

Connection Policy Overview

2020-25

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1 Introduction

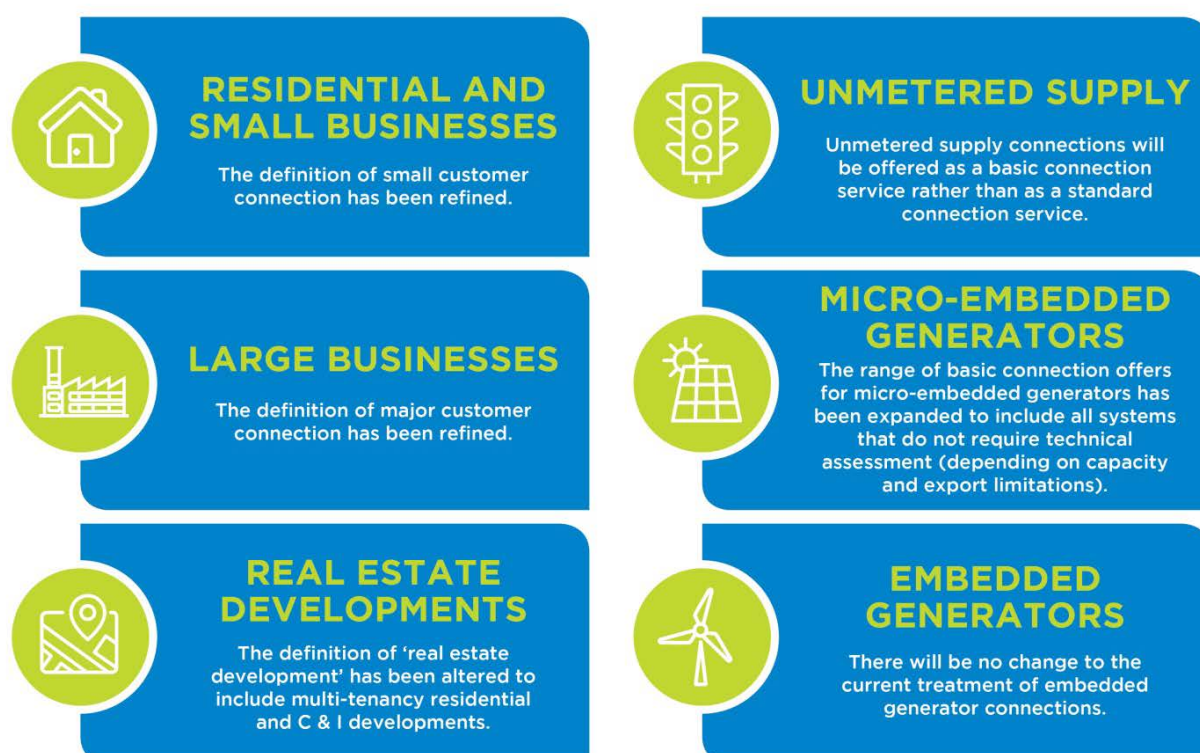
As a distribution network service provider, Energex Limited (Energex) is responsible for providing connection services to customers in South East Queensland. These services include new connections and alterations to existing connections for residential and commercial and industrial premises, real estate developments, unmetered supplies and embedded generators.

The National Electricity Rules (the Rules) require that distributors must prepare a connection policy setting out the circumstances in which a retail customer or real estate developer may be required to pay a connection charge for the provision of a connection service. The proposed connection policy for the regulatory control period from 1 July 2020 to 30 June 2025 is provided as an attachment.

This document provides an overview of the key differences between Energex's existing connection policy approved by the Australian Energy Regulator (AER) for the 2015-20 regulatory control period and the proposed connection policy for the 2020-25 regulatory control period (summarised in Fig. 1 below). Subject to the AER's approval, the proposed connection policy for 2020-25 will replace the existing connection policy.

The proposed connection policy primarily reflects changes that are intended to align the connection policies of the two Queensland distribution network service providers as far as is practicable, which is in line with stakeholder feedback that there should be greater equity and consistency in the provision of electricity connection services across the State.

Figure 1: Key changes to Energex's connection policy



2 Rules requirements

Clause 6.8.2(c)(5A) of the Rules requires that Energex submit a connection policy as part of its regulatory proposal. Clause 5A.A.1 of the Rules defines a connection policy as a document, approved as a connection policy by the AER under Chapter 6 Part E, setting out the circumstances in which connection charges are payable and the basis for determining the amount of such charges.

Energex's connection policy has been prepared in accordance with Part DA of Chapter 6 of the Rules which contains the requirements for the connection policy. The requirements specified in clause 6.7A.1 are as follows:

- (a) A *Distribution Network Service Provider* must prepare a document (its proposed *connection policy*) setting out the circumstances in which it may require a *retail customer* or *real estate developer* to pay a *connection charge*, for the provision of a *connection service* under chapter 5A.
- (b) The proposed *connection policy*:
 - (1) must be consistent with:
 - (i) the *connection charge principles*; and
 - (ii) the *connection charge guidelines*; and
 - (2) must specify:
 - (i) the categories of persons that may be required to pay a *connection charge* and the circumstances in which such a requirement may be imposed; and
 - (ii) the aspects of a *connection service* for which a *connection charge* may be made; and
 - (iii) the basis on which *connection charges* are determined; and
 - (iv) the manner in which *connection charges* are to be paid (or equivalent consideration is to be given); and
 - (v) a threshold (based on capacity or any other measure identified in the *connection charge guidelines*) below which a *retail customer* (not being a non-registered *embedded generator* or a *real estate developer*) will not be liable for a *connection charge* for an *augmentation* other than an *extension*.

The connection charge principles referred to in clause 6.7A.1(b)(1)(i) are set out in Chapter 5A of the Rules. The connection charge guidelines referred to in clause 6.7A.1(b)(1)(ii) are the AER's *Connection charge guidelines for electricity retail customers under Chapter 5A of the National Electricity Rules*, Version 1.0, June 2012.

3 Changes to Energex's connection policy

This section summarises the differences between Energex's existing connection policy and the proposed connection policy for the 2020-25 regulatory control period.

3.1.1 Key changes

Summarised below are the key, material changes Energex is proposing to make to its connection policy. These changes have been the subject of customer engagement and, where possible, address feedback received from customers.

Table 1: Key changes to Energex's connection policy for 2020-25

Element	Current period 2015-20	Next period 2020-25
Definitions of customer connections	<p>Small customer connections</p> <ul style="list-style-type: none"> Typically residential and small commercial premises that fall within the Standard Asset Customer (SAC) tariff class which applies to all customers connected at low voltage; Micro-embedded generating units with an installed capacity of less than or equal to 30 kVA (consistent with AS/NZS 4777.1:2005 <i>Grid connection of energy systems via inverters</i>); and Unmetered supply connections. <p>Large customer connections</p> <ul style="list-style-type: none"> Typically large high-rise residential and commercial premises and commercial and industrial developments that fall within the Connection Asset Customer (CAC) and Individually Calculated Customer (ICC) tariff classes, which are defined as follows: <ul style="list-style-type: none"> CAC tariff class - customers with a network coupling point at 11kV who are not assigned to the ICC tariff class; and ICC tariff class - connections coupled to the network at 110 kV or 33 kV. Customers with a network coupling point at 11 kV may also be assigned to the ICC tariff class if: <ul style="list-style-type: none"> the customer's electricity consumption is greater than 40 GWh per year at a single connection; and /or the customer's demand is greater than or equal to 10 MVA; and / or the customer's circumstances mean that the average shared network change becomes meaningless or distorted; and Embedded generators (i.e. systems with an installed capacity of greater than 30 kVA). <p>Real Estate Developments</p> <ul style="list-style-type: none"> Subdivisions. 	<p>Small customer connections</p> <ul style="list-style-type: none"> Typically residential and small commercial premises that fall within the SAC tariff class which applies to customers: <ul style="list-style-type: none"> coupled and connected at low voltage; coupled at high voltage, connected at low voltage with installed capacity of less than or equal to 1,000 kVA (or 1 MVA); Micro-embedded generating units with an installed capacity of less than or equal to 30 kVA (consistent with AS/NZS 4777.1:2016); and Unmetered supply connections. <p>Major customer connections</p> <ul style="list-style-type: none"> Typically large commercial premises that fall within the CAC and ICC tariff classes as follows: <ul style="list-style-type: none"> CAC tariff class – coupled at high voltage or sub-transmission with installed capacity greater than 1,000 kVA (or 1MVA) but less than or equal to 10 MVA. ICC tariff class – coupled at sub-transmission with installed capacity of greater than 10 MVA or where: <ul style="list-style-type: none"> A customer has a dedicated supply system which is quite different and separate from the remainder of the supply network; There are only two or three customers in a supply system, making average prices inappropriate; A customer is connected at or close to a transmission connection point; Inequitable treatment or otherwise comparable customers would arise from the application of the 10 MVA threshold; Micro-embedded generating units with an installed capacity greater than 30 kVA; Embedded generating units (i.e. systems with an installed capacity of greater than 200 kVA); and Real estate developments defined as the commercial development of land in one or more of the following ways: <ul style="list-style-type: none"> Residential housing and commercial / industrial subdivisions;

Element	Current period 2015-20	Next period 2020-25
		<ul style="list-style-type: none"> Commercial and industrial multi-tenanted premises; and Multi-residential premises.
Shared network augmentation charge threshold	<ul style="list-style-type: none"> Maximum demand of less than or equal to 100 amps per phase (or 70 kVA); and Micro-embedded generators with a capacity of up to and including 5 kW (or 5 kVA). 	<ul style="list-style-type: none"> Where the maximum demand at the connection point does not exceed: <ul style="list-style-type: none"> 100 amps per phase 3 phase LV for urban premises; 80 amps per phase 3 phase LV for rural premises; or 10 kVA on SWER lines.
Connections offers	<p>Basic connection offers</p> <ul style="list-style-type: none"> For a customer seeking to connect to the network that will typically not require an extension to or augmentation of the distribution network for: <ul style="list-style-type: none"> a customer whose maximum demand is equal to or less than 100 amps per phase (or 70 kVA); a temporary supply with maximum demand equal to or less than 100 amps per phase (or 70 kVA); and an approved micro-embedded generator with a capacity of up to and including 5 kW (or 5 kVA). <p>Standard connection offers</p> <ul style="list-style-type: none"> For standard unmetered supply connections <p>Negotiated connection offers</p> <ul style="list-style-type: none"> For all connections other than those listed above or where the customer elects to negotiate the terms and conditions of the basic or standard connection offer. 	<p>Basic connection offers</p> <ul style="list-style-type: none"> For connection of residential and small commercial premises where: <ul style="list-style-type: none"> supply is available, i.e. there is a line available, at the required voltage and with sufficient capacity for the proposed connection; there is minimal or no network augmentation required (other than network extension beyond the standard service line); and the maximum connection capacity is 100 amps per phase for urban premises, 80 amps per phase for rural premises or 10 kVA on SWER lines; For connection of micro-embedded generating units where: <ul style="list-style-type: none"> capacity is available, i.e. there is a line available and the network assets in that area have sufficient rated capacity to support the connection; generation is balanced across phases; the micro-embedded generating units are connected to a main grid line and have: <ul style="list-style-type: none"> a rated capacity of less than or equal to 10 kVA per phase and an export limit of up to 5 kVA per phase; a rated capacity of greater than 30 kW and less than or equal to 100 kW and an export limit of up to 15 kVA; or a rated capacity of greater than 100 kW and less than or equal to 200 kW and an export limit of up to 30 kVA; or the micro-embedded generating units are connected to a SWER line and have a rated capacity of less than or equal to 10 kVA per phase and an export limit of up to 2 kVA in total.

Element	Current period 2015-20	Next period 2020-25
		<ul style="list-style-type: none"> For connection of certain unmetered supplies, such where the device to be connected has been pre-approved as a Type 7 compliant device (which includes some CCTV and security cameras, illuminated signs and traffic monitoring equipment) or is a customer-owned and operated street light, where supply is available and minimal network augmentation is required; and For temporary connections for short-term supply with a maximum connection capacity of 100 amps per phase for urban premises, 80 amps per phase for rural premises or 10 kVA (approx. 40 amps) on SWER lines. <p>Standard connection offers</p> <ul style="list-style-type: none"> Energex is not proposing to offer any standard connection offers during this period. <p>Negotiated connection offers</p> <ul style="list-style-type: none"> For all connections other than those listed above or where the customer elects to negotiate the terms and conditions of the basic or standard connection offer.
Capital contributions unit rates	<ul style="list-style-type: none"> 110 kV / 33 kV: <ul style="list-style-type: none"> \$76.82 per kVA (excl. GST) \$84.50 per kVA (incl. GST) 11 kV: <ul style="list-style-type: none"> \$157.46 per kVA (excl. GST) \$173.21 per kVA (incl. GST) LV: <ul style="list-style-type: none"> \$164.12 per kVA (excl. GST) \$180.53 per kVA (incl. GST) 	<p>Subtransmission: \$6 per kVA per annum</p> <p>High Voltage: \$42 per kVA per annum</p> <p>Low Voltage: \$80 per kVA per annum</p>

3.1.2 Other amendments and editorial changes

Energex has also made a number of other amendments and editorial changes to the existing connection policy, including:

- amendments to service classification descriptions based on the AER's Framework and Approach decision for the proposed classification of services for the 2020-25 regulatory control period;
- changes relating to the introduction of metering contestability on 1 December 2017;
- amendments to existing wording to provide further clarity and / or consistency across Queensland; and
- formatting changes to remove unnecessary duplication of information.