

# Submission to the Essential Services Commission

## Re: Electricity Distribution Price Review 2006 – 2010 Draft Decision

### Excluded Services and Other Activities

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August 2005



**Excluded Services**

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### 1 Introduction

Excluded services are those distribution services provided by a distributor that are regulated but are not included under the CPI-X price control mechanism used to regulate distribution network tariffs or prescribed meter service tariffs. Services that can be excluded include:

- customer connection to the distribution system;
- the provision of non-standard metering;
- public lighting operations and maintenance; and
- services for the specific benefit of any third party which are requested by that third party and are not made available by the distributor as a normal part of its standard service to all customers.<sup>1</sup>

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<sup>1</sup> ESC, Table 15.4, *'Electricity Distribution Price Review 2006-10 Draft Decision'*, June 2005, page 481.

## 2 Commission's Draft Decision

### 2.1 Metering

The Commission has determined that:

- services and charges relating to the provision of manually read interval meters for new premises and existing premises for customers (first tier and second tier) consuming less than 160 MWh per annum; and
- the metering data services and charges for customers (first tier and second tier) consuming less than 160MWh per annum.

will from 1 January 2006 cease to be excluded services and will be regulated under the metering price control.

**Table 2.1 – Existing Interval Meter Provision Excluded Services Charges**

United Energy	Annual meter charge	Upfront installation charge	Annual meter cost credit	Upfront installation cost credit
Single phase one element	\$50.00	\$70.42	\$4.50	\$70.42
Single phase two element	\$67.39	\$81.31	—	\$81.31
Three phase direct connected	\$118.65	\$125.26	\$17.16	\$125.26
Three phase CT connected	\$157.18	\$121.99	—	\$121.99

Source: Table 15.4: Interval meter provision excluded service charges, United Energy, withdrawn from 1 January 2006

For UED the metering data services excluded service charge withdrawn from 1 January 2006 equates to a monthly charge per NMI of \$52.20 and a quarterly charge per NMI of \$17.52<sup>2</sup>.

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<sup>2</sup> ESC, '*Electricity Distribution Price Review 2006-10 Draft Decision*', June 2005, Table 15.5, page 481.

## Excluded Services

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### 2.1.1 Services to be Included in the Excluded Service Provisions

The Commission will include in the category of excluded services and their associated charges services and charges relating to metering for customers that consume more than 160 MWh per annum who have a manually read interval meter<sup>3</sup>.

The Commission's Draft Decision is to accept the meter provision charges to be fair and reasonable if the charge is no greater than 10 per cent of the unit costs (materials, installation, site costs, customer service costs and maintenance) for the meters as determined in Chapter 13, depreciated over a five year period and with a nominal WACC of 8.5 per cent.<sup>4</sup>

For UED, the Commission proposes a maximum fair and reasonable annual meter provision charge in real \$2004 for 2006-10 for customers who consume more than 160 MWh per annum, with a manually read meter (excluding GST), of \$124.48 for 3 Phase direct connected installations and \$196.22 for 3 phase CT connected installations.

## 2.2 New Connections

Based on its review of new connection charges, the Commission has established a fair and reasonable adjustment to the existing new connection charge, consistent with the assumptions in the metering price control. These adjustments represent:

- an increase of \$5 for a single phase non off peak meter;
- an increase of \$50 for a single phase off peak meter and a three phase direct connected meter; and
- an increase of \$250 for a three phase CT connected meter.

Where a distributor is not exclusively responsible for metering (consistent with the assumptions in the metering price control), the Commission has established a fair and reasonable charge for new connections resulting in a decrease of \$50.

In the absence of any approved revised charges, Distributors are required to resubmit their schedule of charges reflecting these adjustments by the end of November 2005 so that they are published and are effective from 1 January 2006.

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<sup>3</sup> Ibid, page 481

<sup>4</sup> Ibid, page 472.



## Excluded Services

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### 2.3 UED's Response to Draft Decision

The Commission considers that the original setting of the new connection charges indicates that these charges include at least the installation costs associated with new meters, ie that the new connection charge generally covers the connection to the property and the meter installation. As such the Commission is of the view that for any new connections under the mandated rollout program, that the installation charge still be recovered through this new connections excluded services charge.

UED currently has new connections charges for single phase meters and multi phase meters (Direct Current (DC) meter only, up to 100A). These charges only cover the connection and installation of a meter. Low Voltage Current Transformer (LVCT) new connections are charged based on the specific sites work requirement. High Voltage Meter Transformer (HVMT) new connections are highly/site specific and the connection, meter supply, installation and maintenance are all based on the specific work requirements requested.

UED will consider the Commission's Draft Decision in relation to these matters and provide further information where appropriate, in order to ensure the prices reflect the efficient cost of the provision of services and are recovered either via an excluded service charge or a prescribed metering charge. Due to the structure of the interval meter roll-out, UED is proposing to introduce a number of new excluded service charges in order to be consistent with the type of interval meters that will be installed. The existing charges were established a number of years ago and do not reflect the more complex nature of the interval meter program.