

# ActewAGL Distribution Connection policy

1 July 2012 to 30 June 2014

**ActewAGL** 

*for you*

*Contents*

<b>1</b>	<b>Purpose and scope</b>	<b>3</b>
<b>2</b>	<b>Capital contributions</b>	<b>3</b>
2.1	<i>Installation of infrastructure for electricity connection to a basic standard</i>	4
2.2	<i>Customers requiring infrastructure of a higher standard</i>	5
2.3	<i>Rural Customers</i>	6
2.4	<i>Uneconomic loads</i>	6
2.5	<i>Substations</i>	6
2.6	<i>Redevelopment of land</i>	7
2.7	<i>Removals and relocations</i>	7
<b>3</b>	<b>Charges for ancillary connection services</b>	<b>8</b>
<b>4</b>	<b>Further information on connection requirements</b>	<b>8</b>
<b>5</b>	<b>Glossary</b>	<b>10</b>

## 1 Purpose and scope

This connection policy sets out the circumstances in which connection charges are payable by customers connecting to ActewAGL Distribution's electricity distribution network, and the basis for determining the amount of such charges.

The connection policy applies to all:

- new connections to ActewAGL Distribution's electricity network;
- modifications of existing connections to ActewAGL Distribution's electricity network;

provided that the party requesting the new or modified connection is not a registered participant, as defined in the National Electricity Rules (NER).<sup>1</sup> In the event that the party is a registered participant, ActewAGL Distribution will assess the connection application in accordance with chapter 5 of the NER.

The connection policy applies to connections requested between 1 July 2012 (the commencement date for the National Energy Customer Framework (NECF) in the ACT) and 30 June 2014.<sup>2</sup> A new connection policy, to be approved by the Australian Energy Regulator (AER) in accordance with chapters 5A and 6 of the NER, will apply from 1 July 2014.

Connection charges may involve:

- a capital contribution towards the cost of connection assets;
- a payment for connection services (or ancillary services) provided by ActewAGL Distribution.

The circumstances in which these charges are payable and the basis for determining the charges are set out in the following sections.

## 2 Capital contributions

Under section 101 of the *Utilities Act* ActewAGL Distribution may impose a capital contribution charges on customers for the development or augmentation of its network for the purpose of making utility services available to parcels of land not already connected to a network or varying the capacity of connections to its network.

---

<sup>1</sup> National Electricity Rules chapter 10, Glossary

<sup>2</sup> In accordance with the transitional provisions associated with the introduction of NECF (set out in clause 11.46.3 of the National Electricity Rules) this policy applies until the end of the *transition period*, 30 June 2014.

Capital contributions are determined in accordance with the ACT *Electricity Network Capital Contributions Code* (the Code), an Industry Code determined by the Independent Competition and Regulatory Commission (ICRC) in 2012.<sup>3</sup> The application of the Code is described in the following sections.

### **2.1 Installation of infrastructure for electricity connection to a basic standard**

ActewAGL Distribution will install on land being developed the basic standard infrastructure applicable to that land at no charge to the customer.

“Basic standard infrastructure” comprises either:

- (a) overhead assets to:
  - (i) extend the distribution system from the existing boundary of the network to the boundary land being developed; and
  - (ii) provide a service connection up to a maximum of 22 metres of overhead cable from the distribution system at the boundary of the land being developed to the premises or other fixture on the land being developed; or
- (b) underground assets to:
  - (i) extend the distribution system from the existing boundary of the network to the land being developed; and
  - (ii) provide a service connection up to a maximum of 8 metres of underground cable from the distribution system at the boundary of the land being developed to the premises or other fixture on the land being developed; or
- (c) a combination of such overhead and underground assets,

being assets of a capacity and reliability rating assessed as reasonable by ActewAGL Distribution.

ActewAGL Distribution will advise a customer upon request whether the basic standard infrastructure in respect of any particular parcel of land comprises overhead or underground assets or a combination of such assets, and what capacity and reliability ActewAGL Distribution has assessed as reasonable for that infrastructure.

ActewAGL Distribution will provide to a customer upon request information about the relevant standards and procedures used by ActewAGL Distribution to determine the capacity and reliability of the basic standard infrastructure.

---

<sup>3</sup> *Utilities (Electricity Network Capital Contribution Code) Determination 2012*, Disallowable Instrument DI2012–162. The 2012 Code replaces the 2007 Code.

Whether overhead assets, underground assets or a combination of such assets are the basic standard infrastructure for any particular parcel of land, and the assessment of the reasonable capacity of that infrastructure, are matters within the discretion of ActewAGL Distribution unless ActewAGL Distribution is specifically required by law to construct infrastructure assets of a particular type or capacity on that parcel of land.

## **2.2 Customers requiring infrastructure of a higher standard**

If a customer, whether at its own discretion or in accordance with any applicable lawful requirement, requires the construction of assets other than the basic standard infrastructure applicable to the relevant parcel of land, the capital contribution charge payable by the customer may be an amount no more than the additional costs incurred by ActewAGL Distribution in providing that different infrastructure.

Where the developer of a greenfield estate has requested, either at its own discretion or in accordance with any applicable lawful requirement, electricity network infrastructure of a higher standard than the basic standard infrastructure as defined in section 2.1 above, ActewAGL Distribution will apply one of the following two methodologies in calculating the developer's capital contribution:

- First Principles Extra/Over Calculation
- Standard Fixed Extra/Over Rate per Dwelling

The first principles method of calculating the infrastructure extra/over capital contribution involves ActewAGL Distribution completing both an underground infrastructure design and an equivalent overhead infrastructure design for the estate or stage of the estate as applicable, and estimating the costs of providing the respective designs. The capital contribution is the difference between the cost of the underground infrastructure design and the equivalent overhead design. This method is used where it is considered that the standard rate per dwelling block method (described below) is not valid. These cases include:

- Urban residential greenfield estates where the predominant single dwelling block size is greater than 1000m<sup>2</sup> ;
- Commercial/Industrial greenfield estates.

The standard fixed extra/over rate per dwelling method involves the use of standard rates for different dwelling types. The standard rates are based on an averaging of costs across a representative sample of completed projects/estates.

### **2.3 Rural customers**

The capital contribution charge for a customer in a rural area may be calculated by subtracting from the costs incurred in connecting the customer to the network an amount equivalent to the average costs of connecting a residential customer in the Canberra urban area to the network.

### **2.4 Uneconomic loads**

ActewAGL Distribution may determine that a customer seeking connection to the network will be likely to have a load which is uneconomic. ActewAGL Distribution may only make such a determination where it reasonably considers that, over the life of the additional network assets required to connect the customer, the network revenue from the load likely to arise from that connection, relative to the costs of making connection services available as requested by the customer, together with ongoing operating and maintenance costs, would render it unprofitable to provide that connection.

ActewAGL Distribution assesses whether the load is economic taking into account the cost of providing connection, the future stream of operational costs related to the connection and likely future stream of revenue (distribution use of system charges) related to the connection.

If the load is determined by ActewAGL Distribution to be uneconomic, the capital contribution charge payable by the customer may be an amount up to the full cost of the work.

### **2.5 Substations**

This clause applies to the installation of a substation on a customer's premises where either:

- (a) ActewAGL Distribution considers that such installation is necessary for the supply of electricity to those premises in accordance with a request by that customer; or
- (b) the customer requests the installation of a substation on its premises which ActewAGL Distribution considers to be unnecessary for the supply of electricity to those premises.

The customer must provide, at no charge, space within its premises adequate to allow installation of the substation.

ActewAGL Distribution retains ownership of any substation and ancillary equipment installed within a customer's premises notwithstanding that such substation and ancillary equipment may be attached to the customer's premises. ActewAGL Distribution may connect other customers to that substation if the capacity and the load of the substation allow for that additional connection.

ActewAGL Distribution will operate, maintain and repair the substation equipment at no charge to the customer and the customer shall provide ActewAGL Distribution with unobstructed access to its premises at all times for that purpose.

### **2.5.1 Customers supplied or to be supplied at a low voltage rate**

If a load is considered to be economic, ActewAGL Distribution will install substation equipment considered by it to be necessary for the supply of electricity to the customer's premises at no charge to the customer.

If, in accordance with clause 2.4, a load is considered to be uneconomic but ActewAGL Distribution considers that installation of the substation equipment is necessary for the supply of electricity to the customer's premises, the capital contribution charge payable by the customer may be calculated in accordance with the provisions set out above in relation to uneconomic loads.

If ActewAGL Distribution considers that installation of the substation equipment is not necessary for the supply of electricity to the premises but the customer requests such installation, the capital contribution charge payable by the customer may be an amount equal to the full costs that would otherwise have been borne by ActewAGL Distribution.

### **2.5.2 Customers supplied or to be supplied at a high voltage rate**

Where electricity is required by a customer to be supplied at a high voltage rate, the capital contribution charge payable by the customer for installation of the substation equipment may be calculated by subtracting from the costs of installing the substation equipment the costs of installing any metering equipment which would otherwise have been provided by ActewAGL Distribution as part of the basic standard infrastructure.

## **2.6 Redevelopment of land**

If redevelopment of a parcel of land already connected to the network necessitates redevelopment or augmentation of electricity distribution or service connection infrastructure in order to vary the capacity or connection, the capital contributions charge may be equal to the full costs of that redevelopment or augmentation plus a reasonable profit margin.

## **2.7 Removals and relocations**

If a customer requests ActewAGL Distribution to remove or relocate network assets, ActewAGL Distribution may charge, and the customer must pay, the full costs plus a reasonable profit margin incurred in removing or relocating such assets.

This clause applies regardless of:

- (a) the age or utilisation of the asset; or
- (b) any previous contribution towards the cost of installing those assets.

No payment, credit or other allowance is provided for assets removed or relocated.

### 3 Charges for ancillary connection services

Charges for ancillary connection services apply where relevant, depending on the customer's requirements and the scope and parameters of the connection service. For example, charges will apply where the connection involves a temporary connection, or a service upgrade.

The charges for ancillary services are set on a fixed fee basis where the service falls within typical requirements, or a quoted basis for non-typical services.

The basis for the charges is as approved by the AER in the *ACT Distribution determination 2009-14, final decision*. The full schedule of charges is approved annually by the AER and published on ActewAGL Distribution's website.

### 4 Further information on connection requirements

Schedule of charges

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Electricity-network/Electricity-network-prices/Electricity-Network-prices-2013-14.ashx>

Guidelines for embedded generator connection to ActewAGL's low voltage (LV) network

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/Guidelines-for-LV-embedded-generator-connections.ashx>

Model standing offer for basic connection services

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/NECF/Model-standing-offer-basic-connection-services.ashx>

Model standing offer for basic connection services (micro-embedded generators)

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/NECF/Model-standing-offer-basic-connection-MEG.ashx>

Large scale photovoltaic installations

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/Products-and-services/Building-and-renovation/For-professionals/CCA0212-48%20guidelines-NoContacts.ashx>

Connection services charges for major new connection enquiries and applications

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/NECF/Connection-services-charges-for-major-new-connection-enquiries-and-applications.ashx>



Guidelines for the connection of small generators in parallel with the ActewAGL distribution network

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/Guidelines-for-connection-of-small-LV-generators.ashx>

Deemed Standard Connection Contract

<http://www.actewagl.com.au/~media/ActewAGL/ActewAGL-Files/About-us/Publications/NECF/ActewAGL-Distribution-deemed-standard-connection-contract.ashx>

DRAFT

## 5 Glossary

**ActewAGL Distribution** means ActewAGL Distribution ABN 76 670 568 688, a partnership of ACTEW Distribution Limited ABN 83 073 025 224 and Jemena Networks (ACT) Pty Ltd ABN 24 008 552 663, the owner and operator of the electricity network in the ACT.

**Act** means the Utilities Act 2000.

**Capital Contribution Charge** has the same meaning as in the **Act**.

**Code** means the Electricity Network Capital Contributions Code (ACT) July 2012

**Costs** has the same meaning as in the **Code**.

**Customer** means a **Person** who acquires services from ActewAGL Distribution in relation to the **Electricity Network**.

**Electricity Distributor** has the same meaning as in the **Act**.

**Electricity Network** has the same meaning as in the **Act**.

**Network Asset** means any infrastructure or other equipment forming part of an **Electricity Network**.

**Person** has the same meaning as in the **Code**.

**Premises** has the same meaning as in the **Act**.