

Ancillary Services—Quoted Services Application and Price Guide 2023-2024

As approved by the Australian Energy Regulator

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1 Introduction

This 2023-24 Ancillary Services – Quoted Services Application and Price Guide outlines TasNetworks' terms and labour prices for the provision of alternative control services – quoted services and applies from 1 July 2023 to 30 June 2024.

Quoted services are those services provided by TasNetworks where the nature and scope of the service is specific to an individual customer's needs and varies from customer to customer. The cost of providing these services cannot be estimated without first knowing the customer's specific requirements. It is, therefore, not possible to set generic fixed fees in advance for these services.

Requests for quoted services may be made to TasNetworks directly by customers, by an electricity retailer or by a third party on behalf of a customer.

TasNetworks provides a range of new design and construction fees and non-standard services on a quoted basis including, but not limited to:

Non-standard services

- Removal or relocation of TasNetworks' assets at the request of a customer or third party (for example, the Tasmanian Government);
- Services that are provided at a higher standard than the standard service, due to a customer's request for TasNetworks to do so;
- Provision of overhead and underground subdivision for developers;
- Services that are provided through a non-standard process at a customer's request (for example, more frequent meter reading);
- Network safety services;
- Customer vegetation defect works;
- Premises connection services and extension;
- Connection application services (other than those provided as ancillary services – fee based services);
- Design work for a new connection;
- Access permits, oversight and facilitation;
- Notices of arrangement;
- Network related property services;
- Planned interruption – customer requested; and
- Provision of training to third parties for network related access.

Further information on TasNetworks' other alternative control services, including public lighting services and fee based services, can be found at our website:

<https://www.tasnetworks.com.au/Poles-and-wires/Pricing/Our-prices>

2 Application of quoted services prices

2.1 TasNetworks

All references to TasNetworks within this Ancillary Services – Quoted Services Application and Price Guide, unless otherwise stated, refer to TasNetworks in its capacity as a licensed distribution network service provider in the Tasmanian region of the National Electricity Market (NEM) only.

2.2 Goods and service tax (GST)

The labour rates applying to the provision of quoted services and published in this guide are, unless otherwise stated, exclusive of GST.

2.3 Quoted services charges

The quoted services labour rates in this Ancillary Services – Quoted Services Application and Price Guide are calculated in accordance with the Australian Energy Regulator's (AER) Distribution Determination applying to TasNetworks.¹ All other charges will be passed through on a cost recovery basis together with a margin.

All financial components of a quoted service are to be paid as a single upfront amount prior to TasNetworks commencing any works. Alternative payment arrangements may be considered on a case by case basis, in which case a prudential requirement (e.g. Bank Guarantee) may be required.

2.4 Cost recovery

TasNetworks' charge for a quoted service reflects the costs of providing that quoted service. The AER has also approved the recovery of a (modest) margin when calculating the charge.

2.5 Request process

A customer who wishes to receive a quoted service from TasNetworks must submit a written request to TasNetworks, or have their electricity retailer or agent acting on their behalf do so.

¹ See <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/tasnetworks-determination-2019-24/final-decision>.

3 Quoted services price formula

Prices for quoted services will be calculated by TasNetworks on an individual basis and in a manner which is consistent with the methodology in the AER's Distribution Determination applying to TasNetworks.² The AER's prescribed methodology for calculating a quoted services charge is as follows:

$$\text{Price} = \text{Labour} + \text{Contractor Services} + \text{Materials} + \text{Margin}$$

Where:

Labour consists of all labour costs for TasNetworks employees directly incurred in the provision of the service, which may include labour on-costs, fleet costs and overheads. Table 1 sets out the hourly rates applying to particular labour types;

Contractor services reflect all costs associated with the use of external labour, including all direct costs passed through by the contractor, as well as TasNetworks' overheads. The contractor services charge applies the rates under prevailing contractual arrangements. Direct costs incurred are passed on to the customer;

Materials reflect the cost of materials directly involved in the provision of the service, including material storage, logistics on-costs and overheads; and

Margin is an amount equal to TasNetworks' nominal vanilla weighted average cost of capital (WACC) applied to the total costs of Labour, Contractor Services and Materials.

TasNetworks is unable to provide a full range of prices for quoted services for the year because the cost of providing these services will be dependent on a customer's specific requirements and circumstances, and may vary significantly between even outwardly similar jobs.

The hourly charges for the provision of labour associated with quoted services for the period 1 July 2023 to 30 June 2024 are presented in Table 1.

² See <https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/tasnetworks-determination-2019-24/final-decision>.

Table 1: Labour rates (including overheads, vehicle (where required) and margin)

| Labour type | Hourly rate (\$) |
|---|-------------------------|
| Asset inspector | 102.62 |
| Asset inspector – including vehicle ³ | 125.93 |
| Cable joiner ³ | 131.49 |
| Customer connections – commercial metering ³ | 157.71 |
| Customer connections – service crew ³ | 142.58 |
| Designer | 140.90 |
| Distribution electrical technician | 118.89 |
| Distribution electrical technician – including vehicle ³ | 142.20 |
| Distribution linesman ³ | 128.85 |
| Distribution linesman – live line ³ | 142.83 |
| Distribution operator ³ | 133.89 |
| Distribution operator – including vehicle | 157.20 |
| Engineer | 152.06 |
| Senior engineer | 175.04 |
| Field service coordinator | 128.21 |
| General administration | 118.20 |
| Labourer – overhead ³ | 116.52 |
| Meter reader ³ | 109.74 |
| Project manager | 158.32 |

The margin associated with quoted services for the period 1 July 2023 to 30 June 2024 is presented in Table 2.

Table 2: Margin

| Margin | (%) |
|------------------------|------------|
| Quoted Services Margin | 5.89 |

All other prices will be as per the quote provided and will be levied on a cost recovery basis.

³ Includes vehicle allowance

4 Procedure for reviewing complaints and disputes

TasNetworks will ensure that all complaints and disputes relating to the provision of quoted services are dealt with in accordance with its standard complaints and dispute resolution policy and procedures. TasNetworks' dispute resolution policy is reviewed annually and published on TasNetworks' website.

4.1 Internal procedure for reviewing objections

In the event that TasNetworks receives a written objection from or on behalf of a customer to a proposed quoted service charge, TasNetworks will undertake the following internal review process:

- the customer's written objection will be reviewed by TasNetworks;
- any additional information provided by the customer (and/or the customer's retailer or agent) will be considered;
- TasNetworks will determine the quoted services charge that should apply;
- the proposed quoted services charge will be reviewed and approved by the Leader Regulation; and
- the customer (and/or customer's retailer or agent) will be notified in writing of the final quoted services charge review outcomes within 15 business days of receipt of the customer's written objection.

TasNetworks may consult with the customer's retailer or agent during the process of undertaking a review.

4.2 Objections not resolved by internal review process

If a customer's objection to a quoted service charge is not resolved to the customer's satisfaction after applying TasNetworks' internal review process, as detailed above, the customer is entitled to seek independent resolution of their objection through the following avenues:

- if the resolution of the dispute is within the jurisdiction of the Energy Ombudsman, the customer is entitled to escalate the matter to the Energy Ombudsman; or
- the customer is entitled to seek a decision by the AER via the dispute resolution process available under Part L of Chapter 6 of the National Electricity Rules.

5 Glossary

| Term or Abbreviation | Description |
|-----------------------------------|--|
| AER | Australian Energy Regulator. |
| Customer | A person to whom TasNetworks provides regulated services. |
| Distribution determination | AER, Final Decision, TasNetworks distribution determination 2019-20 to 2023-24, April 2019 (see https://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/tasnetworks-determination-2019-24/final-decision). |
| Energy Ombudsman | As defined in the Energy Ombudsman Act 1998 (Tas). |
| NEM | National Energy Market |
| TasNetworks | Unless otherwise stated means Tasmanian Networks Pty Ltd ABN 24 167 357 299 in its capacity as a distribution network service provider licensed in the state of Tasmania |