

Post-Permit Fast Track Process

Timely electricity connections for new developments

1. The problem

Supply of electricity is a pre-requisite for the urban development industry to bring new housing to market at an appropriate pace and price-point. Developments need to be connected to electricity supply so that civil works can be done to subdivide land into individual lots, and new housing lots need to be connected to electricity supply in order to settle and for the purchaser to take possession of their new lot.

Electricity companies enjoy an unregulated monopoly on large-scale connections to new developments with no penalties for poor service practices. In the absence of established accountability measures or a competitive operating environment, there is little to no incentive for these companies to lift service performance. Similarly, there is no avenue for the development industry to hold electricity providers accountable for poor service or unreasonable and costly project delays.

These issues add time, risk, uncertainty, and cost to the development process. These impacts are particularly concerning in context of the economic impact the COVID-19 pandemic is having, and will continue to have, across Victoria and the contribution development can make to the State's economic recovery.

2. Why it is important

Supply of electricity to new developments is a critical and required component of unlocking new development. The electricity distribution businesses will only consent to the issuance of a Statement of Compliance once all their permit conditions are met. Receipt of the Statement of Compliance is one of the final steps before the plan of subdivision is registered and titles are created. Settlements will follow together with distribution of the associated taxes to the Victorian Government.

The flow-on impact of this is profound, unlocking land for the housing, building and aligned industries creating further jobs and stimulating the economy.

The Essential Services Commission (ESC) have [announced a review](#) aimed at improving electricity connection times for new developments. UDIA Victoria will be making a submission on behalf of our members in June 2020.

3. The Solution

In 2018, following concerns raised by the UDIA Victoria and other peak industry bodies, the Victorian Government tasked the ESC to advise how new development could be assured electricity connections could be delivered within certain time frames.

UDIA Victoria has been working with the ESC, as chair of the governance committee, and other stakeholders from the development industry and electricity distribution businesses to reduce these delays. This process has not yet delivered any tangible change, and now it is more important than ever to

implement real accountability. We welcome the recent updated review which will take place in June 2020.

Whilst the electricity distribution businesses have committed to a voluntary Service Improvement Commitment and have commenced down the path of improvement there remains much to be done before tangible results are consistently realised across the network of electricity distribution businesses.

Lack of accountability is at the core of the issues experienced by industry when dealing with electricity distribution businesses for new property developments.

UDIA Victoria reiterates a number of its recommendations, previously presented to the ESC, that have either not been addressed, or not yet concluded, as follows:

- a) Amend the Electricity Distribution Code¹ to incorporate timelines and financial penalties for Underground Residential Distribution customers (¹ESC Electricity Distribution Code, December 2015 Version 9);
- b) Broaden the scope of contestable services to enable increased use of accredited third-party resources;
- c) Implement a standardised, regulated and transparent process with a transition phase to accompany any change in standards introduced by electricity businesses;
- d) Establish a standardised manual for designers and auditors, supported by ongoing training and new technology;
- e) Introduce a sample auditing system to streamline the design and construction processes; and
- f) Introduce regulatory timeframes, enforced by financial penalties.

4. How we get to a solution

As time is of the essence, UDIA Victoria urges the Victorian Government to fast track initiatives that will establish robust, long-term accountability measures that will drive efficiencies, increase transparency and lift poor service standards across large- scale electricity distribution businesses.

There is an urgent need to revise the Electricity Distribution Code so it incorporates timelines and financial penalties for URD customers to ensure 'shovel ready' projects can proceed without undue delay.

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