

1. Introduction

The Victorian Division of the Urban Development Institute of Australia (UDIA Victoria) thanks the Essential Services Commission (ESC) for receiving UDIA Victoria's earlier submission with respect to major distribution electricity connections in greenfield development settings. We are pleased to now provide you with direct feedback in relation to issues faced in brownfield development settings. These issues largely relate to the industry's experience and dealings with CitiPower.

While we appreciate the focus of the ESC's enquiry has been on greenfield developments to date, our view is that the ESC must address problems being faced by developers and builders in brownfield development settings as part of its response to the enquiry. This is particularly important in context of rising concerns from the urban development industry that the distribution businesses will divert resources from the brownfield sites, in order to deal with (justifiable) pressure placed on them to address issues in the greenfield development sites.

The terms of reference of the ESC's review state that its purpose is to assess:

1. the timeframes for processing connection applications and negotiation of connection agreements between property developers and distribution businesses;
2. the timeframes for undertaking connection works;
3. the terms and administration by the distribution businesses of service and installation rules as they apply to electricity connections to new property developments, including the processes used by distribution businesses assess and audit compliance; and
4. the level of familiarity of the housing industry with the regulatory framework and processes governing electricity connections to new developments, and their capacity to manage these in an efficient and timely way.

As such, it is critically important that as a component of its review, the ESC addresses the inadequate service provision being provided to the development industry by electricity providers in brownfield development settings, as well as greenfield development settings.

Given the timeframes to which the ESC is operating under, UDIA Victoria recommends the feedback contained within this submission is used to form the basis of a stage 2 – brownfield focused enquiry – into the practices of distribution businesses that connect electricity to Victoria's new property developments.

UDIA Victoria anticipates that the key findings of the ESC enquiry to date will set a solid foundation for which a stage 2 enquiry focused on brownfield development sites can be based, particularly as the issues across both development settings can be tied to the fact that our electricity companies enjoy an unregulated monopoly on large-scale connections to new developments, with no penalties for poor service practices, which results in a consistent failure by these companies to meet reasonable timeframes.

This lack of accountability adds time, risk, uncertainty and cost to the development process, making it increasingly difficult for industry to bring new housing to market at an appropriate pace and price-point to meet demand.

2. Summary of Issues

2.1 Timing delays, particularly for sub-stations, asset relocations and abolishments

Current approval durations associated with sub-stations, asset relocations and supply abolishments are unreasonably long and unpredictable. It can take 3-6 months for a developer or builder to receive an offer from CitiPower simply outlining the costs associated with any one of these actions. Following the receipt of an offer, the developer then faces a 12-14 week design period, and an approvals process which can be 14+ weeks depending on the works. During this time, construction cannot continue and if timelines are not clear, works must stop.

Timeframes for works associated with road management consent and soil testing are also blowing out, breeding uncertainty and causing project delays.

When relevant parties (landowners, consultants) follow up with CitiPower on delayed works, they have been told that if they continue to do so, they will go to the 'bottom of the pile'. CitiPower employees also regularly attempt to justify delays by stating they are overworked.

2.2 Un-contactable staff

Industry finds it extremely difficult to get timely responses from various CitiPower staff members, particularly Project Managers, many of which are typically un-contactable via email, desk phone and/or mobile phone and will take up to 2 months before issuing any response to multiple email and phone message requests for contact.

2.3 Limited transparency around calculation of customer contributions

Prior to changes made mid-2017, CitiPower offers provided the full breakdown of costs and revenue for the relevant party's information and consideration. That information is no longer included in offers, and all that is provided is an estimate of incremental electricity usage in MWh per year. This is of particular concern given an apparent increase in the amount of customer contributions since the time of this change. In some instances, industry has seen offers > \$850 ex GST per kVA.

2.4 Uncertain building design process

CitiPower provides simple templates for consultants to design to, however not all building designs can match these templates, in which case the consultant will request a meeting with CitiPower designers to ensure their design is acceptable.



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At these meetings, CitiPower is typically unwilling to confirm the design presented and is non-committal when it comes to advising what the consultant's next steps or options are. This process causes great uncertainty that flows-through to the rest of the project design and development process.

2.5 Uncertainty around 'Rough Order of Cost'

The current practice of providing "Rough Order of Cost" for works such as power undergrounding makes it difficult for industry to conduct proper project feasibility assessments.

3. Examples

UDIA Victoria members have provided several examples that mirror the experience of developers in greenfield settings and are equally concerning for the ability of the development industry to deliver the housing supply Melbourne needs.

These examples focus on inadequate customer service, and lengthy, unreasonable timeframes within in which responses and action is delivered by CitiPower in particular.

The below examples include varying levels of detail as our members are genuinely nervous about adverse impacts in their dealings with utility companies, should detailed examples be provided and then shared with the utility companies. As such, we have retracted key project details from the below examples.

Note: CitiPower issues advice, that is also available on their eConnect portal, that an abolishment will be completed within 20 business days of submission.

3.1 Electricity Sub-Station and Supply Abolishment

Provider: CitiPower

Address: [REDACTED]

Details: Application for abolishment of existing substation made to CitiPower [REDACTED]

Substation decommissioned on [REDACTED]

Total time: Approximately 18 months

3.2 Electricity Sub-Station and Supply Abolishment

Provider: CitiPower

Address: [REDACTED]

Details: Application made to CitiPower [REDACTED]

Substation decommissioned on [REDACTED]

Total time: Approximately 12 months

3.3 Electricity Abolishment

Provider: CitiPower

Address: [REDACTED]

Details: Application made to CitiPower [REDACTED]

Landowner paid a 30% service acceleration surcharge

Abolishment done on [REDACTED]

Total time: Approximately 3.5 months

3.4 Electricity Supply Request

Provider: CitiPower

Address: [REDACTED]

Details: Request made to CitiPower [REDACTED]

Landowner received offer for design [REDACTED]

Landowner received offer for sub-station [REDACTED]

Total time: Approximately 8.5 months

3.5 Electricity Abolishment

Provider: CitiPower

Location: Inner city site

Details: Application made to CitiPower on [REDACTED]

Landowner contacted CitiPower via phone several times in November to confirm abolishment was on track; CitiPower advised that it would be done within the specified 20 business days

Landowner contacted CitiPower [REDACTED] to query why abolishment had not yet been done; CitiPower then advised that the abolishment had been classed as 'complex' and would take 3-6 months to complete

[REDACTED]

[REDACTED]

[REDACTED]

This example in particular illustrates the significant time and effort required by landowners in dealing with CitiPower. Further, it demonstrates the landowner's inability to schedule subsequent project steps due to extreme uncertainty related to their dealings with CitiPower.

3.6 Asset Relocation

Provider: CitiPower

Details: Application made to CitiPower on [REDACTED]

CitiPower issued Specification of Design [REDACTED]

Landowner signed Specification and Design Service Request for Asset Relocation on [REDACTED]

CitiPower provided Recoverable Works Agreement on [REDACTED]

Land owner made payment of [REDACTED]

Asset relocation done on [REDACTED]

Total time: Approximately 18 months

3.7 Electricity Supply Request

Provider: CitiPower

Details: Request made to CitiPower [REDACTED]

Response to request received [REDACTED]

Total time: Approximately 10 months

3.8 Electricity Sub-Station Inspection and Sub-Station Design

Provider: CitiPower

Location: Inner City

Details: CitiPower took over 6 weeks to inspect sub-station from date of request

CitiPower took over 2 months to approve cable locations from date of request

3.9 Electricity Sub-Station Inspection

Provider: CitiPower

Location: Inner City

Details: CitiPower took over 6 weeks to inspect sub-station from date of request

When the landowner queried the delay, they received a 'too busy' response

4. Recommendations

UDIA Victoria recommends the feedback contained within this submission is used to form the basis of a stage 2 – brownfield focused enquiry – into the practices of distribution businesses that connect electricity to Victoria's new property developments.

Initial recommendations to address the issues presented, for consideration during a potential stage 2 enquiry, are listed below.

- UDIA Victoria recommends the following timeframes should be enforced with respect to energy connections to brownfield development sites:

Action required	Timeframe for response
Simple abolishment	3 weeks from application
Complex abolishment	3 weeks for offer 3 weeks for design 4 weeks for works
Sub-station abolishment	4 weeks for offer 6 weeks for design 8 weeks for works
Overhead alterations and/or undergrounding of power	3 weeks for offer 3 weeks for design 4 weeks for works
Street light removal	3 weeks for offer 3 weeks for design 4 weeks for works
Temporary power	3 weeks for offer 3 weeks for design 4 weeks for works

Sub-station design and/or new power office	<p>4 weeks for offer</p> <p>6 weeks for design</p> <p>6 weeks for works (including underground cable connections and transformer installation)</p>
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Further, the timeframe for works should include road management consent and soil testing. This must be organised and considered up front so that delays to works are avoided.

- UDIA Victoria recommends that the practice of providing “Rough Order of Cost” for works such as power undergrounding should be disallowed in favour of the distribution company providing an offer for works directly to the developer/builder up front.

5. About Us

Urban Development Institute of Australia (Victoria)

The Urban Development Institute of Australia (UDIA) is the peak industry body for the urban development sector. In Victoria alone, we represent the collective views of over 320 member companies including developers, consultants, financial institutions, suppliers, government authorities and utilities. Together we drive industry discussion and debate, which serves to assist key regulators and all levels of government in achieving successful planning, infrastructure, affordability and environmental outcomes.

6. Contact

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