

11 August 2020

Merryn Wilson
Regulatory Reform Advisor
Essential Services Commission
By email: connections@esc.vic.gov.au

Dear Merryn,

UDIA Victoria Submission: Improving the timeliness of new electricity connections

The Urban Development Industry of Australia, Victoria Division (UDIA Victoria) is a non-profit advocacy, research and educational organisation supported by a membership of land use and property development organisations, across the private sector and Victoria's public service. We are committed to working with both industry and Government to deliver housing, infrastructure and liveable communities for all Victorians.

UDIA Victoria welcomes the opportunity to provide a submission to the Essential Services Commission (ESC) review of the timeliness of new electricity connections.

We provide a detailed submission and key recommendations below, as well as an attachment detailing specific examples of major issues faced by UDIA Victoria members with respect to new electricity connections.

These positions, recommendations and examples provide a solid basis from which UDIA Victoria advocates for a modernised legislative and regulatory framework to govern the connection of electricity to new developments.

Electricity Connections – A Time-Critical Gateway for Development and Homebuilding

Supply of electricity to new developments and new home buyers, is a critical step to unlocking new greenfield title release to facilitate new home building. Electricity connection is the final requirement in the land development process before a lot is settled and a purchaser can take possession to start building their new home. Any time lost compromises this critical path and adds cost and delay to the land development process

Lack of competition and accountability is at the core of the issues experienced by industry when dealing with electricity distribution businesses for new property developments.

Electricity distribution businesses will only consent to a Statement of Compliance being issued by the Council under the Subdivision Act once all the conditions are met. This is to ensure that quality assets are being delivered to distribution businesses and is an important step in the compliance and handover process. The development industry and distribution businesses must work in partnership at this critical juncture to ensure that compliance and timeliness is achieved.

The economic impact of efficiency and timeliness in connecting electricity to new developments and new housing lots is profound. It unlocks land for the housing, building and aligned industries creating further jobs and stimulating the economy. Delays to compliance from the electrical authorities which

are pervasive and hits most developments hold up around \$100m in lot settlement revenue generated by our industry every week. By extension, another \$100m in home building work is consequently delayed every week.¹

Efficient and effective electricity supply and the completion of the subdivision process is of utmost importance to the Victorian economy. Delays in the present system are a very significant drag on economic activity. Increased accountability and efficiency in this system will deliver significant benefit to Victorian homebuyers and the Victorian Government through timely revenue receipts.

Insufficient Competition and Contestability

Electricity companies enjoy a lightly regulated, monopoly business environment when providing connections to new developments. There is insufficient competition or contestability in key areas of the process, no defined KPIs, ad hoc monitoring and no penalties for poor service practices.

In the absence of established accountability measures or a competitive operating environment, there is little to no incentive for distribution businesses to lift service performance. Similarly, there is no avenue for the development industry to hold electricity providers accountable for poor service or unreasonable and costly project delays.

UDIA Victoria recognises the significant improvements that distribution businesses have made over the past two years in response to industry concerns. They have become markedly more customer-centric and this is a warmly welcomed advancement. However, UDIA Victoria is of the view, that the progress has not been rapid enough, and requires increased regulation by the Victorian Government.

Outcomes of the 2018 Review

Since the last major review in 2018, there has been some improvement in voluntary auditing and some improvement in performance, albeit from a low base. Powercor for example, now spend less time onsite as they will often send two auditors instead of one. These have been welcome improvements which have led to more constructive relationships being established between distribution businesses, contractors and developers.

The ESC Website provides access to the voluntary reporting of the electricity businesses here: <https://www.esc.vic.gov.au/electricity-and-gas/information-consumers/electricity-connections-new-developments#tabs-container2>

However, there has been minimal improvement in practical issues affecting the development industry since the 2018 review. Reporting by the distribution businesses is voluntary, inconsistent and ad hoc and requires a consistent structure and a major overhaul.

UDIA Victoria members report ongoing and repeated issues that cause serious and routine delays on most stages in every subdivision. This is highly frustrating and damaging for our industry and our economy and a serious drain on Victoria's productivity.

A sample of issues currently being encountered by our members forms Attachment 1.

¹ These figures are a high level estimation based on annual lot releases being between 15—20k per year and the financial value of completed lots being ~\$310,000.

In response to these issues, UDIA Victoria submits that there are three key concerns with current practices including that they:

1. Delay and even halt the timely delivery of affordable land to meet community demand;
2. Delay the ability of new home buyers to take possession of their lots and commence building a new home; and
3. Do not enable the development industry to deliver the planned infrastructure programs in acceptable timeframes.

Objectives for Reform

In 2018, following concerns raised by UDIA Victoria and other peak industry bodies, the Victorian Government tasked the ESC to advise how new development could be assured electricity connections could be delivered within certain time frames.

UDIA Victoria has been working with the ESC, as chair of the Governance Committee, and other stakeholders from the development industry and electricity distribution businesses to reduce these delays.

Whilst there has been minor improvements in reporting practices, this process has not yet delivered any tangible change, and now it is more important than ever to implement real accountability.

Whilst the electricity distribution businesses have committed to a voluntary Service Improvement Commitment and have commenced down the path of improvement there remains much to be done before tangible results are consistently realised across the network of electricity distribution businesses.

UDIA Victoria reiterates a number of its recommendations, previously presented to the ESC:

- a) Amend relevant legislation and the Electricity Distribution Code¹ to incorporate timelines and financial penalties for Underground Residential Distribution customers (¹ ESC Electricity Distribution Code, December 2015 Version 9);
- b) Broaden the scope of contestable services to enable increased use of accredited third-party resources;
- c) Implement a standardised, regulated and transparent process with a transition phase to accompany any change in standards introduced by electricity businesses;
- d) Establish a standardised manual for designers and auditors, supported by ongoing training and new technology;
- e) Introduce a sample auditing system to streamline the design and construction processes; and
- f) Introduce regulatory timeframes, enforced by financial penalties.

The 2020 Review

The Essential Services Commission commenced a subsequent review in May 2020. Stakeholders have been asked to respond to four proposed options, which are:

1. Allowing distribution businesses to continue voluntarily reporting publicly on their performance

relating to negotiated connections.

2. Placing specific obligations on distribution businesses to publicly report their performance.
3. Placing a general requirement on distribution businesses to regularly review and improve the way they manage the negotiated connections processes.
4. Regulating the timeframes to undertake stages of the negotiated connections process.

A Modern Legislative and Regulatory Framework

The existing legislative framework regulating the connection of electricity, is a dated legacy established at the breakup of the State Electricity Commission (SEC). The changes at the time were designed to allow customer's choice. In some cases, more than 20 years after corporatisation, network asset owners do not allow developer and consultant customer choice and negatively impact the State's ability to deliver major infrastructure upgrade projects. These electricity asset owners are compromising the State's ability to deliver, and this is counter to regulations previously established by the ESC.

UDIA Victoria believes that a modern, progressive and strong legislative and regulatory framework is necessary to provide a properly regulated environment for electricity connections for the coming decades.

UDIA Victoria's Recommendations

In response to the ESC's proposed options, UDIA Victoria makes the recommendations below. We have formulated these recommendations through in-depth consultation with our members, direct discussions with distribution businesses, and stakeholder forums hosted by the ESC.

UDIA Victoria strongly advocates for the Victorian Government to:

1. Pursue Approach D and regulate timeframes with associated penalties for non-compliance.
2. Make voluntary reporting a requirement of distribution businesses, that recognises the monopoly standing of distribution businesses and the impact of their performance on the development of new housing.
3. Legislate the requirement for consistent, well defined performance measures, timeframes and targets to be set annually through regulations or directions by the Minister for Energy.
4. Monitor consistent performance measures, timeframes and targets through the Essential Services Commission on a quarterly basis and benchmark against distribution businesses.
5. Introduce mandatory reporting by the Minister for Energy to Parliament, of performance against the timeframes set through regulations or directions.
6. Set performance measures, timeframes and targets with the following at the forefront:
 - Continuous improvement as a priority, rather than simply correcting poor past performance;
 - A balance between driving performance improvement, increasing transparency and ensuring accountability;
 - Emphasis on safety, quality and customer centricity throughout the process; and

- Improving the relationship, collaboration and commerciality between distribution businesses and customers throughout the process.
- 7. Better reflect the development process in what is reporting – specifically including the Statement of Compliance point in the reporting framework.
- 8. Co-create and agree industry standards of application documentation so that timeframes are more likely to be met as the quality of applications are improved through industry standards.
- 9. Introduce graduated financial consequences when timeframes are not met.
- 10. Make all electrical services contestable to drive competition and improved performance.
- 11. Properly invest in training and skills development in the sector through a program of Victorian Government and private sector funding partnerships to increase the skills and capability of the workforce.
- 12. Require the distribution businesses to establish and publicise an internal dispute resolution and escalation process as a first point of recourse for customers where an issue arises.
- 13. Increase the role of the Australian Energy Regulator or establish an Industry Ombudsman to mediate complaints or issues of contention between a distribution business and customers. Increase awareness of the availability of these processes to customers.

Please contact me directly at danni@udiavic.com.au to arrange a suitable time to do so.

Yours sincerely



Danni Hunter

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Attachment 1 – Examples of Current Issues

Authority	Category	Time or Cost Incurred	Immediate Impact	Industry Expectation	Specific Example(s)
Insert relevant authority	<p><i>Examples:</i></p> <ul style="list-style-type: none"> • Design standards • Design approval timeframe • As-built approval timeframe • Waiting period for audit • Waiting period for audit report • Waiting period for subsequent audit • On site audit process • Waiting period for SoC • Waiting period for tie in 	<p><i>Insert time taken for something to occur; or additional cost as a result of design changes or standards</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • X weeks for design approval • X weeks to wait for audit to attend site • \$X additional cost for unnecessary item X 	<p><i>What is the immediate flow-on effect?</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Audit cannot be booked • Secondary audit cannot be booked • Council cannot issue SoC 	<p><i>What would be expect from the authority?</i></p> <p><i>Examples:</i></p> <ul style="list-style-type: none"> • Approval timeframe should be Y weeks • Audit should occur within X days after being requested 	<i>Optional section</i>
Example:					
Powercor	As-built approval timeframe	X weeks for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	As-built drawings should be approved in Y days, not X weeks	Stage Z as-builts were submitted to Powercor on dd/mm/yy for approval. Approval was granted 3 weeks later on dd/mm/yy despite no errors or omissions in the plans.
DFC					
Powercor	As-built approval timeframe	2.4 weeks for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	As-built drawings should take between 5-10 working days	Westbrook Stage 43 as-builts were submitted on 22 April 2020 and approved on 8 May 2020
Powercor	Design approval timeframe	4.4 weeks for PCA40 to be approved	Unable to provide clear direction to Contractor how to construct some of the electrical components within signalised intersection.	Ideally a revision to an existing approved PCA plan should take 5-10 working days	Westbrook PCA40 was resubmitted on 26 March 2020 and approved on 29 April 2020
Powercor	Design approval timeframe	Feedback from PM2 is that the new MySupply Portal has caused an additional 1-2 business days to the process due to requesting a new task with each submission. Especially variation approvals.	Electrical subcontractor cannot price/ construct the job properly. Landscape cannot position trees on their plans without final elec plans.	5-10 working days	<p>Issue - Have to re-submit as-builts a second time when a new variation form needs to be uploaded. Action - task's created in MySupply for "variation form" only.</p> <p>Issue - Lead time between as-builts being submitted and approved. Action - As-builts to be submitted directly to Powercor's drawing office.</p>

Authority	Category	Time or Cost Incurred	Immediate Impact	Industry Expectation	Specific Example(s)
					Issue - Access to MySupply. Action - Engaged detailers to have access to MySupply
Powercor	Pole Relocation timeframes	Advised ~9mths to schedule pole relocation / removal	Delay to regional infrastructure works	? – not 9 months	Armstrong Creek, Ashbury, Horseshoe Bend Road
Peet					
Ausnet	Design approval and Offer timeframes	4 weeks for design approval from submission. Amendment to designs can result in further weeks of delay.	Ausnet Interconnection Proposal ('Offer') is provided 4-6 weeks following design which can create risk of delay in construction program.	2 weeks for initial design approval, and 5 days for amendment following. 2 weeks for Offers.	[Design approval, and offer] For a stage within a project in Casey, plans were submitted to Ausnet week of 16/12/19. Approval was received on 28/1/20. Offer was subsequently received 26/2/20. [Design re-approval] For a stage within a project in Casey, comments were received in November 2019, resubmitted to Ausnet 22/11/19, approved 16/12/19.
Powercor	Masterplan approvals to confirm HV route and Kiosk locations	Process often takes 2-3 months to progress through Powercor	Confirming the HV route and location of kiosks is a critical first step in confirming or updating the urban design of a new subdivision and results in delays to the lodgement of subsequent planning approvals with Councils (i.e. masterplan re-endorsements) which often take another 2-3 months for Councils to approve	Powercor has previously communicated a 10 business day turnaround for comments/approvals on masterplans. Powercor currently channels communication with electrical consultants through a 'Lead' contact person. Powercor should make their Network Planners available to electrical consultants to collaboratively work through design matters via interactive meeting platforms (i.e. Skype, Teams, Zoom).	If a Developer wishes to update their masterplan to respond to market preferences for lot dimensions to suit certain home typologies, they must consider the location of electrical kiosks. It is not uncommon for a Developer to experience a 6-month process for changing its masterplan due to delays experienced with EDBs and Councils.
All EDBs	Requirement to underwrite cost of generators prior to receiving SOC	We have yet to reimburse any generator hire costs. In practice, the home builder will delay commencement of home construction due to difficulties working with generators, to the detriment of the new home purchaser.	Purchaser's new build is delayed Developer assumes a financial risk it has no ability to control/mitigate	Tie-in of power to new homesites should occur within a matter of weeks from registration of the Plan of Subdivision.	Common practice of EDBs is to require developers to underwrite the cost of generators to enable electrical supply until the point of tie-in – which is an uncapped liability and beyond the developer's control – in order to secure SoC.

Authority	Category	Time or Cost Incurred	Immediate Impact	Industry Expectation	Specific Example(s)
Powercor / UE	Design Approval Timeframes	20-40 business days to be approved	Stage Design cannot begin and ultimately disrupts the construction program. Break of trust as we frequently need to escalate our enquiries to get a response.	Powercor communicated to the Industry that they would commit to a 20 business day turn around for comments / approvals for Designs	
Powercor	Waiting period for SOC	5-10 business days for minor as-built revisions	Delays to issuing a passed audit	As-Builts should be approved in days not weeks or if the site is compliant, this should not be a delay to SOC issue	Almost every failed Powercor final audit report has at least one as-built NC
Powercor	All categories using My Supply	Time lost in general	Delays to requesting Powercor audit	Better transparency with As-Built approvals	There are several projects where as-builts have not been passed on internally at Powercor and have sat 'lost' in My Supply for up to and over 2 weeks
AusNet	On site audit process	Time lost for auditor to re-attend site Additional cost for re-audits	Delays to SOC	Clearly defined audit requirements and outcomes	We have several cases of mixed messaging from auditors that creates some degree of confusion, particularly when the same auditing company has audited a stage during developer audits and the stage still fails the network audit on a couple of issues that should have been identified during the developer audits.
Ausnet	Design approval timeframes / as built approval timeframes	Delays to drawing submissions due to inability to submit multiple versions of a plan at one time.	Design plans cannot be approved until the surrounding plans are submitted, with multiple stages on the go at a time this delays each stage by the duration it takes to have the previous stage approved.	Either; <ul style="list-style-type: none">- Multiple revisions to be submitted at the same timeOR- Move to a drawing system such as Powercor's whereby each plan is complete in its own right and is not impacted by availability of surrounding design plans	An intersection lighting plan approval was delayed due to another consultant having the drawing locked out in Ausnet's system preventing the design submission. This caused delay in design approval and all subsequent activities.
Powercor	All – overall contestability	Timeframes for relocating existing assets and energisation is delayed due to Powercor availability	Developers cannot engage an accredited contractor to augment live assets.	Ausnet/Jemena and UE all allow accredited contractors to augment live assets, implementation of a similar process in Powercor would save time and cost across the board for all involved.	A slip lane in the West: required to upgrade the public lighting head of 1 light, developer obtained council approval and made application of 28/2/2020, the project is yet to be completed as of 11/6/2020.

Authority	Category	Time or Cost Incurred	Immediate Impact	Industry Expectation	Specific Example(s)
Powercor/Ausnet	Design Standards	Delays are being caused by the implementation of a maximum LV cable length of 300m. Although previously documented by Powercor this has not been considered in their own scoping and has not been enforced until recently causing wide spread re-design. Ausnet are yet to document this requirement however have begun enforcing it causing delay through re-design.	Delay through re-design, designs are not being approved despite being consistent with approved overall electrical master plans	We expect changes to standards are documented and communicated formally	
Powercor	As-built approval timeframe	2 weeks for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	As-built drawings should be approved in 5 days, not 2 weeks	
Jemena/United Energy	As-built approval timeframe	Approved Externally	No transparency	Distribution Project Manager to advise of drawing receipt.	
Powercor	On site Audit Process / design standards	Update to As-built drawings based on individual Auditor preference and not consistent with standards	SOC cannot be issued	As-built drawings need to be reissued and approved – immediately. Audit to specific standards not individual views.	
Powercor	Design approval timeframes	Circa 1-2 weeks delay	Construction cannot commence	20 days for drawing review	Project in Wyndham: plans submitted 11/5/20 as at 16/6.20 this has not yet been reviewed.
Jemena	Response time	Varies	Varies	Response within 48 hours minimum of email or phone call	Project in the West: Masterplan Submission for Approval, submitted 14/4/2020, no response as at 16/6/2020.
Powercor	As-built approval timeframe (mySupply portal delays)	2 weeks (10 working days) for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	As-built drawings should be reviewed and approved or comments provided in <5 days, especially where variations from the approved construction drawings are clearly communicated	Project in Wyndham: as-built drawings were lodged via the mySupply portal on 27/04/20, where they were received by the project manager. When an enquiry was made regarding the status after approx. 7 working days, it was identified that the drawings had not been passed from the Project Manager to the Drawing Office. Once that step was completed, the Drawing Office finalised their review within the communicated 10-day timeframe, however an opportunity for a time-saving was lost. It would be beneficial if the electrical consultant could see the status of the drawings in mySupply as the review progresses (i.e. to see when the review in the Drawing Office has commenced).

Authority	Category	Time or Cost Incurred	Immediate Impact	Industry Expectation	Specific Example(s)
Powercor	As-built re-approval timeframe (mySupply portal delays)	2 weeks (10 working days) for as-built drawings to be approved once varied or updated	Audit cannot be booked until revised as-built drawings are approved	As-built drawings should be reviewed and approved or comments provided in <2 days, particularly where changes to the last revision are clearly communicated	Project in Wyndham: revised as-built drawings with very minor changes were lodged via the mySupply portal but were also emailed the relevant officer in Powercor's Drawing Office. Approval for the very minor changes was received within one working day, but where revised plans are simply submitted via the mySupply portal, this simple task can take up to 10 working days.
Central Equity					
Powercor	Tie-in post SoC	Land titled 19 March 2020. Power still not available on 15 July 2020	Development is held up	Electricity available at SoC	Lot 1345, Edith Street, Tarneit
Ausnet	Design approval timeframes / as built approval timeframes	Delays to drawing submissions due to inability to submit multiple versions of a plan at one time.	Design plans cannot be approved until the surrounding plans are submitted, with multiple stages on the go at a time this delays each stage by the duration it takes to have the previous stage approved.	Either; - Multiple revisions to be submitted at the same time Or - Move to a drawing system such as Powercor's whereby each plan is complete in its own right and is not impacted by availability of surrounding design plans	Aurora Stage 60A Intersection lighting plan approval was delayed due to another consultant having the drawing locked out in Ausnet's system preventing the design submission. This caused delay in design approval and all subsequent activities.
Powercor	All – overall contestability	Timeframes for relocating existing assets and energisation is delayed due to Powercor availability	Developers cannot engage an accredited contractor to augment live assets.	Ausnet/Jemena and UE allow accredited contractors to augment live assets, implementation of a similar process in Powercor would save time and cost across the board for all involved.	Bridge Rd slip lane (Atherstone); required to upgrade the public lighting head of 1 light, developer obtained council approval and made application of 28/2/2020, the project is yet to be completed as of 11/6/2020.

Powercor/Ausnet	Design Standards	Delays are being caused by the implementation of a maximum LV cable length of 300m. Although previously documented by Powercor this has not been considered in their own scoping and has not been enforced until recently causing wide spread de-design. Ausnet are yet to document this requirement however have begun enforcing it causing delay through re-design.	Delay through re-design, designs are not being approved despite being consistent with approved overall electrical master plans	We expect changes to standards are documented and communicated formally	
Powercor	As-built approval timeframe	2 weeks for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	As-built drawings should be approved in 5 days, not 2 weeks	
Ausnet	As-built approval timeframe	1 week for as-built drawings to be approved	Audit cannot be booked until as-built drawings are approved	This is the expectation	
Jemena/United Energy	As-built approval timeframe	Approved Externally	No transparency	Distribution Project Manager to advise of drawing receipt.	
Powercor	On site Audit Process / design standards	Update to As-built drawings based on individual Auditor preference and not consistent with standards	SOC cannot be issued	As-built drawings need to be reissued and approved – immediately. Audit to specific standards not individual views.	
Development Managed by SMEC					
Powercor	Plan of Subdivision (POS) Certification	<ul style="list-style-type: none"> • Major Delays in POS certification • Delay in engineering plan approval as a result of late POS certification 	Councils do not issue engineering approvals unless the POS has been certified. Powercor are usually the last authority to certify the plan of subdivision, which results in delays engineering approvals, and hence delays construction of works	POS should be certified within 28 days of receipt	<p>Most of the stages in Atherstone had delays for DD approvals due to late POS certification by Powercor.</p> <p>My understanding is the hold up relates to the checking of the plans and approval of substations. The approval of substations can be approved from the overall concept plans before the Plans of Subdivision are submitted.</p>

Powercor	Delay in consenting to a Statement of Compliance (SoC)	Powercor is often the last authority to consent to the release of the SoC	<ul style="list-style-type: none"> • Financing and other costs incurred by delays in titling lots • Delays experienced by lot purchasers who can't commence building construction, and incur additional costs such as extended rent cost. 	Processing of SoC should be given a high priority and turned around within a week of passing audit	Multiple projects within Powercor region
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