

Attachment 12.5

Distribution Low Voltage Connection Scheme Change Summary

Access Arrangement Information

2 October 2017



Access Arrangement Information (AAI) for the period
1 July 2017 to 30 June 2022

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Distribution Low Voltage Connection Scheme Change Summary

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1. Introduction

Section 5.17 of the *Electricity Networks Access Code 2004* (**the Code**) provides Western Power to develop a “Headworks Scheme” within the Contribution Policy that allows for the headworks charge payable by a connecting customer to be charged in accordance with the respective class of customer, rather than individually calculated contributions.

The Distribution Low Voltage and Connection Headworks Scheme (**DLVCHS**) is defined in section 6 of the proposed Contributions Policy and forms Western Power’s proposed scheme for customers connecting to the distribution system low voltage network and within 25 kms of the relevant zone substation. The Distribution Low Voltage Connection Scheme Methodology (**Methodology**) outlines the coverage of the scheme and approach to calculating scheme charges.

Application of the DLVCHS allows for the cost of infrastructure required for new customer connections to be shared by all customers using the installed network. The DLVCHS provides a charge on the basis of requested capacity (kVA) rather than on whether the current network will have to be expanded as a consequence of the submitted application (i.e. does not penalise the first mover).

This document summarises the proposed changes to the Methodology for AA4 and the rationale for each of these proposed changes.

This summary document is supported by the proposed Contributions Policy (submission document number 1592 and 1567) and Methodology (submission document number 1629 and 1594) which details proposed changes in both “tracked change” mode and as an unmarked version.

2. Proposed Amendments

The proposed amendments to the Methodology and the rationale for each change is detailed in Table 1 below.

Table 1: Proposed amendments to the Methodology

No.	Section	Current State/Definition	Proposed Change	Rationale For Change
1	1; 2.3; 4; 5.1; 6	The Distribution Low Voltage Connection Headworks Scheme (DLVCHS) currently only applies to connection upgrades (brownfield works) and does not apply to new connections (new lots).	Expansion of DLVCHS as per Contributions Policy - it is proposed to broaden the application of the DLVCHS to all new capacity connections (excluding the connections of gifted assets).	<p>Benefits of expanding the DLVCHS to new connections include:</p> <ul style="list-style-type: none"> • Enables the development industry to more accurately forecast costs • Consistency in charging between customers • Reduces handling errors incurred by manual processing • Facilitates easier internal assessments - simpler approach to charging customers. • Customer benefit from price certainty <p>Application of the expanded DLVCHS will require some IT automation and process change to implement</p>
2	1.1 (new)	New	Interpretation clause added	In order to ensure consistency with other instruments, including the Contributions Policy, as well as clearer interpretation, a new interpretation clause has been added to the methodology.

No.	Section	Current State/Definition	Proposed Change	Rationale For Change
3	5.4	Illustrative pricing	No change to Methodology document Amendment to pricing on the DLVCHS section of Western Power’s external website: https://www.westernpower.com.au/technical-information/distribution-low-voltage-connection-headworks-scheme-dlvchs/	Pricing of the unit rates charged to customers has been amended for the first time since 2012. It should be noted that the pricing in the Methodology document is illustrative only and is documented at such. Actual pricing amendments will be conducted via the Western Power website. The proposed pricing amendments have been further detailed in section 3 of this report.
4	Miscellaneous		Various amendments to ensure alignment with Contributions Policy	Some general edits to the Methodology including terminology used have been implemented, in order to ensure consistency between the two documents.

3. Summary of DLVCHS pricing amendments

3.1 Approach

The Methodology has tranche pricing included as “illustrative” pricing only, and refers customers to Western Power’s website for actual pricing.

Actual tranche pricing under the DLVCHS has not been updated since October 2012. As part of the review of Policies and Schemes for AA4, Western Power has reviewed the tranche pricing and is proposing new prices commencing 1 July 2018.

The DLVCHS cost is based on a set of per kVA rates reflecting the average cost of supply per unit of load (kVA). Western Power has conducted an internal review of the average costs based on compatible unit costs for works issued to construction.

Included in the assessment is the application of CPI and labour rate escalators to the equivalent of 2.75% per annum from 2012 rates through to those proposed in 2018/19. As a result of this review and associated escalation, Western Power is proposing increases to the kVA charges of between 17% and 22%, as outlined in Table 2 below.

Table 2: Proposed DLVCHS pricing

	Current Charge	Proposed Charge	Change	% Change
Tranche 1 TX Charge	\$448.00	\$546.61	\$98.61	22%
Tranche 2 TX Charge	\$224.00	\$273.31	\$49.31	22%
Tranche 3 TX Charge	\$112.00	\$136.65	\$24.65	22%
Tranche 1 LV Charge	\$496.00	\$602.55	\$106.55	21%
Tranche 2 LV Charge	\$272.00	\$329.24	\$57.24	21%