



# Making the Electricity Distribution Code of Practice Energy Retail Code of Practice

Stakeholder information session

3 May 2022



# Agenda

- Opening remarks
- Overview of the proposed new Electricity Distribution Code of Practice
- Overview of guidelines for repeal and licence variations
- Q&A
- Next steps and closing remarks

# Opening remarks

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# Making the Electricity Distribution Code of Practice consultation

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# Context and scope of this consultation



## ESC Compliance and Enforcement Act

- The Essential Services Commission (Compliance and Enforcement Powers) Amendment Act 2021 commenced on 1 December 2021.
- Our energy codes are deemed as 'codes of practice'.
- We are remaking our energy codes as part of this transition, including so that they are fit for the new enforcement framework.



## Making the Electricity Distribution Code of Practice

- This is mostly a technical and administrative process, and are looking to streamline obligations where there is duplication between instruments, update any outdated references, and align the code with national regulatory frameworks.
- We are giving the code a more coherent and user-friendly structure.
- There are some material changes including adopting some recent changes to the National Energy Retail Rules (NERR).



## Consequential changes

- To ensure that our other instruments work in tandem with the new Electricity Distribution Code of Practice, we are proposing variations to distribution licences and to repeal outdated guidelines.

# The new Electricity Distribution Code of Practice

- Restructured to give the code a more coherent sequence
- Separated technical standards from obligations dealing with customers and retailers
- New approach to identifying which provisions apply to exempt distributors
- Relocated glossary and added signposting
- Most obligations unchanged from Electricity Distribution Code

Part	Description
Part 1	<b>Preliminary</b>
Part 2	<b>Relations with customers and retailers</b> <ul style="list-style-type: none"> <li>- connections, metering, customer obligations, interruption of supply, life support equipment, reliability targets, guaranteed service levels, non-compliance by distributors and customers, disconnections and reconnections, complaints and dispute resolution.</li> </ul> Includes new clauses on <ul style="list-style-type: none"> <li>- contestable services, use of system agreements, deemed distribution contracts and immunity for failure to take supply of electricity.</li> </ul>
Part 3	<b>Technical obligations</b> <ul style="list-style-type: none"> <li>- asset management, quality of supply and embedded generating units.</li> </ul>
Part 4	<b>Administrative provisions</b> <ul style="list-style-type: none"> <li>- emergency response plans, regulatory reviews, standards and procedures, provision of information.</li> </ul>
Schedules 1-5	<b>Schedule 1</b> specifies provisions that are civil penalty requirements <b>Schedule 2</b> replicates Schedule 1 of the current code (information regarding quality of supply) <b>Schedule 3</b> replicates Schedule 2 of the current code (standard nominal voltage) <b>Schedule 4</b> incorporates into the code Guideline 11 (voltage variation compensation) <b>Schedule 5</b> contains transitional provisions.

# Overview of main changes I

## Connection provisions

- We are proposing to remove the provisions which impose specific timeframes for connections when no date is agreed with the customer or retailer.
  - Chapter 5A of the National Electricity Rules (NER) requires that connections be undertaken within an agreed timeframe.
  - Our aim is to remove duplication in regulatory instruments.

## Contestable services

- For the purposes of the NER, services provided by distributors are contestable if they are identified as such by the laws of a participating jurisdiction.
- We are proposing a new clause, based on clause 4 of Guideline 14 and distribution licence conditions related to provision of services:
  - A distributor must call for tenders for constructions works to augment its network which are related to: connections services; undergrounding; services to other distributors; public lighting services.

# Overview of main changes II

## **Guaranteed service level exclusions**

- We are proposing to remove the requirement for a distributor to apply for an exclusion.
- Distributors will be required to assess whether any circumstances for exclusions apply and notify the commission within 30 business days of such circumstances occurring.
- We will monitor compliance and continue to publish excluded events on our website for transparency.

## **Use of system agreements**

- We are proposing to move current obligations in distribution licences into the Electricity Distribution Code of Practice.
- We added a list of minimum contents of a use of system agreement based on Guideline 5.
- The result is a new clause consolidating obligations currently fragmented in various instruments.



# Overview of main changes III

## **Access, pricing and incentive arrangements for Distributed Energy Resources (DER)**

- We are proposing an updated immunity for failure to take supply of electricity.
- We are proposing a new clause on publication of information about small embedded generators.
- New clauses based on clauses 147A and 147B of the National Energy Retail Rules (NERR).

## **Customer charters and other essential information**

- We are proposing to update provision of information obligations to align them with the national framework.
- The new proposed clause is based on rule 80 of the NERR.
- The information distributors would have to publish in their websites is more extensive than what is currently required in Customer Charters.

# Overview of main changes IV

## **Technical standards applicable to embedded generators**

- The current Electricity Distribution Code of Practice does not specify the capacity limits of generators to which its technical standards apply.
- There is some overlap with technical standards in the NER (Schedule 5.2).
- We are proposing to clarify that the technical standards in the EDCoP apply to embedded generators between 5 – 30 MW.

## **Obligations of exempt distributors**

- These obligations are now specified in each clause of the proposed EDCoP.
- We have not changed those obligations, with one exception:
  - We have clarified that exempt distributors are subject to the same obligations as licenced distributors to inform customers of planned interruptions.

# Overview of main changes V

## Harmonic limits for bushfire mitigation

- We identified some possible limitations imposed by the current EDCoP which may inhibit a distributor from reducing harmonic distortion down to a level that meets the 'required capacity' for the proper operation of a Rapid Earth Fault Current Limiter (REFCL) installation.
- We are proposing two new sub-clauses on harmonic limits to address this issue.

## Variations and exemptions from compliance

- We are considering two new clauses to provide flexibility and accommodate future developments.
  1. A mechanism by which persons can apply to the commission to be exempted from compliance with one or more provisions of the code.
    - We anticipate the commission would exercise this discretion sparingly.
  2. A clause that allows distributors and large customers to vary their respective rights and obligations under the code.
    - Introduction of a notification requirement.

## Other changes to streamline the code

- Consolidating provisions related to deemed distribution contracts in the EDCoP.
- Updating outdated references (such as to ‘approved statement of charges’).
- Reliability targets provisions amended to conform with the AER’s role in setting some of these targets.
- Disconnection of supply provisions amended to allow distributors to decline an unlawful disconnection request by a retailer.
- Metering provisions amended to align them with metering obligations in the NER.
- Clarification of voltage variation limits table.
- Updated terminology and amended outdated definitions.

# Civil penalty requirements

- Schedule 1 of the proposed EDCoP designates provisions as civil penalty requirements.
- We are proposing to specify almost all obligations on distributors, exempt distributors and persons undertaking generation as civil penalty requirements.
- This is consistent with the approach taken to the Energy Retail Code of Practice and the rationale that the commission should be capable of effective enforcement of obligations in its codes of practice.
- The new enforcement framework in Part 7 of the Essential Services Commission Act provides for a number of potential enforcement actions for breaches of civil penalty requirements:
  - enforceable undertakings, compliance notices, penalty notices, civil proceedings, criminal proceedings.
- Our approach to compliance and enforcement has been [recently reviewed](#) in light of the new enforcement framework.

# Repealing and consolidating guidelines

Guideline No.	Content	Proposal
5	<b>Connection and use of system agreements</b>	Clause 3.4.3 on the contents of use of system agreements will be adapted and incorporated in clause 8.7 of the Electricity Distribution Code of Practice. The guideline will subsequently be repealed.
11	<b>Voltage variation compensation</b>	Relocated to Schedule 4 of the Electricity Distribution Code of Practice. The guideline will subsequently be repealed.
14	<b>Provision of services by electricity distributors</b>	Provisions which define what is a contestable service will be retained and incorporated in clause 5 of the Electricity Distribution Code of Practice. The guideline will subsequently be repealed.
15	<b>Connection of embedded generation</b>	Repeal the guideline.

# Variations to distribution licences

- Our approach has been to simplify licences, remove redundant provisions, and streamline obligations:
  - Some of the content is no longer required, having been superseded by regulatory changes
  - Content which is common to all licences can be moved into the EDCoP
  - Remaining content will be retained in licences.
- Annexes C and D detail our proposals.
- We are seeking agreement from distributors as to whether they consent to the proposed licence variations.

# Implementation

## Consequential amendments

- We are also proposing consequential updates to the Energy Retail Code of Practice.
  - Purely administrative in nature, to ensure the cross-references clauses work in tandem with the new proposed EDCoP.

## Industry implementation

- We will need to review the Compliance and Performance Reporting Guideline (CPRG) to align it with new clause numbers.
  - The CPRG has been recently reviewed (new version takes effect on 1 July 2022).
  - We intend to undertake this work after making the new EDCoP.
- We expect the main implementation considerations to be around internal system changes to reflect the new clause numbering.
- We are proposing that the new Electricity Distribution Code of Practice come into effect in September 2022.



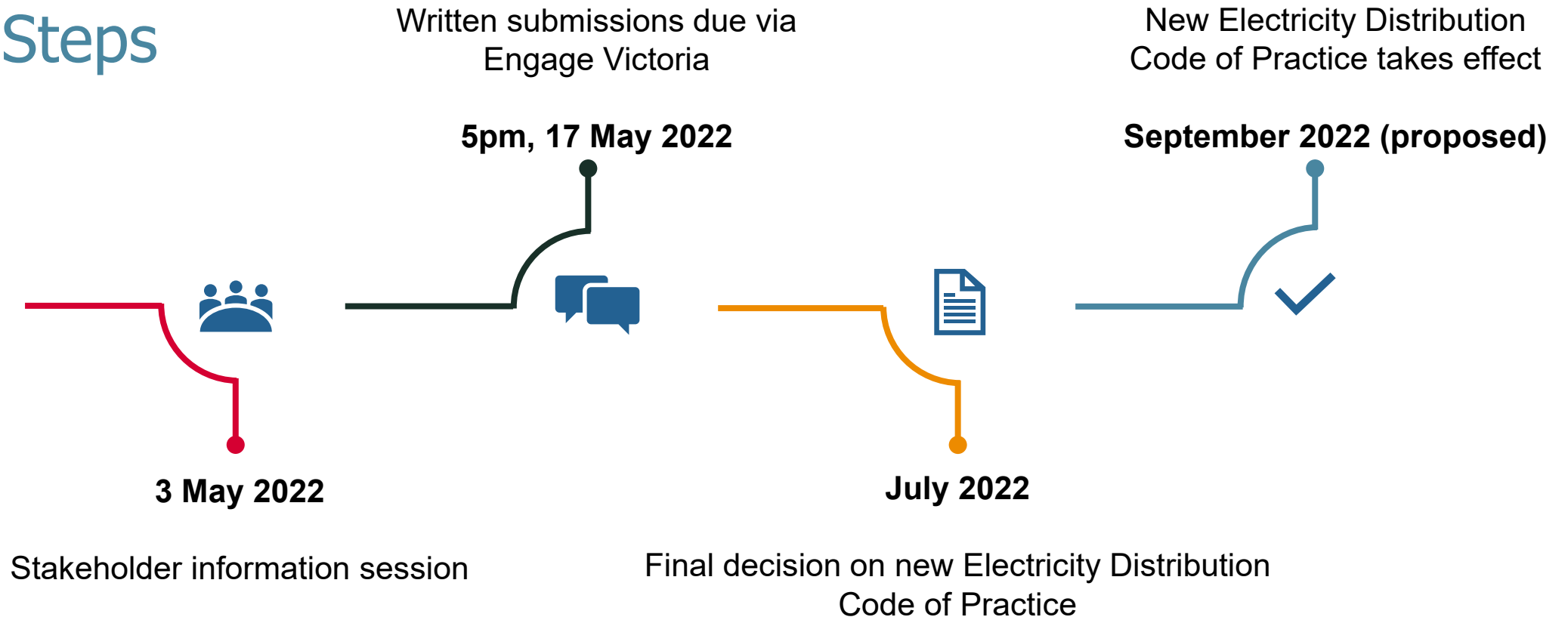
# Consultation questions

1. Do you have any concerns with obligations which have been updated or amended?  
Please explain any concerns.
2. Do you agree with our assessment of guidelines for repeal?
3. Do you identify any issues with the proposed variations to electricity distribution licences?
4. For distributors, do you agree to the licence being varied as described in this consultation paper and in Annexes C and D?
5. Are there any issues with implementing the proposed Electricity Distribution Code of Practice that we should consider?
6. Can you identify any other changes we may need to make as a consequence of the proposed Electricity Distribution Code of Practice?

# Questions?

Please raise your hand or type a question into the chat function

# Next Steps



If you have any questions, please contact us at [energyreform@esc.vic.gov.au](mailto:energyreform@esc.vic.gov.au) (Electricity Distribution Code of Practice).