

18.01.21

Ms Carolyn Jackson
A/Executive Director, Energy Sector Reform
Department of Environment, Land, Water and Planning

By email: Carolyn.jackson@delwp.vic.gov.au

Dear Ms Jackson,

**RESPONSE TO REQUEST FOR INFORMATION REGARDING TIMELY ELECTRICITY
CONNECTIONS TO NEW HOUSING DEVELOPMENTS**

Thank you for the opportunity to be consulted on new licence conditions under consideration for timeframes related to greenfield residential electricity connections on the United Energy (UE) distribution network.

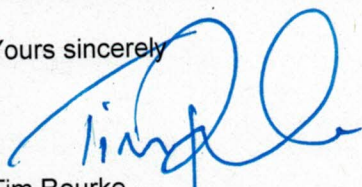
Please find enclosed United Energy's response to your request for inputs to inform the Minister's consideration of new licence conditions for distribution businesses regarding timeframes for the completion of stages of negotiated electricity connections to new housing developments.

We recently submitted our customer service standard for greenfield negotiated electricity connections to the Essential Services Commission of Victoria (ESCV). The customer service standard was developed following consultation with industry and the service commitments made have been supported by the Urban Development Institute of Australia (UDIA) and the Property Council of Australia (PCA).

The customer service standard provides details of United Energy's staged contestable delivery process and the timeframes in which we commit to support developers through the delivery process. The inputs we provide in this response here are consistent with commitments we have made within the customer service standard.

We look forward to your advice regarding the stakeholder forum to be held in late January 2021 to further discuss these matters.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Tim Rourke".

Tim Rourke
Chief Executive Officer

UNITED ENERGY RESPONSE

Negotiated connection process stages for new housing developments

As per United Energy's *Greenfield connections – customer service standard*, delivery of our contestable works portfolio (including greenfield urban residential development connections) follows a prescribed series of stages with defined timeframes that developers can reliably expect us to respond.

These stages include:

- Contestable offer
- Master plan review
- Design review
- Authority to construct
- Authority to commission

The volume of greenfield residential connections delivered by the contestable model within United Energy is very low. In 2020 we received only 11 requests for greenfield housing developments; this was up from 7 requests in the previous year. In feedback received from consultation to develop the customer service standard, industry representatives advised that the timeframes in which United Energy completes these stages is satisfactory and there is no specific requirement for timeframes to be reduced.

Given the low volumes and positive industry feedback, we do not believe there is benefit in regulating timeframes for United Energy. However, if areas of the connection process must be regulated, we would suggest the following:

Stage	Description	Target Timeline
Authority to commission ¹	United Energy reviews evidence that contractor has completed pre-commissioning audits ² and related activities (including as built detailing), and grants authority for the contractor to tie-in and energise.	10 business days

Note 1: United Energy provides developers with an option for the early release of statement of compliance approval as part of granting authority to commission.

Note 2: The final audit is part of the tie-in process which is managed by the developer's contractor.

For United Energy, delivery within a maximum timeframe is a better approach than average timeframes. Maximum timeframes provide developers and their project managers greater certainty during the contestable process, and the small sample size in the network may result in skewed average results which do not represent typical timeframes.

If licence conditions are introduced, we propose wording to the effect of “for the Licensee to provide an accredited contractor undertaking contestable greenfield residential housing development tie-in works authority to commission, or advise that conditions for such authority to be granted are yet to be satisfied, within 10 business days from request”.

Exceptions and stop-the-clock provisions

We do not propose a stop-the-clock provision for the *authority to commission* stage. If a request for authority to commission does not comply with United Energy's requirements, we will respond within the prescribed 10 business days advising the request is not accepted. When the corrected request is resubmitted for review, it will be considered an additional review and the associated clock will start at day zero.

Actual performance data

Below is the recent performance data for authority to commission. United Energy does not have data prior to 2019.

Year	Authority to commission			
	Volume	Turnaround time (business days)		
		Average	Minimum	Maximum
2019	7	6	2	10
2020	11	5	0	29

Note 1: Same day turnaround is recorded as zero business days.

These recorded turnaround times may include time taken by a developer, or its representative, to resolve issues or respond to requests for further information.

Minimal turnaround times may be the result of a developer requesting an accelerated outcome due to its own delays or lack of planning. Within the current contestable delivery model United Energy tries to accommodate such requests.

Significant benefits, costs and risks that may result from regulated timeframes

If licence conditions are imposed to lock in the proposed *authority to commission* stage timeframe of 'within 10 business days', we do not anticipate additional costs will be incurred. If these timeframes are reduced from what we have proposed, or if regulation is introduced for other aspects of the contestable delivery process, then additional costs will be incurred. The introduction of new reporting requirements or audit regimes will also introduce additional costs.

While we understand why the Victorian Government is considering introducing regulated timeframes in support of housing developments as part of its economic recovery plan, we are concerned that the introduction of new licence conditions may deliver unintended outcomes for industry.

We take our regulatory obligations, and our licence to operate, very seriously and will adopt approaches to ensure we do not breach any licence conditions placed upon us. This may result in delivery processes becoming more transactional and shift our key focus from delivering customer service to strict regulatory compliance. If there is a conflict between accommodating a developer request and breaching a licence condition our priority will always be to avoid a breach.

Our current improvement plans are focussed on making it easier for developers (and contractors) to navigate through the connection process. If new licence conditions for United Energy are not introduced, we will still continue working with industry to understand its evolving needs and adapt our delivery processes to provide improved outcomes for developers, contractors and electricity consumers.

Any other matters that United Energy considers the Minister and DELWP should be made aware of in developing the licence conditions.

We note that DELWP is considering this response as part of a broader program of consultation. As demonstrated through recent engagement and consultation with the developers, we want to continue improving processes for connection and will be available to take part in further consultation.

Thanks and Regards,



Mark Clarke
General Manager
Electricity Networks



Adam Gellie
General Manager
Service Delivery