

In accordance with the minuted action of the first Governance Committee on Tuesday 2 October 2018, AusNet Services (AST) submits the following update of its progress against the initiatives to which it agreed within the Service Improvement Commitment.

Outcome sought	Commitment from distribution businesses	AusNet Services' update
<p>1. Improving developers' and contractors' understanding of the distribution business' policies and practice, 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"> - ensuring website material is consistent with practices - clearly explaining each party's role and responsibilities under the regulatory framework - identifying opportunities for stakeholders to participate in relevant regulatory decisions - 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 <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>	<p>AST has engaged with industry stakeholders via its customer-representative EDPR Customer Forum who have met with the building industry to canvass expectations in relation to connections processes and timeframes, with feedback informing our regulatory submission.</p> <p>At the project level, two way communications are formally established via our centralised metropolitan lead engineer, who engages with and meets developers in advance of new projects and coordinates responses and updates progress. Part of our strategy for resolving the outstanding quality issues within URD housing estates is to implement an AST/industry consultative panel in the new calendar year, at which AST metrics and KPI performance will be discussed.</p> <p>Website materials remain under construction as we update our pages and test using user and customer experience. In the interim, a link to https://www.esc.vic.gov.au/electricity-and-gas/electricity-and-gas-inquiries-studies-and-reviews/electricity-connections-process-review-2018) will be added to the current page in coming days.</p>
<p>2. Minimising avoidable delays in connecting greenfield developments to existing distribution networks. Related to this:</p> <ul style="list-style-type: none"> • making the processes and reasons for delays transparent • establishing a clear process for developers to raise persistent complaints, or for addressing them 	<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"> - setting target timeframes for specified stages of the negotiated connection process - developing meaningful KPIs for each timeframe target <p>Publishing a regular performance report setting out:</p> <ul style="list-style-type: none"> - performance against the KPI - commentary on reasons if the KPIs are not met, and any corrective actions necessary <p>The performance report will also include matters related to audit performance described under item 4.</p> <p>Presenting performance report to stakeholders and engaging them to identify areas of change or for improvement.</p> <p>Performance reports should be presented every six months.</p>	<p>A suite of performance metrics has been developed for all new connections infrastructure types and is monitored through a formal performance hub that meets fortnightly.</p> <p>Specific to the URD housing estates are metrics and KPIs measuring:</p> <ul style="list-style-type: none"> - Design approval cycle time: AST's internal benchmark is a maximum of 3 weeks, i.e. 21 calendar days, for the approval of external URD design, regardless of public holidays. - Cycle time from design approval to supply available (connection of estate stage): this timeframe is mostly dependent on third party construction activities; however, AST is able to measure the final stage of this cycle at which the Network Auditor is required to meet a 10 day compliance target requirement for site audit. - New connection at the property: for the final connection stage,

	<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"> - The SLA should be developed in consultation with stakeholders. - The SLA should be referenced or incorporated in Victorian distributors’ connection policies as part of the 2021-25 network price determinations. <p>Publishing the steps to escalate a complaint in relations 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>AST is required to establish a NMI within 2 working days and connect the meter within 10 working days.</p> <p>With regard to item 4, AST is in the process of hiring a dedicated Delivery Compliance Coordinator, who will monitor audit performance and construction quality, capturing data on the number of audits undertaken and the pass or fail rates/reasons in the customised module of our compliance database – Enablon.</p> <p>AST performs an ongoing review cycle of all forms of customer connections (electricity and gas) through a fortnightly performance hub, which has executive management oversight.</p> <p>Furthermore, once AST socialises the target metrics/KPIs at its proposed stakeholder panel, the metrics will be incorporated into standard connection offers as an SLA.</p>
<p>3. Improving how technical standards are managed and communicated. Including:</p> <ul style="list-style-type: none"> • making standards across distributors consistent allowing for justifiable differences • ensuring consistent interpretation of standards by different distribution businesses and auditors • improving certainty and transparency about which standards are applicable • ensuring timely consultation about changes to standards or their implementation 	<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 engineers, 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"> - harmonising standards where possible - providing a forum for raising issues and sharing information - issuing practice/policy guidance notes establishing principles to follow, identifying best practice or suggesting actions. <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 Standards Committee may choose to base its structure and governance arrangements on an organisation like the Melbourne Retail Water Agencies.</p>	<p>At the October Governance Committee, AST agreed to the establishment of a joint Technical Standards Committee. It is intended that our Delivery Compliance Coordinator, once appointed, and our lead metropolitan engineer will represent AST on that committee.</p> <p>However, the first step is for the networks to investigate the water industry model to assess whether it can be replicated for the electricity industry.</p>

<p>4. Review and improve audit process and practices. This includes ensuring that:</p> <ul style="list-style-type: none"> • audit processes are efficient, transparent, fair, predictable, and protected from inappropriate influence • appropriate pricing of audit services 	<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"> - finishing audits even if it would be a fail - maximising opportunities for real time remediation of defects - auditing interim milestones and providing feedback to developers so as they can fix any defects before final audit - including times for audits and re-audits within a service level agreement (as discussed above) - adopting common audit process across all distribution businesses - increasing the number of auditors available (potentially through contestability) <p>Each distribution business will publish an audit performance (sic) 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 re-audits and the reasons for audits fail. The 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 alternative control services.</p>	<p>AST has been strongly focused on improving the audit process. The role of the dedicated Delivery Compliance Coordinator involves review and verification of audit results of contestable constructors (Option 2) to identify trends and non-conformances and to develop an Option 2 Accredited Service Provider rating system.</p> <p>The incumbent will represent AST on the Victorian Electrical Distribution Networks (VEDN) advisory panel or any other panel tasked with developing common audit practices across the distribution businesses.</p> <p>Furthermore, AST is in the process of preparing a tender for Network Auditing (for release in early 2019), with the intent of establishing a panel of Network Auditors by April 2019 (increasing from the current single provider for URD connections).</p>
<p>5. Promoting efficient competition in connection services (or component parts)</p>	<p>In the next six months, the distribution businesses will review the contestability components of their connection services. This will occur where contestability can delivery 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>	<p>AST already allows contestability across in all connection activity except design approval and appointing network auditors. We are in the process of reviewing contestability activities in the turnkey URD estate segment, and more broadly across other connection activities.</p> <p>AST participated in the AER Service Classification process review and has incorporated the feedback collected by the Customer Forum (who engaged with the Master Builders’ Association and other stakeholders in the property segment) in our pricing review process.</p>

<p>6. Resource constraints – increased number of developments and associated pressure on qualified industry resources</p>	<p>Each distribution business will prepare an audit 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>	<p>Our KPI reporting indicates that AST resourcing is adequate for design approval and final connections; however, as discussed above, we are taking steps to strengthen:</p> <ul style="list-style-type: none"> - our monitoring and oversight of Option 2 contestable contractors through the appointment of the new Delivery Compliance Coordinator role; and - the industry’s access to Network Auditors, through our tender for the expanded auditing panel.
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