Appendix C.1
Contributions Policy (marked up)
Revised proposed access arrangement

14 June 2018

**Important note** – Amendments that were made as part of Western Power’s original proposal are shown as *blue* and *teal*, amendments that are made as part of this revised proposal are shown as *red*.

Access arrangement for the period
1 July 2017 to 30 June 2022
Contributions Policy

14 June 2018
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1 Introduction

1.1 Defined Terms

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

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

“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”.)


“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.)

“bidirectional point” has the same meaning given to it in the applications and queuing policy.
(Note: Under the applications and queuing policy “bidirectional 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 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 bidirectional point), at which electricity is to be transferred into and out of the network.”)

“bidirectional service” means a covered service provided by Western Power at a connection point under which the user may transfer electricity into and out of the network at the connection point.

“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.”)


“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 or a bidirectional 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 but also includes a bidirectional service.
(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 headworks” means enhancements required to the existing HV three-phase distribution system that provides for an increase in capacity of that system.

“distribution headworks base charge” means the value determined in accordance with section 6.3 of this contributions policy.

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

“distribution low voltage connection headworks scheme” means the scheme described in clause 6 of this contributions policy.

“distribution low voltage connection headworks scheme application” means a connection application where:

the proposed or existing connection point for a new or upgraded connection is to the distribution system low voltage network and is within 25 kms of the relevant zone substation, and
(a) the applicant’s required electrical capacity is in excess of:
(i) the original design capacity for a greenfield development on an existing electricity serviced lot as determined by Western Power’s policies and procedures from time to time, or
(iii) the existing capacity in respect of the relevant connection point for a brownfield development.

“distribution low voltage connection headworks scheme base charge” means the value determined in accordance with section 6.3 of this contributions policy.

“distribution low voltage connection headworks scheme contribution” means a contribution in respect of the distribution low voltage connection headworks scheme.

“distribution low voltage connection headworks scheme works” with respect to a distribution low voltage connection headworks scheme application, means works on the distribution system reasonably adjacent to the connection point (to which the distribution low voltage connection headworks scheme application relates) that directly provides for delivery of electricity capacity to that connection point and that may include switchgear, HV cable, transformers, low voltage cable and ancillary equipment.

“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.

(Note: Under the Code “distribution system” means “any apparatus, equipment, plant or buildings used, or to be used, for, or in connection with, the transportation of electricity at nominal voltages 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”.)

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

(Note: Under the applications and queuing policy “entry service” means “a covered service provided by Western Power at a connection point under which the user may transfer electricity into the network at the connection point”.)

“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”.)

“exit service” has the same meaning given to it in the applications and queuing policy.

(Note: Under the applications and queuing policy “exit service” means “a covered service provided by Western Power at a connection point under which the user may transfer electricity out of the network at the connection point”.)

“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.
“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”.)

“GST” means Goods and Services Tax.

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

(Note: Under the Code “headworks”, in respect of a headworks scheme, means “the class of works identified under section 5.17D(a) as the class in respect of which the headworks scheme applies”.)

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

(Note: Under the Code “headworks scheme”, is defined as “means a scheme under section 5.17C.”)

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

“low voltage” means the low voltage level of the distribution system network where the voltage is less than 1 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” has the meaning given to “Western Power Network” in the Code.

(Note: Under the Code “Western Power Network” means “the covered network that is covered under section 3.1”. The “Western Power Network” is the portion of the SWIN that is owned by the Electricity Networks Corporation.)

“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 facilities investment” has the same meaning as given to it in the Code.

(Note: Under the Code “new facilities investment” means “for a new facility, means the capital costs incurred in developing, constructing and acquiring the new facility”.)

“new facilities investment test” has the same meaning as given to it in the Code.

(Note: Under the Code “new facilities investment test” means “in respect of a covered network, means the test set out in section 6.52”.)

“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 electricity 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 distribution transformer” with respect to the distribution low voltage connection headworks scheme and a connection application means the transformer from which the new or upgraded connection (to which that connection application relates) will be supplied under normal system operating conditions.

“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” is the South West Interconnected System and it has the meaning given to it in the Code.

(Note: Under the Code “SWIS” has the meaning as given to it in the Act, being “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 distribution headworks and distribution low voltage connection headworks scheme works 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 Applications 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 requirements of clause 6.41(b) of the Code;
(iii) in the case of non-capital works including alternative options, where the costs of the works were not included, and could not reasonably have been included, in forecasts of non-capital costs taken into account in setting the price control; or
(iv) where the works meet the requirements of clause 6 of this contributions policy (distribution headworks scheme);
(v) where the works meet the requirements of clause 6 of this contributions policy (distribution low voltage connection 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 distribution headworks, or distribution low voltage connection headworks scheme works 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 may be subject to GST and, if so, Western Power will request an applicant 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

WhereFor the purposes of this clause 4.3:

“estimated new revenue” means the amount calculated under clause 5.2(d).

“allocated forecast costs with respect to a connection application are greater than $50,000, but less than $15,000,000,” means the amount of the forecast costs allocated to the applicant under clause 5.4.

(a) Western Power may require an applicant to provide a bank guarantee security under this clause if Western Power determines there to be a risk of not receiving the estimated new revenue.

(b) Western Power may require the applicant to provide security in the form of an unconditional, irrevocable bank guarantee, or equivalent financial instrument, 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 amount of:

(i) the estimated new revenue (where the estimated new revenue is expected to come from providing an exit service, entry service, or bidirectional service using the works less than the allocated forecast costs); or

(ii) the allocated forecast costs (where the estimated new revenue is more than the allocated forecast costs).

(c) Where Western Power requires a security under clause 4.3(b), the applicant must provide it before the commencement of the works the subject of the connection application.
(b)(d) Where an applicant has provided security under clause 4.3(a), then after 12 months, Western Power may 24 months after the commencement of the associated exit service, entry service, or bidirectional service Western Power will reconsider the risk of not receiving the estimated new revenue (based on the then expected use of those services) and if that risk:

(i) no longer remains, Western Power will return the security;

(ii) remains, but has abated, Western Power may reduce the amount of the security by requiring a new bank guarantee for the reduced amount; or

(iii) has crystallised (such that some or all of the estimated new revenue will not be recovered by Western Power), Western Power will re-determine the contribution under this contributions policy, and recover from, or rebatetoe, the applicant any difference from the amount of the original contribution; or and, after that recovery, return the security.

(ii) require the applicant to maintain the bank guarantee or equivalent financial instrument for a further 12 months before re-determining the contribution in accordance with this clause 4.3(b)(i).

(e) Where the forecast costs with respect to a connection application are equal to or greater than $15,000,000, 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, entry service, or bidirectional service, using the works.

(f) For the purposes of this clause 4.3:

“estimated new revenue” means the amount calculated under clause 5.2(d).

“allocated forecast costs” means the amount of the forecast costs allocated to the applicant under clause 5.4.

4.4 Payment of Tax

The receipt by Western Power of a contribution may result in Western Power incurring a tax liability (whether under Commonwealth or State income tax and other legislation or under a tax equivalent regime applicable to Western Power as a government owned enterprise) and Western Power may recover from the applicant, as part of the contribution payable by the applicant, Western Power’s forecast of the net tax liability it will incur as a result of the receipt of such contribution. For the avoidance of doubt, this clause 4.4 and clause 5.5 do not deal with liability for GST, which is dealt with in clause 4.2.
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, 4 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,

(b) any works relating to a distribution low voltage connection headworks scheme application excluded from clause 6 by clause 6.5, 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; and

(c) adding any applicable amount calculated under clause 6.3 (distribution headworks base charge), and

(d) adding any applicable amount calculated under clause 6.3 (distribution low voltage connection headworks scheme base charge), and

(e) adding any applicable amount calculated under clause 7.4(a); and

(f) 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 (including residential customers), to the customer’s retailer, as calculated over the reasonable time, at the contributions rate of return; and

(g) adding any applicable amount calculated under clauses 7.1, 7.3 and 7.5; and

(h) adding any tax liability (of the nature referred to in clause 4.4) which Western Power forecasts it will incur due to the receipt of the amount payable under paragraphs (a) to (f) of this clause 5.2, as calculated in accordance with clause 5.5; and

(i) adding any applicable amount calculated under clause 7.2.

5.3 Reasonable Time

For the purposes of this contributions policy, 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)(ii), acting as a reasonable and prudent person), 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.

5.5 Forecasting Tax Liability

For the purposes of determining the costs representing Western Power’s tax liability arising due to receipt of an amount calculated under paragraphs (a) to (e) of clause 5.2, Western Power must estimate the net tax liability, with respect to the contribution, it will incur over the life of the assets to which the contribution relates. The calculation of the grossed up tax expense takes into account the circularity arising from the payment of tax costs by the customer, the dividend imputation franking credit passed through to Western Power’s shareholder and the statutory tax depreciation benefit which offsets the tax costs incurred by Western Power.
6 Distribution Low Voltage Connection Headworks Scheme

6.1 Application

Subject to clause 6.5 this distribution low voltage connection headworks scheme applies to an applicant that falls within the class of applicant that may make a distribution low voltage connection headworks scheme application and where the works required to meet the requirements of the connection application of that applicant are distribution low voltage connection headworks scheme works.

6.2 Distribution Low Voltage Connection Headworks Scheme Contribution

(a) If, in accordance with good electricity industry practice, Western Power reasonably considers that the forecast costs of distribution low voltage connection headworks scheme works (required to meet the requirements of the connection application of an applicant) over a 15 year period exceed the amount of new revenue likely to be gained from providing covered services using those distribution low voltage connection headworks scheme works to distribution low voltage connection headworks scheme applicants over that period, then, upon receiving the distribution low voltage connection headworks scheme application of that applicant, Western Power will, in accordance with this clause 6, require a distribution low voltage connection headworks scheme contribution from the applicant.

(b) Where a distribution low voltage connection headworks scheme contribution is made by an applicant no further contribution shall be required from the applicant for the distribution low voltage connection headworks scheme works for which that distribution low voltage connection headworks scheme contribution was made.

(c) For the purpose of this contributions policy a distribution low voltage connection headworks scheme contribution is a capital contribution.

6.3 Determination of the Distribution Low Voltage Connection Headworks Scheme Base Charge

The distribution low voltage connection headworks scheme base charge is determined by:

(a) identifying the applicant’s incremental electrical capacity requirement by deducting from the applicant’s required electrical capacity:

(i) by deducting from the applicant’s required electrical capacity the original design capacity for a greenfield development on an existing electricity serviced lot as determined by Western Power’s policies and procedures from time to time or

(ii) the existing capacity in respect of as the relevant applicant’s required electrical capacity sought in the distribution low voltage connection point headworks scheme application for a brownfield development an un-serviced lot.

(b) determining whether the location of the connection point (to which the connection application relates) is on a land lot separate from the relevant distribution transformer and

(c) applying the parameters determined under 6.3(a) and 6.3(b) to the prices determined in clause 6.4.
6.4 Distribution Low Voltage Connection Headworks Scheme Prices

The methodology used to develop the distribution low voltage connection headworks scheme prices is described in Appendix C (Distribution Low Voltage Connection Headworks Scheme Methodology) of this Access Arrangement.

(a) The distribution low voltage connection headworks scheme price is expressed as $ per kVA.

(b) The distribution low voltage connection headworks scheme prices will vary depending on:

(i) whether the incremental capacity requirement at the connection point determined under clause 6.3 (a) is:

(A) less than 216 kVA; or
(B) between 216 kVA and 630 kVA; or
(C) greater than 630 kVA, and

(ii) whether the location of the connection point is on a land lot separate from the relevant distribution transformer.

6.5 Exclusion from Distribution Low Voltage Connection Headworks Scheme

The methodology used to develop the distribution low voltage connection headworks scheme exclusion threshold is described in Appendix C (Distribution Low Voltage Connection Headworks Scheme Methodology) of this Access Arrangement.

A distribution low voltage connection headworks scheme application is excluded from the provisions of this clause 6 where the forecast costs of works (as determined assuming clause 5.4 applies to those works) is in excess of the distribution low voltage connection headworks scheme base charge plus the exclusion threshold. For the purposes of applying this clause 6.5, only the cost of those works which would otherwise fall within the distribution low voltage connection headworks scheme apply.

Where a distribution low voltage connection headworks scheme application is excluded, the contribution is determined under this contributions policy excluding the provisions of this clause 6.
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,

(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*.

(Nota: 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 Applicability
This clause 9 does not apply to contributions made under clause 6 (distribution low voltage connection headworks scheme) of this contributions policy.

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.
10  Obligation to provide information

Upon request from an applicant, and in respect of a contribution for works, Western Power will provide the applicant with the following information:

(a) where the contribution is in respect of new facilities investment, details of assessment of the new facilities investment against the requirements of the new facilities investment test and details of the calculation of the amount that does not meet the new facilities investment test;

(b) where the contribution is made in respect of non-capital costs related to alternative options, details of assessment of the non-capital costs against the alternative options test and details of the calculation of the amount that does not satisfy the alternative options test;

(c) details of assumptions and calculations applied in the apportionment of any forecast cost of works between the user or applicant and other users or applicants or Western Power under clause 5.4 of this contributions policy; and

(d) details of the calculation of a distribution headworks contribution under clause 6 of this contributions policy, and

(e) details of the calculation of a distribution low voltage connection headworks scheme contribution under clause 6 of this contributions policy.