



ACT
Government

REGULATORY IMPACT STATEMENT

Utilities (Technical Regulation) (Electricity Network Boundary Code) Approval 2017

Disallowable Instrument DI2017-281

Technical Regulator

Environment, Planning and Sustainable Development Directorate

November 2017

Purpose

The purpose of this Regulatory Impact Statement (RIS) is to provide information about the regulatory impact of the *Utilities (Technical Regulation) (Electricity Network Boundary Code) Approval 2017* (the Code), made under the *Utilities (Technical Regulation) Act 2014* (the UTR Act). The Code defines the boundary between different electricity networks and their customers.

Policy Problem

ActewAGL Distribution submitted a proposal to replace the *Electricity Network Boundary Code 2013* (DI2013-71) on 2 August 2017. This proposal sought further clarification around conductors connected to service fuses prior to the commencement of the national *Power of Choice* energy market reforms on 1 December 2017.

This Code replaces the *Electricity Network Boundary Code 2013* and provides further explanation regarding connections between an electricity distribution network and premises.

The Authorising Law

The Code is made and approved under Division 3.2 of the UTR Act. The UTR Act is an Act that relates to the safe, reliable and efficient delivery of regulated utility services. The objects of the Act include promoting the long-term serviceability of regulated utility networks and regulated utility services and to ensure the safe and reliable operation of and maintenance of regulated utility networks and regulated utility services to protect the public, workers, property and the environment.

Objectives of the Electricity Network Boundary Code

The Code solves the policy problem outlined above by providing further clarification around conductors connected to service fuses at the boundary between an electricity distribution network and a customer's premises.

The Code ensures proper definition of network boundaries between a transmission network and an electricity network; the boundary between an electricity network of one person and the electricity network of another person where those networks are connected; and the boundary between an electricity distributor's electricity network and a customer's premises.

This Code applies to TransGrid and ActewAGL Distribution as licensed electricity transmission utilities under part 3 of the *Utilities Act 2000*. In the case that TransGrid or ActewAGL Distribution transfers its licence to another entity, and the transfer of the licence is approved by the Independent Competition and Regulatory Commission under the *Utilities Act 2000*, this Code applies to the successor of the licence as a licensed electricity distribution utility.

The purpose of this Code is to define the boundary between:

- (1) a transmission network and an electricity network;
- (2) the electricity network of one person and the electricity network of another person, where those electricity networks are connected;
- (3) an electricity distributor's electricity network and a customer's premises.

Consistency of the Code with the UTR Act and the Utilities Act

The Code is a technical code made in accordance with the UTR Act. A draft code was prepared by the Technical Regulator under section 13 of the UTR Act and was given to the Independent Competition and Regulatory Commission (ICRC) and the affected regulated utility services for consultation.

The only affected regulated utility service was ActewAGL Distribution, who had previously submitted the proposal to amend the Code.

The Code has been approved by the Minister under s 14 of the UTR Act.

The Code is consistent with the objects of the UTR Act as it is a technical code made that satisfies the legislative requirements.

As can be seen above, the approval of this Code forms part of the suite of measures introduced by the ACT Government in readiness for the *Power of Choice* energy market reforms on 1 December 2017.

Consideration of Alternative Options

This Code provides further clarification around existing regulatory requirements. The clarification provided in this code will not impose new costs or obligations.

Cost/Benefit Analysis of Implementing the Code

The Australian Energy Regulator (AER) regulates energy markets and networks under national energy market legislation and rules. Its functions include monitoring wholesale electricity and gas markets to ensure energy businesses comply with the legislation and rules, and taking enforcement action where necessary and setting the amount of revenue that network businesses can recover from customers for using networks (electricity poles and wires and gas pipelines) that transport energy.

Consultation with affected Regulated Utilities and the ICRC

As required by the UTR Act, the Code has been provided to the ICRC and the relevant regulated utility, ActewAGL Distribution. These parties have received a copy of the approved Code and are aware of the requirements and implications of the Code for their business.

Consistency of the Code with Scrutiny of Bills Committee Principles

The Scrutiny of Bills Committee's terms of reference require it to consider whether (among other things) any instrument of a legislative nature made under an Act which is subject to disallowance and/or disapproval by the Assembly (including a regulation, rule or by-law):

- is in accord with the general objects of the Act under which it is made;
- unduly trespasses on rights previously established by law;
- makes rights, liberties and/or obligations unduly dependent upon non-reviewable decisions; or
- contains a matter which in the opinion of the Committee should properly be dealt with in an Act of the Legislative Assembly.

As described above, the Code is in accordance with the objects of the UTR Act under which it is made. Generally speaking, the Code provides a definition regarding the boundary between different electricity networks and customer premises.

The Code does not unduly trespass on rights previously established by law. The Code is made as a technical code under the UTR Act. The Code has been provided to affected regulated utilities for consultation as required by the Act. The relevant utilities have indicated their support for the approval and implementation of the Code.

The Code provides further clarification regarding existing obligations for the affected regulated utility. The Code does not create any decision-making functions, obligations or rights which are unduly dependent on non-reviewable decisions.

The technical regulation of utilities is a matter which is expressly considered in the UTR Act. A process for technical regulation is provided for by the creation and approval of technical codes. Technical codes are important to give effect to the objects of the UTR Act, and are an appropriate and necessary measure to provide for the technical regulation of important utility services to ensure safe and reliable networks.

The technical requirements and obligations imposed by the Code are essentially about ensuring that regulated utility services operate in accordance with the objects of the UTR Act. Placing these requirements in a technical code made under the UTR Act is a necessary means to achieve the goal of the technical regulation framework. Therefore, the Code requirements are justifiable, proportional and appropriate and have been discussed and supported by the relevant regulated utilities.