

## Victoria Power Networks

### Governance Committee Report #5 – July 2019

This template allows each electricity distribution business to report how it is progressing against the Service Improvement Commitment – that is attached.

In Table 1, distribution businesses should report the initiatives:

- completed or begun under the column ‘What have we done’
- that have not yet begun under the column ‘What are we planning to do’

In Table 2, each distribution business should report its performance against KPIs relating to outcome 2.

#### Assessment traffic lights

Each distribution business should report overall progress toward delivering an outcome using the traffic light system. The table below indicates the criteria to meet each traffic light.

Traffic light	Criteria
<b>Green</b>	All initiatives delivered or all initiatives commenced and there is a low risk of incompleteness.
<b>Amber</b>	All initiatives have commenced and there is a moderate risk that some initiatives may not be delivered within agreed timeframes. Or some initiatives are yet to commence.
<b>Red</b>	A number of initiatives have commenced and there is a significant risk that they will not be delivered within agreed timeframes. Or most initiatives have not commenced.

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
1. Improving developers' and contractors' understanding of the DB's policies and practices, or how they can influence them.	Ensuring website material is consistent with practices and clearly explaining each party's roles and responsibilities	<ul style="list-style-type: none"> <li>We have updated relevant material to reflect our processes and practices and included it within our new Contestable Works website <a href="https://www.powercor.com.au/industry/supplier-resources/contestable-works/">https://www.powercor.com.au/industry/supplier-resources/contestable-works/</a></li> <li>We have highlighted key process steps and responsibilities <a href="https://media.powercor.com.au/wp-content/uploads/2019/07/02101826/Contestable-Works-Powercor-Touch-Points-and-Anticipated-Timing.pdf">https://media.powercor.com.au/wp-content/uploads/2019/07/02101826/Contestable-Works-Powercor-Touch-Points-and-Anticipated-Timing.pdf</a></li> <li>We have also documented the end to end Option 2 process and uploaded this to our website <a href="https://media.powercor.com.au/wp-content/uploads/2018/12/14160510/Managed-Tender-Process-Guide-for-Customers-and-Contractors.pdf">https://media.powercor.com.au/wp-content/uploads/2018/12/14160510/Managed-Tender-Process-Guide-for-Customers-and-Contractors.pdf</a></li> <li>Developed and implemented new customer first contact email which now includes info to guide their application</li> </ul>	<ul style="list-style-type: none"> <li>We will continue to seek feedback from industry and update the website as required</li> <li>Update our website with new Master Plan review process and fast track tie-in process once they are implemented</li> </ul>	On-Going

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
	Identifying opportunities for stakeholder participation in regulatory decisions	<ul style="list-style-type: none"> <li>Developed a consolidated stakeholder management plan for all contestable works stakeholders</li> <li>As part of our Regulatory Reset draft submission for the 2021-25 period we reached out to ~5,000 customers and stakeholders to assist us develop our proposal as well as sought feedback from customers and stakeholders on the draft report once it was completed via our Talking Electricity website <a href="http://www.talkingelectricity.com.au/contact-us">www.talkingelectricity.com.au/contact-us</a></li> </ul>		On track

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
	Developing two way communications with developers	<ul style="list-style-type: none"> <li>A new email address (<a href="mailto:contestable@powercor.com.au">contestable@powercor.com.au</a>) has been created and is provided for complaints and escalations on the new webpage. No complaints or escalations have yet been received via this email account.</li> <li>We have established a Contestable Works Consultative Committee (CWCC). The second Contestable Works Consultative Committee (CWCC) meeting was held on 4<sup>th</sup> June 2019. Minutes are available on our website at <a href="https://media.powercor.com.au/wp-content/uploads/2019/06/17124710/Industry-Forum-Option-2-minutes-FINAL.pdf">https://media.powercor.com.au/wp-content/uploads/2019/06/17124710/Industry-Forum-Option-2-minutes-FINAL.pdf</a>. Feedback received on the new website in the meeting was very positive</li> <li>Held regular meetings with key developers/stakeholders including Stockland, Lendlease, Melton City Council and City of Whyndham</li> <li>Drafted charter for CWCC and sought industry feedback</li> </ul>	<ul style="list-style-type: none"> <li>Next quarterly CWCC meeting is planned for 3rd September and will be held Quarterly</li> <li>Facilitate an industry working group to review the role/authority of the PM2, and how to best maintain the quality of the built electrical asset prior to final audit and handover. Working group members have been nominated and the initial meeting is yet to be scheduled.</li> <li>Hold an industry forum with design consultants who are interested in becoming accredited to undertake contestable master planning services. Feedback from this forum will be incorporated into the final Master Planning Guidelines</li> <li>Continue with design and build of online portal</li> </ul>	Ongoing

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
2. Minimising avoidable delays in connecting greenfield developments to existing distribution networks.	Setting target timeframes for specific stages during the negotiated connection process and developing meaningful KPIs	<ul style="list-style-type: none"> <li>Target time frames and KPIs have been set – refer to Table 2 at the back of this report</li> </ul>	<ul style="list-style-type: none"> <li>Continue trial of new processes to improve performance in Master plan reviews and fast track construction tie-in</li> </ul>	Ongoing
	Publish regular performance reports against KPI's.	<ul style="list-style-type: none"> <li>Developed half yearly performance report and published it on our website</li> <li>Published quarterly construction auditing report on audit results and trends <a href="https://www.powercor.com.au/industry/supplier-resources/contestable-works/whats-new/">https://www.powercor.com.au/industry/supplier-resources/contestable-works/whats-new/</a></li> </ul>	<ul style="list-style-type: none"> <li>Capture and monitor performance data for regular reporting</li> </ul>	Ongoing
	Explore development of a service level agreement (SLA)	<ul style="list-style-type: none"> <li>Reviewed our Contestable Works Agreement to highlight ways it could be improved to support service level commitments</li> </ul>	<ul style="list-style-type: none"> <li>Update our Contestable Works Agreement in 2H 2019</li> </ul>	On track
	Publish the steps to escalate a complaint in relation to new connections on the DB's website	<ul style="list-style-type: none"> <li>A new email address (contestable@powercor.com.au) has been created and is provided for complaints and escalations on the new webpage. No complaints or escalations have yet been received via this email account.</li> </ul>		Complete
3. Improving how technical standards are	Develop a technical standards committee to harmonise	<ul style="list-style-type: none"> <li>Established Technical Standards Review Committee</li> <li>Held first meeting and follow up meeting with</li> </ul>	<ul style="list-style-type: none"> <li>Finalise Technical Standards Review Committee Terms of Reference</li> </ul>	Ongoing

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
managed and communicated	standards and provide a forum for raising issues, and issuing guidance notes on principles and practices	industry representatives to refine scope of activities <ul style="list-style-type: none"> <li>• Identified first areas of focus (civils related technical standards)</li> <li>• Engaged consultants to scope 'gap' analysis of technical standards</li> </ul>	<ul style="list-style-type: none"> <li>• Undertake 'gap' analysis of standards</li> <li>• Develop a Harmonisation report once gap analysis is complete</li> <li>• Establish quarterly Committee meetings (next meeting to be held 25 September)</li> </ul>	

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
4. Review and improve audit processes and practices	Develop a program to improve the audit process e.g. through real time remediation of defects, developing SLAs for audit and re-audit delivery, increasing the number of auditors	<p>Improved audit processes:</p> <ul style="list-style-type: none"> <li>• Stopped 'walk-away' policy</li> <li>• Complete all above ground audit items on first audit</li> <li>• Allow for real-time non-conformance fixes and/or photographic evidence of fixed items rather than re-audit in certain circumstances</li> <li>• Have 2 auditors attend larger audits to expedite process and ensure consistency</li> <li>• Implemented escalation process for multiple failed audits to pre-empt future issues</li> </ul> <p>Established performance targets</p> <ul style="list-style-type: none"> <li>• Audits - Target time frame of 5 to 8 business days from compliant request</li> <li>• Re-audits - Target timeframe of 8 to 10 business days</li> </ul> <p>Performance reporting:</p> <ul style="list-style-type: none"> <li>• Half yearly audit performance report developed and published on the website</li> </ul>	<ul style="list-style-type: none"> <li>• Develop online booking and tracking system</li> </ul>	On track
5. Promoting efficient competition in connection services (or component parts)	Review the contestability of components of the connection service	<ul style="list-style-type: none"> <li>• Undertaken a review of the contestability framework</li> <li>• Final copy of the connection contestability report sent to ESC for review</li> </ul>	N/A	Completed

Service Improvement Commitment (see Appendix A)		What have we done? This column includes activities from the SIC that have been completed.	What are we planning to do? This column includes activities from SIC that are yet to begin or are being planned.	Overall progress assessment
Outcome sought	Commitment from distribution business			
	Use the AER Service Classification to seek appropriate service descriptions	<ul style="list-style-type: none"> <li>During the AER's service classification process, we submitted service classifications that accommodate competition</li> </ul>	N/A	Completed
6. Address resource constraints brought about by increased number of developments and pressure on qualified industry resources	Prepare an annual report outlining initiatives to increase resourcing (due 30 Nov 2019)	<ul style="list-style-type: none"> <li>We have established a Contestable Works Team, streamlined number of key processes as well as added to our audit resourcing levels to ensure that we're able to meet our performance targets</li> </ul>	<ul style="list-style-type: none"> <li>Draft report for November completion</li> </ul>	



## Further details

Further details on each outcome are attached to this update.

### Performance against KPIs

In Table 2 each distribution business should report its performance against its KPIs. Distribution businesses should provide a short explanation (in the column 'Detail') if a KPI has not been met along with proposed corrective actions.

**Table 2 – Performance against KPIs**

Measure (KPI)	Reporting timeframe	Result (business days)	Performance against Target <sup>1,2</sup>	Detail
Master Plan review – We are replacing staged scopes with a revised and contestable Master Planning process – this will remove network scoping from the critical path. The new process will see us review Master Plans and associated stage scopes and should take this activity off the project critical path	1H 2019	New process: 16 business days Old process: 34 business days	Open to contestability Completed Master Plan review within 10 business days	Process change proposed to allow developer to submit these plans to CPPAL for approval. We have commenced a trial with the new process that has shown positive results – we will be looking to implement this process during 2H2019 and are planning consultation meetings
Design Approvals – Target completion of design plan audits and re-audits within 20	1H 2019	18.4 business days	Completed design review within 20 business days	Establishing our Contestable Works Team has been a key reason we've

Measure (KPI)	Reporting timeframe	Result (business days)	Performance against Target <sup>1,2</sup>	Detail
business days				<p>been able to meet this performance targets</p> <p>Quality of submitted designs can improve with only ~47.1% passing at the first check</p>
<p>'As Built Construction Audit' - Complete construction audit (from request to final report) within 5 to 8 business days</p>	1H 2019	6.1 business days	Complete as built construction audit within 5 to 8 business days from compliant request	<p>May and June were very busy periods where we were able to manage work volume and meet target timeframes.</p> <p>~85.6% of projects have not required a reaudit– up from ~71.7% in 2018</p>
Grant Practical Completion in less than 10 business days from request	1H 2019	2.3 business days	Grant practical completion in 10 business days or less	We have streamlined this process to be able to consistently outperform this target
Construction 'tie-in'	1H 2019	42.8	Meet customer	We have begun

Measure (KPI)	Reporting timeframe	Result (business days)	Performance against Target <sup>1,2</sup>	Detail
Meet customer dates and implement new process to offer the option of a 20-business day construction tie in			dates and implement new process to offer the option of a 20-business day construction tie in	<p>trailing the 20 day tie in process for suitable projects. Pending success, it is expected that we implement this across the network in 2H CY19. We directly negotiate a tie in date with our customers – our focus is to deliver to these dates. We achieved 90% delivery to customer dates in June. Customers with industrial, commercial and public lighting projects have expressed interest in faster turnaround times</p>

## Appendix A: Service Improvement Commitment

The table below highlights the outcomes being sought, and the nature of commitments from the distribution businesses to address each issue in detail. The commitments may vary across distribution businesses, depending on measures and practices already in place. The commitment should address how and when the distribution business will implement (or has already implemented) the proposed measures, and commit to regular reporting on progress to the Governance committee.

### Matters for inclusion in the service improvement commitment

Outcome sought	Commitment from distribution business
<p>1. Improving developers and contractors understanding of the distribution business' policies and practices, or how they can influence them.</p>	<p>Each distribution business will improve communications and customer focus by:</p> <ul style="list-style-type: none"> <li>• ensuring website material is consistent with practices.</li> <li>• clearly explaining each party's roles and responsibilities under the regulatory framework.</li> <li>• identifying opportunities for stakeholders to participate in relevant regulatory decisions. (For example, Australian Energy Regulator connection service classification decisions for distributors and distributor connection policies)</li> <li>• developing ways to communicate in a "two way" manner with developers about progress and reasons for delays in connecting new developments to the electricity supply.</li> </ul> <p>Establishing a consultative panel (committee) including developers to discuss and resolve matters related to electricity connections. This committee could be dissolved once confirmation is made that issues described above have been addressed.</p>

Continued next page

Table continued

Outcome sought	Commitment from distribution business
<p>2. Minimising avoidable delays in connecting greenfield developments to existing distribution networks.</p> <p>Related to this:</p> <ul style="list-style-type: none"> <li>• making the processes and reasons for delays transparent</li> <li>• establishing a clear process for developers to raise persistent complaints, or for addressing them</li> </ul>	<p>Each distribution business will draw on existing processes, and any improvement initiatives already underway, and results of stakeholder engagement to undertake the following measures:</p> <ul style="list-style-type: none"> <li>• setting target timeframes for specified stages of the negotiated connection process</li> <li>• developing meaningful KPIs for each timeframe target. For example 95% of a defined action to be completed within the target timeframe.</li> </ul> <p>Publishing a regular performance report setting out:</p> <ul style="list-style-type: none"> <li>• performance against the KPI</li> <li>• commentary on reasons if the KPIs are not met, and any corrective actions necessary.</li> </ul> <p>The performance report will also include matters related to audit performance described under item 4.</p> <p>Presenting performance reports to stakeholders and engaging with them to identify areas of change or for improvement.</p> <p>Performance reports should be prepared every six months.</p> <p>Establishing an ongoing review cycle for updating targets and KPIs.</p> <p>Exploring the development of a service level agreement (SLA).</p> <ul style="list-style-type: none"> <li>• The SLA should be developed in consultation with stakeholders.</li> <li>• The SLA should be referenced or incorporated in Victorian distributors' connection policies as part of the 2021-25 network price determinations.</li> </ul>

Continued next page

Table continued

Outcome sought	Commitment from distribution business
<p>2. Minimising avoidable delays in connecting greenfield developments to existing distribution networks (continued).</p>	<p>Publishing the steps to escalate a complaint in relation to new connections on the distribution business’s website. This will include placing a link on the distributor’s website to a complaints register to be established by the Commission. The register will log complaints raised by stakeholders in relation to the connections process.</p>
<p>3. Improving how technical standards are managed and communicated. Including:</p> <ul style="list-style-type: none"> <li>• making standards across distributors consistent allowing for justifiable differences.</li> <li>• ensuring consistent interpretation of standards by different distribution businesses and auditors</li> <li>• improving certainty and transparency about which standards are applicable</li> <li>• ensuring timely consultation about changes to standards or their implementation.</li> </ul>	<p>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 constructors, electrical cable installers, Energy Safe Victoria and the Victorian Planning Authority.</p> <p>Technical Standards Committee will be responsible for (but not limited to):</p> <ul style="list-style-type: none"> <li>• harmonising standards where possible</li> <li>• providing a forum for raising issues and sharing information</li> <li>• issuing practice/policy guidance notes establishing principles to follow, identifying best practice or suggesting actions.</li> </ul> <p>The Standards Committee will draw on practical experiences (including insights from the Victorian Planning Authority, and Commission reviews) to prioritise its work.</p> <p>The Standards Committee will invite the Commission to attend committee meetings as an observer.</p> <p>The Standard Committee may choose to base its structure and governance arrangements on an organisation like the Melbourne Retail Water Agencies</p>

Continued next page

Table continued

Outcome sought	Commitment from distribution business
<p>4. Review and improve audit process and practices. This includes ensuring:</p> <ul style="list-style-type: none"> <li>• audit processes are efficient, transparent, fair, predictable, and protected from inappropriate influence.</li> <li>• appropriate pricing of audit services.</li> </ul>	<p>Each distribution business will develop a program to improve its audit process and practices. Some suggestions for improving the audit process including:</p> <ul style="list-style-type: none"> <li>• finishing audits even if it would be a fail</li> <li>• maximising opportunities for real time remediation of defects</li> <li>• auditing interim milestones and providing feedback to developers so as they can fix any defects before the final audit</li> <li>• including times for audit and re-audits within a service level agreement (discussed above)</li> <li>• adopting common audit process across all distribution businesses</li> <li>• increasing the number of auditors available (potentially through contestability).</li> </ul> <p>Each distribution business will publish an audit performance for feedback every six months. The report may include data on the number of audits undertaken, the number of audits passed or failed, the number of reaudits and the reasons audits fail. This report will form part of the performance report described under item 2.</p> <p>Each distribution business will seek appropriate service descriptions and classifications for audit services as part of the AER Service Classification process for the 2021-25 Victorian electricity distribution price review (for example ,each will consider ‘fast-tracked audit services’, and ‘audit revisits’, as possible alternative control services).</p>

Continued next page

## Table continued

Outcome sought	Commitment from distribution business
5. Promoting efficient competition in connection services (or component parts)	<p>In the next six months each distribution business will review the contestability of components of their connection services.</p> <p>This will occur where contestability can deliver timeliness, cost savings and enhanced user experiences, without compromising distribution network reliability, safety and performance.</p> <p>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 descriptions and service classifications to facilitate competition.</p> <p>Each distribution business will prepare a report on the matters discussed above under item 5. The report is due by 28 February 2019.</p>
6. Resource constraints - increased number of developments and associated pressure on qualified industry resources	<p>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. Annual reports will then be prepared for the next 3 years.</p>