Accredited Service Provider Scheme Review

Final report

THE INSIGHT PARTNERSHIP

NSW GOVERNMENT | Treasury

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Executive Summary

The Review

The Accredited Service Provider (ASP) Scheme has been reviewed to examine the continued need for the Scheme and to improve arrangements for contestable energy connection services. The Scheme accredits organisations or individuals (Accredited Service Providers, or ASPs) to perform contestable work on the NSW electricity distribution network, giving consumers who need to connect to the network access to a competent and competitive market of service providers. The Review aims to bring the Scheme up-to-date and to position it for future changes.

Structure of the Final report

About the Review	An overview of the ASP Scheme, the need for reform and the scope and process of this Review.
Consultation findings	A summary of the process and responses from the consultation on the Issues Paper and the Position Paper.
Review findings	A summary of the findings of the Review against the full Terms of Reference.
Proposed reforms and recommendations	A more detailed walk through the drivers for change and the recommendations to bring about change. This section mirrors the structure of the Position Paper, so that stakeholders can track the pathway of the proposed options. That is: ▪ Continued need for the Scheme ▪ Customer service ▪ Scope of the Scheme ▪ Regulatory framework ▪ Ongoing governance of the regulatory framework.
Staging the recommendations	A suggested pathway forward for bundling the recommendations into related components, with earlier components providing the foundations for later components.

Findings

The Review found that the Scheme is, on balance, achieving its objectives. That is, it assures the competence of participants, improves consumer access and has made a positive contribution to safety. The Scheme should be continued into the future, remaining within OECC's administration.

There is a strong case to expand the scope of the Scheme into new areas funded by consumers. Expansion will extend the Scheme benefits to new participants and to consumers of those services, and offer scope to streamline the total service offering.

Streamlining the administration and systems, and strengthening the compliance and enforcement frameworks would enhance the extent to which the Scheme can achieve its objectives. There is considerable work in time and cost to bring the administrative systems and regulatory responses up to date; this is dependent on fees being adjusted, and a one-off systems investment by the NSW

Government to deliver customer service at contemporary standards. This work requires the expertise of all players in the system, through a newly established advisory body.

The strength of the findings is limited by a gap in hard data on access, safety and cost. The recommendations make proposals that will improve centralised data and support future Scheme assessments.

Recommendations

This Review has made 34 recommendations. The time lag since the previous review has led to the multiplicity of changes required, and driven the high number of recommendations in this Review, in turn generating a sizeable and costly catch-up program of works.

The recommendations are listed below in themed groupings.

Overall

Recommendation 1

Continue administration of the Scheme within the Energy function in OECC.

Customer service

Recommendation 2

Update the administration platform, creating an online portal that supports ASP self-service. Specific features may include:

- Applicants apply and upload documents online via a web browser
- Applicants track status of application live with automated updates
- ASPs manage renewals directly
- DNSP access to documents uploaded by applicants
- Publicly searchable database.

Recommendation 3

NSW Government to provide one-off funding to build a platform that brings the Scheme administration in line with contemporary standards.

Recommendation 4

Share a unique identifier for registered employees to speed registrations.

Recommendation 5

Improve information and access provided for applicants:

- Redraft the Scheme Rules in plain English.
- Prepare a plain English guide to the Scheme Rules.
- Revise the application form for introduction alongside the revised administrative platform.
- Update the Scheme website to improve user-friendliness for Scheme participants and end consumers.

Recommendation 6

Introduce regular communications updating participants on important issues, risks or changes in the Scheme.

Scope of the ASP Scheme

Recommendation 7

That OECC determine the simplest way to address perceived constraints regarding the scope of contestable services in the *Electricity Supply Act 1995,* whether through new definitions or regulations.

Recommendation 8

That the classes in the Scheme are rationalised to align with the unique competencies.

- The recommended advisory body should oversee this work.

Recommendation 9

Update the classes of work to address new types of work.

The recommended advisory body should work through the most important categories from this list: tiger tails/temporary insulation; asset relocation; sub-transmission and transmission; vegetation management; ASP L3 asset access.

Recommendation 10

Introduce a requirement for ASPs to have continued access to competent principals in each class of work for which they are accredited.

Recommendation 11

Streamline the process of linking registered employees with a company

- If individual does not have registered employee status, ASP to sponsor the initial application.
- If existing registered employee, registered employee to provide their new ASP with their unique identifier. ASP to provide unique identifier to OECC for confirmation and database update.

Recommendation 12

Strengthen requirements for registered employees to maintain currency of information, including changes in qualifications and employment.

Recommendation 13

Introduce annual safety self-assessment requirements for all ASPs.

- The final design to be informed by a cost-benefit analysis

Recommendation 14

Introduce a 3-year program of inspections and assessments to improve industry safety performance and identify safety concerns.

- Extension of the program beyond this time to be subject to a cost-benefit analysis.

Regulatory framework

Recommendation 15

Improve communication to consumers, by introducing a searchable database, a plain English guide and improved awareness material.

Recommendation 16

Update the training requirements for all Classes, most urgently Class 2A and Level 3.

- To be guided by the recommended advisory arrangements.

Recommendation 17

Update the initial assessment of competence to address current gaps, such as fit and proper person assessment, and to reflect the new requirement that all accredited organisations must have continued access to competent principals for each class of work.

Recommendation 18

As part of the recommended administrative platform upgrade, introduce an improved database to enable DNSPs to access current and complete information on registered employees.

- Subject to agreement of each registered employee to comply with privacy requirements.

Recommendation 19

Review the requirements of accreditation and authorisation to streamline information provision by ASPs

- The recommended advisory arrangements to work with DNSPs to complete this task to improve information-sharing and alignment of criteria.

Recommendation 20

Introduce new procedures to assess ongoing competence (reassessments)

- Should include some guidance on minimum work volumes, and assessment of these levels for ASPs.
- May also require assessment of performance metrics such as safety and quality, and the types of work.

  These changes would be facilitated by recommendation 21 to improve information sharing between OECC and DNSPs.

- The time period for reassessment of competence should be driven by risk. Higher risk categories should be reassessed on a rolling 12-month timeframe. Lower risk categories should be reassessed every 3 years.
- Note the connection with recommendations 13 and 14 (safety audits and inspections) which will also collect information on safety performance.
- The development of this work to be guided by the recommended advisory arrangements.

Recommendation 21

Amend the current three-level grading system to introduce a 'Provisional' category, to indicate a new entrant.

Recommendation 22

Refine the current approach to regrading so that it aligns with reassessments, safety activity and any other monitoring activity.

- Potential to introduce time-limited downgrades subject to a rectification plan.
- Downgrading would be subject to an appeals process.

Recommendation 23

Develop a clear and transparent policy and procedures for regulatory responses including regrading, removal of ASP accreditation for specific classes or types of work, suspensions and cancellations.

- Data on regulatory responses to be publicly available.

Recommendation 24

OECC to undertake regular liaison with Fair Trading and SafeWork to coordinate regulatory activity.

Recommendation 25

Work with RTOs, NECA and other government agencies to ensure the continued provision of relevant and up-to-date ongoing training for existing ASPs.

- OECC could support this activity by gathering intelligence on emerging issues which would highlight additional training needs.

Recommendation 26

Work with universities and further education institutes to promote access to relevant and up-to-date formal qualification pathways for future ASPs.

Recommendation 27

Update the formal qualifications and ongoing training requirements for ASP L3s.

- To consider all of Bachelors degrees, advanced diplomas and on-the-ground experience.
- The specific requirements to be guided by the recommended advisory arrangements.

Recommendation 28

Introduce a new provisional category for ASP L3s that facilitates their working under fully qualified designers.

Recommendation 29

Introduce a grading system for ASP L3s to reflect competence.

The recommended advisory arrangements to consider the extensive submissions on this area to the Review and work closely with the industry to develop this grading system.

Ongoing governance of the regulatory framework

Recommendation 30

Schedule a formal review of the overall Scheme every 4 years to consider Scheme performance against its stated objectives and the changed operating environment, allowing time to develop, implement and assess the effectiveness of changes from the previous review.

- Undertake ongoing environmental scanning between formal reviews for changes, and escalate changes where they are significant.

Recommendation 31

Schedule regular, formal reviews of training requirements.

- Initially once a year, and stepping back to biennially if annual changes are minimal
- To be overseen by the recommended advisory arrangements

Recommendation 32

Establish an advisory body comprising representatives from ASPs (1,2,3), DNSPs, RTOs, peaks and consumers.

The core role for the advisory body to include:

- Monitoring classes of work to ensure they remain relevant and responsive to industry and technological shifts, and providing advice on how to amend them including entry requirements and the ongoing implications of changes
- Updating training requirements and ensuring they remain current into the future
- Providing advice on other aspects of Scheme operation, including policy settings and procedural amendments.

In addition, the advisory body could:

- Identify gaps and improvements relative to the Scheme
- Identify industry needs
- Monitor and manage issues with contestable works
- Access specialist advice where necessary.

Recommendation 33

Fees should be set at a level that covers the real costs of operations. Annual increases based on the construction price index to be implemented immediately; fees should be rebaselined once system improvements have taken effect.

- Also note Recommendation 3 in which the NSW Government is to provide one-off funding to build a platform that brings the Scheme administration in line with contemporary standards.

Recommendation 34

Once the system has been updated, introduce regular reporting on key Scheme dimensions and actions.

- Reporting might be annual, or take the form of a live dashboard
- This recommendation facilitates public reporting of regulatory responses (recommendation 24)

1 About the Review

1.1 The ASP Scheme

The ASP Scheme was introduced in 1995 to provide consumers who need to connect to the distribution network with access to a competent and competitive market of service providers. Through the Scheme, these contestable services must meet the following objectives:

- Contestability of the works needed to connect consumers to the network assets, supporting an ongoing market that provides those works
- The competence of organisations and individual workers who provide those services, which is essential for effective and safe works
- Access by consumers to timely and competitively priced services that meet needs
- Safety in works, thereby protecting people (consumers and workers), the consumer and network assets, and the reliability of the connection.

The Scheme is structured on the assumption that there is a ready supply of appropriately skilled and qualified organisations and individuals. Broader market stewardship activities like mentoring and skilling up in general business systems sit outside the Scheme.

The Scheme creates three groupings of providers: construction services (Level 1, or ASP L1); connection services (Level 2, or ASP L2) and design services (Level 3, or ASP L3).

1.2 The need for reform

The ASP Scheme was last reviewed in 2010[i]. That Review noted a significant maturing of the market for electricity distribution network services following the introduction of the Scheme, with an increase in the volume of contestable works and the number of service providers.

Those trends continued through the 2010s and until today. At the time of the 2010 Review, the value of contestable works was estimated at $300 million. While there is no publicly available data, the discussions of this current Review with DNSPs estimate the value of works at close to $1 billion.

There have also been several significant policy and regulatory changes, including:

- The introduction of the Australian Energy Regulator (AER), which is responsible for setting and implementing a significant component of the regulatory framework for the industry
- Significant strengthening of safety expectations through amended work health and safety legislation and other industry change
- Customer service as a key commitment of the NSW Government.

In recent years, industry stakeholders have repeatedly called on the Scheme to review and update a wide range of issues.

This Review is responding to those demands to modernise the Scheme and meet new and emerging requirements.

1.3 Scope of the Review

The Terms of Reference for the Review (Appendix 1) required that the Review consider three main questions:

- Does the current Scheme address its intended purpose of supporting contestable services?

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[i] *Review of contestable services on the New South Wales electricity network: Final Report* July 2010

- To what extent does the Scheme deliver against the objectives of competence, consumer access and safety?
- What arrangements are needed to ensure the Scheme administration meets contemporary customer service expectations and is responsive to industry change, technological advancements and training updates into the future?

The Review is based on extensive feedback from industry and stakeholders, a more detailed exploration of the Scheme itself and the extent to which it meets the principles of sound regulatory design and a consideration of the operating environment of the Scheme.

1.4   Review process in brief

The current Review of the Scheme commenced in the first half of 2021. The Review has encompassed the following activities:

- An initial scoping consultation with key industry stakeholders, representing DNSPs, ASPs and end consumers
- Review of formal documentation that dictates the Scheme, including legislation, regulations and rules
- Review of documented issues raised by stakeholders in recent years regarding the Scheme
- Review of current administrative approaches
- Release of an Issues Paper in June 2021, with consultation open until August 2021
- Online forums held with ASP L1s, ASP L2s (two forums) and ASP L3s, NECA, each DNSP and two metering providers
- Review and analysis of 42 submissions[ii]
- Release of a Position Paper in December 2021, with consultation open until February 2022
- Review and analysis of 24 submissions
- Consultation with a parallel review of metering services in NSW, commissioned by OECC.

1.5   This Final Report

This Final Report sets out the key drivers for and the recommended pathway to change for the ASP Scheme. The Scheme is performing a valuable function, as was evidenced by the consultation feedback. It also requires some consideration and refinement to bring it to optimal performance.

The specificity of detail in many submissions has made it clear that detailed design development is needed for a range of changes. These submissions and the previous Issues Paper and Position Paper should be used as source documents in the design development post-Review.

The ultimate aim is to strengthen the Scheme, so it is fit for purpose now and into the future, and is able to be delivered sustainably in terms of its resourcing and the requirements of the industry.

[ii] Appendix 2 lists those who made a submission

2 Consultation findings

2.1 Issues Paper consultations

The Review released an Issues Paper in June 2021 and submissions closed in late August 2021. The submissions demonstrated overwhelmingly strong support for continuation of the Scheme. Submissions argued that the Scheme had improved outcomes in all intended areas; that is, in the delivery of contestable services through a competent industry, in a safe manner, and offering ease of consumer access. However, there was also strong support for reform to improve the Scheme's operation and impact.

The consultations included submissions by 42 organisations including the three DNSPs, 28 ASPs, NECA, and 10 other stakeholder groups; focus groups with ASP L1s, L2s, and L3s, NECA, and the three DNSPs; as well as discussions with key stakeholders within government and further review of best practice approaches. The consultations offered many, often quite detailed proposals for how to address issues. These informed the options presented in the Position Paper.

2.2 Position Paper consultations

The ASP Scheme Review Position Paper was released on 10 December 2021 and submissions closed on 25 February 2022. A total of 24 submissions were received, comprising 16 ASPs, NECA, 2 metering providers, all 3 DNSPs, the HIA, and the AEMO.

This Position Paper explored what the reform might look like and:

- Articulated the issues expressed by those making submissions or participating in focus groups
- Set out the key options to take forward individual issues within the scope of the Review, including a high-level analysis of their benefit and feasibility
- Tested the feasibility of the options with industry
- Foreshadowed a potential suite of recommendations in the next phase.

The majority of submissions were supportive of the options presented as feasible in the Position Paper with a very limited number of alternative suggestions presented. Although there was discussion of the relative importance of the different options, there was strong support for commencing the reforms and implementing the options broadly as identified.

There were two issues that raised some concern in a small group of submissions:

- **Metering:** As reflected in the consultations following the Issues Paper, there was a group of submissions that reinforced the need to wind back reforms that they see as reducing the scope of ASP works. Other submissions suggested the current regulatory requirements are appropriate and do not provide unnecessary limits on ASP works.
- **ASP Level 3s:** A small number of submissions indicated that the Position Paper did not adequately engage with ASP Level 3 concerns, particularly in relation to overall regulation of complaints with DNSPs.

While there was strong support for most options presented, there were slight differences as to which options should be implemented first. The seven options which received the greatest support as being of high importance were (in order of support):

- Collecting information—Information sharing by DNSPs
- The registration process—Registration and authorisation information sharing
- Improved information sharing and education—Newsletter
- Scheme administration—Remain in DPE (ie with energy functions)
- New types of work—Review and add the most supported types of work

- Influence—DNSP interface
- Pathways to growth the market and reflect expertise of ASP—Provisional status for ASP L3s.

A small number of options received limited support, chief of which was the expansion of self-assessment requirements. There was a view that self-assessment would have limited impact on changing practice and systems in ASPs, while increasing administrative requirements. This issue is addressed in this Final Report in section 4.4.3.

3 Review findings

This section sets out the review findings against the individual terms of reference.

Term	Response
Does the current Scheme address its intended purpose of supporting contestable services?	The Review found the Scheme is widely supported by participants and DNSPs, with no desire to end the Scheme.
	Nevertheless, there is no hard data on access or cost; national benchmarking or other data collection may support future assessment.
To what extent is there still a need for a Scheme to deliver on the identified objectives?	There is still a need for the Scheme to deliver on the identified objectives. There is no evidence that connection services would be delivered more efficiently, safely and cheaply without the Scheme.
	The Scheme is key to supporting operations by DNSPs and those conducting connection services.
Is the Scheme achieving its goal of creating a competitive environment for contestable services?	The Scheme design creates a competitive environment for contestable services. There is evidence of competitive services across most of NSW, although there are thin markets in limited geographic areas and, likely, for some services. The call for additional services to be added to the Scheme to improve access by end consumers further supports the finding that the Scheme creates a competitive environment.
	Streamlining the administration and systems, and strengthening the compliance and enforcement frameworks would enhance the extent to which the Scheme supports this goal.
To what extent does the Scheme deliver against the objectives of competence, consumer access and safety?	Overall, the Scheme delivers on its objectives. However, the Review found that there was scope for significant enhancements to enable it to better deliver against those objectives. The Scheme has suffered from setting prices at a level that does not fully cover costs, and from a lack of investment in systems and other customer service offerings; this now needs to be addressed.
Competence	The Scheme has a robust assessment of competence at the point of entry; however, there are significant limitations in assessing ongoing competence once ASPs have entered the Scheme. Recommendations focus on how to improve the assessment of ongoing competence.
Consumer access	There is some evidence that the Scheme has improved consumer access. Stakeholders report slower access for services that are currently not competitive (like tiger tails), which by inference demonstrates that the Scheme delivers better outcomes. Nevertheless, the consumer interface is outdated and difficult to manoeuvre; greater attention to consumer-oriented material would improve delivery against this objective.
Safety	Like competence, safety is primarily assessed at point of entry through consideration of safe work practices; however, there is

Term	Response
	limited activity during operations. There is limited evidence of underlying safety concerns, and yet there is clear concern in submissions about making sure safety is ensured into the future. There is scope to substantially strengthen the compliance and enforcement framework, including an escalating series of interventions and a monitoring and investigation protocol, which would have the effect of improving safety.
What services should be considered contestable?	The current services within the Scheme should remain contestable. There is a strong case to expand the services to incorporate new activities paid for by end consumers. The Act is currently unclear in the definition of contestable services and new technical definitions and/or an amendment to the Act or Regulation could reset the boundaries.
Should the concept of contestability be expanded to new services?	There is a clear case to expand the scope of the work to include new services. The specific services will require consideration through future governance arrangements.
To what extent is the Scheme delivering against its accreditation competence objectives, both at the point of entry to the Scheme and during the ongoing operations of ASPs and registered employees?	The Scheme generally ensures that only competent people work on the network: ▪ The Scheme is strongest at the point of entry; there is a clear case for some form of assessment of ongoing competence to strengthen operations. ▪ There is a clear case to improve the assessment of ASP L3s as current pathways are outdated and not wholly relevant. ▪ The resolution of where competence sits, by clarifying the relationship between accredited organisations and registered employees, will strengthen the assessment of competence.
Are the qualifications and training for Registration appropriate?	The qualifications and training for Registration in general were appropriate, but now require updating. Qualifications and training go through constant revision across training bodies, and the Scheme has not kept pace with industry change. The mismatch is most significant for ASP L3s. The Scheme needs to update requirements now and make provision for updating into the future.
What arrangements are needed to ensure the Scheme administration meets contemporary customer service expectations and is responsive to industry change, technological advancements and training updates into the future?	The Scheme has focused on the delivery of a core set of functions. Past restrictions on investment for the future, coupled with relatively static fees, have created an urgent need for a refresh of administration. It is clear that current arrangements do not meet contemporary customer service expectations and may be anticompetitive (in creating barriers to entry for new participants). The sector is strongly pushing for reform in administration and dramatic improvement in response times. Investing in a significant redesign of the operating platform and stakeholder/consumer interface will improve the delivery of contestability.
How can Scheme delivery be improved to better meet	The Scheme requires a one-off investment in a new IT platform to allow for self-service by ASPs and easier sharing of information

Term	Response
Scheme participant expectations including aspects such as timeliness, support and data platforms?	between the Department and DNSPs. End consumers would also benefit from this investment through improved ability to identify relevant local providers.
	To ensure this additional investment is sustainable, fees must be set at a level that covers the full cost of Scheme operation, including ongoing platform maintenance and enhancements.
Can the Scheme offer improved value to consumers and stakeholders?	The Scheme can offer improved value to consumers and stakeholders in a range of ways. Scheme expansion to new categories of work will improve consumer access to a broader range of services. Investment in an underpinning IT platform will offer consumers significantly improved access to information on local providers through a searchable database. Enhanced performance data and improved action on providers that do not demonstrate ongoing competence will also improve value to consumers. Stakeholders will benefit from a harmonisation of information from DNSPs, an action that will also offer an improved basis for performance assessments.
How can the Scheme remain responsive to change?	The Scheme could put in place arrangements that would assist its responsiveness to change. The main ones are:

- Establishing formal governance arrangements with sector input to oversee updating of the Scheme in response to changes
- Collaborating with RTOs, universities and others to foster the development of training options
- Formal arrangements with other NSW Government regulators (SafeWork, Fair Trading) to share information and better integrate systems
- Revised fee structures and annual updates to fees to ensure that key activities can be funded.

4   Proposed reforms and recommendations

4.1   Overview

This section sets out the key themes arising from the Review, and outlines the recommended reforms for each of those themes. This section is structured in a similar manner to the Position Paper, to support stakeholders to see the recommendations for resolving the issues.

4.2   Continued need for the Scheme

The Review found a continued need for the Scheme. The industry sees the Scheme's value in:

- Facilitating a contestable market by fostering and enabling competition
- Providing an independent assessment of compliance and monitoring industry trends and issues
- Delivering cost-efficiencies by centralising assessment of competence and reducing duplication
- Improving consistency and reducing duplication amongst DNSPs
- Improving quality and safety by ensuring competent workers in the industry
- Supporting better consumer outcomes through reduced costs.

The Scheme should continue to be delivered through Government. This positioning offers:

- Greater impartiality and independence from DNSPs and retailers
- A focus on safety (including links with SafeWork)
- A sound base for regulation to ensure ongoing competence and compliance.

The Issues Paper and Position Paper argued that the Scheme administration should remain in DPE, at that time the location of the energy function. In April 2022, Energy was transferred to the Office of Energy and Climate Change (OECC) in Treasury. This Final Report still finds the greatest benefit for the Scheme to be located with other Energy functions; hence, within OECC. Administration of the Scheme alongside other energy functions offers advantages in:

- The capacity to drive consistency across DNSP requirements through the Service and Installation Rules
- The Scheme informing the need for specific skillsets in the electricity industry workforce for various energy transition programs.

> **Recommendation 1**
>
> **Continue administration of the Scheme within the Energy function in OECC.**

4.3   Customer service

4.3.1   Improving Scheme Administration

Scheme administration encompasses the way in which applicants provide information, ongoing participants engage with the Scheme and DNSPs receive and share information about ASPs and registered employees. For most stakeholders, this was the key issue, and one for which improvements would unlock business efficiencies and reduced customer service costs.

OECC has been highly responsive to issues raised in consultation and has already put in place some measures; these changes will have streamlined current processes and should have led to improvements. However, more action will be needed.

Current Scheme administration is out of step with NSW Government customer service expectations. Processing times are slow as a result of underinvestment in recent years; by contrast faster processing times to support business activity would reduce labour costs (hence consumer costs).

Investment by OECC in a new platform would improve customer service. Likely benefits include:

- Reduced turnaround times
- Reduced errors in submissions by automatic checking of compliance with minimum requirements
- Improved transparency for applicants
- Potential to reduce duplication by eliminating the need for applicants to submit documents to both OECC and DNSPs (or multiple DNSPs if working across more than one network region).

The investment required to bring the platform to contemporary standards will not be able to be funded from within Scheme fees. Additional NSW Government investment should generate positive returns for the industry.

In addition, sharing the unique identifier for every registered employee with the employee and ASPs supports seamless registration to other ASPs. Introducing a simple process for ASPs and registered employees to confirm their relationship (and update on change of status) would reduce the work required by participants.

Once the platform is in place, introducing public targets for turnaround times and reporting on those targets will improve transparency of operations and provide greater certainty to Scheme participants and enable better resource planning.

Recommendation 2

> **Update the administration platform, creating an online portal that supports ASP self-service.** Specific features may include:
>
> - Applicants apply and upload documents online via a web browser
> - Applicants track status of application live with automated updates
> - ASPs manage renewals directly
> - DNSP access to documents uploaded by applicants
> - Publicly searchable database.

Recommendation 3

> **NSW Government to provide one-off funding to build a platform that brings the Scheme administration in line with contemporary standards.**

Recommendation 4

> **Share a unique identifier for registered employees to speed registrations.**

4.3.2   Applicant and participant-focused education

There is significant scope for improved applicant and participant-focused information. Currently the Scheme Rules are difficult to understand, the application form results in incomplete information being submitted and the website provides little guidance. Incomplete information by applicants leads to delays of weeks in application processing.

The three actions that would make the biggest difference to guiding applicants and participants are:

- Refreshed Scheme Rules reflecting the changes recommended by this Review, and which are clear, written in plain English, and transparent for applicants and participants

- A new application form, structured to provide clear guidance and including prompts to ensure complete information
- An updated website, which operates more intuitively and offers clearer information for applicants and participants.

Finally, consultation has strongly supported the need for communication from OECC to the broader sector, particularly on issues including best practice, emerging issues and safety. Support was strongest for a regular form of communication such as a newsletter or bulletin.

Recommendation 5

Improve information and access provided for applicants:

- Redraft the Scheme Rules in plain English.
- Prepare a plain English guide to the Scheme Rules.
- Revise the application form for introduction alongside the revised administrative platform.
- Update the Scheme website to improve user-friendliness for Scheme participants and end consumers.

Recommendation 6

Introduce regular communications updating participants on important issues, risks or changes in the Scheme.

4.3.3   Outcomes for consumers

Despite repeated attempts to consult with end consumers, the Review ultimately had limited input. Nevertheless, the information available did suggest that the Scheme offers value to end consumers in the form of increased accessibility and reduced costs. We are not persuaded that consumers are fully aware of the Scheme's intent or how to access ASPs.

There are no recommendations specifically aimed at improving customer outcomes; however, other recommendations will improve outcomes for customers including:

- Improving the competence and quality of ASPs through improving the grading of ASPs and implementing effective sanctions of incompetent or unsafe work (Recommendations 22 and 23).
- Improving DNSPs' sharing of performance information with the Scheme (Recommendation 19).
- Expanding the scope of the Scheme to include other work types (Recommendation 7).
- Reducing the delays that submissions say currently occur in the development of designs, contributing to time and cost delays which are passed to the developer (and ultimately to the consumer). The most common suggestion in this regard is to revise the accreditation requirements for ASP L3 providers to enhance the market of ASP L3s and improve service delivery (Recommendation 27, 28 and 29).
- Providing a searchable database of ASPs with expanded information on ASPs, including the geographic area in which they work, the types of work they undertake, and the number of jobs they've undertaken (Recommendation 15).

4.4 Scope of the ASP Scheme

4.4.1 Scope of works being regulated, including classes and the terminology used

There is a persuasive case for expanding the Scheme to encompass new types of work. Expansion has considerable scope to deliver improved outcomes for end consumers by expanding the market for delivery. Inclusion of new types of work is widely supported by all stakeholders. There appear to be constraints under the existing legislation and regulations, although ambiguities such as the term 'contestable services', which is not defined, mean that additional works may be permitted. The Review considered different approaches to expanding the types of services included in the Scheme, including defining 'contestable services' to include services paid for by the end consumer to underpin an expansion in scope of works, and amendment of the Electricity Supply (Safety and Network Management) Regulation 2014 or the *Electricity Supply Act 1995*. At the completion of the Review there was no clear pathway, but rather specific options and requirements for different types of works. OECC is progressing a resolution of the pathway.

While expansion of the Scheme is supported, the Review observes that there are currently more classes than are warranted by the competencies required for each class; that is, there is minimal to no difference in competencies required for many classes of work, and few to no organisations are accredited for individual classes, but rather most organisations are accredited for many classes. Rationalising the classes will streamline Scheme administration and remove requirements for participants. Completing this work would benefit from input from the recommended advisory body.

This Review did not delve into the specifics of each of the categories raised; despite a strong argument for the inclusion of additional types of work, there is still considerable work required to identify and agree the specific types of work to be performed. This Review recommends establishing an advisory body (Recommendation 32) and that body should be tasked with the detailed review and finalisation of this piece of work.

There is some merit to simplifying the Scheme's terminology (levels, classes, grades), so it is more intuitive and easier for consumers to understand. A range of approaches were canvassed in the Position Paper. While respondents did not highlight this as a high priority issue, there was support for simplifications such as:

- Revising the names of levels so they explain the type of work: design (level 3); construction and installation (level 1); service connection (level 2); and network access (X)
- Adopting labels (bronze, silver, gold) rather than letters.

The Review is not recommending changes, but encourages OECC to consider where transitioning might be done easily and with a minimum of effort.

> **Recommendation 7**
>
> **That OECC determine the simplest way to address perceived constraints regarding the scope of contestable services in the *Electricity Supply Act 1995,* whether through new definitions or regulations.**
>
> **Recommendation 8**
>
> **That the classes in the Scheme are rationalised to align with the unique competencies.**
>
> - The recommended advisory body should oversee this work.

Recommendation 9

Update the classes of work to address new types of work.

▪ The recommended advisory body should work through the most important categories from this list: tiger tails/temporary insulation; asset relocation; sub-transmission and transmission; vegetation management; ASP L3 asset access.

4.4.2 The relationship between accredited organisations and registered employees

To date, the Scheme has required that to be accredited, companies and individuals must have appropriate management systems, be fit and proper persons, and be competent in the works that they seek to provide. The competence of the accredited company is demonstrated through its access to (employed or subcontracted) individuals, who are registered under the Scheme. For that reason, every registered employee needs to be allocated to every company for which they do work, a process that many found unnecessarily time consuming, complicated and not currently maintained accurately. With a highly mobile workforce, it also means that pragmatically, it was difficult to establish whether an ASP did have access to competent staff at any point in time.

The nexus between the competence of the individual and the competence of the company, both at the point of accreditation and in confirming ongoing competence by class of work, is critical to the Scheme design. Stakeholders also were clear that the requirement to add registered employees involved long delays.

Amending the Scheme so that competence is demonstrated at the organisational level, through the employment of qualified, competent individuals who are designated as 'Principals', more clearly establishes competent organisations, and removes administrative burden.

Recommendation 10

Introduce a requirement for ASPs to have continued access to competent principals in each class of work for which they are accredited.

Recommendation 11

Streamline the process of linking registered employees with a company

▪ If individual does not have registered employee status, ASP to sponsor the initial application.

▪ If existing registered employee, registered employee to provide their new ASP with their unique identifier. ASP to provide unique identifier to OECC for confirmation and database update.

Recommendation 12

Strengthen requirements for registered employees to maintain currency of information, including changes in qualifications and employment.

4.4.3 A focus on safety

Safety is a key Scheme objective. Stakeholders overwhelmingly identified improvements arising from the ASP Scheme, but also noted that there was further room for heightened focus on safety.

Safety is currently assessed predominantly at the point of entry through an independent assessment for ASP L1s and through self-assessment by ASP L2s. There was very high support for expanding this to review ongoing safety systems and performance.

The most feasible option in the Position Paper, annual self-assessments, was not supported by respondents. Key concerns were the relatively 'flimsy' nature of the activity and the potential cost imposition. By contrast, there was strong support for OECC-scheduled inspections and assessments.

The Review considers that there is still significant benefit from annual self-assessments. This activity reminds the business owner of the safety requirements and the expectations of the Scheme. Importantly, it clarifies that the business owner is aware of the requirements should any safety incidents emerge. Annual self-assessments are standard in many industries and generally regarded as a low-cost option.

As noted, there was strong support for OECC-scheduled inspections and assessments. Compared to self-assessments, this approach is significantly more rigorous and reliable, but also significantly more costly. The lack of data on the current level of safety issues makes it hard to argue for the permanent inclusion of this approach. However, a time-limited program of inspections and assessments would both serve to identify concerns for specific ASPs, as well as assessing the nature and level of systemic issues. Over time, the temporary program would produce the data to inform whether the approach warranted permanency or should end.

As noted in the Position Paper, the issue of governance of electrical safety is bigger than the scope of this Review, but may also benefit from future scrutiny by government.

Recommendation 13

Introduce annual safety self-assessment requirements for all ASPs.

- The final design to be informed by a cost-benefit analysis

Recommendation 14

Introduce a 3-year program of inspections and assessments to improve industry safety performance and identify safety concerns.

- Extension of the program beyond this time to be subject to a cost-benefit analysis.

4.4.4 Metering

The separation of accreditation of metering providers from ASPs appears to have contributed to a more fragmented and costly system that does not benefit customers. The Issues Paper and Position Paper both sought the views of stakeholders on the pathway forward for consideration of how to best deliver metering services.

Submissions to the Position Paper generally supported the perspective that ASP Level 2s had the skills and experience to undertake metering works, and that current arrangements were increasing cost and time for consumers. Metering providers offered mixed feedback, with one asking for a new 'smart meter install' ASP Class, and another suggesting that combining the metering provider and ASP roles would not reduce the regulatory burden as any ASP could apply for AEMO accreditation to provide metering services.

The AEMO's submission outlined the ways in which the ASP and NER requirements are independent, and suggested that this Review clarify those differences. The AEMO further suggested that the 'fragmentation' reported by stakeholders was not related to a change in legislation or market rule, so

much as a matter of the parties involved in metering and ASP work not having agreed terms commercially.

Due to the intersections with the AEMO and the NER, we suggest that OECC engage with the AEMO to identify options to resolve the issue of metering and its intersections within the ASP Scheme. This is likely to proceed separately but parallel to implementation of the Review's primary recommendations. To assist these considerations, we have provided a summary of the submissions at Appendix 5.

4.5   Regulatory framework

4.5.1   Educate—consumers, applicants, participants

Education is typically the first stage of a regulatory framework. In the context of the ASP Scheme, education can focus on consumers, applicants and participants.

For consumers, respondents offered overwhelming support for improved information for end consumers. The Position Paper canvassed the offer of a searchable database that provided information for each ASP by:

- Volume and types of work
- Grade (and what grades mean)
- Geographic areas of service (not office location)
- Performance data.

This approach was supported.

The Position Paper also proposed a plain English guide outlining how the Scheme works, what's involved in designing and undertaking contestable works, stakeholders and likely timeframes and the Scheme's position in the broader electricity network.

There was also support for enhanced communications with the broader industry and recommended steps are included in section 4.3.2. Good regulatory practice also requires educating the sector by publicising any action taken against ASPs or registered employees for significant breaches of Scheme requirements.

> **Recommendation 15**
>
> **Improve communication to consumers, by introducing a searchable database, a plain English guide and improved awareness material.**

4.5.2   Enable—accredit, register

The accreditation and registration process is the focus of current activity, enabling companies to be accredited and individuals to be registered. There is a clear case to update these processes.

For accreditation, the single most urgent requirement is to update the training requirements which have not been revised for some time. The consultations provided a wealth of information that should be considered by the recommended advisory arrangements. In addition, the changes discussed in section 4.4.2 to introduce a requirement that accredited organisations have ongoing access to a competent Principal(s) needs to be reflected in the accreditation requirements. Finally, the assessment of fit and proper persons should be strengthened.

For registration, the most pressing issues should be addressed through the recommendation for competent Principals to be nominated by accredited organisations, and the requirement for registered employees to advise the Scheme what ASPs they undertake work for.

Recommendation 16

Update the training requirements for all Classes, most urgently Class 2A and Level 3.

- To be guided by the recommended advisory arrangements.

Recommendation 17

Update the initial assessment of competence to address current gaps, such as fit and proper person assessment, and to reflect the new requirement that all accredited organisations must have continued access to competent principals for each class of work.

Recommendation 18

As part of the recommended administrative platform upgrade, introduce an improved database to enable DNSPs to access current and complete information on registered employees.

- Subject to agreement of each registered employee to comply with privacy requirements.

Recommendation 19

Review the requirements of accreditation and authorisation to streamline information provision by ASPs

- The recommended advisory arrangements to work with DNSPs to complete this task and to improve information-sharing and alignment of criteria.

4.5.3 Monitor—ongoing competence, who provides information, new audit process

The Scheme currently focuses on the assessment of ASP applicants at the point of entry to the Scheme to ensure competence of ASPs; yet the performance of ASPs on the job is possibly a more relevant measure of competence. ASPs that work on many relevant jobs and with a good safety record would appear to be more competent than those that work rarely or never on relevant jobs, or without a good safety record. Fully achieving the Scheme objective of ensuring competence relies on introducing assessment of ongoing competence, or reassessments.

While assessment of ongoing competence will strengthen the Scheme, it is important that it is designed in a way that does not create an undue cost burden for the OECC in its assessment process, nor ASPs themselves. The way information is collected and the frequency of review are both key design levers. There is a great depth and range of information collected by DNSPs which could augment that provided by ASPs and accessed directly by OECC.

Recommendation 19 asked for greater alignment between the approaches of DNSPs, an action that was strongly supported by DNSPs themselves in consultation. Greater alignment of this information will provide a more reliable evidence base for reassessment. Some submissions looked to OECC as an arbiter for disputes regarding the DNSP assessments of ASP work, however, this is outside the legislated role for the Scheme,

Earlier commentary on improved collection of safety information through self-assessments and OECC audits will also result in a body of information to be used in reassessment. OECC and its advisory body will need to consider whether this information is adequate or should be supplemented by information to be provided by the ASPs themselves.

Finally, the frequency of reassessment should be based on risk. This may result in those organisations with some red flags being reassessed more frequently, while those with robust safety systems being

assessed less frequently. Containing the costs of reassessment will depend on this risk-based assessment period.

> **Recommendation 20**
>
> **Introduce new procedures to assess ongoing competence (reassessments)**
>
> - Should include some guidance on minimum work volumes, and assessment of these levels for ASPs.
> - May also require assessment of performance metrics such as safety and quality, and the types of work.
> - These changes would be facilitated by Recommendation 19 to improve information sharing between OECC and DNSPs.
> - The time period for reassessment of competence should be driven by risk. Higher risk categories should be reassessed on a rolling 12-month timeframe. Lower risk categories should be reassessed every 3 years.
> - Note the connection with Recommendations 13 and 14 (safety audits and inspections) which will also collect information on safety performance.
> - The development of this work to be guided by the recommended advisory arrangements.

4.5.4 Act—regrading, escalating responses, enforcement and appeals

Compliance and enforcement activity supports and directs Scheme participants in understanding acceptable and unacceptable actions. Compliance is focused on the regular assessment of risks and identifying how to reduce or eliminate those risks, while enforcement is the use of influence, authority and statutory powers to achieve or compel compliance.

The Review found that this area is relatively weak in the Scheme, and there is clear scope for improvement. Specific compliance improvements include introducing signals for consumers that new players have not yet been graded by introducing a 'provisional' category and ensuring that grading reflects actual performance. Enforcement activity could be improved through a clear and consistent approach to different grades, with downgrading being the first-tier response to non-compliance. Additional enforcement activity would then include removal of ASP accreditation for specific classes or types of work where concerns were targeted rather than general, suspending ASPs that were not complying for a specific time period, or cancelling accreditation where non-compliance was persistent and there was insufficient remediation.

An important principle of regulation is that regulatory responses be clearly set out for participants, and so OECC would need to develop a sound compliance and enforcement policy, and related procedures. These policies and procedures would be available to Scheme participants, so they were fully aware of the results of any non-compliance.

Recommendation 21

Amend the current three-level grading system to introduce a 'Provisional' category, to indicate a new entrant.

Recommendation 22

Refine the current approach to regrading so that it aligns with reassessments, safety activity and any other monitoring activity.

- Potential to introduce time-limited downgrades subject to a rectification plan.
- Downgrading would be subject to an appeals process.

Recommendation 23

Develop a clear and transparent policy and procedures for regulatory responses including regrading, removal of ASP accreditation for specific classes or types of work, suspensions and cancellations.

- Data on regulatory responses to be publicly available.

4.5.5 Influence—others involved in regulating and shaping the system

ASPs deliver their services in a comprehensive regulatory environment, and have dealings with other regulators, such as Fair Trading and SafeWork. A coordinated regulatory environment minimises red tape and reduces the cost of regulation for both government and participants. Regular discussions across government could share information on system changes and explore other improvements such as the cost-benefit of information exchange. Coordination will also assist in aligning future Scheme improvements with other areas and minimising regulatory duplication.

Achieving consumer benefits from the ASP Scheme relies on a ready supply of competent providers. While stakeholders argued that market failure or thin markets were a significant concern in some locations, there is an absence of information to identify where and to what extent this is an issue. There may be value in OECC developing a greater understanding of the extent to which there are market concerns into the future. OECC can also play a role in facilitating pathways for future ASPs through working collaboratively with RTOs, NECA and other government agencies to establish training pathways and ensure coverage.

Recommendation 24

OECC to undertake regular liaison with Fair Trading and SafeWork to coordinate regulatory activity.

Recommendation 25

Work with RTOs, NECA and other government agencies to ensure the continued provision of relevant and up-to-date ongoing training for existing ASPs.

- OECC could support this activity by gathering intelligence on emerging issues which would highlight additional training needs.

Recommendation 26

Work with universities and further education institutes to promote access to relevant and up-to-date formal qualification pathways for future ASPs.

4.5.6   ASP Level 3s

Stakeholders were clear that there was additional focus needed to support the ongoing entry, qualification and assessment of ASP L3 competence. There were concerns that current arrangements were not facilitating an adequate supply of accredited and registered designers for the future. This Review found clear evidence that current arrangements were confusing and created barriers to entry and that the ongoing supply of ASP L3s was a concern for the future. The Scheme is predicated on facilitating entry to contestable services for a ready market; however, the apparent difficulty in this pathway may warrant additional activity by OECC to facilitate the future market. OECC would need to work closely with the recommended advisory arrangements and possibly also a subset of ASP L3s to design improved pathways for the future.

There is currently a gap in assessing the ongoing competence of ASP L3s, which makes it difficult for consumers to assess their fitness to deliver specific work. More than any other class of ASP, the competence of ASP L3s was thought to affect the cost to consumer, as poor work resulted in delays and therefore cost increases.

The Review canvassed a range of ways to assess performance as a basis for a new grading system. A set of standard measures, coupled with some scope for interpretation given the significant range in job size and type, seems reasonable. While measures such as activity level, level of minor non-conformances and amount of rework were all posited, there were also concerns raised that assessments by DNSPs of these measures may not currently be consistent, that they relied on the design qualifications of the assessors themselves and that non-conformances were inappropriately raised on the basis of the assessor's design preferences rather than actual non-conformances. OECC will need to work closely with DNSPs to minimise if not eliminate these inconsistencies if it is to use DNSP-generated data to inform competence assessments.

In summary, while the review found that there is both value in and significant work to develop a more comprehensive approach to ASP L3s, the specific elements will be subject to future work under the auspice of the recommended advisory arrangements.

Recommendation 27

Update the formal qualifications and ongoing training requirements for ASP L3s.

- To consider Bachelors degrees, advanced diplomas and on-the-ground experience.
- The specific requirements to be guided by the recommended advisory arrangements.

Recommendation 28

Introduce a new provisional category for ASP L3s that facilitates their working under fully qualified designers.

Recommendation 29

Introduce a grading system for ASP L3s to reflect competence.

The recommended advisory arrangements to consider the extensive submissions made to the Review on this issue and work closely with the industry to develop this grading system.

4.6   Ongoing governance of the regulatory framework

4.6.1   Regular review and update

Scheme administration and governance will need to make provision for regular review and update into the future. In the 12 years since the previous review, there have been many changes including to:

- Contemporary expectations of areas such as customer service and information provision that mean that the existing approach is out of step
- Training courses for the full range of participants, such that many required courses no longer exist
- The operations of and resource availability for DNSPs, meaning that interfaces have drifted
- Technological capability of systems, which could enable clearer Scheme administration.

Attempts to provide better Scheme guidance, such as redrafting the Guidelines, have also in some cases decreased the clarity of requirements and introduced gaps. Similarly, the level of delegations for making the rules needs to be proportionate to risk and facilitate ongoing update.

The time lag since the previous review has led to the multiplicity of changes required, and driven the high number of recommendations in this Review, in turn generating a sizeable and costly catch-up program of works.

The improvements recommended in this Report will bring the Scheme up to date; regular review will position the Scheme to assess ongoing environmental changes and adjust requirements as necessary in the future.

Recommendation 30

Schedule a formal review of the overall Scheme every 4 years to consider Scheme performance against its stated objectives and the changed operating environment, allowing time to develop, implement and assess the effectiveness of changes from the previous review.

- Undertake ongoing environmental scanning between formal reviews for changes, and escalate changes where they are significant.

Recommendation 31

Schedule regular, formal reviews of training requirements.

- Initially once a year, and stepping back to biennially if annual changes are minimal
- To be overseen by the recommended advisory arrangements

4.6.2   Advisory arrangements

The ASP Scheme regulates a sizeable and changing industry, where knowledge is held by DNSPs, advisory bodies such as NECA and ASPs themselves. Tapping into this industry expertise will be essential for Scheme realignment to be relevant and cost-effective for OECC and for participants. This consideration has driven the very high number of recommendations in this Review that rely on advisory input.

There is significant benefit from introducing an ongoing, formally established advisory body, that meets periodically to provide advice on a range of issues. Membership would bring together representation from industry bodies and DNSPs, and individual appointments for ASPs and consumers that would be made on the basis of expertise. An initial assessment of the expectations of such an advisory body suggest that it would be categorised as either a C2-i or a C2-iv under the categories set by the Department of Premier and Cabinet (see Appendix 6).

OECC may also benefit from additional ad hoc consultative forums for gaining either wider or specialist advice on specific issues. For example, the ASP L3 changes discussed above may benefit from a short-term working group to provide detailed advice.

Recommendation 32

Establish an advisory body comprising representatives from ASPs (1,2,3), DNSPs, RTOs, peaks and consumers.

The core role for the advisory body to include:

- Monitoring classes of work to ensure they remain relevant and responsive to industry and technological shifts, and providing advice on how to amend them including entry requirements and the ongoing implications of changes
- Updating training requirements and ensuring they remain current into the future
- Providing advice on other aspects of Scheme operation, including policy settings and procedural amendments.

In addition, the advisory body could:

- Identify gaps and improvements relative to the Scheme
- Identify industry needs
- Monitor and manage issues with contestable works
- Access specialist advice where necessary.

4.6.3 Fees

Scheme operations are predicated on costs being covered through fees, a position supported by this Review. However, we are persuaded that fees alone cannot cover the updates required of the Scheme. The Scheme requires significant modernisation in its digital platform to meet contemporary customer service expectations, and to facilitate information exchange as recommended by this review. The Scheme has no capacity for investment at the scale envisaged. It is appropriate that this catch-up investment be covered by government rather than participants.

Fees have not kept pace with inflation, and have been adjusted at ad hoc and infrequent timings. Given the lag since the last fee increase, OECC should do a rebaselining of fees. In the future, annual updates of fees linked to the construction price will provide predictability for participants and support the Scheme in its ongoing operations, system maintenance and Scheme enhancement as needed. The systems improvements recommended in this Review should deliver efficiencies to both the Scheme operations and to participants, offsetting any change in fee structure.

Recommendation 33

Fees should be set at a level that covers the real costs of operations. Annual increases based on the construction price index to be implemented immediately; fees should be rebaselined once system improvements have taken effect.

- Also note Recommendation 3 in which the NSW Government is to provide one-off funding to build a platform that brings the Scheme administration in line with contemporary standards.

4.6.4   Accountability

The Scheme has experienced difficulties in reporting on volumes of activity and time to complete as a result of outdated systems. Following the investment in the new system, the Scheme should be positioned to address accountability requirements including:

- An annual account of the total number of Scheme participants
- The number of grading changes
- The number of suspensions
- The number of cancellations of accreditation and registration
- The number of appeals.

This would support future reviews of the Scheme and support consideration of how the Scheme is performing against its objectives.

Recommendation 34

> **Once the system has been updated, introduce regular reporting on key Scheme dimensions and actions.**
>
> - Reporting might be annual, or take the form of a live dashboard
> - This recommendation also facilitates public reporting of regulatory responses (Recommendation 23).

5 Staging the recommendations

The recommendations arising from this review are extensive. However, they can be structured into a program of works, in which the components can be sequenced to create maximum effect and minimise rework. This section sets out what we consider to be a feasible approach. OECC and, in time, the recommended advisory arrangements, will need to adjust this approach based on resource availability and emergent priorities.

The first recommendation, that the function remains with OECC, does not require any further action.

Component 1: Immediate system updates

Action	Rationale
Immediate system updates **(Recs 2, 3, 4)**	Full system change will take some time and is dependent on the development of new policies and procedures. However, consultation established a strong call for immediate improvements to the system. This action would deliver the first stage of improvements, with subsequent stages to be delivered at a later date. Reliant on additional resources for the reform work.

Component 2: Lay the groundwork for ongoing advice and funding

This stage would enable all design and update work to flow more smoothly.

Action	Rationale
Set up an advisory committee **(Rec 32)**	Assists in the establishment and design of following activities. As the ongoing committee requires time to establish, consider creating an interim forum immediately, while seeking approval for a full advisory committee.
Introduce annual increases for fees and, contingent on system improvements, rebaseline fees **(Rec 33)**	The current fee levels do not provide for sustainable operations of the kind required by government and Scheme participants. Annual increases can be introduced immediately while a rebaselining is dependent on system improvements.
Commence discussions with DNSPs about information exchange and streamlining the relationship between accreditation and authorisation **(Rec 19)**	DNSPs were highly supportive of this step. May take some time to realign systems, so good to start earlier.

Component 3: Redesign the Rules

A wide range of changes are considered high priority by stakeholders. The most efficient way to tackle the changes is to do a major redesign of the Rules concurrently, so the intersections can be considered. This is a major piece of work that would be tested through the advisory committee. The redesign would cover the following elements.

Potential action	Rationale
Changed scope for the Scheme (Rec 7)	Changing scope for the Scheme will offer benefits to both potential Scheme participants and end consumers.
Update the major parameters for the Scheme and reflect the changes in new Rules (Recs 8, 9, 10, 11, 12, 16)	The Rules are the key document that guides how OECC and Scheme participants work. Amending the Rules in these areas has significant benefits including improving access to new work and streamlining competency assessments. The advisory body would offer guidance on most of these elements, based on OECC design work. ASP L3 pathways work is likely to continue for some time and require partnerships with others.
Updated assessment of competence, as reflected in initial assessment and ongoing grading (Recs 17, 20, 21, 22)	This step strengthens the assurance of the Scheme's effectiveness in ensuring competence of ASPs and provides greater transparency to consumers.
Commence work on changed pathways for ASP L3s (Recs 27, 28, 29)	Amending the major parameters for ASP L3s may take some time, but should commence in line with other rule updates.

Component 4: Remaining improvements to customer service

Potential action	Rationale
Second stage of IT platform updates (Rec 2 continued, plus recs 15, 18)	Component 1 delivered immediate improvements. This component introduces new approaches based on the new rules from component 3.
Updated materials for the Scheme including website, application form, information (Rec 5)	The material to support revised applications, customer access and so on should be updated at this time.
Regular updates to Scheme participants (Rec 6)	The updated platform and website provides a base for improved communications.
Improve Scheme transparency and promote performance to consumers (Rec 34)	Should commence after other improvements to customer service have been bedded down, so that realistic targets can be established.

Component 5: Strengthen remaining safety requirements

Potential action	Rationale
Build on the earlier Rules update by introducing a strengthened package of safety requirements (Recs 13, 14)	Safety is a core aspect of the work and requires strengthening. The suite of proposals requires some time to work through, which is why it is not proposed to be introduced earlier. Component 3: Redesign the Rules will have addressed some safety requirements.

Component 6: Develop the remainder of the compliance and enforcement framework

Potential action	Rationale
Develop the compliance and enforcement framework (Rec 23)	If the Scheme were being newly designed, this would be the first stage. However, improving current operations is more urgent. Some of the actions around changes to grading in Component 3 will also contribute to strengthened compliance and enforcement.

Component 7. Work collaboratively to shape the pipeline

Potential action	Rationale
Undertake regular liaison with Fair Trading and SafeWork to coordinate regulatory activity (Rec 24)	The focus of regulatory activity led by Fair Trading and Safe Work relate and align with the scope of the scheme, and alignment across these systems will improve overall effectiveness
Work with RTOs, universities and others to foster the development of qualification and ongoing training options (Recs 25, 26)	Changed operations arising from the Review actions will give OECC clear insight into industry needs. Should commence earlier if there is capacity.
OECC to coordinate regulatory activity with Fair Trading and SafeWork	Scope to increase the effectiveness of regulatory activity through better coordination with related authorities

Component 8. Future review

Potential action	Rationale
Ensure the Scheme remains up to date and relevant in changing circumstances (Recs 30, 31)	Should be built into the workplan of the advisory committee, but unlikely to commence for some years while this round of reforms is introduced.

Appendixes

Appendix 1. Terms of Reference

The Review will explore whether the Scheme should be retained as is, modified or removed. Within that context, the key questions for the Review are as follows.

Does the current Scheme address its intended purpose of supporting contestable services?

- To what extent is there still a need for a Scheme to deliver on the identified objectives?
- Is the Scheme achieving its goal of creating a competitive environment for contestable services?

To what extent does the Scheme deliver against the objectives of competence, consumer access and safety?

- What services should be considered contestable?
- Should the concept of contestability be expanded to new services?
- To what extent is the Scheme delivering against its accreditation competence objectives, both at the point of entry to the Scheme and during the ongoing operations of ASPs and registered employees?
- Are the qualifications and training for Registration appropriate?

What arrangements are needed to ensure the Scheme administration meets contemporary customer service expectations and is responsive to industry change, technological advancements and training updates into the future?

- How can Scheme delivery be improved to better meet Scheme participant expectations including aspects such as timeliness, support and data platforms?
- Can the Scheme offer improved value to consumers and stakeholders?
- How can the Scheme remain responsive to change?

Appendix 2. Process for consultation on the Review

Issues Paper Consultation

The Department released the Issues Paper for public comment on Friday, 25 June 2021 for a period of six weeks. The due date for submissions was extended by two weeks at the request of the sector to Friday 4 September 2021.

During the consultation period, the review team conducted 14 consultation sessions with:

	Organisation	Consultation process
DNSPs	Endeavour Energy	Online forum, 19 July 2021
	Essential Energy	Online forum, 20 July 2021
	Ausgrid	Online forum, 22 July 2021
ASPs	ASP Level 1s	Online forum, 4 August 2021, 15 attendees
	ASP Level 2s	Online forum, 5 August 2021, 15 attendees
		Online forum, 17 August 2021, 18 attendees
	ASP Level 3s	Online forum, 6 August 2021, 19 attendees
	ASP Assist Group	Phone interview with key staff
Industry stakeholders	NECA	Online forum, NECA staff plus ASP representatives
	UDIA	Phone interview, UDIA representative,
	Industry Safety Steering Committee	Briefing, Committee Meeting, 17 August 2021
	NSW U&E ITAB	Phone interview with NSW Executive Officer
Other NSW Government agencies	IPART	Phone interview Safety Regulator for the Electricity Industry
	SafeWork	Phone interview Safety Regulator in NSW generally
	Office of Fair Trading	Phone interview Licensor of related activities (licensing of electricians)

There were 42 submissions in response to the Issues Paper in total, including six submissions from ASPs that requested their details be kept confidential. The remaining 36 responses were received from:

- Addelec Power Services
- Aftermath Engineering Services
- Alstom Australia Pty Ltd
- ASP Assist Group
- Ausgrid
- Boyton Electrical Solutions
- Cathy Lean
- Consolidated Power Projects Australia Pty Ltd
- EDMAC Australia Pty Ltd
- Endeavour Energy
- Eris Electrical
- Essential Energy
- Floth
- Gary Day Electrical
- Genisis Group
- Gosling Electrical
- GPE
- Greenfield Electrical

- Housing Industry Association
- Ian Low Safety Consulting
- JNH Electrical
- L3D
- Local Government NSW
- NECA
- Northrop Consulting Engineers Pty Ltd
- Norwest Electrical
- NSW U&E ITAB
- Office of Local Government
- Power Design & Energy Projects
- Power Solutions
- Public Interest Advocacy Centre
- Pushkar Ghimire
- Sutherland Shire Council
- Sydney Level 2
- Ultegra
- Vector

Position Paper Consultation

The ASP Scheme Review Position Paper was released on 10 December 2021 and submissions closed on 25 February 2022. A total of 24 submissions were received, including 2 confidential submissions. The 22 public submissions were provided by:

- AEMO
- Ausgrid
- Brett Quayle
- Darren McCallum
- Dominic Raso
- Endeavour Energy
- Essential Energy
- HIA
- Huy Tran
- Jade Bancroft
- Luke Horton

- Matt Barca
- Matt Kuehn
- NECA
- Philip Mann
- Plus ES
- Powersol
- Seag (2 submissions)
- Sine Industries
- Stephen Scotney
- Vector

Appendix 3. Principles of sound regulatory design

The Review kept the principles of sound regulatory design and practice at the forefront of assessing issues. Those principles[iii] include:

Clarity of objectives	There are clear objectives that guide the design and operation of the regulatory activity
Efficiency	The design delivers the necessary protections at the lowest overall cost to government and participants
Role clarity and accountability	Each stakeholder in the regulatory system has clear and distinct roles; accountabilities are clear
Transparency	The requirements of the regulation and the results are clear to regulated parties and to stakeholders
Predictability and consistency	Activities produce predictable and consistent outcomes for regulated parties across time and place
Flexibility and proportionality	The design is sufficiently flexible to allow regulators to adapt their approach to ensure regulated parties can adopt efficient or innovative approaches to meeting obligations; the approach is proportionate, fair and equitable in the way it treats regulated parties
Coherence	The provisions and requirements are well-aligned with existing requirements in related regulatory systems, thereby minimising gaps and overlaps
Adaptability	The regulatory design has scope to evolve in response to changing circumstances or new information on the regulatory system's performance

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[iii] Adapted from a range of sources including Government Expectations for Good Regulatory Practice (treasury.govt.nz) and OECD Best Practice Principles on the Governance of Regulators - OECD

Appendix 4. Acronyms

AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
ASP	Accredited Service Provider
ASP L1	Level 1 Accredited Service Provider
ASP L2	Level 2 Accredited Service Provider
ASP L3	Level 3 Accredited Service Provider
CPD	Continuing Professional Development
DNSP	Distribution Network Service Provider ('Distributor')
DPE	NSW Department of Planning and Environment (former Cluster which included the Department of Energy)
IPART	Independent Pricing and Regulatory Tribunal (NSW)
ISSC	Industry Safety Steering Committee (Advisory Committee to NSW Minister)
MOU	Memorandum of Understanding
NECA	National Electrical Contractors Association
NER	National Electricity Rules
OECC	Office of Energy and Climate Change (Department responsible for the Scheme)
PDF	Portable Document Format
RPL	Recognition of Prior Learning
RTO	Registered Training Organisation
TAFE	Tertiary and Further Education (NSW Department)

Key definitions

Consumer	End user; person or organisation that is connected to the electricity distribution network by the work of ASPs. Sometimes also referred to as proponents.
Participant	Individual or organisation that is covered within the scope of the Scheme. Includes applicants for accreditation, Accredited Service Providers and Registered Employees.
Stakeholder	Individual or organisation with an interest in the design and operation of the Scheme. Includes DNSPs, industry bodies (NECA), Registered Training Organisations, other regulatory bodies and other Government agencies.
ASP	Companies or sole traders who have been accredited to perform contestable services.
Registered employee	The term used for individuals who are required to be registered under the Scheme. Individuals may be permanent employees of an ASP or subcontractors.

Appendix 5. Summary of submissions on metering

Background

The 2021–22 ASP Review sought to examine the continued need for the Scheme and to improve arrangements for contestable energy connection services. The Terms of Reference highlighted that the Review would address whether additional services should be considered contestable.

The initial scoping for the Review identified that some were concerned about arrangements for metering. Stakeholders argued that the changes implemented as part of the 2017 "Power of Choice" reforms appear to have increased the cost and reduced the convenience of the provision of meters for consumers.

Issues Paper

Submissions to the Issues Paper reiterated ASPs' views that ASP Level 2s had the skills and experience to undertake metering works, and that current arrangements are increasing cost and time for consumers.

NECA's submission summarised the most common perspective [lightly edited for clarity]:

> *There was strong sentiment in our industry survey, meetings and individual discussions with our members that showed that the introduction of Power of Choice in 2017 in NSW has negatively impacted on consumers' stable well entrenched connection process for homes. Where ASP/2's managed the end-to-end application [of the] electrification process on behalf of consumers, [which] saw houses energised in a matter of days, [this] has now been fractured [with] timeframes upwards of 15 days and including multiple touchpoints between DNSP, Retailer, Metering Provider, Metering Coordinator and consumer. It's been clearly articulated by EWON that complaints relating to metering and Power of Choice have grown exponentially since 2017 and the consumer experience has been in a negative spin.*
>
> *ASP/2s are highly skilled and experienced at installing metering equipment and have rigorous processes and training in place to complete this work. They can install and energise the electrical installation in one visit, saving both time and cost for the consumer.*
>
> *This type of work needs to be seriously considered as being reinstated into the ASP Scheme.*

One metering provider outlined their perspective and opportunities to improve how metering and the ASP Scheme interact. That provider offered a view that the separation of connection work and metering required 'repeat visits' for consumers, which in turn drove that provider to require all metering technicians in NSW to become ASP qualified even though it wasn't necessary for metering work. They argued this resulted in higher resource costs. They also highlighted that current issues were likely to be exacerbated with the expected acceleration of smart metering rollout. From their perspective, engaging qualified and authorised ASPs assisted with resolving isolation issues but the pool of resources was limited, impacting cost and timeliness.

The metering provider was in favour of enhancing the ASP Scheme with a *"new classification of ASP for metering technicians who are trained and authorised to undertake work to resolve the lack of isolation device. Activities under this classification should only be permitted in the course of performing metering work and should be limited to those activities related to resolving isolation issues."*

Position Paper

The Position Paper considered this feedback and noted that there appeared to be a strong case to examine changed arrangements as a means of reducing the regulatory burden and improving

outcomes for consumers. Given the intersections with the AEMO and the NER, however, the pathway forward for amending the national arrangements was less clear.

The Position Paper identified three possible options for the NSW Government to consider through engagement with the AEMO. The options included:

- Encourage cross accreditation
- Recognition of metering installers as accredited under a new ASP class
- Direct accreditation of ASPs as meter installers

Stakeholders' feedback to the Position Paper was consistent with previous input, with additional input from the AEMO and two metering providers. Plus ES, a metering provider, provided an analysis of all three options and recommended introduction of a 'smart meter install' ASP Class to allow meter installers to do more isolation works. They noted that the option to encourage cross accreditation was an existing option.

Vector, the second metering provider expressed the view that the proposal to combine the metering provider and ASP roles to reduce the regulatory burden was not warranted. Their reasons include:

- the role of metering provider is different to ASPs and they have substantially more obligations including updating market systems and meeting market performance requirements.
- any ASP can already apply for AEMO accreditation to provide metering provider services.

Vector's recommendation is that NSW adopt an IPART recommendation from the 2018 Report on Retailers' Metering Practices in NSW, which they state is:

"…subject to necessary training and safety regulations, Metering Providers should be able to deploy resources to:

- *operate any service fuse carriers required to de-energise a site for a meter installation within the customer's electrical installation,*
- *conduct live isolation work, within the customer's electrical installation, where necessary…"*

The AEMO provided a detailed submission outlining the ways in which the ASP and NER requirements are independent from one another. The AEMO suggested that the Review detail these differences, in particular:

- *"clarifying the differences between metering installation works and the complete set of obligations and performance requirements for an accredited Metering Provider;*
- *the Metering Coordinator and Metering Provider engagement model; and*
- *the consumer and energy market dependence on the provision of accurate and timely metering installation standing data and energy metering data."*

The AEMO indicated that the NER requirements for metering providers are not considered within the scope of the ASP Scheme. The NER ensures:

"that metering installations are procured, installed, commissioned, tested and maintained in order that they accurately record flows of energy and that market systems are accurately updated, in a timely fashion. Amongst other things, these requirements assure the accuracy of retail and network billing, NEM energy market settlement and facilitate efficient and expedient retail competition."

The AEMO's view is that the 'fragmentation' identified in the Review relates to "differences in the arrangements, or lack thereof, between Metering Coordinators, Metering Providers and ASPs rather than any matters caused by legislative requirements or changes."

The AEMO suggested that rather than the issue being related to a change in legislation or market rule, the issue being examined appeared to be a matter of the parties involved in metering and ASP work

not having agreed terms commercially. The AEMO shared an example of how some services are delivered in New Zealand and recommends consideration of that example for replication in NSW.

Appendix 6. Categories of NSW Advisory Bodies

The categories of Advisory Boards and Committees are set out in the 'Classification and Remuneration Framework', as announced in Premier's Memorandum 2012-18. The relevant section for this purpose is Group C (extract below).

Level	C3	Chairperson	Member
C3-i	Committees which offer independent expert advice to the Minister(s) or Government Agency on specific issues of sectoral significance to the State.		
C3-ii	Committees which offer strategic or operational scientific, technical or commercial advice in a segment of government activity or industry sector.		
C3-iii	Committees which advise Government on a key sectoral issue potentially impacting on the State's economy, the efficient delivery of services or the community's safety or in areas of social policy or economic welfare.	$25,000 to $50,000 per annum	$10,000 to $25,000 per annum
C3-iv	Committees established to provide advice to Government in an area of social welfare, health, education, employment, transport, industry or infrastructure policy.		
C3-v	Committees which have significant engagement with a NSW regional community or key industry sector or trade/export market.		
C3-vi	Committees which have significant engagement with key stakeholders on a State-wide and often national basis in a strategic segment of government activity or industry sector.		

Level	C2	Chairperson	Member
C2-i	Committees which provide policy and/or operational advice to a Minister or Agency Chief Executive in important matters which impact on the wellbeing of a community or industry sector which have a moderate impact on Government resources or policy development		
C2-ii	Committees which support a Minister or Agency in monitoring or reviewing a regional Government service or advise on the adequacy of statutory provisions which impact on a region's welfare.	Up to $10,000 per annum	Up to $5,000 per annum
C2-iii	Committees which support a Minister or Agency in monitoring or reviewing a Government asset, community service or advise on the adequacy of the application of an important portfolio policy.		
C2-iv	Committees which provide advice on key Government services or regulations affecting a significant region or important sector of the State, including but not limited to health, education, employment, transport, infrastructure or a strategic Government engagement in a regional economy or industry sector.		

Level	C1	Chairperson	Member
C1-i	Committees which have been established for the purpose of consultation, advice or liaison with local communities in relation to social, economic, environmental or industry issues and/or the deployment of community resources or assets at a local level.		
C1-ii	Committees which provide advice at local or community level on the application of regulations, including Government support for the benefit of a local community		
C1-iii	Committees which provide policy and/or operational advice of a limited focus within a Minister's portfolio or Agency's operations relevant to a local community.	Daily sitting fee of $350 (50% for half day)	Daily sitting fee of $220 (50% for half day)
C1-iv	Committees which have been formed to provide general consultation, advisory or liaison at a local community level or administer a small trust fund for the benefit of a local community. Members will often not require professional expertise.		
C1-v	Committees which provide policy and/or operational advice to a Minister or Agency Chief Executive on matters which impact on an industry sector which has a minor impact on Government resources or policy development		

The complete framework is available at https://www.psc.nsw.gov.au/legislation-and-policy/nsw-government-boards-and-committees.