



Ausgrid

**Placeholder determination for the transitional
regulatory control period 2014–15**

April 2014

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1 The AER's Determination for Ausgrid

Clause 6.12.1 (as modified by clauses 11.55 and 11.56) and clauses 11.56.1 and 11.56.3 of the National Electricity Rules (NER) give the AER the role to determine the following for Ausgrid.

1.1 Length of regulatory control period

The AER determines that the transitional regulatory control period will be one year, commencing on 1 July 2014 and ending on 30 June 2015.

1.2 Classification of services

The AER determines that, for the transitional regulatory control period, services provided by Ausgrid should be grouped and classified as set out in table 1.1. This is consistent with the Stage 1 framework and approach paper, which is a modification of the classification of services in the current regulatory control period.¹

¹ AER, *Stage 1 framework and approach paper – Ausgrid, Endeavour Energy and Essential Energy*, March 2013.

Table 1.1 AER determination for the classification of distribution services for Ausgrid

AER service group	Proposed classification of distribution services	Proposed classification of direct control services
Network services (excluding emergency recoverable works which are unclassified)	Direct control	Standard control
Connection services		
Premises connections	Unclassified	
Extensions	Unclassified	
Augmentations	Direct control	Standard control
Metering services		
Types 1 to 4	Unclassified	
Types 5 to 6:		
a. Installation services	Unclassified	
b. Meter provision, maintenance, reading and data services	Direct control	Alternative control
Type 7	Direct control	Standard control
Ancillary network services (excluding customer specific services which are unclassified)	Direct control	Alternative control
Public lighting services	Direct control	Alternative control

Source: AER analysis.

1.3 Incentive schemes

The AER determines that the efficiency benefit sharing scheme (EBSS) that will apply to Ausgrid for the transitional regulatory control period is that applied to Ausgrid in the current regulatory control period, with modifications to align it with version 2 of the EBSS and applied as if the transitional regulatory control period was the first year of the subsequent regulatory control period. This is consistent with the Stage 2 framework and approach paper.²

² AER, *Stage 2 framework and approach paper – Ausgrid, Endeavour Energy and Essential Energy*, January 2014.

The AER determines that no:

- capital expenditure sharing scheme (CESS), or
- small scale investment scheme,

is to apply to Ausgrid in the transitional regulatory control period.

The AER determines that Part A of the demand management innovation allowance (DMIA), which applied to Ausgrid in the current regulatory control period, applies to Ausgrid in the transitional regulatory control period. However, Part B of the DMIA and the D-Factor scheme for NSW distributors do not apply in the transitional regulatory control period. The DMIA is a component of the demand management incentive scheme (DMIS). The rules have since changed the name from DMIS to demand management and embedded generation connection incentive scheme (DMEGCIS).

The revenue rewards and penalties of the service target performance incentive scheme (STPIS) did not apply to Ausgrid in the current regulatory control period and the AER determines that they will not apply in the transitional regulatory control period. However, the reporting obligations did apply in the current regulatory control period and the AER determines that they continue to apply.

1.4 Appropriate amounts, values or inputs

The AER determines that all appropriate amounts, values and inputs are as set out in this determination.

1.5 Control mechanisms

Standard control services

The relevant control mechanism and formulae for standard control services is as set out in the Stage 1 framework and approach paper.³ The AER determines to apply a revenue cap with a basis of CPI-X form to standard control services for the transitional regulatory control period.

Alternative control services

The AER determines to apply price cap regulation to alternative control services in the transitional regulatory control period. Alternative control service prices in the transitional regulatory control period must be the current prices escalated by CPI.⁴

The AER determines to apply the following formulae to alternative control services, which remain classified as alternative control services. The AER considers that the formula gives effect to the cap on the prices of individual services:

$$\bar{P}_i^t \geq P_i^t \quad i=1,\dots,n \text{ and } t=1,2,3,4$$

$$\bar{P}_i^t = \bar{P}_i^{t-1}(1 + CPI_t)(1 - X_i^t) + A_i^t$$

³ AER, *Stage 1 framework and approach paper – Ausgrid, Endeavour Energy and Essential Energy*, March 2013.

⁴ NER, clause 11.56.3(j).

Where:

\bar{P}_i^t is the cap on the price of service i in year t

P_i^t is the price of service i in year t

CPI_t is the percentage increase in the consumer price index.

X_i^t is the X-factor for service i in year t. For 2014–15, X_i^t is set at zero.

\bar{P}_i^0 is the cap on the price of service i in the transitional regulatory control period. As specified in the transitional rules, \bar{P}_i^0 will be prices from the final year of the 2009–14 regulatory control period escalated by CPI.

A_i^t is an adjustment factor. Likely to include, but not limited to adjustments for residual charges when customers choose to replace assets before the end of their economic life. For 2014–15 A_i^t is set at zero.

Applying the formula above, the list of prices set out in Appendix A are the charges that will apply for Ausgrid's alternative control services for the transitional regulatory control period.

1.6 Manner of demonstration of compliance with the control mechanism

The manner of demonstration of compliance with a relevant control mechanism is as set out in the Stage 1 framework and approach paper.⁵

1.7 Pass throughs

The AER determines that pass through events for the transitional regulatory control period will be:

- the same additional pass through events that were decided in the distribution determination for the current regulatory control period for Ausgrid; and
- the "terrorism event" as defined in the Rules immediately prior to the date the *National Electricity Amendment (Cost pass through arrangements for Network Service Providers) Rule 2012* came into force.

1.8 Negotiating framework

The AER determines that the negotiating framework that is to apply to Ausgrid for the transitional regulatory control period is the negotiating framework that was approved as part of the distribution determination for the current regulatory control period for Ausgrid.

⁵ AER, *Stage 1 framework and approach paper – Ausgrid, Endeavour Energy and Essential Energy*, March 2013.

1.9 Negotiated distribution service criteria

The AER determines that the negotiated distribution service criteria for Ausgrid for the transitional regulatory control period are the negotiated distribution service criteria that were specified as part of the distribution determination for the current regulatory control period for Ausgrid.

1.10 Assigning retail customers to tariff classes

The AER determines that the procedures for assigning retail customers to tariff classes or reassigning retail customers from one tariff class to another, including any applicable restrictions, are the same as those specified as part of the distribution determination for the current regulatory control period for Ausgrid.

1.11 Depreciation

The AER determines to use the same depreciation approach which applies in the current regulatory control period to establish the regulatory asset base at the commencement of the subsequent regulatory control period.

1.12 Reporting on recovery of charges and adjustments

The AER determines that Ausgrid is to report on its recovery of designated pricing proposal charges and on the adjustments to be made to subsequent pricing proposals in the same manner as during the current regulatory control period for Ausgrid.

1.13 Reporting on the recovering of jurisdictional scheme amounts and adjustments

The AER determines that Ausgrid is to report to the AER on its recovery of jurisdictional scheme amounts and on the adjustments to be made to subsequent pricing proposals in the same manner as during the current regulatory control period.

1.14 Annual revenue requirement

The AER does not approve Ausgrid's annual revenue requirement proposal. The AER is not satisfied that the amount is such that the recovery of it by Ausgrid is reasonably likely to minimise variations in prices between the relevant regulatory control periods and years.

The AER approves \$1958 million (\$ nominal) as the annual revenue requirement for Ausgrid's distribution network for the transitional regulatory control period which the AER is satisfied meets the applicable requirements of the NER.

The AER approves \$252 million (\$ nominal) as the annual revenue requirement for Ausgrid's transmission network for the transitional regulatory control period which the AER is satisfied meets the applicable requirements of the NER.

1.15 Pricing methodology for dual function assets

The AER approves, as the pricing methodology for transmission standard control services, the pricing methodology which was approved for those services for the current regulatory control period.

1.16 Connection policy

The AER determines that the connection policy in Appendix B will apply to Ausgrid for the transitional regulatory control period.

Appendices

A Alternative control service price list

A.1 Ausgrid—public lighting

Table A.1 Ausgrid—public lighting—2014–15 tariffs (\$, nominal, exc GST)

	Maintenance prices (pre and post 2009)	Capital Annuity Prices (from 1 July 2009 assets)
Bracket - 0.5	0.00	19.30
Bracket - 0.6	0.00	19.30
Bracket - 1.0	0.00	18.42
Bracket - 1.2	0.00	18.42
Bracket - 1.5	0.00	73.50
Bracket - 2.0	0.00	23.93
Bracket - 2.5	0.00	29.72
Bracket - 3.0	0.00	46.25
Bracket - 3.5	0.00	48.75
Bracket - 4.0	0.00	48.75
Bracket - 4.5	0.00	55.76
Bracket - 5.0	0.00	53.51
Bracket - 6.0	0.00	73.54
Bracket - 6.5	0.00	73.54
Bracket - 7.0	0.00	73.54
Bracket - 8.0	0.00	73.54
Bracket - C4	0.00	97.07
Bracket - NIL	0.00	0.00
Bracket - PRIVATE	0.00	0.00
Bracket - SUSPENDED	0.00	64.68

Bracket - T1	0.00	32.01
Bracket - T2	0.00	52.76
Bracket - T2A	0.00	52.76
Bracket - T3	0.00	53.51
Bracket - T3A	0.00	53.51
Bracket - T4	0.00	51.25
Bracket - T5	0.00	51.25
Bracket - T6	0.00	73.54
Bracket - T7	0.00	67.15
Connection - O/U	90.54	11.75
Connection - OH	0.00	0.00
Connection - OH2	0.00	0.00
Connection - OHS	0.00	0.00
Connection - UG2	0.00	0.00
Connection - UGORDA	45.27	11.75
Connection - UGR1	82.99	16.31
Connection - UGR2	30.18	11.75
Connection - UGS	0.00	11.75
Connection - UG-SP	0.00	0.00
Lamp - EMPTY	38.26	0.00
Lamp - INC1x100	219.65	0.00
Lamp - INC1x1000	418.19	0.00
Lamp - INC1x1440	218.04	0.00
Lamp - INC1x150	224.20	0.00

Lamp - INC1x200	226.17	0.00
Lamp - INC1x300	248.80	0.00
Lamp - INC1x40	219.75	0.00
Lamp - INC1x500	283.94	0.00
Lamp - INC1x60	219.65	0.00
Lamp - INC1x75	219.65	0.00
Lamp - INC3x100	221.47	0.00
Lamp - MBF1x1000	107.65	0.00
Lamp - MBF1x125	50.15	0.00
Lamp - MBF1x160	42.97	0.00
Lamp - MBF1x250	50.14	0.00
Lamp - MBF1x400	50.00	0.00
Lamp - MBF1x42	48.21	0.00
Lamp - MBF1x50	41.36	0.00
Lamp - MBF1x500	128.47	0.00
Lamp - MBF1x700	77.04	0.00
Lamp - MBF1x80	43.73	0.00
Lamp - MBF1x800	128.47	0.00
Lamp - MBF2x125	60.56	0.00
Lamp - MBF2x160	57.24	0.00
Lamp - MBF2x175	114.78	0.00
Lamp - MBF2x400	58.13	0.00
Lamp - MBF2x80	49.19	0.00
Lamp - MBF3x160	57.24	0.00

Lamp - MBF3x250	66.67	0.00
Lamp - MBF3x400	66.26	0.00
Lamp - MBF3x80	54.66	0.00
Lamp - MBF4x1000	217.20	0.00
Lamp - MBF4x80	60.12	0.00
Lamp - MBF6x125	104.30	0.00
Lamp - MBF6x160	57.24	0.00
Lamp - MBF9x160	57.24	0.00
Lamp - MBI1x100	75.47	0.00
Lamp - MBI1x1000	176.49	0.00
Lamp - MBI1x150	108.44	0.00
Lamp - MBI1x1500	145.99	0.00
Lamp - MBI1x250	67.11	0.00
Lamp - MBI1x3745	82.87	0.00
Lamp - MBI1x400	65.23	0.00
Lamp - MBI1x500	128.79	0.00
Lamp - MBI1x70	79.30	0.00
Lamp - MBI1x750	38.27	0.00
Lamp - MBI2x400	88.60	0.00
Lamp - MBI4x150	308.16	0.00
Lamp - SON1x100	58.27	0.00
Lamp - SON1x1000	97.07	0.00
Lamp - SON1x120	78.71	0.00
Lamp - SON1x150	56.83	0.00

Lamp - SON1x220	91.77	0.00
Lamp - SON1x250	57.17	0.00
Lamp - SON1x310	90.68	0.00
Lamp - SON1x360	72.93	0.00
Lamp - SON1x400	59.39	0.00
Lamp - SON1x50	49.16	0.00
Lamp - SON1x70	50.59	0.00
Lamp - SON2x250	72.17	0.00
Lamp - SON2x400	76.61	0.00
Lamp - SON2x70	62.93	0.00
Lamp - SON3x70	75.26	0.00
Lamp - SON4x250	102.16	0.00
Lamp - SON4x600	147.95	0.00
Lamp - SON4x70	87.60	0.00
Lamp - SON8x70	136.93	0.00
Lamp - SOX1x135	56.45	0.00
Lamp - SOX1x150	95.56	0.00
Lamp - SOX1x180	188.71	0.00
Lamp - SOX1x90	82.76	0.00
Lamp - TF1x16	99.76	0.00
Lamp - TF1x176	134.11	0.00
Lamp - TF1x20	100.66	0.00
Lamp - TF1x236	134.11	0.00
Lamp - TF1x26	100.75	0.00

Lamp - TF1x40	100.83	0.00
Lamp - TF1x60	101.68	0.00
Lamp - TF1x80	101.68	0.00
Lamp - TF2x14 T5	45.82	0.00
Lamp - TF2x20	58.06	0.00
Lamp - TF2x26	101.21	0.00
Lamp - TF2x40	163.39	0.00
Lamp - TF2x58	99.76	0.00
Lamp - TF2x80	165.11	0.00
Lamp - TF3x20	101.52	0.00
Lamp - TF3x40	225.95	0.00
Lamp - TF3x80	228.53	0.00
Lamp - TF4x20	101.96	0.00
Lamp - TF4x40	288.52	0.00
Lamp - TF4x80	291.95	0.00
Lamp - TF5x58	99.76	0.00
Lamp - TF5x65	99.76	0.00
Lamp - TF5x80	355.37	0.00
Lamp - TF6x20	102.82	0.00
Lamp - TF6x36	103.39	0.00
Lamp - TF6x80	418.79	0.00
Lamp - TH1x1000	83.03	0.00
Lamp - TH1x1500	80.50	0.00
Lamp - TH1x400	89.80	0.00

Lamp - TH1x500	75.91	0.00
Lamp - TH1x750	83.92	0.00
Luminaire - 1000W MBF	0.00	38.08
Luminaire - 1000W SON	0.00	203.16
Luminaire - 1000W SON FLOODLIGHT	0.00	106.20
Luminaire - 1000W/1500W MBI FLOODLIGHT	0.00	154.23
Luminaire - 100W MBI	0.00	32.90
Luminaire - 100W MBI FLOODLIGHT	0.00	38.08
Luminaire - 100W SON	0.00	28.36
Luminaire - 100W SON - PARKVILLE	0.00	151.09
Luminaire - 100W SON FLOODLIGHT	0.00	68.06
Luminaire - 100W SON -PLAIN	0.00	28.36
Luminaire - 125W MBF	0.00	14.88
Luminaire - 125W MBF - BOURKE HILL	0.00	103.38
Luminaire - 125W MBF - HYDE PARK	0.00	72.93
Luminaire - 125W MBF - NOSTALGIA	0.00	105.95
Luminaire - 125W MBF - PARKVILLE	0.00	135.56
Luminaire - 125W MBF BOLLARD	0.00	61.52
Luminaire - 125W MBF -PLAIN	0.00	14.88
Luminaire - 125W/250W MBF FLOODLIGHT	0.00	34.62
Luminaire - 135W SOX	0.00	41.53
Luminaire - 150W SON	0.00	27.45
Luminaire - 150W SON - HYDE PARK	0.00	72.93
Luminaire - 150W SON - PARKVILLE	0.00	151.09

Luminaire - 150W SON - PARKWAY 1	0.00	50.42
Luminaire - 150W SON FLOODLIGHT	0.00	68.06
Luminaire - 150W SON GEC 'BOSTON 3'	0.00	135.56
Luminaire - 150W/250W MBI FLOODLIGHT	0.00	90.82
Luminaire - 180W SOX	0.00	49.38
Luminaire - 1x40W TF	0.00	14.06
Luminaire - 1x80W TF	0.00	11.26
Luminaire - 250W MBF	0.00	26.28
Luminaire - 250W MBF - PARKVILLE	0.00	139.79
Luminaire - 250W MBF - PARKWAY 1	0.00	50.42
Luminaire - 250W MBI - SMARTPOLE	0.00	2.29
Luminaire - 250W SON	0.00	25.73
Luminaire - 250W SON - PARKVILLE	0.00	165.53
Luminaire - 250W SON - PARKWAY 1	0.00	50.42
Luminaire - 250W SON FLOODLIGHT	0.00	60.57
Luminaire - 250W SON GEC 'BOSTON 3'	0.00	138.69
Luminaire - 2X14W TF - T5 PIERLIGHT	0.00	21.66
Luminaire - 2x14W TF - T5 PIERLITE MK 3	0.00	32.55
Luminaire - 2x175W MBF - PARKWAY 2	0.00	171.18
Luminaire - 2x20W TF	0.00	13.94
Luminaire - 2x20W TF - WAVERLEY	0.00	13.94
Luminaire - 2x250W SON FLOODLIGHT	0.00	80.77
Luminaire - 2x26W TF MACQUARIE DEC. BALL	0.00	137.15
Luminaire - 2x400W MBF - PARKWAY 2	0.00	171.18

Luminaire - 2x400W MBI FLOODLIGHT	0.00	174.16
Luminaire - 2x400W SON FLOODLIGHT	0.00	190.17
Luminaire - 2x40W TF	0.00	32.93
Luminaire - 2x70W SON - BOURKE HILL	0.00	194.03
Luminaire - 2x80W MBF - BOURKE HILL	0.00	86.68
Luminaire - 3x400W MBF - PARKWAY 3	0.00	171.18
Luminaire - 400W MBF	0.00	36.09
Luminaire - 400W MBF - PARKWAY 1	0.00	80.77
Luminaire - 400W MBF FLOODLIGHT	0.00	91.76
Luminaire - 400W MBI - SMARTPOLE	0.00	2.29
Luminaire - 400W MBI FLOODLIGHT	0.00	61.94
Luminaire - 400W SON	0.00	36.16
Luminaire - 400W SON - PARKWAY 1	0.00	50.42
Luminaire - 400W SON FLOODLIGHT	0.00	73.78
Luminaire - 40W SOX	0.00	14.06
Luminaire - 42W MBF SYLVANIA SUB ECO CFL	0.00	27.08
Luminaire - 4x1000W MBF	0.00	145.44
Luminaire - 4x20W TF	0.00	64.19
Luminaire - 4x20W TF - WAVERLEY	0.00	64.19
Luminaire - 4x250W SON	0.00	94.59
Luminaire - 4x40W TF	0.00	80.01
Luminaire - 4x40W TF - WAVERLEY	0.00	72.85
Luminaire - 4x600W SON	0.00	159.25
Luminaire - 500W MBI FLOODLIGHT	0.00	86.42

Luminaire - 50W MBF	0.00	14.12
Luminaire - 50W MBF - BOURKE HILL	0.00	86.68
Luminaire - 50W MBF - NOSTALGIA	0.00	84.88
Luminaire - 50W MBF - PLAIN	0.00	14.12
Luminaire - 50W MBF BOLLARD	0.00	47.05
Luminaire - 50W SON	0.00	13.68
Luminaire - 50W SON - BOURKE HILL	0.00	99.48
Luminaire - 50W SON - NOSTALGIA	0.00	33.37
Luminaire - 60W SOX	0.00	14.06
Luminaire - 700W MBF	0.00	41.24
Luminaire - 70W MBI	0.00	23.98
Luminaire - 70W MBI - MACQUARIE DEC. BALL	0.00	155.02
Luminaire - 70W SON	0.00	13.82
Luminaire - 70W SON - BOURKE HILL	0.00	99.48
Luminaire - 70W SON - GEC BOSTON 2	0.00	119.99
Luminaire - 70W SON - NOSTALGIA	0.00	91.31
Luminaire - 70W SON - PARKVILLE	0.00	119.99
Luminaire - 70W SON - REGAL/FLINDERS ENC	0.00	178.11
Luminaire - 70W SON BOLLARD	0.00	64.63
Luminaire - 70W SON FLOODLIGHT	0.00	26.62
Luminaire - 70W SON -PLAIN	0.00	13.82
Luminaire - 750W MBI FLOODLIGHT	0.00	86.42
Luminaire - 80W MBF	0.00	13.17
Luminaire - 80W MBF - BEGA+CURVE BRACKET	0.00	155.20

Luminaire - 80W MBF - BOURKE HILL	0.00	61.33
Luminaire - 80W MBF - GEC BOSTON 2	0.00	119.99
Luminaire - 80W MBF - NOSTALGIA	0.00	84.88
Luminaire - 80W MBF - PLAIN	0.00	13.17
Luminaire - 80W MBF - REGAL/FLINDERS ENC	0.00	171.05
Luminaire - 80W MBF - SYLVANIA SUBURBAN	0.00	13.38
Luminaire - 80W MBF BOLLARD	0.00	47.05
Luminaire - 80W MBF TOORAK	0.00	75.57
Luminaire - 90W SOX	0.00	65.08
Luminaire - INCANDESCENT	0.00	6.24
Luminaire - PRIVATE	0.00	1.53
Luminaire - TH FLOODLIGHT	0.00	168.36
Support - 2ND LIGHT NON-TRL	0.00	0.00
Support - 2ND LIGHT TRL	0.00	0.00
Support - BOLLARD	0.00	149.65
Support - COLUMN 10.5M-13.5M	0.00	291.92
Support - COLUMN 14M-15M	0.00	268.33
Support - COLUMN 2.5M-3.5M	0.00	235.03
Support - COLUMN 4-6.5M ORION WATER PIPE	0.00	255.06
Support - COLUMN 4M-6.5M	0.00	287.35
Support - COLUMN 7M-10M	0.00	279.41
Support - DECORATIVE COLUMN	0.00	308.13
Support - DEDICATED SUPPORT & CONDUCTOR	0.00	249.30
Support - HYDE PARK STANDARD	0.00	383.49

Support - MACQUARIE STANDARD	0.00	64.84
Support - MAST 15.5M-30M	0.00	281.60
Support - MAST 23M	0.00	281.60
Support - MAST 25M	0.00	281.60
Support - ORION DOUBLE ARM	0.00	44.03
Support - POLO 10.5M DECORATIVE 2M OUTREACH	0.00	87.62
Support - POLO 4.5M DECORATIVE 1.2 OUTREACH	0.00	87.62
Support - PRIVATE	0.00	0.00
Support - ROCKS STANDARD	0.00	223.82
Support - SMARTPOLE A	0.00	0.00
Support - SMARTPOLE AB	0.00	0.00
Support - SMARTPOLE B	0.00	0.00
Support - SMARTPOLE C	0.00	0.00
Support - SMARTPOLE DOUBLE	0.00	11.67
Support - SMARTPOLE SINGLE LONG	0.00	11.67
Support - SMARTPOLE SINGLE SHORT	0.00	11.67
Support - SUSPENDED	0.00	0.00
Support - UNKNOWN	0.00	0.00
Support - WALL	0.00	0.00
Support - WOOD POLE NON-TRL	0.00	0.00
Support - WOOD POLE TRL	0.00	0.00

Source: AER analysis.

A.2 Ausgrid—ancillary network services

Miscellaneous services

Table A.2 Ausgrid—miscellaneous services—2014–15 tariffs (\$, nominal, exc GST)

Miscellaneous services	2014-15 tariff (\$, nominal, exc GST)
Special meter read	45.10
Special meter read for transfer	45.10
Meter test	74.83
Supply of conveyancing information - desk inquiry	37.93
Supply of conveyancing information - field test	74.83
Off-peak conversion	60.48
Disconnection visit (only) acceptable payment received	45.10
Disconnection at meter box	90.20
Disconnection at pole top / pillar box	151.70
Ratification of illegal connection	226.53
Reconnection outside normal business hours	97.38

Source:

Monopoly services

Table A.3 Ausgrid—monopoly services—2014–15 tariffs (\$, nominal, exc GST)

Labour class	Normal time hourly rate (\$, nominal, exc GST)
Administration (R1)	65.60
Design (R2a)	82.00
Inspector (R2b)	82.00
Engineer (R3)	98.40

Table A.4 Ausgrid—monopoly services (other)—(\$, nominal, exc GST)

Monopoly service	Underground urban residential subdivision (vacant lots)				Rural overhead subdivisions and rural extensions				Underground commercial and industrial or rural subdivisions (vacant lots - no development)				Commercial and industrial developments	Asset relocation or street lighting	
Design information	Up to 5 lots	\$162.98			\$82 per hour				\$82 per hour				\$82 per hour	\$82 or \$98.40 per hour (see note 2)	
	6 to 10 lots	\$244.98													
	11 - 40 lots	\$407.95													
	Over 40 lots	\$489.95													
Design certification	Up to 5 lots	\$82.00			1 - 5 poles	\$82.00			Up to 10 lots	\$162.98			\$98.40 per hour	\$82 or \$98.40 per hour (see note 2)	
	6 to 10 lots	\$162.98			6 -10 poles	\$162.98			11 - 40 lots	\$244.98					
	11 - 40 lots	\$244.98			11 or more poles	\$244.98			Over 40 lots	\$489.95					
	Over 40 lots	\$325.95													
Design rechecking	\$82 per hour				\$82 per hour				\$82 per hour				\$98.40 per hour	\$82 or \$98.40 per hour (see note 2)	
Inspection of service work (level 1 work) (see note 3 & 6)	Grade:	A	B	C	Grade:	A	B	C	Grade:	A	B	C	\$82.00 or \$98.40 per hour plus \$41 flat fee (travel time) (see note 3 & 6)	\$82.00 or \$98.40 per hour plus \$41 flat fee (travel time) (see note 3 & 6)	
	per lot	per lot	per lot	per pole	per pole	per pole	per pole	per lot	per lot	per lot	per lot				
	First 10 lots:	\$41.00	\$98.40	\$205.00	1-5 poles	\$49.20	\$98.40	\$180.40	First 10 lots	\$41.00	\$98.40	\$205.00			
	Next 40 lots:	\$24.60	\$57.40	\$123.00	6-10 poles	\$41.00	\$82.00	\$162.98	Next 40 lots	\$41.00	\$98.40	\$205.00			
	Remainder:	\$8.20	\$32.80	\$57.40	11+ poles	\$32.80	\$57.40	\$123.00	Remainder	\$41.00	\$98.40	\$205.00			
	plus \$41 flat fee (travel time)				plus \$41 flat fee (travel time)				plus \$41 flat fee (travel time)						
Access permit	Residential subdivisions: \$27.68 per lot combined fee				\$1210.53 max. per access permit				\$1210.53 max. per access permit				\$1210.53 max. per access permit	\$1210.53 max. per access permit	
Substation commissioning					\$908.15 per substation (see note 7)				\$908.15 per substation (see note 7)				\$908.15 per substation (see note 7)	\$908.15 per substation (see note 7)	
Administration	Up to 5 lots	\$197.83			Up to 5 poles:	\$197.83			\$65.60 per hour (max 6 hours)				\$65.60 per hour (max 6 hours)	\$65.60 per hour	
	6 - 10 lots	\$264.45			6-10 poles:	\$264.45									
	11 - 40 lots	\$330.05			11 or more poles	\$396.98									
	Over 40 lots	\$396.68													
Notice of arrangement	\$197.83														
Re-inspection (level 1 & 2 work)	\$82.00 per hour (maximum 1 hour per level 2 re-inspection) plus \$41 flat fee (travel time) for level 1 re-inspections, refer to note 3														
Re-inspection (installation work)	\$82.00 (there is no charge for the initial installation inspection during normal working hours)														
Access (standby person)	\$65.60 per hour														
Authorisation	\$162.98														
Inspection of service (L2) work	All service connections: (NOSW = notification of service work) (see note 8)				A grade : \$20.50 per NOSW				B grade: \$33.83 per NOSW				C grade: \$98.40 per NOSW		
Site establishment	\$142.48														

B Connection policy to apply to Ausgrid



Attachment J - Proposed connection policy



SCOPE

This publication sets out the connection charges payable by customers for connecting their premises to Ausgrid's distribution network.

WARNING

It is the responsibility of the user of this document to ensure that only the current version is being used.

DOCUMENT AND AMENDMENT HISTORY

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1 Introduction

This document is Ausgrid's Connection Policy.

This connection policy sets out the circumstances in which Ausgrid requires a retail customer or real estate developer to pay the cost of connecting their premises or development to the Ausgrid network. The costs are also known as connection charges for the provision of connection services under chapter 5A of the National Electricity Rules (*NER*).

A connection charge can be a fee payable to Ausgrid for a service, such as an inspection or it could be a financial guarantee where Ausgrid has carried out an *augmentation* to its network.

This policy has been prepared to be consistent with the following regulatory instruments, which regulate the fees and charges that Ausgrid can require a customer to pay:

- The connection charge principles set out in Part E-Connection charges, of chapter 5A of the *NER*,
- Part DA-Connection policies, of chapter 6 of the *NER*,
- The Australian Energy Regulator's (*AER's*) Connection charge guidelines for electricity retail customers, under chapter 5A of the *NER*, and
- The AER's determination for the 2014-15 transitional regulatory control period in relation to the fees that Ausgrid can charge for Ancillary Services.

1.1 General approach to funding connections

The fees and charges payable by a customer in order to connect to Ausgrid's network fall into two categories:

1. Third party fees and charges which relate to the services provided by Accredited Service Providers (*ASP*) and other third parties in relation to the provision and installation of network infrastructure.
2. Ausgrid's fees and charges for connection services provided by Ausgrid;

A brief description of these fees and charges is set out below.

Third party fees and charges

The third party fees and charges are not payable to Ausgrid and are therefore are not connection charges. They have been included in the connection policy to assist the customer to understand the scope of charges the customer may incur in establishing a connection to Ausgrid's network.

Contestable services provided by Accredited Service Providers

As a general rule, the services required to establish a customer's connection to Ausgrid's network are undertaken by Accredited Service Providers (*ASP*) and are known as contestable services. This means customers must fund the costs of *connection works* (i.e. make capital contributions), which include the following costs associated with establishing a new or altered connection of their installation or development to Ausgrid's network:

- The costs of providing and installing the necessary *premises connection assets* at the customer's connection point or point of supply and also within the customer's electrical installation, and
- The costs of providing and installing a dedicated extension from the connection point up to a defined point of connection on Ausgrid's existing network known as the *linkage point*.

The capital contributions payable by the customer for these contestable services are not specified in this Policy and are payable directly to the *ASP*.

The main exception to the general rule is in relation to *augmentations* which Ausgrid generally carries out and funds. This is work on the shared assets beyond the *linkage point*. However, if Ausgrid does not fund the works, all *real estate developers* and non registered embedded generators must fund the *connection works* and in the case of retail customers, if the *connection works* exceed a threshold set by Ausgrid, those customers will also be required to make a capital contribution towards the cost of the *augmentation* of Ausgrid's shared network, which is required to enable the connection to be made. As the *augmentation* work is contestable and undertaken by an *ASP*, the capital contribution is payable to the *ASP*, not to Ausgrid.

Other third party fees and charges

In addition to *ASP* charges, the customer may also incur property tenure costs which relate to the granting and registration of leases and easements and associated plans over Ausgrid infrastructure which is located on the customer's premises. These costs are also not payable to Ausgrid but directly to the relevant third party.

Ausgrid's fees and charges

Ancillary service fees

Ancillary services are services which are non-routine connection services provided to a customer on an "as needs" basis. These services can only be undertaken by Ausgrid. All customers will be required to pay the fees for *ancillary services* associated with their connection. These fees relate to the services, such as inspections, that Ausgrid must carry out to facilitate the design and construction on a contestable basis of premises connection assets, *extensions* and *augmentation* by *ASPs*. These services and fees are explained in detail in section 4.

Other fees

In some circumstances customers may be required to pay a fixed site inspection fee if a site inspection is required. Customers who receive a negotiated connection offer can be required to pay Ausgrid's reasonable expenses in assessing the customer's connection application and preparing the offer. Ausgrid's approach to determining its reasonable expenses is set out in section 5.

Pioneer scheme payments

Retail customers or real estate developers who propose to connect to a part of the network funded by another such customer in the previous 7 years (a pioneer scheme) may be required to make a payment to connect to the pioneer scheme.

Financial guarantees

In some circumstances, Ausgrid may require a customer to provide Ausgrid with a financial guarantee known as a Guarantee of Revenue (GoR) which guarantees Ausgrid a certain level of revenue in relation to a substantial *augmentation* that Ausgrid has funded in order for the customer to connect.

Charges for Ongoing Supply Services

For information purposes only, this Policy also sets out miscellaneous fees that Ausgrid may charge once a new or altered connection has been energised. These fees are explained in section 4 and Appendix B.

Note:

This Policy does not apply to the charging for connections to Ausgrid's network by registered participants or intending registered participants in the wholesale market, which is covered by the provisions of chapter 5 Network Connection, of the *NER*.

1.2 Connection Charges

The connection charges that customers seeking a new or altered connection of their premises to Ausgrid's distribution system are required to pay to Ausgrid are:

1. Ancillary service fees for all ancillary services provided by Ausgrid in order for the customer to connect – see section 4;
2. Other fees if a site inspection is required and/or negotiation fee for a negotiated connection offer – see section 5;
3. Pioneer scheme payment if a pioneer scheme exists for the assets to which the customer connects – see section 6;
4. In addition the customer may also be required to provide Ausgrid with a financial guarantee in certain circumstances where Ausgrid funds a network augmentation – see section 7.

2 Customer Funded Connection Works & Network Augmentations

For ease of reference Ausgrid has described the types of connection works and services that customers must fund by reference to whether the costs are incurred in relation to a basic connection services or standard connection services.

The charges for basic connection services are generally uniform and confined to funding premises connection assets and paying ancillary service fees as the connections to which they relate do not require any *network augmentation* other than *extensions* for premises connection assets.

The charges for standard connection offers also include the *extension* and *augmentation* costs as well as funding premises connection assets and ancillary service fees. The *augmentation* costs are determined by reference to a capital contribution threshold set by Ausgrid.

Appendix A provides a summary of the fees and charges payable in relation to each connection offer.

2.1 Basic Connection Offers

These offers are typically applicable to single residential premises, small commercial premises and small multi-occupant developments. They are also applicable to customers who install a micro embedded generator within their installation.

Customers who receive one of Ausgrid's basic connection offers will be required to fund the contestable works (i.e. make a capital contribution) associated with:

- their *premises connection assets*, and
- any dedicated *network extension*.

These customers will not be required to fund any *augmentation* of Ausgrid's shared network beyond the linkage point. The capital contributions made by the customer are payable directly as charges to the *ASP* and are not set out in this Policy.

The customer must also pay any ancillary service fees associated with their connection. These are explained in detail in section 4 and Appendix B.

In some circumstances a site inspection fee or pioneer scheme payment may also be required.

The contestable work required to install or alter the customer's premises connection assets and any dedicated network *extension* will be carried out by the customer's ASP. This includes the provision of the service line and installation of the meter by the customer's level 2 ASP, refer to Appendix A.

2.2 Standard Connection Offers

These offers are typically applicable to large multi-occupant developments, and large commercial and industrial developments as well as rural customers who require augmentation work.

Ausgrid's standard connection offers apply to connections where an *augmentation* of Ausgrid's shared network may be required to enable the customer's connection to occur.

In addition, if a low voltage network extension is required that involves design by a Level 3 ASP and/or construction by a Level 1 ASP then a standard connection offer will be made.

Customers who receive standard connection offers will be required to fund the contestable works (i.e. make a capital contribution) associated with:

- their *premises connection assets*,
- any dedicated network *extension*, and
- in relation to *real estate developers* and non-registered embedded generators, any *augmentation*;
- in relation to *retail customers*, any *augmentation* of the shared network, above the thresholds set out in section 3.

Different thresholds apply to retail customers depending on whether the connection is in an urban or rural area i.e. whether the customer is a *large load customer* or a *rural customer* respectively.

Ausgrid will fund the shared *augmentation* works below the threshold set out in section 3. This threshold has been established by Ausgrid to meet the requirements of clause 5A.E.1(b)(2) of the *NER* to indicate the threshold below which a retail customer will not be required to make a capital contribution towards the cost of the shared network *augmentation*.

The customer must also pay for ancillary service fees associated with their connection. These are explained in detail in section 4 and Appendix B.

In some circumstances a site inspection fee (see section 5) or pioneer scheme payment may also be required as explained in section 6 and Appendix D respectively.

Some customers may also be required to provide a financial guarantee or Guarantee of Revenue (GoR), where their connection requires substantial Ausgrid funded *network augmentation* works. The circumstances in which a GoR may be required are set out in more detail in section 7.

The contestable work required to design and construct customer funded augmentation works will be carried out by the customer's level 3 and level 1 ASPs respectively. The capital contributions associated with the contestable works are payable as charges directly to the relevant ASP and are not set out in this Policy.

Ausgrid will require reasonable prepayment of ancillary service fees associated with standard connection offers – see section 8. Ancillary service fees are listed in the tables at the end of this connection policy.

2.3 Negotiated Connection Offers

Customers who receive a negotiated connection offer from Ausgrid will be required to pay connection charges to Ausgrid and/or make capital contributions to the ASP for the *connection works* on the same basis as for customers who receive basic or standard connection offers.

In addition, these customers may also be required to pay a negotiation fee to cover the expenses reasonably incurred by Ausgrid in assessing the customer's application and preparing a negotiated connection offer. The fee is quoted on the basis of an hourly rate and is listed in Section 5.

Customers who receive a negotiated connection offer may be required to provide a financial guarantee or GoR, where their connection requires substantial Ausgrid funded *network augmentation* works. The circumstances in which a GoR may be required are set out in more detail in section 7.

Ausgrid will require reasonable prepayment of ancillary service fees associated with a negotiated connection offer – see section 8. Ancillary service fees are listed in the tables at the end of this connection policy.

2.4 Contestability of Connection Works

Under section 31 of the Electricity Supply Act 1995, where a customer is required to procure and fund *connection works* or *network augmentations*, the customer may do this by engaging an ASP to design and/or construct those works as contestable works. The ASP must be suitably accredited under the NSW Accreditation Scheme administered by the Department of Trade and Investment Regional Infrastructure Services (DTIRIS).

The customer pays the ASP directly for these services including for any assets installed (i.e. a capital contribution).

2.5 Connection Works Funded by Ausgrid

Ausgrid may determine that certain connection works or portions thereof which are *augmentation* that would normally be funded by customers and provided on a contestable basis will be carried out and funded by Ausgrid. Ausgrid will make this determination based on risk management principles, related to certain criteria such as safety, network security and reliability of supply to customers.

Based on a risk assessment by Ausgrid, the following categories of connection works will not be made contestable, and will therefore, be carried out and funded by Ausgrid:

- Design and construction of underground gas and oil subtransmission cables
- Design and construction of overhead steel lattice tower subtransmission lines
- All HV cable identification, stabbing and phasing
- HV testing of installed 11kV underground polymeric cables prior to commissioning, where the cables are to be locally energised at existing Ausgrid substations
- All work within existing substations including pole transformer substations that are connected to the network and are energised
- Induced HV tests on new transformers supplied and funded by Ausgrid and delivered to site by the manufacturer
- Minor capital street lighting projects
- Based on an individual risk assessment carried out by Ausgrid, certain major projects such as transmission, sub-transmission, zone substation, and Sydney CBD projects involving substations other than those located at an Upper Level
- Optical fibre termination.

2.6 Shared Connection Works

Ausgrid will consider the potential for any new dedicated mains *extension* supplying a new customer, to be used to supply another new customer(s) (on separate premises), in the foreseeable future. This could occur via a direct connection to, or via a further mains *extension* of, the original mains *extension*. If at the time the original connection application is received by Ausgrid, there is a reasonable likelihood of such asset sharing taking place in the foreseeable future (7 years), then the original mains *extension* will be classed as shared *network augmentation* and be funded by Ausgrid.

2.7 Customer Requested Alternative or Additional Connection Works

Ausgrid specifies the economic optimum size *connection works* in accordance with its network standards, to adequately supply the assessed electrical load requirements of customers. However, if a customer requests any alternative or additional *connection works* to the standard Ausgrid construction, and Ausgrid agrees with the request, the customer will be required to fund any additional costs thereby incurred by Ausgrid. This includes the additional cost of any alternative or additional HV equipment that would otherwise be funded by Ausgrid in accordance with clause 2.5. These arrangements will usually require the use of a negotiated connection offer.

3 Capital Contribution Thresholds

A capital contribution is a payment made by a customer towards the cost of a connection to Ausgrid's network. In NSW, where a customer is required to fund connection works, the customer can engage an ASP to undertake the works (known as contestable services). This means the capital contribution is payable to the ASP, not Ausgrid. This Policy sets out the circumstances when a capital contribution is payable. The amount of the capital contribution is separately determined between the customer and the ASP and is outside the scope of this Policy.

A retail customer (other than a *real estate developer* or a non-registered embedded generator) will not be required to make a capital contribution towards the cost of *augmentation* (to the extent it involves more than an extension) if:

- the connection services being sought by the connection applicant are basic connection services; or
- the capital contribution thresholds set by Ausgrid are not exceeded.

3.1 Capital Contribution Thresholds

Ausgrid has established three thresholds below which retail customers will not be required to make a capital contribution towards the cost of network augmentations:

1. A customer substation threshold for urban areas;
2. A rural threshold for customers in rural areas; and
3. A large load threshold for customers with large loads.

The Capital Contribution Thresholds will apply for the 2014-19 regulatory control period.

3.1.1 Real Estate Developments and Embedded Generators

Real estate developments and embedded generators that cannot be supplied by the adjacent Ausgrid network will be required to fund a substation on the development or additional capacity on or in the vicinity of the development or embedded generator.

In this case Ausgrid will require the connection applicant to fund as contestable works:

- For onsite substations: The design and construction by an ASP of the substation and a network extension consisting of the dedicated High Voltage (HV) mains from the linkage point to the substation;

Note: The standard reticulation is a loop-in arrangement, i.e. 2 cables, or if an alternative arrangement consisting of a single (radial) HV cable connection and an LV interconnector is agreed to by Ausgrid, this LV interconnector will also be funded by the customer.
- For other network augmentations in the vicinity of the premises: The design and construction of network augmentations that are required to make the required capacity available at the premises of the connection applicant;
- The substation building construction for chamber substations; and any site preparation works, including special foundations, footings, piers, retaining walls and railings for kiosk substations.

The connection applicant must provide a suitable substation site on their premises as close as possible to the street frontage where requested by Ausgrid.

3.1.2 Retail Customer Network Thresholds for Urban Areas

If the Low Voltage (LV) distribution network is not capable of supplying the electrical load of the customer's development, one or more new substations or additional network capacity will need to be established on or in the vicinity of the premises of the development. The nature and scope of the additional capacity will be determined by Ausgrid to meet its network requirements. The substations which are known as customer substations or the additional capacity, may be either dedicated (customer funded) or shared (Ausgrid will contribute to the cost).

Customer substations or additional network capacity will be designed to be the minimum economic size or accommodate the minimum number of transformers necessary to supply the ultimate forecast load requirements of the development at the connection.

For example, a new large development would typically require a new substation(s) to be established on the customer's premises.

Ausgrid has adopted the following threshold to determine when a retail customer must contribute to the cost of expanding the capacity of the Ausgrid network (i.e. make a capital contribution):

Retail Customer > 100 Amps

Where a retail customer in an urban network requires 100 Amps or more (per phase over 3 phases) and the adjacent Ausgrid network cannot supply the required load, the customer will be required to fund a substation on the development or additional capacity on or in the vicinity of the development. Ausgrid may contribute to the cost in circumstances where Ausgrid considers contributing to the cost is the most efficient network solution.

In this case this will require the customer to fund as contestable works:

- For onsite substations: The design and construction by an ASP of the substation and a network extension consisting of the dedicated High Voltage (HV) mains from the linkage point to the substation;

Note: The standard reticulation is a loop-in arrangement, i.e. 2 cables, or if an alternative arrangement consisting of a single (radial) HV cable connection and an LV interconnector is agreed to by Ausgrid, this LV interconnector will also be funded by the customer.
- For other network augmentations in the vicinity of the development: The design and construction of network augmentations that are required to make the required capacity available at the premises of the development;
- The substation building construction for chamber substations; and any site preparation works, including special foundations, footings, piers, retaining walls and railings for kiosk substations.

3.1.3 When Ausgrid Will Fund Connection Costs

However, Ausgrid will refund the connection applicant a proportion of the customer's costs (outlined above), corresponding to the spare or unused capacity of the substation or other network augmentation, which is available and likely to supply general network load external to the development within the next 7 years, once the ultimate forecast load of the customer has been supplied. This refund will exclude the cost of any ancillary service fees and

the value of the land/space made available for the substation. This amount will be determined upfront by Ausgrid using standard rates and consistent with its 2014-15 transitional regulatory determination which regulates revenues for standard control services and will be included in the relevant connection offer. In these circumstances where Ausgrid provides a refund for connection applicant funded works, the substation will not be eligible for a pioneer scheme (see section 6) and the customer will not be entitled to a pioneer scheme payment if subsequent customers connect to the relevant connection assets.

Ausgrid's Model Standing Offer: *Standard Connection Services for Contestable ASP/1 Premises Connections no greater than 11 kV* has been prepared to apply to this type of connection. There is no basic or standard model standing offer for connections greater than 11 kV, these will require a negotiated connection offer.

The connection applicant must provide a suitable substation site on their premises as close as possible to the street frontage where requested by Ausgrid.

Should the premises providing the substation accommodation, require increased load in the future, the connection applicant may be required to contribute to the direct costs of reconnecting some or all of the load external to the premises, in order to supply the customer's load.

Connection applications from retail customers in an urban network for up to and including 100A will not be required to contribute to the cost of a new substation. An example would be a single dwelling requiring less than 100A.

3.1.4 Threshold for Rural Customers

Rural customers are required to fund any shared *network augmentation* that is required for their connection where the customer's new load is greater than 25 kVA single phase.

Rural customers must also fund any *augmentation* by way of any required dedicated customer substation equipment. If this substation is likely to supply the surrounding network in the next 7 years Ausgrid will contribute to its cost on a pro rata basis. A pioneer scheme will be implemented with respect to either *connection works* or shared *network augmentation works* funded by *rural customers*, as outlined in Appendix D.

Ausgrid's Model Standing Offer: *Standard Connection Services for Contestable ASP/1 Premises Connections no greater than 11 kV* has been prepared to apply to this type of connection.

3.1.5 Threshold for Large Load Customers

Large load customers may be required to fund any high voltage *network augmentation* that is required for their connection.

A customer will be assessed by Ausgrid as a *large load customer* where their expected load exceeds the following threshold, i.e. their existing load (if any) plus their proposed new load as specified in their connection application is greater than:

- 4 MVA, maximum demand.

The assessment will be made using the network configuration and network loading at the time of the first application and will consider applications for the same or adjacent premises submitted within a period of 2 years from the date of the original application for new load.

Ausgrid will establish a pioneer scheme, for new *large load customers*, as outlined in Appendix D.

3.2 Calculation of Capital Contributions

This Policy sets out the circumstances when a capital contribution will be payable by a customer. It does not set out how the amount of any capital contribution is calculated because in no circumstances does the customer pay Ausgrid a capital contribution. This is because where a customer is required to make a capital contribution, the connection work related to the contribution is a contestable service in NSW and the customer engages an *ASP* to undertake the work. The customer then pays the capital contribution to the *ASP* which is determined on a competitive basis.

Capital contributions arise in the following circumstances:

- by real estate developers and non-registered embedded generators for all connection works including extensions and augmentations;
- by retail customers below the Capital Contribution Thresholds identified in section 3.1 (i.e. for premises connection assets and extensions);
- by retail customers above the Capital Contribution Thresholds identified in section 3.1.

In circumstances where Ausgrid funds the *augmentation*, the service provided by Ausgrid to which the *augmentation* relates is classified by the AER as a standard control service. The AER allows Ausgrid to seek a capital contribution from the relevant customer if the incremental cost of the service exceeds the estimated incremental revenue expected to be derived from the service. Ausgrid does not seek a capital contribution from customers in these circumstances as the incremental cost does not exceed the incremental revenue.

The capital contributions made by customers by way of charges to the *ASP* are set on a competitive basis. If Ausgrid agrees to refund the customer for capital contributions made by customer (e.g. Ausgrid uses the spare capacity), the refund is not a capital contribution and is determined by Ausgrid in accordance with its 2014-15 transitional

regulatory determination which regulates the recovery of revenue for standard control services (which is the service provided by the network augmentation).

If a pioneer scheme relates to the assets for which the customer has made a capital contribution, the customer may be entitled to a pioneer scheme refund. See section 6.

3.3 Calculation of Connection Applicants Maximum Demand

When a connection applicant submits a connection application to Ausgrid they are required to also submit maximum demand calculations in accordance with AS/NZS3000. For larger developments the maximum demand worksheet must be included with the connection application. Ausgrid will use the maximum demand calculations provided by the applicant to determine the appropriate connection offer that will be made and the capital contribution threshold that will apply. Ausgrid does not use consumption calculations to determine the appropriate threshold that will apply.

4 Ancillary Services and Fees

Ancillary Services provided by Ausgrid fall into 2 categories:

1. Ancillary Services which are required in order for a customer to connect to Ausgrid's network (Connection related Ancillary Services); and
2. Ancillary Services which are provided to customers as part of their ongoing supply service provided by Ausgrid under a different contract (Miscellaneous Ancillary Services).

Connection related Ancillary Services

These are customer specific connection services that only Ausgrid can perform, which facilitate contestable *connection works* carried out by *ASPs* and which are required for Ausgrid to connect. These services are necessary to ensure that an appropriate level of reliability, quality of supply and safety is maintained in the operation of Ausgrid's network. The *AER* reviews and approves these services and sets their rates and conditions. These services were previously known as Monopoly Services but from 1 July 2014 will be known as Ancillary Services.

The charges for ancillary services for the financial year 2014-2015 are outlined in Appendix B and the corresponding notes.

Miscellaneous Ancillary Services

These Ancillary Services are provided by Ausgrid on "as needed" basis to the customer after the connection as been established. These ancillary services are not part of the connection service provided under Chapter 5A of the NER and are connection charges under Chapter 5A.

These services are included in this Policy for information services and are payable by the customer under its ongoing supply contract with Ausgrid. A full list of these services is contained in Appendix C for information purpose.

5 Other fees

Chapter 5A allows Ausgrid to charge certain fees to recover its costs from providing certain connection services relating to processing the connection application.

Site inspection fee

Where Ausgrid reasonably needs to make a site inspection in order to determine the nature of the connection service sought by the connection applicant, Ausgrid may charge its reasonable expenses to the connection applicant and recover those expenses as a debt.

Ausgrid charges a fixed fee for site inspection fees which is based on its costs to attend and assess the proposed connection site. This fee is \$370 for urban areas and \$650 for rural areas.

Negotiation fee

Where a connection applicant has elected to enter into a negotiated connection contract under Chapter 5A, Ausgrid may charge the applicant a reasonable fee to cover expenses directly and reasonably incurred by Ausgrid in assessing the applicant's application and making a connection offer.

Ausgrid has established an hourly rate which reflects the various input costs involved in processing a negotiated connection application and offer. Ausgrid then multiplies this rate by the number of hours spent by the various Ausgrid staff in assessing the negotiated connection application and preparing the negotiated connection offer. The hourly rates are:

Labour class	Hourly rate
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Ausgrid Transitional Proposal – Attachment J 9

Engineering Officer	\$235.67
Engineer	\$247.46
Senior Engineer	\$307.19

6 Pioneer schemes

Under Chapter 5A, Ausgrid is required to operate a pioneer scheme which requires Ausgrid to make refunds to retail customers who funded connection assets within 7 years which are no longer being dedicated to the exclusive use of that customer. The refund is made by way of a connection charge (known in this Policy as a pioneer scheme payment) payable by the new users of the assets.

Appendix D sets out how Ausgrid calculates the pioneer scheme payments and refunds in respect of assets which are subject to a pioneer scheme.

7 Financial Guarantees (Security Fees)

In accordance with chapters 5A and 6 of the *NERA* Ausgrid will require a customer to provide a financial guarantee (also known as security fee) or GoR, where their connection requires substantial Ausgrid funded *network augmentation* works (nominally \$1M or more) that is initially only for the customer's benefit. In these circumstances Ausgrid considers there is a high risk that Ausgrid may not earn the estimated incremental revenue from the construction of the *network augmentation* works.

Generally a GoR will only be required in relation to connections that are the subject of a negotiated connection offer.

A GoR is a binding legal agreement between Ausgrid and the connection applicant where the connection applicant guarantees to pay Ausgrid a minimum level of network revenue each year for the duration of the GoR agreement, to make up any shortfall in their actual Network Use of System (NUoS) charges over the period, which is nominally 5 years, although this can be varied between 5 and 10 years on a case by case basis. The security amount will not be greater than the present value of the incremental costs that Ausgrid incurred by Ausgrid in undertaking network augmentation. The security amount under the GoR will be calculated by reference to the incremental revenue Ausgrid expects to receive from the network augmentation. The security amount will not be greater than the amount of the estimated incremental revenue which Ausgrid assesses as having a high risk of not being recovered.

The GoR will be established at the same time as the design information package is issued and prior to the *network augmentation* works being initiated. This will allow the *network augmentation* works to proceed in parallel with the associated *contestable* works.

The GoR is secured by a bank guarantee provided by the customer, or other suitable financial instrument as agreed by Ausgrid. Ausgrid is entitled to withdraw from the bank guarantee any shortfall in actual NUoS payments, in accordance with the terms stated in the deed and the bank guarantee.

8 Prepayments

Ausgrid will only seek prepayments in circumstances which are permitted by the regulatory environment and in particular Chapter 5A and the AER Connection Charge Guidelines.

Ausgrid will seek upfront payment of a customer's ancillary service fees for design work when the design contract is accepted by the connection applicant.

Ausgrid will seek reasonable upfront payment of ancillary service fees when a connection offer is made or before construction starts.

If the *connection works* can be logically segmented into distinct stages of construction then a payment schedule that aligns with the construction stages will be negotiated.

9 Dispute Resolution

A dispute between a retail customer or a real estate developer and Ausgrid about connection charges is an access dispute for the purposes of section 2A of the National Electricity Law, which may be referred to the *AER* for resolution in accordance with part G of chapter 5A of the *NER*.

Prior to referring the matter to the *AER*, Ausgrid encourages customers to first attempt to resolve the dispute directly with Ausgrid, in accordance with the internal dispute resolution policy we have adopted for reviewing any decision Ausgrid makes that may affect customers. Details of how to apply for review of a decision by Ausgrid and how Ausgrid will conduct the review are available on Ausgrid's website <http://www.ausgrid.com.au/connectingtothenetwork> and click on the link "Lodging a complaint".

If you are a small customer you may also refer your dispute to the Energy and Water Ombudsmen NSW (EWON) to resolve the matter.

Dictionary

A note on terms and definitions

As far as possible, Ausgrid has used terms and definitions which are consistent with chapter 5A of the *NER*. So for instance we use the term "premises connection assets" to refer to the works required to extend Ausgrid's network to enable a connection to occur which are substantially located on a customer's premises and generally dedicated to connecting that customer. However, in some instances we also use other terms, such as "linkage point" as these terms are necessary to explain the extent to which a customer funds *premises connection assets*, *extensions* and *augmentations*.

The terms shown in *italics* throughout this document have the following meanings:

<i>augmentation</i>	Work to enlarge a distribution or transmission system or to increase its capacity to transmit or distribute electricity
<i>AER</i>	The Australian Energy Regulator
<i>ASP</i>	An Accredited Service Provider, being a person accredited under Part 10 of the Electricity Supply (General) Regulation 2001 (NSW)
<i>connection works</i>	<p>In relation to a new customer, are those works yet to be constructed which will, upon construction:</p> <ul style="list-style-type: none">(a) enable Ausgrid to provide customer connection services requested by that new customer; and(b) form part of the network on the side of the <i>linkage point</i> where all the network assets on that side are dedicated to one or more customers. <p>These include (without limitation):</p> <ul style="list-style-type: none">(c) in the case of services to new connection points (as defined in the National Electricity Rules) requested by a new customer, works to connect the customer's premises at that connection point to the existing network; and(d) in the case of services to existing connection points:<ul style="list-style-type: none">replacements of existing assets servicing that connection point, where those existing assets, at the time of their replacement, satisfy (a) and (b) above; oradditional new works that satisfy (a) and (b) above in relation to that connection point,in order to provide additional service at that connection point requested by the new customer.
<i>extension</i>	An <i>augmentation</i> that requires the connection of a power line or reticulation asset outside the present boundaries of Ausgrid's network
<i>large load customer</i>	A new customer whose expected load (as specified in its application for customer connection services that will require shared <i>network augmentation</i>) is 4MVA or more at a nominal 11kV, maximum demand as assessed by Ausgrid.
<i>linkage point</i>	<p>The point on the network where the use of assets changes from being dedicated to one or more customers (where all the network assets on that side of the point are so dedicated), to being shared with customers generally. For this purpose, assets are considered to be dedicated to one or more customers only if they are:</p> <ul style="list-style-type: none">(a) used by one customer exclusively; or(b) shared by more than one customer in circumstances where Ausgrid has required that those customers together procure and fund the same connections works
<i>NER</i>	The National Electricity Rules
<i>network</i>	Ausgrid's electricity distribution system
<i>rural customer</i>	A new customer whose premises, the subject of its application for customer connection services, are connected or will be connected (once any relevant connection works are constructed) to the network at a point at which the network is a <i>rural network</i> .
<i>rural network</i>	<p>That part of the network:</p> <ul style="list-style-type: none">(a) that is in an area zoned as rural under a local environment plan (made under the Environmental Planning and Assessment Act 1979 (NSW)); or(b) that is in an area predominantly used for agricultural purposes
<i>urban network</i>	That part of the network that is not a <i>rural network</i> .

Appendix A: Summary of Ausgrid's connection offers and their associated connection charges

Connection Offer	Typical example or application	Fees and charges involved in establishing connection	Contestable work carried out by:
Basic:			
1. Model Standing Offer Basic Connection Services – 100 Amps Connections	<ul style="list-style-type: none"> single home small shop 	<ul style="list-style-type: none"> Installation of dedicated premises connection assets, payable to the customer's level 2 ASP Anchovy service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, if a site inspection is performed Pioneer scheme costs as applicable 	<p>Level 2 ASP</p> <p>For the installation of the dedicated premises connection assets, i.e. the service line and the Type 5 whole current metering, and energising the connection</p> <p>NB:</p> <ul style="list-style-type: none"> Ausgrid installs Type 5 current transformer metering at no charge to the customer The retailer arranges for the installation of Type 4 whole current or current transformer metering and charges the customer accordingly
2. Model Standing Offer Basic Connection Services – Connections over 100 Amps	<ul style="list-style-type: none"> small multi-occupant development medium commercial or industrial developments large multi-level premises load increase 	<ul style="list-style-type: none"> Installation of dedicated premises connection assets, payable to the customer's level 2 ASP Anchovy service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, if a site inspection is performed Pioneer scheme costs as applicable 	<p>Level 2 ASP</p> <p>For the installation of the dedicated premises connection assets, i.e. the service line and the Type 5 whole current metering, and energising the connection</p> <p>NB:</p> <ul style="list-style-type: none"> Ausgrid installs Type 5 current transformer metering at no charge to the customer The retailer arranges for the installation of Type 4 whole current or current transformer metering and charges the customer accordingly
3. Model Standing Offer Basic Connection Services – Micro EG Connections	<ul style="list-style-type: none"> roof-top solar panel installation 	<ul style="list-style-type: none"> Installation of dedicated premises connection assets, payable to the customer's level 2 ASP Anchovy service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, if a site inspection is performed Pioneer scheme costs as applicable 	<p>Level 2 ASP</p> <p>For the installation of the dedicated premises connection assets, i.e. the service line and the Type 5 whole current metering, and energising the connection</p> <p>NB:</p> <ul style="list-style-type: none"> Ausgrid installs Type 5 current transformer metering at no charge to the customer The retailer arranges for the installation of Type 4 whole current or current transformer metering and charges the customer accordingly
Standard:			
2. Model Standing Offer Standard Connection Services for Contestable ASP1 Premises Connections no greater than 11kW	<ul style="list-style-type: none"> A customer connection involving contestable services. 	<ul style="list-style-type: none"> Premises connection assets payable to ASP, refer to section 3 for customer, substation thresholds, Network augmentation or extension payable by ASP, refer to section 3 for associated customer network thresholds, and Pioneer scheme costs as applicable. Ancillary service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, as applicable Property tenure costs payable to third parties A GohB may be required if the connection requires substantial Ausgrid funded network augmentation works, see section 7 	<p>Level 3 and Level 1 ASP</p> <p>For the design and construction of the premises connection assets, network extension and network augmentation assets, as applicable</p>
3. Model Standing Offer Standard Connection Services – Ausgrid augmentation works including on-site substations	<ul style="list-style-type: none"> A customer connection or alteration that requires on Ausgrid funded on site substation. 	<ul style="list-style-type: none"> Premises connection assets payable to ASP, refer to section 3 for customer, substation thresholds, Network augmentation or extension payable by ASP, refer to section 3 for associated customer network thresholds, and Pioneer scheme costs as applicable. Ancillary service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, as applicable Property tenure costs payable to third parties A GohB may be required if the connection requires substantial Ausgrid funded network augmentation works, see section 7 	<p>Level 3 and Level 1 ASP</p> <p>For the design and construction of the premises connection assets, network extension and network augmentation assets, as applicable</p>
4. Model Standing Offer Standard Connection Services – Ausgrid augmentation (substation upgrade) works	<ul style="list-style-type: none"> A customer connection alteration (load increase) where the customer has an onsite substation 	<ul style="list-style-type: none"> Premises connection assets payable to ASP, refer to section 3 for customer, substation thresholds, Network augmentation or extension payable by ASP, refer to section 3 for associated customer network thresholds, and Pioneer scheme costs as applicable. Ancillary service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, as applicable Property tenure costs payable to third parties A GohB may be required if the connection requires substantial Ausgrid funded network augmentation works, see section 7 	<p>Level 3 and Level 1 ASP</p> <p>For the design and construction of the premises connection assets, network extension and network augmentation assets, as applicable</p>
5. Model Standing Offer Standard Connection Services – Ausgrid off-site augmentation works	<ul style="list-style-type: none"> A new connection or connection alteration requiring Ausgrid funded augmentation works in the nearby network. 	<ul style="list-style-type: none"> Premises connection assets payable to ASP, refer to section 3 for customer, substation thresholds, Network augmentation or extension payable by ASP, refer to section 3 for associated customer network thresholds, and Pioneer scheme costs as applicable. Ancillary service fees associated with the contestable work, payable to Ausgrid Site inspection fee payable to Ausgrid, as applicable Property tenure costs payable to third parties A GohB may be required if the connection requires substantial Ausgrid funded network augmentation works, see section 7 	<p>Level 3 and Level 1 ASP</p> <p>For the design and construction of the premises connection assets, network extension and network augmentation assets, as applicable</p>
Negotiated:			
In accordance with Ausgrid's Connection Negotiation Process, and the negotiation framework in chapter 5A of the AER	<ul style="list-style-type: none"> Large commercial or industrial complex 	<ul style="list-style-type: none"> As above for the standard offer, plus Negotiation expenses, payable to Ausgrid A GohB may be required if the connection requires substantial Ausgrid funded network augmentation works, see section 7 	<p>As above for the standard offer</p>

Appendix B: Connection Related Ancillary Services

Table 2: Charges for monopoly services associated with contestable connection and asset relocation works (prices include GST)

Clause ref.	Monopoly service	Underground urban residential subdivision (vacant lots)	Rural overhead subdivisions and rural extensions	Underground commercial and industrial or rural subdivisions (vacant lots - no development)	Commercial and industrial developments	Asset relocation or street lighting
3.1	Design information	Up to 5 lots 6 to 10 lots 11 - 40 lots Over 40 lots	\$179.30 \$269.50 \$446.70 \$538.90	\$90.20 per hour	\$90.20 per hour	\$90.20 or \$108.20 per hour (see Note 2)
3.2	Design certification	Up to 5 lots 6 to 10 lots 11 - 40 lots Over 40 lots	\$96.80 \$179.30 \$269.50 \$358.50	1 - 5 poles 6 - 10 poles 11 or more poles	Up to 10 lots 11 - 40 lots Over 40 lots	\$108.20 per hour \$179.30 \$269.50 \$1028.00
3.3	Design rechecking	\$88.00 per hour	\$88.00 per hour	\$88.00 per hour	\$108.20 per hour	\$90.20 or \$108.20 per hour (see Note 2)
3.4	Inspection of service work (level 1 work) (see Note 3 & 6)	Grade: A per lot B per lot C per lot First 10 lots: \$45.10 Next 40 lots: \$27.10 Remainder: \$9.00	Grade: A per pole B per pole C per pole 1- 5 poles 6-10 poles 11 + poles \$54.10 \$45.10 \$36.10 \$314.60 \$628.00 \$792.60	Grade: A per lot B per lot C per lot First 10 lots: \$45.10 Next 40 lots: \$45.10 Remainder: \$45.10	Grade: A per lot B per lot C per lot First 10 lots: \$45.10 Next 40 lots: \$45.10 Remainder: \$45.10	\$90.20 or \$108.20 per hour plus \$45.10 flat fee (travel time) (see Note 3 & 6)
3.8	Access permit	Residential subdivisions: \$30.40 per lot combined fee	\$1331.60 max. per access permit	\$1331.60 max. per access permit	\$1331.60 max. per access permit	\$1331.60 max. per access permit
3.10	Substation commissioning		\$1000.00 per substation (see Note 7)	\$1000.00 per substation (see Note 7)	\$1000.00 per substation (see Note 7)	\$1000.00 per substation (see Note 7)
3.11	Administration	Up to 5 lots 6 - 10 lots 11 - 40 lots Over 40 lots	\$217.60 \$290.90 \$363.00 \$436.30	Up to 5 poles: 6 - 10 poles: 11 or more poles	\$72.20 per hour (max. 6 hours)	\$72.20 per hour (max. 6 hours)
3.12	Notice of arrangement	\$237.40				
3.6	Re-inspection (level 1 & 2 work)	\$90.20 per hour (maximum 1 hour per level 2 re-inspection) plus \$45.10 flat fee (travel time) for level 1 re-inspection, refer to Note 3				
3.7	Re-inspection (insulation work)	\$96.80 (there is no charge for the initial installation inspection during normal working hours)				
3.9	Access (standby person)	\$72.20 per hour				
3.13	Authorisation	\$196.00				
3.5	Inspection of service work (level 2 work)	All Service connections: (NOSW = Notification of Service Work) (see Note 8)	A Grade: \$22.60 per NOSW	B Grade: \$37.20 per NOSW	C Grade: \$108.20 per NOSW	
3.14	Site establishment	\$156.70				

Table 2 Notes:

1. **Lots:**
Where a monopoly service relates to a service connection required for multiple dwelling subdivisions, the per lot fee in table 2 will be applied per service connection
2. **Design information / Design certification / Design rechecking:**
For the services described as 'Design information', 'Design certification' and 'Design rechecking', the hourly labour rate (\$88.00 or \$105.60) is to be applied based on Ausgrid's assessment of the level of skill required to perform the service
3. **Travel time (for 'inspection of level 1 work'):**
In addition to the charge specified or calculated in table 2, Ausgrid will charge 30 minutes travel time associated with the inspection of level 1 work at the \$90.20 hourly labour rate (i.e. \$45.10), as indicated in table 2
4. **Overtime:**
If a monopoly service is provided outside the hours of 7.30am and 4.00pm on a working day at the request of a customer (other than where Ausgrid requires that the work be performed outside those hours) Ausgrid will charge 175% of the charge for that service carried out in normal working hours, see table 3 below
5. **Labour rates:**
Table 3 below outlines the hourly labour rates for various classes of labour. Where the \$90.20 rate appears in table 2 above, Ausgrid will determine whether the service is to be provided by an inspector or an engineer at that class, depending on the nature and complexity of the service.
Labour rates have been set by the AER by reference to four different classes of labour: R1, R2a, R2b and R3 (see table H.6 in the AERs determination). The labour classes and the relevant hourly rates are set out in table 3 below. The charges in table 2 have been calculated by reference to the labour class allowed by the AER for each type of service as per table H.4 in the AERs determination.

Table 3: Labour rates

Labour class	Normal time Hourly rate	Overtime Hourly rate
Administration (R1)	\$72.16	\$126.28
Design (R2a)	\$90.20	\$157.90
Inspector (R2b)	\$90.20	\$157.90
Engineer (R3)	\$108.24	\$189.40

Prices are inclusive of GST

6. **Inspection (level 1 work):**
In the case of 'Commercial and industrial developments' and 'Asset relocation or street lighting', the level of inspection will be determined by Ausgrid, prior to performing the service.
The grade specified (A, B or C) is the grade of the level 1 ASP, accredited for that grade. (Similarly for level 2 ASPs).
In the case of 'Rural overhead subdivisions and rural extensions', the charge applies to inspections (other than Pole Transformers (PTs)) and represents the total charge for three separate visits. The charges for inspection of PTs are also outlined in table 2 above. Refer to clause 3.4
7. **Substation commissioning:**
Other than in the case of 'Underground urban residential subdivision (vacant lots)', the charge specified only applies to a single transformer/RMI unit. In all other cases the service is to be charged at the \$109.20 hourly rate, refer to table 3 above. Refer to clause 3.10
8. **NOSW form fee:**
The Notification of Service Work (NOSW) form fee per **additional** separately metered installation in multiple installations, in addition to the applicable fee for the first installation, will be \$22.50 per installation. Refer to clause 3.5.

B1 Design Information

The provision of information by Ausgrid to enable an ASP (level 3) to prepare a design drawing and to submit it for certification.

This may include without limitation:

- deriving the estimated loading on the system, technically known as the ADMD (After Diversity Maximum Demand). This estimate depends on such factors as the number of customers served and specific features of the customer's demand;
- copying drawings that show existing LV and HV mains (geographically and schematically) and adjacent project drawings;
- specifying the preferred sizes for overhead conductors or underground cables;
- specifying switchgear configuration type, number of pillars, streetlights etc.
- determining the special requirements of Ausgrid's planning departments necessary to make electrical supply available to a development and cater for future projects;
- any necessary liaison with designers associated with assistance in sourcing design information and developing designs; or
- nominating network connection points.

B2 Design Certification

A certification by Ausgrid that a design (if implemented) will not compromise the safety or operation of Ausgrid's distribution system.

This may include, without limitation:

- certifying that the design information / project definition have been incorporated in the design;
- certifying that easement requirements and earthing details are shown;
- considering design issues, including checking for over-design and mechanisms to permit work on HV systems without disruption to supply to customers (adequate LV parallels);
- certifying that funding details for components in the scope of works are correct;
- certifying that there are no obvious errors that depart from Ausgrid's design network standards and specifications;
- certifying that shared assets are not over-utilised to minimise developer's connection costs and that all appropriate assets have been included in the design;
- auditing design calculations such as voltage drop calculations, overhead conductor clearances (stringing) calculations etc.
- certifying that a bill of materials has been submitted; or
- certifying that an environmental assessment has been submitted by the ASP and appropriately checked.

B3 Design Rechecking

The rechecking of a design submitted for certification, except where the modifications to a design are of a trivial or minor nature.

B4 Inspection (Level 1 Work)

Inspection by Ausgrid of work undertaken by a level 1 ASP, for the purpose of ensuring the quality of assets to be handed over to Ausgrid. Refer to note 6 and note 3 (for additional **travel time** charges) of the table 2 notes above.

B5 Inspection of Service Work (Level 2)

The inspection by Ausgrid, in accordance with the OFT Accreditation of Service Providers Scheme, of work undertaken by a level 2 ASP, for the purpose of ensuring the quality of assets to be handed over to Ausgrid. Refer to note 8 of the table 2 notes above.

B6 Re-Inspection (Level 1 and 2 Work)

The re-inspection by Ausgrid of work undertaken by an ASP (level 1 or level 2), required where the first inspection revealed defective work.

B7 Re-Inspection (Installation Work)

The re-inspection by Ausgrid of private electrical installation work undertaken by an electrical contractor, required where the first inspection revealed defective work.

Note: no charge applies where Ausgrid carries out an initial inspection of private electrical installation work, during normal working hours, which has been notified by a Certificate of Compliance - Electrical Work (CCEW).

B8 Access Permit

The provision of an access permit (or a clearance to work) by Ausgrid to a person authorised by Ausgrid to work on or near Ausgrid's distribution system. Note: multiple access permits may be required initially and at different stages of commissioning of certain projects. This may include without limitation:

- researching and documenting the request for access;
- documenting the actual switching process;
- programming the work;
- control room activities;
- fitting and removing of operational earths;
- the actual switching, together with any operator's transport costs;
- identification of any customers who will be interrupted; or
- LV switching and paralleling of substations that permits HV work without disrupting supply to other customers.

B9 Access (Standby Person)

The provision of access to switch rooms, substations and the like to an ASP who is accompanied by a member of staff of Ausgrid, but does not include the circumstance where an ASP is provided with keys for the purpose of securing access and is not accompanied by a member of staff of Ausgrid.

B10 Substation Commissioning

The commissioning by Ausgrid of a new (or upgraded) substation (either PT, kiosk or chamber) and includes:

- all necessary pre-commissioning checks and tests prior to energising the substation via the HV switchgear and closing the LV circuit breaker, links or fuses; and
- the setting or resetting of protection equipment.

Refer to note 7 of the table 2 notes above.

B11 Administration

Work of an administrative nature (not including work of an administrative nature described in clause 3.12), involving the processing of level 1 and/or level 3 work where the customer is lawfully required to pay for the level 1 and/or level 3 work.

This may include without limitation:

- checking supply availability;
- processing applications;
- correspondence from application to completion;
- record-keeping;
- requesting and receiving fees (initially, then prior to design and after certification);
- receiving design drawings (registering and copying);
- raising order for HV work;
- calculating HV reimbursements;
- calculating the cost of a project and warranty/maintenance bond;
- organising refunds to developers for HV work;
- liaising with developers via phone and facsimile; or
- updating Geographic Information Systems (GIS) and mapping.

B12 Notice of Arrangement

Work of an administrative nature performed by Ausgrid where a local council requires evidence in writing from Ausgrid that all necessary arrangements have been made to supply electricity to a development.

This may include without limitation:

- receiving and checking linen plans and 88B Instruments;
- copying linen plans;
- checking and recording easement details;

- preparing files for conveyancing officers;
- liaising with developers if errors or changes are required;
- checking and receiving duct declarations and any amended linen plans and 88B instruments approved by a conveyancing officer; or
- preparing notifications of arrangement.

B13 Authorisation

The annual authorisation by Ausgrid of individual employees or sub-contractors of an ASP to carry out work on or near Ausgrid's distribution system.

This may include without limitation:

- familiarisation and training in Ausgrid's electrical safety rules and access permit requirements;
- induction in the unique aspects of the network;
- verification that the applicant has undertaken the necessary safety training (resuscitation etc.) within the last 12 months;
- conducting interviews/examinations for access permit recipients;
- issuing authorisation cards.

Refer to ES 4 *Service Provider Authorisation* for further details on Ausgrid's authorisation process.

Note: The Department of Trade, Investment, Regional Infrastructure and Service carries out the accreditation of service providers to enable them to undertake contestable work for a customer. Contact the department directly for further information on their accreditation procedures and fees etc.

B14 Site Establishment

The issue of a meter by Ausgrid and its coordination with Australian Energy Market Operator (AEMO) for the purpose of establishing a NMI (National Metering Identifier) in MSATS (Market Settlement and Transfer System), operated by AEMO, for new premises or for any existing premises for which AEMO requires a new NMI and for checking and updating network load data.

Note: This fee will usually be charged to the ASP when the NOSW form is submitted detailing metering of a new installation or the transfer or separation of an existing installation where a new NMI has to be created. If an ASP is not involved with the work, the Site Establishment Fee will be charged to the installing electrical contractor, upon submission of the CCEW.

The Site Establishment Fee **does not** apply in the following circumstances involving **Temporary Builder's Services (TBSs)**, where an existing service line is 'relocated' on the same site and no new NMI is created:

- For a new TBS, where an existing single domestic residence is being demolished and the site redeveloped for a new single domestic residence only. The associated NOSWs for the recovered and the new metering / service lines must be submitted to Ausgrid at the same time. The NOSW for the new metering / TBS should be marked 'Service Line Relocation'
- For a new single domestic residence, where the TBS used for its construction is being removed. The associated NOSWs for the recovered and the new metering / service lines must be submitted to Ausgrid at the same time. Note: the Site Establishment Fee will be charged (and a new NMI created) for the initial 'greenfields' TBS. The NOSW for the new metering / service line should be marked 'Service Line Relocation'.

Appendix C: Miscellaneous Ancillary Services

Table 1: Miscellaneous services

Miscellaneous Service	\$
Special meter reading	\$49.61
Special meter read for transfer	\$49.61
Meter test	\$82.31
Supply of conveyancing information - desk inquiry	\$41.72
Supply of conveyancing information - field visit	\$82.31
Off-peak conversion	\$66.52
Disconnection visit (acceptable payment received)	\$49.61
Disconnection at meter box	\$99.22
Disconnection at pole top / pillar box	\$167.97
Rectification of illegal connection	\$249.18
Reconnection outside normal business hours	\$107.11

Prices are inclusive of GST

The AER has determined that the price or charge for a miscellaneous service, which is below the fee described in Table 1 is a negotiable component of a direct control service.

The above services are defined below:

C1 Special Meter Reading

This service has the same meaning as the meaning given to the expression 'special meter reading' in the AEMO Metrology Procedure: Part A National Electricity Market.

Ausgrid may be notified to conduct this service via the use of the 'Special Read' B2B service order. It excludes any special meter reading of metering installation types 1 to 4, which is an unregulated distribution service, but subject to a 'light-handed' form of control under Independent Pricing and Regulatory Tribunal of NSW (IPART) Rule 2004/1 Regulation of Excluded Distribution Services; and applies in each of the following circumstances:

- where a customer or a retail supplier requests Ausgrid to undertake a special meter read, (but does not apply where the special meter read was requested solely to verify the accuracy of a scheduled meter read and the special meter read reveals that the scheduled meter read was inaccurate or in error); or
- where Ausgrid attends at a customer's premises for the sole purpose of discharging Ausgrid's obligation to read the customer's meter within the period specified by law (but not where Ausgrid merely chooses to read the customer's meter without being under a legal obligation to do so) and on attending the customer's premises Ausgrid is unable (through no act or omission of Ausgrid), to gain access to the meter; or
- where Ausgrid and the customer agree on an appointed time at which Ausgrid may attend the customer's premises to enable Ausgrid to discharge Ausgrid's legal obligation referred to in the above paragraph and when Ausgrid attended at the customer's premises at the appointed time Ausgrid (through no act or omission of Ausgrid), was unable to gain access to the customer's meter.

A charge will not be levied for this service ('special meter reading') in either of the following circumstances:

- where the customer is or is about to move premises; or
- where the service reveals that a scheduled meter reading was inaccurate, (as outlined above).

C2 Meter Test

The testing of a type 5 and type 6 Ausgrid meter.

If the meter test is undertaken on premises serviced by more than one meter the following apply:

- if the meter test reveals that all of the meters are operating satisfactorily, Ausgrid will only levy one charge for the provision of the service, as if the meter test were undertaken on a single meter
- if the meter test reveals that one or more of the meters are not operating satisfactorily, Ausgrid will not levy any charge for the provision of the service.

C3 Supply of Conveyancing Information - Desk Inquiry

The provision of information regarding the availability of supply, presence of Ausgrid's equipment, power lines and like information for property conveyancing purposes undertaken without any physical inspection of a site, other than the provision of information or the answering of inquiries relating to any matter under Government Information (Public Access) (GIPA) legislation.

C4 Supply of Conveyancing Information - Field Visit

The provision of information regarding the availability of supply, presence of Ausgrid's equipment, power lines and like information for property conveyancing purposes undertaken solely by a physical inspection of a site, other than the provision of information or the answering of inquiries relating to any matter under GIPA legislation.

C5 Off-Peak Conversion

The alteration of the off-peak meter at a customer's premises for the purpose of changing the hours of the meter's operation. A charge for this service may only be levied for each occasion that the service is provided in excess of once in any 12 month period.

C6 Disconnection Visit (Acceptable Payment Received)

A site visit to a customer's premises on an occasion for the purpose of disconnecting the customer's supply for breach by the customer of a customer supply contract or a customer connection contract, where the disconnection does not occur on that occasion.

Note: This fee will be waived where the disconnection/visit does not occur within 2 working days of receipt by Ausgrid of the retailer's request for disconnection, (in accordance with Ausgrid's obligations).

C7 Disconnection at Meter Box

A site visit to a customer's premises to:

- (1) disconnect the supply of electricity to a customer for breach by the customer of a customer supply contract or a customer connection contract, or where a retail supplier has requested that the supply to the customer be disconnected; and
- (2) reconnect the supply following the disconnection in (1) above.

The disconnection method will involve removal of the service fuses from the meter box only if specifically requested in the de-energisation service order. If, following a request from a customer, the reconnection component of this service is provided outside the hours of 7.30am and 4.00pm on a working day, the additional 'Reconnection outside normal business hours' charge, will apply.

Note: This fee will be waived where the disconnection/visit does not occur within 2 working days of receipt by Ausgrid of the retailer's request for disconnection, (in accordance with Ausgrid's obligations).

C8 Disconnection at Pole Top / Pillar Box

A site visit to a customer's premises:

- (1) to disconnect the supply of electricity to a customer at the pole top or pillar box for breach by the customer of a customer supply contract or a customer connection contract, or where a retailer supplier has requested that the supply to a customer be disconnected, where the customer has denied access to the meter or had prior to the visit, reconnected supply without authorisation by Ausgrid following a previous disconnection; and
- (2) to reconnect the supply, following the disconnection in (1) above.

If following a request from a customer, the reconnection component of this service is provided outside the hours of 7.30am and 4.00pm on a working day, the additional 'Reconnection outside normal business hours' charge, will apply.

Note: This fee will be waived where the disconnection/visit does not occur within 2 working days of receipt by Ausgrid of the retailer's request for disconnection, (in accordance with Ausgrid's obligations).

C9 Rectification of Illegal Connection

Work undertaken by Ausgrid to its property or the property of another person in order to:

- rectify damage; or
- prevent injury to persons or property,

resulting from conduct that constitutes an offence under Part 6, Division 1 of the *Electricity Supply Act 1995 (NSW)*. For example, to rectify an unauthorised connection to Ausgrid's distribution system.

C10 Reconnection Outside Normal Business Hours

- (1) The provision of the reconnection component of either a 'Disconnection at meter box' or a 'Disconnection at pole top / pillar box', carried out, outside the hours of 7.30am and 4.00pm on a working day, at the request of a customer; or
- (2) the connection of electricity to a new customer outside the hours of 7:30am and 4:00pm on a working day, at the request of a customer.

Appendix D: Pioneer Schemes

In accordance with the AER Connection Charge Guidelines connection applicants may be required to make a contribution towards *connection works* that provide a connection to their premises and which were previously funded by another customer (within a 7 year period).

The contribution to works previously funded by the original customer will be based on the physical attribute of the asset or the demand of a subsequent customer as applicable.

For new connections less than 50kVA then a pre calculated refund will be used and this is based on length of distribution lines as well as a pre calculated share of any distribution substation.

For new connections over 50kVA then the refund will be based on the demand of the new customer.

D1 Establishment and Administration of Schemes

A pioneer scheme will be established and administered in accordance with this Appendix in relation to each original customer's connection works (as defined in clause D2.1) of the same category. (For example, if the original customer's works included a distribution line and a substation, then one pioneer scheme will be established for the distribution lines as well as a pre calculated share of any distribution substation).

Ausgrid will bear the cost of establishing and administering the pioneer schemes.

D2 Contributions by Subsequent New Customers towards Connection Works or Network Augmentations

D2.1 General

Where:

- (a) a customer (the **original customer**) procures and funds, or becomes liable to procure and fund *connection works or network augmentations (original customer's works)*; and
- (b) within 7 years of the date of the original customer's application for customer connection services with respect to the original customer's works (**refund period**), a new customer then requests customer connection services from Ausgrid; and
- (c) in order to provide those customer connection services to the new customer, Ausgrid will use all or any part of the original customer's works, then the new customer is liable, in addition to paying for any *connection works or network augmentations* for which that customer is liable, to pay Ausgrid a proportion of the costs of the original customer's works, calculated in accordance with clause D2.2 (**cost share refund**).

D2.2 Calculation of Cost Share Refund

- (a) Where the new customer's load (as specified in its application for customer connection services) is equal to or less than 50 kVA, the cost share refund will be the lesser of:
 - (i) the **pre-calculated refund** (see clause D2.3); and
 - (ii) the **original customer's outstanding amount** (see clause D2.5).
- (b) Where the new customer's load (as specified in its application for customer connection services) is greater than 50 kVA, the cost share refund will be the lesser of:
 - (i) the **pro-rata refund** (see clause D2.4); and
 - (ii) the **original customer's outstanding amount** (see clause D2.5).

D2.3 Pre-calculated Refund

The **pre-calculated refund** (for the purposes of D2.2(a)(i) above) is:

- (a) where the original customer's works are a distribution line, an amount calculated in accordance with the following formula:

$$\frac{\text{Cost of original customer's works} \times \text{Depreciation Factor}}{\text{Number of prospective new customers}} \times \frac{\text{Length of original customer's works used by the new customer (km)}}{\text{Total length of original customer's works (km)}} \times \frac{\text{CPI(2)}}{\text{CPI(1)}}$$

- (b) where the original customer's works are works other than a distribution line, an amount calculated in accordance with the following formula:

$$\frac{\text{Cost of original customer's works} \times \text{Depreciation Factor}}{\text{Number of prospective new customers}} \times \frac{\text{CPI}(2)}{\text{CPI}(1)}$$

D2.4 Pro-rata Refund

The **pro-rata refund** (for the purposes of D2.2(b)(i) above) is an amount calculated in accordance with the following formula:

$$\frac{\text{Cost of original customer's works} \times \text{Depreciation Factor}}{\text{New utilisation of original customer's works}} \times \frac{\text{Total utilisation of original customer's works}}{\text{CPI}(1)} \times \text{CPI}(2)$$

D2.5 Original Customer's Outstanding Amount

The **original customer's outstanding amount** (for the purposes of D2.2(a)(ii) and D2.2(b)(ii) above) is calculated as follows:

$$\frac{\text{Cost of original customer's works} \times \text{Depreciation Factor}}{\text{Number of prospective new customers less original customer}} \times \frac{\text{Number of prospective new customers}}{\text{CPI}(1)} \times \text{CPI}(2)$$

less
total cost share refunds paid by new customers to Ausgrid in respect of those works as at date of new customer's application for customer connection services.

D2.6 Minimum Refund

Despite any other provision in this Appendix, a new customer is not liable to pay any cost share refund if the total amount payable to all customers already connected is less than \$1,000 plus CPI.

$$\$100 + \text{CPI where } \text{CPI} = \text{CPI}(2) / \text{CPI}(3) \text{ (see Section D2.7)}$$

D2.7 CPI Adjustments

Despite any other provision in D2 of this appendix:

- (i) the formulas in D2.3, D2.4 and D2.5 are deemed not to include any references to CPI in the case where the beginning of the relevant period for the calculation of CPI(2) is less than 12 months after the end of the relevant period for the calculation of CPI(1); and
- (ii) the formula in D2.6 is deemed not to include any references to CPI in the case where the beginning of the relevant period for the calculation of CPI(2) is less than 12 months after the end of the relevant period for the calculation of CPI(3).

D2.8 Explanation of Terms in this Appendix

Cost of original customer's works means:

- (a) where Ausgrid carried out the original customer's works as an ASP, the actual cost of those works; and
- (b) where an ASP carried out the original customer's works, the estimated amount that Ausgrid would have charged to carry out those works.

CPI(1) means the average of the consumer price indices (All Groups, All Capital Cities), published by the Australian Bureau of Statistics, for the previous 4 quarters immediately prior to the date that the original customer's works are completed.

CPI(2) means the average of the consumer price indices (All Groups, All Capital Cities), published by the Australian Bureau of Statistics, for the previous 4 quarters immediately prior to date of the new customer's application for customer connection services.

CPI(3) means the average of the consumer price indices (All Groups, All Capital Cities), published by the Australian Bureau of Statistics, for the previous 4 quarters in the 2013/2014 financial year.

New utilisation of original customer's works means:

- (a) where the original customer's works are a distribution line, a figure in kVA.km, representing the new customer's expected load, in kVA (as specified in its application for customer connection services), multiplied by the length of original customer's works used by the new customer, in km; and
- (b) where the original customer's works are works other than a distribution line, a figure in kVA, representing the new customer's expected load (as specified in its application for customer connection services).

Number of prospective new customers means the number of new customers (including the original customer) that Ausgrid expects, prior to construction of the original customer's works, will use those works or any part of them during the refund period, determined in consultation with the original customer, and taking into account all relevant factors including (but not limited to):

- the capability of the proposed works,
- the current number of properties that could potentially utilise those works,
- the current zoning of the area and any rezoning proposals,
- any proposed subdivisions or development applications, and
- historical patterns of customer connection in similar areas.

Total utilisation of original customer's works means:

- (a) where the original customer's works are a distribution line, a figure in kVA.km, representing the total of the loads of each customer (including the original customer and the new customer) who use or will use the original customer's works, in kVA (as specified in their respective applications for customer connection services), multiplied by the length of distribution line constituting the original customer's works, in km; and
- (b) where the original customer's works are works other than a distribution line, a figure in kVA, representing the total of the loads of each customer (including the original customer and the new customer) who use or will use the original customer's works (as specified in their respective applications for customer connection services).

D3 Refunds

- (1) Where a new customer pays to Ausgrid an amount under D2 of this appendix, Ausgrid will, as soon as practicable after receiving that amount, repay that amount to the then **current owner** of the premises to which the original customer's works were connected.
- (2) Where there are two or more customers constituting the original customer, as a result of Ausgrid requiring those customers to procure and fund their common works together, the repayment by Ausgrid referred to in D4(1) above must be divided between those customers in accordance with the proportions in which they funded the works.

D4 Obligation to Notify

- (1) Ausgrid will notify all new customers who apply to Ausgrid for customer connection services and who may be obliged to make refunds under an existing refund scheme, and all *ASPs* known to Ausgrid who are likely to have customers who will so apply, of the existence of the refund scheme and that connecting customers may be obliged to contribute towards refund.
- (2) Ausgrid will also notify original customers, to which a refund scheme applies, of the existence of the refund scheme and that they may be entitled to receive a refund

D5 Depreciation Factor

Straight line depreciation, over a twenty year asset life, is to be applied to unadjusted values to determine the current day depreciated value of the asset.

The depreciation factor is determined as follows:

Deemed asset life (20 years – asset age) / (Deemed life (20 Years)

For example: Cost of line is \$12,000 and actual asset age is 2 years

Depreciation factor is $(20 - 2) / (20) = 0.9$

Depreciated asset value is $\$12,000 \times 0.9 = \$10,800$