable, with United Energy only being involved in establishing the contract, valuing gifted assets and granting practical completion. Auditing is contestable and United Energy has asked Powercor to review this approach. United Energy is keen to share ideas with Powercor so as to benefit both organisations.

### **Technical Standards Committee**

Powercor reported that the first Technical Standards Committee meeting was held on 26 June 2019. The meeting was attended by 20 people from across the distribution businesses, Association of Land Development Engineers, Urban Development Institute of Australia, Civil Constructors Federation, Victorian Planning Authority and contractors. Commission staff attended as an observer. John Mifsud from Powercor has been appointed as Chair of the Technical Standards Committee. Participants stressed that it was also important to get someone with design experience on the committee.

The meeting's agenda included an overview of the Service Improvement Commitment, the draft terms of reference and the engagement of a consultant to review the technical standards.

Before the Technical Standards Committee first met the distribution businesses got together to investigate what standards could be harmonised. The group established that the focus should be on harmonising the civil standards.

Powercor is in the process of engaging a consultant to assist the committee in determining where opportunities for harmonisation are.

The Technical Standards Committee stressed that it was important to start to identify areas for improvement even before the consultant was appointed. A working group was set up to do this and it found six items that could potentially be harmonised. The working group would also play a role in moving issues forward more generally.

Powercor commented that the substantive work would commence once the consultant's report was received and that the big opportunities were in harmonising the civil standards. They added that harmonising electrical equipment standards was very difficult as different asset managers have different experiences and requirements with the equipment. They added that even though lead times to purchase some electrical equipment could blow out, there were usually 3 or 4 other equipment options.

Powercor added that the processes to get new suppliers approved can be very time consuming and technical as any new supplier and their equipment/materials had to go through an extensive review process before being deemed suitable for use on a distribution network.

Powercor stressed that good progress can be made in harmonising civil standards. The commission asked how quickly we would see improvements. Powercor responded that it depends on how quickly people in the field could be educated in the new standards and it also required good site management. They added that site sizes and volume of lots put pressure on how quickly new standards could be successfully implemented. The chair added the challenge was how quickly people could adapt. The Urban Development Institute of Australia responded by saying that big developers used contractors who are used to working on sites across the metropolitan area and should be able to work through the issues.

Powercor stated each of the distribution businesses would communicate the changes in technical standards to their own customer base in their own way.

United Energy added it was important to communicate the standards changes to the small contractors. They said that a lack of site supervision creates the issues. They said that they appreciated that the tasks were complex and the amount of activity on site made things challenging. United Energy and the UDIA stressed the importance of developing good relationships.

Powercor mentioned that it tried to work with stakeholders to accommodate their timeframes for construction audits at the end of last financial year. They added they were trying to minimise reauditing and that photographic evidence was well received.

The Urban Development Institute of Australia added that lot volumes were down this year but that they expected that they will improve.

### **Victorian Planning Authority**

The Victorian Planning Authority reported that it had put out its tender for the public lighting review and was reviewing responses. The Victorian Planning Authority added that they had received 97 applications from councils for funding under the Streamlining for Growth Program. The Victorian Planning Authority asked to be provided with additional information about the Civil Constructors Federation's accreditation process. They noted that the Victorian Planning Authority Board was satisfied with the work being undertaken by the Governance Committee and returned the funding specifically set aside to employ a person to review the utilities connections processes to the Program.

### **Discussion on measuring success**

Commission staff gave a presentation of the distribution businesses performance for the first half of 2019. The presentation focused on comparing performance last year against the first half of this year for stages in the connections process where stakeholders had reported delays. We have attached our overview and the distribution businesses reports to these minutes.

The key measures reported on were:

- Master plan review time
- Construction audit time
- Electrical tie – in time
- Temporary connections time

Across most measures there has been a significant improvement compared to stakeholder estimates for last year.

The Urban Development Institute of Australia commented that the presentation had a significant improvement in performance and was a powerful good story. They added that 18 months ago developers were very concerned and now they had seen improvement and a change of culture.

Jemena reported that where they had more data they would forward it to the commission so as to show a fuller picture. Jemena and AusNet said that they do not measure tie-in times because contractors select the dates when the tie-in will occur.

### **Essential Services Commission**

The Chair said that the Treasurer was still hearing some ‘noise’ from industry about issues in field relating to electricity connections. The Urban Development Institute of Australia said that they had met with the Office of the Commissioner for Better Regulation and discussed matters concerned with planning approvals.

The Chair responded that it was timely to leverage off this work and drive improvements on an ongoing basis. The Chair added that there could potentially be requirements for regular reporting included in the Electricity Distribution Code. United Energy said that care was needed before adding requirements (and costs) where volumes were low. The Chair responded that flexibility could be included through the use of volume thresholds.

The Urban Development Institute of Australia said KPIs were powerful and that it would circulate the earlier presentation and seek feedback.

### **Electricity Distribution Code review**

Commission staff reported that the issues paper on the Electricity Distribution Code was due to be released for consultation in early August. They added that the paper would focus on technical standards and could think about connections given what has been achieved by this committee. They advised that the next steps for stakeholders were to provide feedback on the paper.

### **Closing remarks**

The Urban Development Institute of Australia said that there had been good progress and things were moving in the right direction. Powercor agreed but added there was still work to do. United Energy added that the industry was caught out by the last surge in growth as its modelling was not accurate. The Victorian Planning Authority said that Victoria in Future had been just released and predicted that there would be 11 million people living in Victoria by 2050. The Urban Development

Institute of Australia said that the leading indicator for them was the number of planning permit applications usually in response to the approval of a precinct structure plan. They added that recently they had begun to see inquiries increasing which would indicate some growth.

### **Next meeting**

The next meeting is at the commission's offices on 17 September 2019 at 1.30 to 3.00 pm.