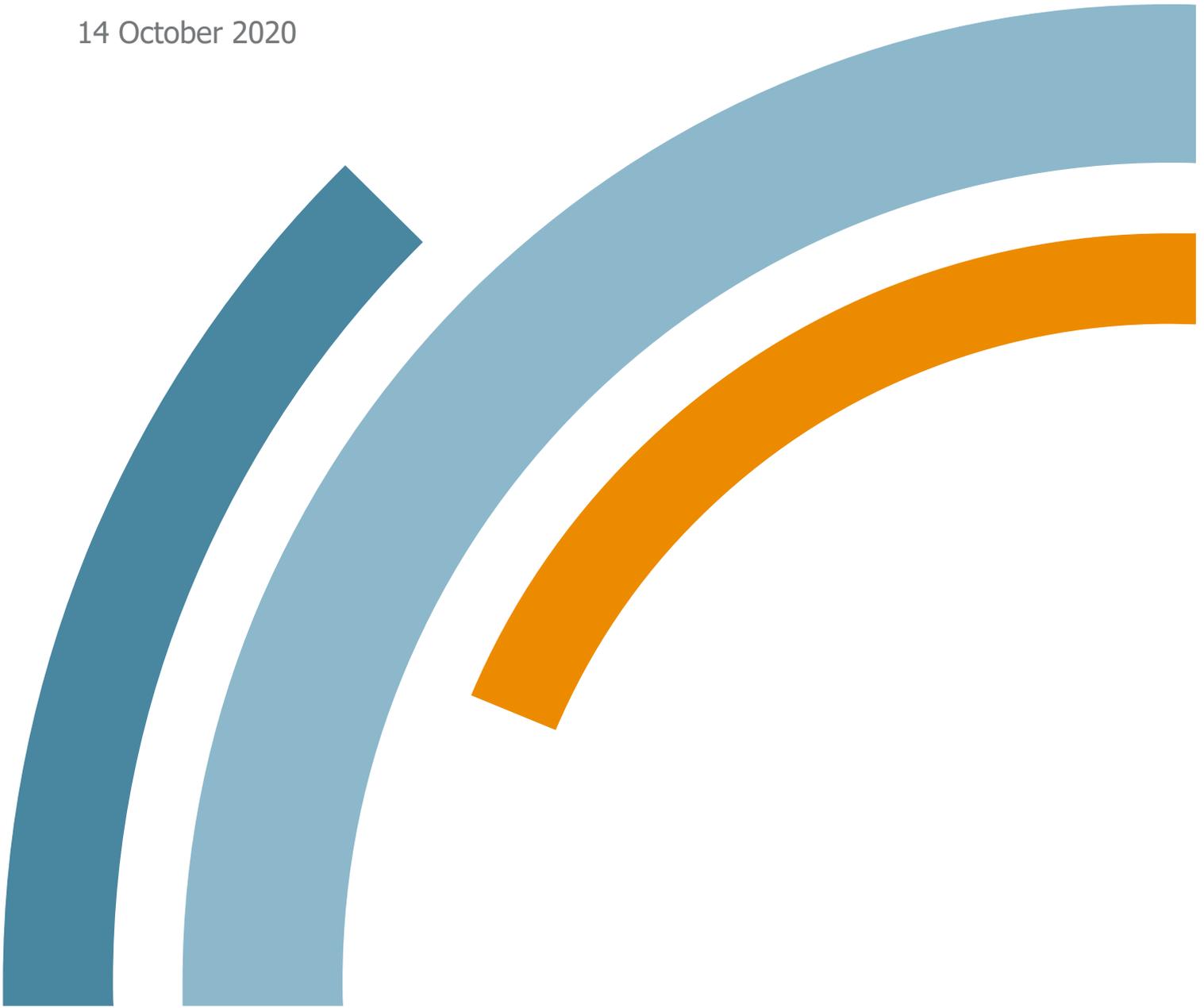


# Greenfields Negotiated Electricity Connection Customer Service Standard: Guidance note

Guidance note

14 October 2020



**An appropriate citation for this paper is:**

Essential Services Commission 2020, Greenfields Negotiated Electricity Connection Customer Service Standard: Guidance note: Guidance note, 14 October

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# Guidance

This guidance note outlines the Essential Services Commission (the commission)'s expectations in relation to the elements under the Greenfields Negotiated Electricity Connection Customer Service Standard.

The guidance note applies to electricity distribution businesses that undertake underground negotiated connections in new residential developments in greenfield areas. For this paper greenfield means largely undeveloped land identified for the creation of new communities on the fringe of the city.

## **1.1. Greenfields Negotiated Electricity Connection Customer Service Standard**

The Greenfields Negotiated Electricity Connection Customer Service Standard comprises the following elements:

- an overarching customer outcomes statement that will set the outcomes the distribution businesses expect to deliver over the next two years in relation to negotiated connections. And the principles that the distribution businesses will adopt when undertaking underground negotiated connections in new residential developments in greenfield areas
- a consultative committee that meets quarterly to resolve issues causing delays in relation to underground negotiated connections in new residential developments in greenfield areas
- a performance reporting framework that distribution businesses will be required to report their performance to the commission every six months.

Distribution businesses are free to propose additional elements to their customer service standard.

## **1.2. Purpose**

The purpose of this guidance note is to set out our expectations in relation to:

- developing the customer outcomes statement
- developing terms of reference for customer consultative committee meetings and ongoing meetings with developers and contractors on a range of matters to improve the timeliness of underground negotiated connections in new residential developments in greenfield areas
- developing performance reporting measures that are meaningful for developers and their contractors.

### 1.3. Objectives

The objectives of the Greenfields Negotiated Electricity Connection Customer Service Standard are promoting:

- continuous improvement and building effective business relationships between distribution businesses and developers and their contractors to resolve issues that cause delays in the negotiated electricity connections process
- accountability and transparency about the time it takes distribution businesses to complete certain stages or steps of the negotiated electricity connections process.

### 1.4. Key engagement principles

These principles will guide us when assessing whether a distribution business has successfully engaged with developers when proposing their customer service standard. We expect these principles will also help guide distribution businesses in any other consultation they undertake in developing their customer service standards.

Each distribution business is best positioned to determine the most appropriate approach to engaging with developers and their contractors.

We have developed five key principles that we expect distribution businesses to consider when planning to engage, and engaging with, developers and their contractors. At a minimum, the distribution businesses engagement on the customer service standard should meet our key engagement principles.

- **Principle 1:** The engagement program should contain clear, accessible and comprehensive information.
- **Principle 2:** The engagement program should be suitably designed to receive and consider feedback distribution businesses receive from developers and their contractors in a timely manner.
- **Principle 3:** The engagement program should be ongoing and tailored to the developers' needs and their contractors' needs. This means we expect distribution businesses to conduct (if appropriate) more than one engagement session with their developers and their contractors in a format preferred by developers and their contractors.
- **Principle 4:** The engagement program should prioritise areas of significance and identified as important to distribution businesses' developers and their contractors.
- **Principle 5:** The engagement program should inform those that distribution businesses have engaged with of the outcomes of the engagement and how they have influenced the customer service standard.

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### 1.1.1. Results of the engagement program

The content of the Greenfields Negotiated Electricity Connection Customer Service Standard will be determined through engagement between distribution businesses, developers and their contractors. The results of the engagement, in the form of a proposed standard, will be provided to the commission as a written submission by 4 December 2020.

At a minimum, each distribution business must present the results of its engagement to the commission on:

- the customer outcomes statement
- the draft terms of reference for its customer consultative committee
- negotiated connections performance measures.

### 1.4.1. What we want to see

Each distribution business will submit its proposed customer service standard to the commission and demonstrate how it has engaged with developers and their contractors and how the proposed standard addresses the issues identified by developers and their contractors. When engaging with stakeholders, distribution businesses should be clear about the parts of the negotiated connections process they can influence and only seek feedback on those elements.

Each distribution business must explain how they engaged with developers and their contractors, why an approach was chosen, what information was provided and how this was provided. Each distribution business's written submission should also explain what the business learnt about the views of developers and their contractors, and how the distribution business took these views into account when developing the proposal.

Specifically, we expect each distribution business to provide documentation describing:

- what they did to engage with developers and their contractors (outlining who was approached and in what way, when and where) and why the selected engagement methods were chosen
- how the issues affecting the greenfield negotiated connections process were identified
- what information the distribution business provided developers and their contractors about the issues
- what the outcomes of the engagement program were (documentation and analysis of the responses from developers and their contractors)
- how the distribution business considered the views of developers and their contractors in developing the performance reporting framework and explain why it was not possible to include particular measures in the performance reporting framework.

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The distribution business should provide evidence to commission staff on how it has met our engagement principles. This could be demonstrated through:

- an engagement plan
- agendas, material and information provided during the engagement processes
- documents that capture and analyse the views expressed during the engagement processes
- analysis of developers and their contractor's views
- meeting reports, minutes or records of discussions where the distribution business considered the views of developers and their contractors
- material provided to developers and their contractors reporting back and explaining how the proposed customer service standard will address the issues raised by developers and their contractors.

## Our assessment

We will assess each distribution business' engagement approach in the development of the customer service standard and the proposed customer service standard itself. If we are satisfied with the engagement process and the proposed customer service standard, we will direct distribution businesses to report to the commission on their performance against the standard in accordance with licence condition 23.2.

### 1.5. Customer outcomes statement

As a part of the Greenfields Negotiated Electricity Connection Customer Service Standard, each distribution business is required to develop a customer outcomes statement. The customer outcomes statement comprises two parts:

- the outcomes each distribution businesses will achieve over the next two years in relation to negotiated connections
- the principles or considerations each distribution business will commit to use when interacting with developers and their contractors.

The customer outcomes statement should demonstrate a commitment to meaningful and productive working relationships that aim to deliver sustainable improvements in relation to the greenfield negotiated connections processes.

Distribution businesses are required to engage with developers and their contractors about what outcomes should be achieved or worked toward over the next two years. An example could be 'excellent customer service'. In their submission and in their customer service standard, distribution businesses should explain what initiatives they intend to undertake to deliver the outcome.

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Distribution businesses are also required to engage with developers and their contractors about the principles they will adopt in their day-to-day interactions in relation to the underground negotiated connections in new residential developments in greenfield areas.

Example principles could include:

We commit to refining our processes to connect new developments in a timely way, while ensuring the reliability and safety of new assets.

We commit to publish the results of our performance reporting and minutes from our consultative committee meetings on our website in an accessible manner.

We expect distribution businesses to include these principles in their customer service standards. The customer outcome statement will form part of the customer service standard. Distribution businesses will be required to publish the standard to their websites so that they are accessible to stakeholders.

## **1.6. Customer consultative committees**

Each distribution business will be required to hold customer consultative committee meetings on a three-monthly basis with interested developers and their contractors. The purpose of the meetings is to discuss matters that will improve the timeliness of negotiated electricity connections.

Each distribution business is also required to develop a terms of reference for its customer consultative committee, which will form part of the customer service standard, and invite a cross section of interested stakeholders to become members (see below).

The customer consultative committee should provide time for interested stakeholders to discuss matters including but not limited to:

- performance reporting results
- new development that distribution businesses should be aware of to assist with their resource planning
- initiatives designed to improve the timeliness of underground negotiated connections in new residential developments in greenfield areas. For example, whether:
  - contestability is appropriate for stages of the negotiated connections process
  - efficiency can be improved by allowing two or more stages to be completed at the same time
  - improvements can be made to make audit processes more effective and efficient
  - improvements can be made to the management of technical standards.

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Once the consultative committee has begun operating, we require minutes to be published on the distribution businesses' websites in an accessible manner no later than 20 business days after the meeting is held.

### **1.6.1. Subcommittees**

Where appropriate, consideration might be given to including in the customer service standard a commitment to form appropriate sub-committees to deal with particular issues of relevance. We expect where issues are quite complex and require more focused discussions, sub committees should be utilised. Depending on the issue and where different parties are affected, other distribution businesses and developers and their contractors could attend. We consider that these issues will become more apparent once the customer consultative committees begin to meet. If such a commitment is included, we would expect the standard to also reflect that minutes of these subcommittee meetings are published on distribution businesses' website in an accessible manner no later than 20 business days after any meetings are held.

### **1.6.2. Draft terms of reference**

We require distribution businesses to develop draft terms of reference for their customer consultative committees following engagement with developers and their contractors. These terms of reference will form part of the customer service standard. These should be presented to the commission as part of their written submissions on engagement on the Greenfields Negotiated Electricity Connection Customer Service Standard. The draft terms of reference should clearly state the purpose and scope, governance arrangements and the process of receiving and responding to feedback.

We will also be conducting an anonymous survey asking developers and their contractors if there are any areas of concern they wish to be included for these committees. The findings will be provided to the relevant distribution businesses to help them develop the draft terms of reference. We expect to provide the results to distribution businesses in early November 2020.

We expect the draft terms of reference will be presented at the first customer consultative committee meeting and later finalised following feedback from committee members.

## **1.7. Developing a performance reporting framework**

The third element of our Greenfields Negotiated Electricity Connection Customer Service Standard is to develop a performance reporting framework. We expect that distribution businesses will develop a performance reporting framework that measures performance at each step or stage of the negotiated connections process that are important to developers and their contractors. This

means that distribution businesses will need to engage with developers and their contractors to understand their concerns and to develop a performance reporting framework accordingly.

We require distribution businesses to develop a performance reporting framework following engagement with developers and their contractors that will form part of the customer service standard. This should be presented to the commission as part of their submissions on engagement on the Greenfields Negotiated Electricity Connection Customer Service Standard.

### **1.7.1. Developing performance measures**

The performance reporting framework should comprise performance measures for the stages or steps of the negotiated connections process that distribution businesses – or contractors under their direct control – perform.

Well defined performance measures are critical for meaningful performance reporting. It should be clearly explained what preconditions must be completed before measurement can take place and what completion of the measure looks like.

#### **Form of performance measures**

We consider there are two ways to set performance measures. They are described in the box below.

##### **Indicative examples of performance measures**

###### *Method (a) – measuring timeframes*

A distribution business measures the time to complete a final construction audit from the time of request to do so by a developer or their contractor.

###### *Method (b) – proportion of all cases completed within a timeframe*

A distribution business measures (in percentage terms) the number of events completed within a timeframe

For example:

The distribution business completed 90 per cent of construction audits within 10 business days of the request to do so.

#### **Setting targets**

Performance reporting relies on appropriate performance targets. There are several ways to set targets. However, the key point is that the target should reflect stakeholders' reasonable

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expectations. These expectations should be established during the engagement process and reflected in the proposed performance measure.

### **Stages of the negotiated connections process**

The following stages of negotiated connections should be considered in the engagement process used to develop the performance reporting framework:

- plan of subdivision certification
- design approvals
- 'as built' drawing approvals
- audit
- electrical 'tie-in', and
- approving statement of compliance
- time between completing a final audit and approving statement of compliance.

Distribution businesses should also consult with developers and their contractors to determine whether other steps or stages of the negotiation connections process should be included in the performance reporting framework.

Where practical, some of the performance measures may be common across the different distribution businesses. However, we also understand that additional tailored measures may be more appropriate for some stages due to the differences in the connection process between distribution businesses.

In addition to setting measures for stages, distribution businesses should also consider developing a performance measure that gives an indication of the overall time taken for the connection process. For example, from completion of works to issuing the statement of compliance.

### **Audit performance**

We also expect the performance reporting framework will include measures on the number of audits requested and completed (design and construction), the number of audits passed or failed, the number of re-audits and the reasons audit failures. This will form part of the performance reporting framework.

### **Qualitative measures**

We encourage distribution businesses to also consider developing qualitative measures to supplement the performance measures. An example could be developing a satisfaction survey to highlight developers' and their contractors' experiences and areas for improvement in negotiated connections processes. We consider that this would complement the quantitative measures of performance.

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