

# Contributions Policy

ELECTRICITY NETWORKS CORPORATION  
("WESTERN POWER")

ABN 18 540 492 861

{Outline: This contributions policy is included in Western Power's access arrangement in accordance with section 5.1(h) of the Code.}

{Note: This policy has been prepared in accordance with the requirements of the Electricity Networks Access Code 2004, including proposed Electricity Networks Access Code Amendments (No 2) 2008}

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## 1. Introduction

### 1.1. Definitions

In this *contributions policy*, unless the contrary intention is apparent:

**“access contract”** has the same meaning given to "access agreement" in the *Code*.

{Note: Under the *Code* "access agreement" has the meaning given to it in part 8 of the *Act*, and under section 13.4 (d) of the *Code* includes a "*deemed access contract*". The definition of **“access agreement”** under the *Act* is "an agreement under the *Code* between a network service provider and another person (a "network user") for that person to have access to services".}

**“access arrangement”** means the current *access arrangement* approved in respect of the *network* under the *Code*.

**“Act”** means the *Electricity Industry Act 2004*.

**“additional revenue”** has the same meaning as given to it in the *Code*.

{Note: Under the *Code* "additional revenue" has the meaning given to it in section 6.42 of the *Code* when used in section 6.41 of the *Code*.}

**“adjusted capacity requirement”** means the capacity requirement determined in accordance with clause 6.3(a) with respect to a *connection application*.

**“alternative options”** means "alternatives to part or all of a *network* enhancement, including demand-side management and generation solutions (such as distributed generation) either instead of or in combination with a *network* enhancement.

**“alternative option contribution”** means a contribution made, or to be made, by an *applicant* in respect of an *alternative option*.

**“alternative option test”**, in respect of the *network*, means the test set out in section 6.41 of the *Code*.

**“anticipated incremental revenue”** has the same meaning given to it in the *Code*.

{Note: Under the *Code* "anticipated incremental revenue" for a new facility means "the present value (calculated at the *rate of return* over a reasonable period) of the increased *tariff* income reasonably anticipated to arise from the increased sale of *covered services* on the network to one or more users (where "increased sale of *covered services*" means sale of *covered services* which would not have occurred had the *new facility* not been commissioned),

minus

the present value (calculated at the *rate of return* over the same period) of the best reasonable forecast of the increase in *non-capital* costs directly attributable to the increased sale of the covered services (being the covered services referred to in the expression "increased sale of *covered services*" in paragraph (a) of this definition).}

**“Appendix 8 work”** has the same meaning given to it in the *Code*.

{Note: Under the Code "appendix 8 work" means "work in connection with the *Western Power Network* of a type specified in clause 8.2 of appendix 8".}

**“applicant”** means a person (who may be a *user*, a *customer* or a *developer*) who has lodged, or intends to lodge, a *connection application*, and includes a person who does so on behalf of another person.

**“applications and queuing policy”** means the applications and queuing policy (as defined in the Code) in the *access arrangement*.

**“augmentation”** has the same meaning as given to it in the Code.

{Note: Under the Code "augmentation" in relation to a *covered network*, means "an increase in the capability of the *covered network* to provide *covered services*".}

**“Authority”** has the same meaning as given to it in the Code.

{Note: Under the Code "Authority" means the Economic Regulation Authority established by the *Economic Regulation Authority Act 2003*.}

**“capital contribution”** has the same meaning given to it in the Code.

{Note: Under the Code "capital contribution" means "a payment or provision in kind made, or to be made, by a *user* in respect of any *new facilities investment* (or *forecast new facilities investment*) in *required work*".}

**“Code”** means the *Electricity Networks Access Code 2004* (as amended).

**“connect”** has the same meaning given to it in the Code.

{Note: Under the Code "connect" means "to form a physical link to or through a *network*".}

**“connection application”** means an application lodged with Western Power under the *applications and queuing policy* that has the potential to require a modification to the *network*, including an application to:

- (a) *connect facilities and equipment* at a new *connection point*; or
- (b) increase *consumption* or *generation* at an existing *connection point*; or
- (c) materially modify *facilities and equipment connected* at an existing *connection point*; or
- (d) augment the *network* for any other reason,

{Note: this might be, for example, to service a subdivision.}

and includes any additional information provided by the *applicant* in regard to the application.

**“connection assets”** has the same meaning given to it in the Code.

{Note: Under the Code "connection assets" for a *connection point*, means "all of the *network assets* that are used only in order to provide *covered services* at the *connection point*".}

**“connection point”** means an *exit point* or an *entry point* identified or to be identified as such in an *access contract*.

“**consume**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "consume" means "to consume electricity".}

“**consumption**”, for a *connection point*, means the amount of electricity *consumed* at the *connection point*, and is measured in Watt-hours.

“**contracted capacity**” means the maximum rate at which a *user* is permitted to transfer electricity at a *connection point* under the *user’s access contract*.

“**contribution**” has the same meaning given to it in the *Code*, but also includes an *alternative option contribution*.

{Note: Under the *Code* "contribution" in relation to a *covered network*, means “a *capital contribution*, a *non-capital contribution* or a *headworks charge*”.

“**contributions policy**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "contributions policy" means “a policy in an *access arrangement* under section 5.1(h) dealing with *contributions* by users”.

“**contributions rate of return**” means the rate of return most recently approved by the *Authority* for use in *price control* for the *network*.

“**covered service**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "covered service" means "a service provided by means of a *covered network*, including:

- (a) a *connection service*; or
- (b) an *entry service* or *exit service*; or
- (c) a network use of system service; or
- (d) a *common service*; or
- (e) a *service* ancillary to a *service* listed in paragraph (a) to (d) above,

but does not include an *excluded service*".}

“**cpi**” means the “all capitals consumer price index” as defined by the Australian Bureau of Statistics.

“**customer**” has the meaning given to it in the *Act*.

“**distribution system**” has the same meaning given to it in the *Code*, but excludes equipment within zone substations used for the transportation of electricity at nominal voltage of less than 66 kV.

“**entry point**” has the same meaning given to it in the *applications and queuing policy*.

{Note: Under the *applications and queuing policy* "entry point" means "a single, indivisible (except as allowed under this *applications and queuing policy*) point, that for purposes under the *access arrangement* involving the transfer of electricity, is deemed to consist of a single *attachment point*, connected to or to be connected to a *user's connection point*, with a single *meter* (regardless of the actual configuration of *network assets* making up the entry point), at which electricity is more likely to be transferred into the *network* than out of the *network*".}

**"exit point"** has the same meaning given to it in the *applications and queuing policy*.

{Note: Under the *applications and queuing policy* "exit point" means "a single, indivisible (except as allowed under this *applications and queuing policy*) point, that for purposes under the *access arrangement* involving the transfer of electricity, is deemed to consist of a single *attachment point*, connected to or to be connected to a *user's connection point*, with a single *meter* (regardless of the actual configuration of *network assets* making up the entry point), at which electricity is more likely to be transferred out of the *network* than into the *network*".}

**"facilities and equipment"** has the same meaning given to it in the *Code*.

{Note: Under the *Code*, "facilities and equipment" in relation to a *connection point*, means "the apparatus, equipment, plant and buildings used for or in connection with *generating, consuming* and *transporting* electricity at the *connection point*".}

**"feeder diversity factor"** means the factor applied to the *capacity requirement* that reflects the effective contribution of the *connection* capacity to the feeder peak load.

**"forecast costs"** means any or all of the *forecast new facilities investment* or the forecast *alternative option costs*, as applicable, to be incurred by Western Power with regards to *works*.

**"forecast new facilities investment"** has the same meaning given to it in the *Code*.

{Note: Under the *Code* "forecast new facilities investment" for a *covered network* means "the capital costs forecast to be incurred in developing, constructing and acquiring new *network assets* for the *covered network*".}

**"generation"**, for a *connection point*, means the amount of electricity *generated* at the *connection point*, and is measured in kilowatts.

**"good electricity industry practice"** has the same meaning given to it in the *Code*.

{Note: Under the *Code* "good electricity industry practice" means "the exercise of that degree of skill, diligence, prudence and foresight that a skilled and experienced person would reasonably and ordinarily exercise under comparable conditions and circumstances consistent with applicable *written laws* and *statutory instruments* and applicable recognised codes, standards and guidelines".}

**"headworks"** means enhancements required to the existing *HV* three-phase *distribution system* that provides for an increase in capacity of that system.

**"headworks charge"** has the same meaning given to it in the *Code*.

{Note: Under the *Code* "headworks charge", in respect of a *headworks scheme*, means "the amount payable by a *user* to a *service provider* under the *headworks scheme* in respect of a *connection point*".}

“**headworks scheme**” means the *scheme* described in clause 6 of this *contributions policy*.

“**HV**” means the high voltage level of the distribution network where the voltage is greater than 6 kV and less than 66 kV.

“**minimum practical works**” with regard to *covered services* sought by an *applicant*, means the minimum *works* Western Power must undertake, acting efficiently in accordance with *good electricity industry practice*, to provide only those *covered services* required by that *applicant*.

“**mixed zone**” has the meaning given to it in section 4.3 of the *price list information* in the *access arrangement*.

“**network**” means those parts of the *SWIS* that are owned and operated by Western Power.

“**network assets**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "network assets", in relation to a *network* means "the apparatus, equipment, plant and buildings used to provide or in connection with providing *covered services* on the *network*, which assets are either *connection assets* or *shared assets*".}

“**new revenue**” means the *anticipated incremental revenue* or *additional revenue* or both, as applicable, with respect to *works*.

“**nominated capacity requirement**” means the capacity requirement nominated under clause 6.4 in a *connection application* with respect to that *connection application*.

“**non-capital contribution**” means a payment or provision in kind made, or to be made, by a *user* in respect of any *non-capital costs* (or forecast *non-capital costs*) of *required work*

“**non-capital costs**” means the *non-capital costs* (as defined in the *Code*), but excluding *alternative option costs*, to be incurred by Western Power with regards to *works*.

“**price components**” means the price components in clause 6.8.

“**price control**” has the same meaning as given to it in the *Code*.

{Note: Under the *Code* "price control" means the provisions in an *access arrangement* under section 5.1(d) and Chapter 6 of the *Code* which determine *target revenue*.}

“**price list information**” has the same meaning given to it in the *Code*.

“**reasonable and prudent person**” means a person acting in good faith and in accordance with *good electrify industry practice*.

“**reasonable time**” means the time determined in accordance with clause 5.3.



“**relevant area**” with respect to *connection applications* in relation to the *distribution system* means any area where the *relevant connection point* is located at a distance along the line feeder route equal to or greater than 25 km from the *relevant zone substation* within the *network* in the *rural zone* or *mixed zone*.

“**relevant connection point**” means, with respect to a *connection application*, the appropriate *connection point* as determined under clause 6.5.

“**relevant zone substation**” means the zone substation to which the new or upgraded *connection* will be connected under normal system operating conditions.

“**required work**” means *work* which is necessary in order to provide a *covered service* sought in a *connection application*.

“**retailer**” has the meaning given to it in the *Act*.

“**rural zone**” has the meaning given to it in section 4.3 of the *price list information* in the *access arrangement*.

“**scheme**” has the same meaning as given to it in Appendix 8 of the *Code*.

“**service provider**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "service provider" in relation to a *network* means "a person who owns or operates the *network*".}

“**shared assets**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "shared assets" means "those *network assets* which are not *connection assets*".}

“**SWIS**” has the meaning given to it in the *Code*.

{Note: Under the *Code* "SWIS" "the interconnected transmission and distribution systems, generating works and associated works

- (a) located in the South West of the State and extending generally between Kalbarri, Albany and Kalgoorlie; and
- (b) into which electricity is supplied by
  - (i) one or more of the electricity generation plants at Kwinana, Muja, Collie and Pinjar; or
  - (ii) any prescribed electricity generation plant"}}

“**technical rules**” means the *technical rules* (as defined in the *Code*) applying from time to time to the *network* under Chapter 12 of the *Code*, as modified in accordance with the *Code*.

“**transmission system**” has the same meaning given to it in the *Code*, but also includes equipment within zone substations used for the transportation of electricity at nominal voltage of less than 66 kV.

“**user**” has the same meaning given to it in the *Code*.

{Note: Under the *Code* "user" means "a person, including a *generator* or a *consumer*, who is a party to an [*sic.*] contract for services with a *service provider*, and under section 13.4(e) includes another *business* as a party to a *deemed access contract*".}

“**works**” includes *headworks* and all works required to be undertaken to provide an *applicant* with the *covered services* sought by the *applicant* in a *connection application*, including works associated with:

- (a) *augmentation of connection assets*;
- (b) *augmentation of shared assets*;
- (c) *alternative options*; and
- (d) other non-capital works.

## 1.2. Interpretation

- (a) Unless the contrary intention is apparent:
  - (i) a rule of interpretation in the *Code*; and
  - (ii) the Interpretation Act 1984,apply to the interpretation of this *contributions policy*.
- (b) Unless:
  - (i) the *contrary* intention is apparent: or
  - (ii) the term has been redefined in clause 1.1,a term with a defined meaning in the *Code* has the same meaning in this *contributions policy*.

## 2. Application of this contributions policy

- (a) Subject to (b), and (c) below, this *contributions policy* applies if it is necessary for Western Power to perform *works* to provide *covered services*.
- (b) If the *works* required for Western Power to provide the *covered services* sought by an *applicant* are *Appendix 8 works*, then the *contribution* for those *works* is the amount determined under and in accordance with Appendix 8 of the *Code*. For the avoidance of doubt, any such *contribution* is to be paid in addition to any *contribution* payable under this *contributions policy*.
- (c) An *applicant* is required to pay a *contribution* for *works* in any (including any combination of) the following circumstances:
  - (i) in the case of *new facilities investment*, where the capital costs incurred in relation to the relevant *works* do not satisfy the *new facilities investment test*;

- (ii) in the case of *works* related to *alternative options*, where the *non-capital costs* associated with such *works* do not satisfy the *alternative options test*;
- (iii) in the case of non-capital *works* required in response to a *connection application*, where the *non-capital costs* associated with such *works* are costs which would not be incurred by a *service provider* efficiently minimising costs,
- (iv) where the *works* meet the requirements of clause 6 of this *policy (distribution headworks scheme)*.

### 3. Lowest sustainable cost

A *contribution* with respect to *covered services* sought by an *applicant* must not exceed the amount that would be required by a prudent *service provider* acting efficiently, in accordance with *good electricity industry practice* seeking to achieve the lowest sustainable cost of providing the *covered services*.

### 4. Applicant must make contribution

#### 4.1. Applicant must make contribution

- (a) Subject to paragraph (b) of this clause 4.1, if the application of this *contributions policy* in relation to the *works* produces a *contribution* amount that is greater than zero, Western Power is not required to undertake the *works* in respect of a *connection application* for a *covered service* until the *applicant* enters into a contract with Western Power under which the *applicant* agrees to provide the *contribution*, including any GST liability, to Western Power in accordance with this *contributions policy*.
- (b) If the work *falls* within the class of *headworks*, Western Power must undertake and fund the *work* whether or not the *work* is a *required work*. This does not excuse the *applicant* from any obligations to make a *contribution* under this *contributions policy*.

#### 4.2. Payment of GST

The payment of a *contribution* will be subject to GST and Western Power will request a *customer* to pay an additional amount equal to Western Power's GST liability. Western Power may request payment of this additional amount at the time Western Power's GST liability arises.

4.3. *Applicant* must provide *security* for *new revenue*

- (a) Where the *forecast costs* with respect to a *connection application* are greater than \$50,000, but less than \$1,000,000, Western Power may require the *applicant* to procure before the commencement of the *works*, and maintain for a period of 24 months after the commencement of the associated *exit service* or *entry service*, (or other period as reasonably determined by Western Power acting as a *reasonable and prudent person*), an unconditional, irrevocable bank guarantee, or equivalent financial instrument, in terms acceptable to Western Power (acting as a *reasonable and prudent person*), guaranteeing the portion of *new revenue* that was used to calculate the *contribution* and is expected to come from providing an *exit service* or *entry service* using the *works*.
- (b) Where an *applicant* has provided security under clause 4.3(a), then after 12 months, Western Power may:
  - (i) redetermine the *contribution* under this *contributions policy*, and recover from, or rebate to, the *applicant* any difference from the amount of the original *contribution*; or
  - (ii) require the *applicant* to maintain the bank guarantee or equivalent financial instrument for a further 12 months , (or other period as reasonably determined by Western Power acting as a *reasonable and prudent person*) before redetermining the *contribution* in accordance with clause 4.3(b)(i).
- (c) Where the *forecast costs* with respect to a *connection application* are equal to or greater than \$1,000,000, Western Power may require the *applicant* to procure before the commencement of the *works*, an unconditional, irrevocable bank guarantee, or equivalent financial instrument, in terms acceptable to Western Power (acting as a *reasonable and prudent person*), guaranteeing the portion of *new revenue* that was used to calculate the *contribution* and is expected to come from providing an *exit service* or *entry service* using the *works*.

**5. Amount of Contribution**

5.1. Interpretation

- (a) For the avoidance of doubt, this clause 5 is to be read subject to the provisions of clauses 2 and 6 of this *contributions policy*.
- (b) For the purposes of this clause 5: -
  - (i) the definition of '*new facilities investment test*' is that set out in section 6.52 of the *Code*, but without having regard to subsection 6.52(b)(i) thereof; and
  - (ii) the definition of '*alternative option test*' is that set out in section 6.41 of the *Code*, but without having regard to subsection 6.41(b)(i) thereof.

## 5.2. Calculation of *contribution*

The *contribution* payable in respect of any *works* to which this *policy* applies is calculated by:

- (a) determining the appropriate portion of any of the *forecast costs* of the *works* which do not meet the *new facilities investment test* or the *alternative option test* (as applicable) to allocate to the *applicant* under clause 5.4;
- (b) adding any applicable amount calculated under clause 6 (*headworks contribution*), and
- (c) adding any applicable amount calculated under clause 7.4(a),
- (d) deducting the amount likely to be recovered in the form of *new revenue* gained from providing *covered services* to the *applicant*, or, if the *applicant* is a *customer*, to the *customer's retailer*, as calculated over the reasonable time, at the *contributions rate of return*; and
- (e) adding any applicable amount calculated under clause 7.1 to 7.3 inclusive and 7.5.

## 5.3. Reasonable time

For the purposes of clause 5.2(d), the *reasonable time* is to be determined by Western Power, as a *reasonable and prudent person*, having regard to:

- (a) the anticipated commercial life of the *works*, up to a maximum of 15 years; and
- (b) the purpose for which the *applicant* requires the *covered services*.

{Note: For example, if the *applicant* is proposing to build a plant with an expected 5 year operating life, then the *reasonable time* might be 5 years or less.}

## 5.4. Amount of *forecast costs*

- (a) Western Power may, acting as a *reasonable and prudent person*, determine that the amount of the *forecast costs* to be allocated to the *applicant* for the purposes of clause 5.2 (a) is:
  - (i) the full amount of the *forecast costs*; or
  - (ii) an amount determined under clauses 5.4(b) to 5.4(e).
- (b) If Western Power chooses to undertake *works* in excess of the *minimum practical works* to provide *covered services* sought by an *applicant*, then Western Power will determine that the amount of costs allocated to the *applicant* are the *forecast costs* of the *minimum practical works*.

- (c) If:
  - (i) Western Power reasonably expects to receive *tariff* income from future *applicants*, because of *works* to provide *covered services* sought by an *applicant*, within a period of 10 years, (or such longer period as reasonably determined by Western Power acting as a *reasonable and prudent person*), of the original *applicant's connection application*; or
  - (ii) an *applicant* seeks a *covered service* that will make use of *works* undertaken to provide *covered services* to a previous *applicant*, within a period of 10 years, (or such longer period as reasonably determined by Western Power under clause 5.4(c)(i)), of the original *applicant's connection application*, and for which the original *applicant* paid a *contribution* calculated under clause 5.4(c)(i),

then Western Power will apportion the costs based on the relative use of the *works* by the *applicant* compared to the relative use of the *works* expected to be sought by those future *applicants*, or the relative use of the *works* sought by previous *applicants*, or both, as applicable.

- (d) If Western Power has received more than one *connection application* requiring the same *works*, then Western Power may negotiate with the *applicants* under the *applications and queuing policy* to apportion the *forecast costs* of the *works* between the *applicants*, based on the relative use of the *works* sought by each *applicant*.
- (e) If *works* to provide *covered services* to an *applicant* provide specific savings to Western Power in performing its legal obligations, then Western Power will determine that the costs to be allocated to the *applicant* are the *forecast costs* less the amount saved.

## 6. Distribution headworks scheme

### 6.1. Application

This *headworks scheme* applies to:

- (a) the class of *works* falling within the definition of *headworks* in this *policy*; and
- (b) the class of *users* who make a *connection application* in relation to the *distribution system* within a *relevant area*.

### 6.2. Headworks contribution

- (a) If,
  - (i) in accordance with good electricity practice, Western Power reasonably considers that the forecast costs of *headworks* required for a *relevant area* over a 25 year period exceeds the amount of *new revenue* likely to be gained from providing *covered services* to *applicants* over that period, and

- (ii) the *relevant connection point* is less than 160 kms from the *relevant zone substation* and the *nominated capacity requirement* is less than 2,000 kVA, or the *relevant connection point* is greater than 160 kms from the *relevant zone substation* and the *nominated capacity requirement* is less than 1,000 kVA,

then, upon receiving a *connection application* in relation to a *relevant area*, Western Power will, in accordance with this clause 6, require a *headworks contribution* from the *applicant*.

- (b) Where a *headworks contribution* is made by an applicant in accordance with clause 6.2(a) no further *contribution* shall be required from the *applicant* in relation to the *headworks* in question.

### 6.3. Calculation of the *headworks contribution*

A *headworks contribution* for a *connection application* is calculated by:

- (a) determining the *adjusted capacity requirement* with respect to the *connection application* in accordance with clause 6.4;
- (b) determining the distance from the *relevant connection point* to the *relevant zone substation* in accordance with clause 6.6;
- (c) determining the *relevant voltage* in accordance with clause 6.7;
- (d) applying the parameters determined under paragraphs(a), and (b) to the applicable *price components*, with respect to the *relevant voltage* determined under paragraph (c), and
- (e) deducting the amount likely to be recovered in the form of *new revenue* gained from providing *covered services* to the *applicant*, as calculated over the *reasonable time*, at the *contributions rate of return*.

### 6.4. Adjusted capacity requirement

The adjusted capacity requirement is determined by multiplying the nominated capacity requirement, by the relevant feeder diversity factor identified in the table below:

<b>Connection Type</b>	<b>Feeder Diversity Factor</b>
Residential	60%
Commercial	50%

### 6.5. Relevant connection point

The *relevant connection point* is:

- (a) for an application for *connection* to the *HV single-phase network*, the point on the three-phase *HV network* to which the single-phase line is connected. The length of any single-phase line is not taken into account;

- (b) for an application for *connection* to the low voltage 240-volt *network*, the *HV* terminals of the transformer with respect to the *connection application*. Where the transformer is connected to the single-phase network, the relevant *connection point* is that determined under paragraph (a); and
- (c) for a *connection application* that requires an extension to the three-phase *HV network*, the point on the existing three-phase *HV network* to which the new extension is made.

6.6. Determination of the distance to the relevant connection point from the relevant zone substation

The distance from the *relevant connection point* to the *relevant zone substation* is the shortest length of three-phase *network* line connecting those two points.

6.7. Relevant voltage

The *relevant voltage* with respect to a *connection application* is:

- (a) for an application for *connection* to the *HV* single-phase *network*, the voltage at the point on the three-phase *HV* network to which the single-phase line is connected;
- (b) for an application for *connection* to the *HV* three-phase *network*, the voltage at the point of connection on the three-phase *HV* network; and
- (c) for an application for *connection* to the low voltage 240-volt *network*, the voltage at the *HV* terminals of the transformer with respect to the *connection application* determined under paragraphs (a) or (b) whichever is applicable.

6.8. Price components for calculation of headworks contribution

- (a) The price components comprise two parts, being:
  - (i) a price based on the capacity sought in terms of \$ per kVA; and
  - (ii) a price based on the capacity sought and the distance from the *relevant zone substation* to the *relevant connection point*, less 25 kms, in terms of \$ per kVA.km,
- (b) Separate prices will be determined for 22 kV connections and 33 kV connections.

**7. General provisions**

For the avoidance of doubt, this clause 7 is to be read subject to the provisions of clause 2 of this *contributions policy*.

7.1. *Connection assets*

The *applicant* must pay the full *forecast costs* of any *works* to provide *connection assets*.



## 7.2. *Non-capital costs*

The *applicant* must pay to Western Power the full amount of any *non-capital costs* that Western Power incurs in performing *works*, which in any case must not exceed such costs that would be incurred by a prudent *service provider* acting efficiently in accordance with *good electricity industry practice*.

{Note: these costs might include, for example, adjusting protection settings, reprogramming computer equipment and so on.}

## 7.3. *Works over and above standard works*

If an *applicant* seeks a *covered service* that is better or different in some respect than an equivalent *service* in the *technical rules* or an equivalent *reference service* in the *access arrangement*, then the *applicant* must pay to Western Power:

- (a) a *contribution* calculated under this *contributions policy* for the equivalent *service*; and
- (b) the difference between the *forecast costs* of the *works* required to provide the equivalent *service* and the *forecast costs* of the *works* required to provide the better or different *service*, to the extent that the better or different *service* does not otherwise meet those parts of the *new facilities investment test* dealing with *net benefit*, safety or reliability.

{Note: this could be, for example, a design philosophy delivering increased security of supply}

## 7.4. Costs related to *technical rules* compliance

- (a) The *applicant* must pay a *contribution* calculated under this *contributions policy* in respect of any *works* required to upgrade the fault level ratings of *network assets*, or any other *works* required to ensure that Western Power complies with the *technical rules* with respect to the *network assets*.
- (b) The *applicant* must pay all of its own costs in relation to ensuring that its *facilities and equipment* comply with the *technical rules*.

## 7.5. Temporary supplies

The *contribution* to be paid by an *applicant* who seeks a temporary supply is, if no applicable amount is published on Western Power's website, an amount equal to the full *forecast costs* of the *required works*.

## 8. **Manner of contribution**

### 8.1. Options for payment

A *contribution* may be made:

- (a) by the *applicant* by way of a financial payment comprising either:
  - (i) periodic financial payments, subject to clause 8.2; or

- (ii) an upfront financial payment;
- (b) by the Western Australian Government under any appropriate government policy, or
- (c) by the *applicant* undertaking the *augmentation* and transferring ownership of the *augmentation*, subject to clause 8.4.

Where the *contribution* is greater than \$1,000,000, the *applicant* and Western Power may negotiate to adjust the *contribution* to reflect actual costs of the *required works* determined after the completion of the *works*. This does not exclude the *applicant* from any obligations to pay a *contribution* under this *contributions policy*.

#### 8.2. When *applicant* may choose periodic payment

The *applicant* may not elect under clause 8.1(a)(i) to make the *contribution* by way of a periodic financial payment unless the total amount of the *contribution* exceeds \$50,000.

#### 8.3. Terms and amount of periodic payment

- (a) If the *applicant* elects to make a *contribution* by way of periodic financial payment under clause 8.2, then:
  - (i) the maximum term over which the periodic payments may be made is 5 years;
  - (ii) interest will be payable on each periodic payment, at a reasonable commercial rate to be negotiated between Western Power and the *applicant*; and
  - (iii) Western Power (acting as a *reasonable and prudent person*) may require the *applicant* to procure an unconditional, irrevocable bank guarantee, or equivalent financial instrument, in terms acceptable to Western Power, guaranteeing the *contribution*.

#### 8.4. *Augmentations* undertaken by *applicants*

- (a) An *applicant* may, with Western Power's approval, construct an *augmentation* of the *network*.
- (b) Where an *applicant*, in accordance with (a) above, constructs an *augmentation* of the *network*, the *applicant* shall agree to transfer the ownership of the *augmentation* to Western Power on such reasonable terms and conditions as may be stipulated by Western Power (after Western Power has tested the *augmentation* and certified that it meets the applicable technical standards) but in no circumstance will Western Power become obliged to make any payment to the *applicant* or any other person with respect to the *augmentation*.

{Note: An *applicant* is required to pay to Western Power the fees set by Western Power from time to time associated with Western Power testing the *augmentation* to establish that it meets the applicable technical standards for the *augmentation* to connect to the *network*.}

## 9. Rebates and recoupment

9.1. This clause 9 does not apply to *contributions* made under clause 6 (Distribution headworks scheme)

9.2. Parties may negotiate a rebate

(a) Where:

- (i) an applicant has paid a contribution, or is paying a contribution in the form of periodic payments, for *works* with respect to a connection point; and
- (ii) the value of the *contribution* is in excess of \$1,000,000,

then Western Power and the *applicant* may negotiate to require Western Power to provide a rebate in circumstances where a subsequent *applicant* associated with a different *connection point* benefits from the *works* or a part of the *works* in respect of the original *connection point*. The rebate can only be in relation to assets, the costs of which were included in the calculation of the original *contribution* under this *contributions policy*.

(b) Where:

- (i) an *applicant* has paid a *contribution*, or is paying a *contribution* in the form of periodic payments, for *works* with respect to a *connection point* for which the full *forecast costs* of the *works* were allocated to the *applicant* under clause 5.4;
- (ii) at the time that the *works* are carried out, it is only the *applicant* who will benefit from the *works* in relation to that *connection point*, and
- (iii) the value of the *contribution* is in excess of \$200,000 but less than \$1,000,000,

then Western Power and the *applicant* may negotiate to require Western Power to provide a rebate in circumstances where a subsequent *applicant* associated with a different *connection point* benefits from the *works* or a part of the *works* in respect of the original *connection point*.

(c) Where:

- (i) an *applicant* has paid a *contribution*, or is paying a *contribution* in the form of periodic payments, for *works* with respect to a *connection point* for which the full *forecast costs* of the *works* were allocated to the *applicant* under clause 5.4;
- (ii) at the time that the *works* are carried out, it is only the *applicant* who will benefit from the *works* in relation to that *connection point*, and
- (iii) the value of the *contribution* is less than or equal to \$200,000,

then Western Power and the *applicant* may negotiate to require Western Power to provide a rebate in circumstances where a subsequent *applicant* associated with a different *connection point* benefits from the *works* or a part of the *works* within 10 years of the date that the *contribution* was paid, or periodic payments of the *contribution* began, in respect of the original *connection point*.

- (d) Any negotiated rebate will be payable to the *customer* or the *user* associated with that *connection point* at the time of the *rebate* being payable.
- (e) The amount of a rebate given to a *user* or *customer* under clause 9.1(c) is determined by apportioning the amortised *contribution* paid in respect of the original *connection point* between the *user* or *customer* associated with the original *connection point* and each subsequent *applicant* based on the relative *contracted capacity* of each party, where the *contribution* is amortised completely in a straight line over 10 years.
- (f) Western Power is not under any obligation to pay any rebate for a *contribution* to any *user* or *customer* under any circumstance other than that expressly provided for under clause 9.2(a), (b) and (c).

#### 9.3. New *applicants* must pay rebate

Where Western Power must pay a rebate to a *user* or a *customer* in respect of a *connection point* under clause 9.2, each subsequent *applicant* that triggers such a rebate must pay to Western Power an upfront amount equivalent to the rebate.

#### 9.4. *Scheme* rebates determined under appendix 8 of the *Code*

Nothing in this clause 9 affects the obligations of Western Power to pay a member of a *scheme* a rebate in accordance with the provisions of appendix 8 of the *Code*.