

Distribution Connection Policy

Effective from 31 March 2017

About AusNet Services

AusNet Services is a major energy network business that owns and operates key regulated electricity transmission and electricity and gas distribution assets located in Victoria, Australia. These assets include:

- A 6,574 kilometre electricity transmission network that services all electricity consumers across Victoria;
- An electricity distribution network delivering electricity to approximately 660,000 customer connection points in an area of more than 80,000 square kilometres of eastern Victoria; and
- A gas distribution network delivering gas to approximately 572,000 customer supply points in an area of more than 60,000 square kilometres in central and western Victoria.

AusNet Services' purpose is 'to provide our customers with superior network and energy solutions.' The AusNet Services company values are:

- We work safely
- We do what's right
- We're one team
- We deliver

For more information visit: www.ausnetservices.com.au

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Table of Contents

1	Introduction	5
1.1	Purpose of this Document	5
1.2	Commencement date	5
1.3	Chapter 5A.....	5
1.4	Other relevant documents	6
1.5	Structure of this document.....	6
2	General connection pricing principles	8
2.1	Overview of connection services	8
2.2	Classification of customers.....	9
2.3	Basic, Standard and Negotiated Connection Services.....	9
2.4	Connection Process and Expedited Connections	10
2.5	Overview of Connection Charges.....	11
2.6	Regulation of connection fees	13
2.7	Capital contribution	14
2.8	Higher standards under Electricity Safety (Bushfire Mitigation) Regulations	18
2.9	Measuring demand and consumption	18
2.10	Pioneer Scheme	19
2.11	Other cost sharing arrangements.....	20
3	Basic Connection Services	21
3.1	Qualifying conditions.....	21
3.2	Basic customer connections to the distribution network.....	22
3.3	Basic micro embedded generator connections	24
3.4	Fees and charges	24
3.5	Capital contributions	25
3.6	Pioneer scheme payments	25
3.7	Payment of connection charges	25
3.8	Further information	25
4	Standard Connection Services.....	26
4.1	Qualifying conditions.....	26
4.2	Standard connection to the distribution network	27
4.3	Fees and charges	27
4.4	Pre-calculated capital contribution.....	28
4.5	Pioneer scheme payments	28
4.6	Payment of connection charges	29
4.7	Further information	29
5	Negotiated Connection Services.....	30
5.1	Qualifying conditions.....	30
5.2	Negotiated customer connections to the distribution network.....	31

5.3	Negotiated embedded generation connections	31
5.4	Fees and Charges	32
5.5	Augmentation threshold.....	33
5.6	Payment of connection charges	33
5.7	Pioneer scheme.....	33
5.8	Security deposits and fees.....	34
5.9	Minimum demand agreements	34
5.10	Further information	34
6	Real estate developers	35
6.1	Overview	35
6.2	Connection charges.....	35
6.3	Capital contributions	35
6.4	Pioneer scheme.....	36
6.5	Payment of connection charges	36
6.6	Security deposits and fees.....	36
6.7	Further information	36
7	Other matters.....	37
7.1	Contestable Services.....	37
7.2	Security deposits and fees.....	37
7.3	Dispute resolution	38
	Glossary	39
	Definitions	40

1 Introduction

1.1 Purpose of this Document

This document is AusNet Services' connection policy for its electricity distribution network. This Connection Policy has been developed in accordance with the requirements of the National Electricity Rules (NER) and the connection charge guidelines¹, published by the Australian Energy Regulator (AER).

This Connection Policy sets out the circumstances in which AusNet Services may require a retail customer or real estate developer to pay a connection charge for the provision of a connection service². It specifies:

- the categories of persons that may be required to pay a connection charge and the circumstances in which such a requirement may be imposed;
- the aspects of a connection service for which a charge may be made;
- the basis on which connection charges are determined;
- the manner in which connection charges are to be paid (or equivalent consideration is to be given); and
- a threshold below which a retail customer (not being a non-registered embedded generator or a real estate developer) will not be liable for a connection charge for an augmentation³.

In addition, this Connection Policy complies with the AER's connection charge guidelines and the connection charging principles in the NER.

1.2 Commencement date

This Connection Policy applies from 28 October 2016 and supersedes the previous version published on 1 July 2016.

1.3 Chapter 5A

The NER set out two sets of provisions relating to connection:

- Chapter 5 applies to connecting load for a registered or intending market participant, connection of generation or large embedded generators, which exceed the exemption limit (currently 5 MW) for registration as a participant with AEMO.
- Chapter 5A applies to connecting load for retail customers, or a retailer or other person on behalf of a retail customer, or a real estate developer. It also applies to non-registered embedded generators and micro embedded generators (that is, embedded generator connections that comply with Australian Standard AS4777).

The Chapter 5A connection process is more flexible and shorter than Chapter 5. This Connection Policy only applies to Chapter 5A connections.

¹ AER, Connection Charge Guidelines for Electricity Retail Customers under Chapter 5A of the National Electricity Rules, Version 1.0, June 2012.

² In accordance with Clause 6.7A.1 of the NER.

³ A customer would be required to pay for an extension, where the customer is located outside the present boundaries of the distribution network.

1.4 Other relevant documents

The Connection Policy should be read in conjunction with the following documents:

- Customer Connection Guide, which provides a high level explanation of the connection process and charging arrangements.
- Our guidelines for the connection of embedded generators.
- Our minimum system requirements for inverter systems, including photovoltaic installations.
- Our approved Annual Pricing Proposal, which sets out the fees for connection services and ancillary network services.
- The Model Standing Offer for Basic Connection Services, which sets out the terms and conditions for providing a connection between the distribution system and a retail customer's premises.
- The Model Standing Offer for micro embedded generator Basic Connection Services, which sets out the terms and conditions for connecting a retail customer who is a micro embedded generator.
- The Model Standing Offer for Standard Connection Services, which sets out the terms and conditions for underground extension connection services within a specified distance from the distribution network.
- The electricity distribution contract, which sets out the terms and conditions on which AusNet Services will maintain the connection.

These documents are available on AusNet Services' website at:

<http://www.ausnetservices.com.au/Electricity/Connections.html>

1.5 Structure of this document

The remainder of this connection policy is structured as follows:

- Chapter 2 provides an overview of the connection charging principles.
- Chapter 3 explains the charging arrangements for basic connections.
- Chapter 4 explains the charging arrangements for standard connections.
- Chapter 5 describes the arrangements for negotiated connections for small customers.
- Chapter 6 sets out the connection charging arrangements applying to real estate developers.
- Chapter 7 addresses other matters, including security deposits and fees; payment of connection charges; and dispute resolution.

2 General connection pricing principles

2.1 Overview of connection services

Distribution connection services encompass the services required to connect premises to AusNet Services' distribution network. The connection services generally include the design, construction and energisation of connection assets.

In some circumstances, the new connection or connection alteration may require an augmentation of the shared distribution network to ensure that there is sufficient capacity to service the connection. The new connection or connection alteration may also require a network extension to enable the connection of the standard service line to the distribution network.

The following diagrams illustrate the typical connections for a residential customer for overhead and underground supply.

Figure 1: Typical Overhead Connection for Residential Customer

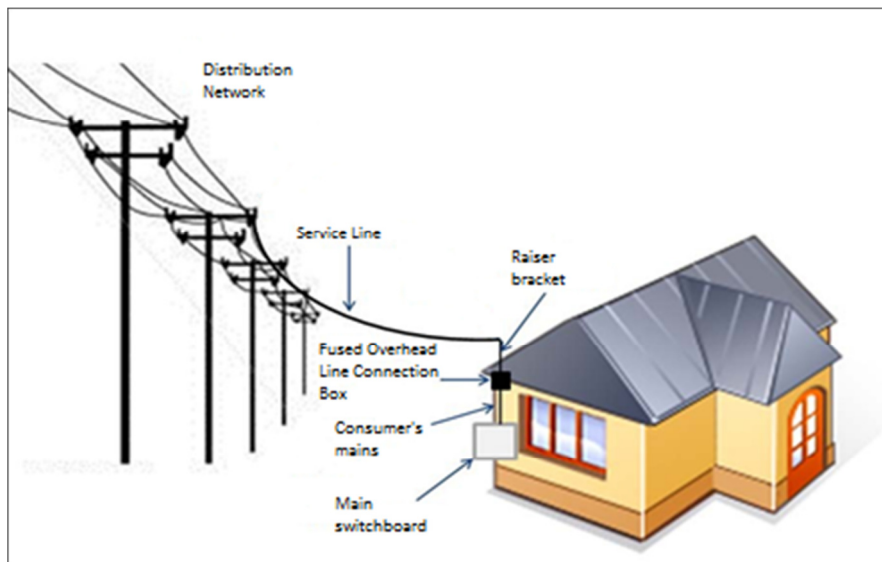
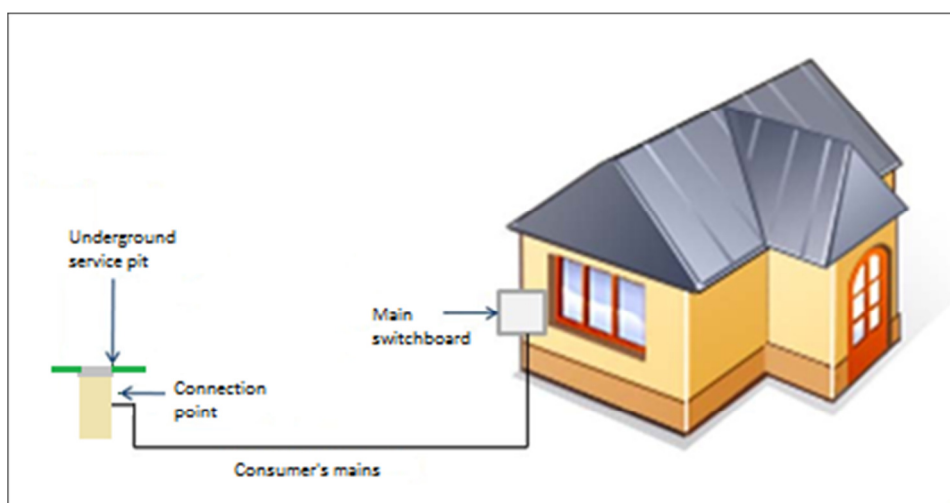


Figure 2: Typical Underground Connection for Residential Customer



There are different types of connection services, depending on:

- The customer classification of the applicant for the purposes of connection charging;
- The nature of the connection; and
- Whether line capacity is readily available in the existing distribution network.

The following sections detail the customer classifications, the classification of connection services and the connection charges that may be applicable.

2.2 Classification of customers

In broad terms, the connection service requirements and the associated charges will depend on the type of customer and the nature and location of the connection service. For the purpose of this connection policy, it is useful to distinguish between the following classes of customers:

- Residential and small commercial premises not requiring any network augmentation;
- Customer connections requiring network augmentation;
- Customers requesting temporary supply;
- Customers requesting an unmetered supply;
- Micro embedded generators;
- Embedded generators, other than micro embedded generation; and
- Real estate developers.

Within these customer classes, AusNet Services distinguishes between customers on the basis of their network requirements, including:

- energy consumption;
- maximum demand;
- electricity import and export capacity.

The connection application process and the contractual arrangements will vary accordingly.

2.3 Basic, Standard and Negotiated Connection Services

When you apply for a new connection or alteration to an existing connection, AusNet Services will offer to provide:

- A Basic Connection Service; or
- A Standard Connection Service; or
- A Negotiated Connection Service.

The type of connection service will depend on the nature of the connection required and whether there is network capacity available. As the name suggests, Basic Connection Services are the most straightforward connections, which will apply in the vast majority of cases. If you are eligible for a basic connection, all you have to do is contact your choice of Electricity Retailer to organise the connection and provide the necessary paperwork from your registered electrical contractor (electrician).

AusNet Services offers two classes of Basic Connection Service:

- A basic connection service where connection between the distribution system and the customer's premises requires minimal or no augmentation of the distribution network.
- A basic micro embedded generation connection service, which is for the connection of micro embedded generators.

A retail customer is only eligible for a Basic Connection Service if the proposed connection satisfies certain conditions. These conditions are described in further detail in Chapter 3 of this Connection Policy and in the relevant Model Standing Offer. If a retail customer is not eligible for a Basic Connection Service or prefers to negotiate the terms and conditions, AusNet Services will offer a Negotiated Connection Service.

AusNet Services offers a Standard Connection Service for underground connections, within a specified distance from the distribution network, and includes trenching and boring under roads, if required. Underground connections that require longer extensions are classified as Negotiated Connection Services.

The following table summarises where in this Connection Policy each type of connection is explained in further detail. For connection types where Basic, Standard or Negotiated connections are available, the choice of service will often depend on the customer's particular circumstances.

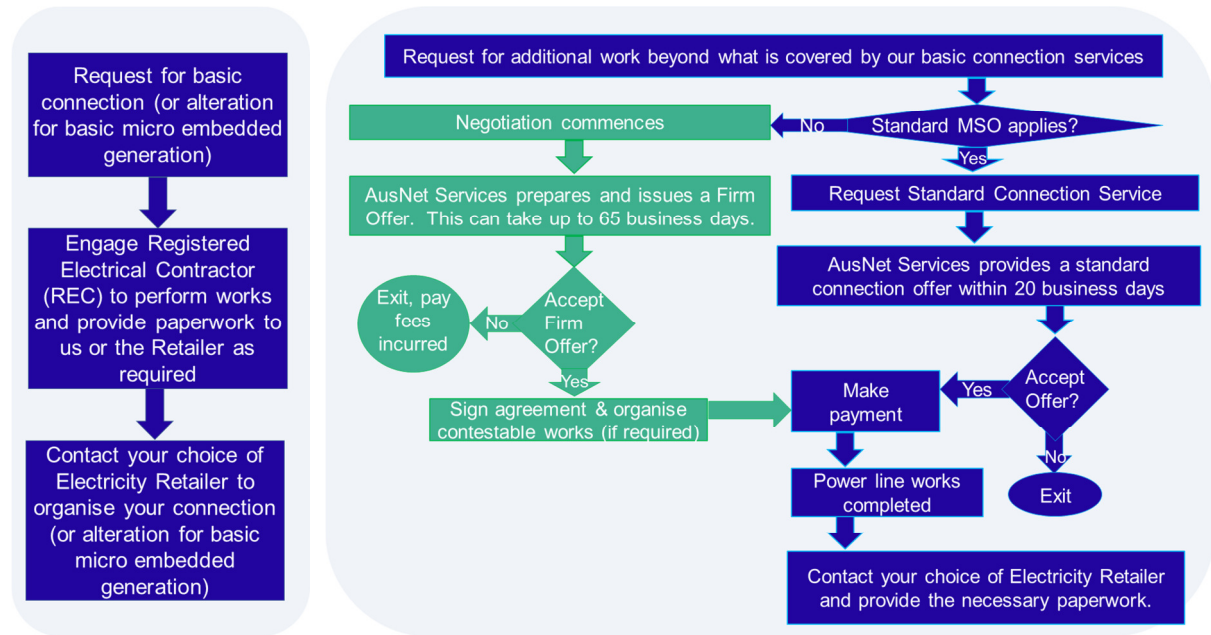
Table 2-1: Further information for each type of connection

A connection for is covered in ...		
	Basic Connection	Standard Connection	Negotiated Connection
Residential and small business overhead	Section 3	Section 4	Section 5
Residential and small business underground	Section 3	Section 4	Section 5
Micro embedded generation	Section 3	n/a	Section 5
Temporary connection	Section 3	n/a	Section 5
Unmetered supply	n/a	n/a	Section 5
Customer connections requiring augmentation	n/a	n/a	Section 5
Embedded generation connections	n/a	n/a	Section 5
Real estate developments	n/a	n/a	Section 5

2.4 Connection Process and Expedited Connections

The diagram below shows the typical steps required when arranging an electricity supply to your property. In particular, it illustrates the simplified process in obtaining a Basic Connection Service or Standard Connection Service, which does not require any negotiation between the applicant and AusNet Services.

Figure 3: Diagram of process for arranging an electricity supply



AusNet Services will use its best endeavours to provide connection applicant with an offer for:

- a basic connection services Model Standing Offer within 10 business days, or
- a standard connection services Model Standing Offer within 20 business days⁴.

We will notify the connection applicant within 10 business days if the request does not appear to satisfy the relevant qualifying conditions applying to that service. In these circumstances, the customer will require a Negotiated Connection Service.

If a connection applicant does not require a connection offer or signed agreement for a Basic Connection Service, the connection applicant may choose to expedite a connection. An expedited connection request involves contacting an Electricity Retailer and providing the necessary paperwork from a Registered Electrical Contractor.

For an expedited connection, AusNet Services is taken to have made, and the connection applicant is taken to have accepted, a connection offer in accordance with the relevant Model Standing Offer on the date AusNet Services receives the application. An expedited connection is subject to the same qualifying conditions as a Basic Connection Service. AusNet Services will notify the customer as soon as possible if it becomes evident that these conditions are not satisfied.

2.5 Overview of Connection Charges

The charges payable for your specific connection application will depend on the nature of the connection service you require, your demand and consumption profile and the work involved in establishing the connection. The connection charges that a customer may be required to pay could include one or more of the following cost components⁵:

- Fees for connection services;
- Capital contributions;
- Metering costs;

⁴ AusNet Services will provide an offer within 10 business days of conducting a site-specific assessment or site inspection. It may take up to 10 business days to conduct this site-specific assessment or site inspection.

⁵ These components are set out in clause 5A.B.2(b)(5) of the NER and, in relation to pioneer schemes, clause 6.1.5 of the AER's connection charge guidelines for electricity retail customers.

- Costs of minor variations;
- Other incidental costs; and
- Charges payable to account for any pioneer schemes (also known as ‘reimbursement schemes’).

The following table describes each of these cost elements.

Table 2-2: Summary of connection fees and charges

Fee or Charge Group	Description
Connection Service Fee	<p>These fees cover the cost of the connection assets or alteration of the existing connection, including design, construction, commissioning and energisation of connection assets. The various connection services offered by AusNet Services are defined in Table 2-3 in section 2.6. The fees for these services are approved annually by the AER.</p> <p>Fees for connection services will need to be paid directly by the connection applicant.</p>
Capital Contribution Charge	<p>Capital contributions for extension or augmentation of the distribution system (including the customer’s connection assets) may apply to connections where the expected demand exceeds an augmentation threshold. AusNet Services’ augmentation threshold is 10 kVA on SWER lines⁶ or 100A in total on 3 phase low voltage supply with no more than 40A per phase⁷. The rationale for these thresholds is discussed in section 2.7.</p> <p>All connection applicants will pay a capital contribution for any new network extensions required for their new connection or connection alteration, in addition to any augmentation of the connection assets.</p> <p>Capital contributions are calculated in accordance with section 2.7 of this Connection Policy.⁸ Capital contributions do not apply in relation to Basic Connection Services or Standard Connection Services.</p>
Metering costs	<p>The connection may require a change of meter, which would incur a metering charge. The metering costs will be charged in accordance with AusNet Services’ published fees.</p>
Minor variations	<p>These costs arise if the connection requirements vary from the standard specifications as detailed in the applicable Model Standing Offer or as otherwise agreed with the connection applicant.</p>
Other incidental costs	<p>The connection applicant may be required to pay incidental costs arising from the connection, as detailed in the relevant Model Standing Offer or as otherwise agreed with the connection applicant.</p>

⁶ SWER line means a single wire earth return (that is, a single-wire electricity distribution line which supplies single phase electrical power such that the earth is used as the return path for the current).

⁷ Connections rated above 63A by your electrical contractor are capable of supplying current in excess of 100A. If your connection application does not include a 63A (or lower) protection device you will require a negotiated contract with AusNet Services.

⁸ AusNet Services’ capital contributions are calculated in accordance with section 5 of the AER’s guidelines and the connection charge principles in clause 5.A.E1(c) of the NER.

Fee or Charge Group	Description
Pioneer Scheme Charge	Where a connection is made to an extension funded by an original customer, AusNet Services may be required to refund customers already connected to the extension under a pioneer scheme (reimbursement scheme). The connection applicant (the subsequent customer) may be required to share costs of the original customer's connection by making an appropriate contribution towards the cost of the shared line.

Further information on the calculation of these cost components is provided in later sections of this Connection Policy and in the Model Standing Offer for Basic Connection Services and Standard Connection Services.

2.6 Regulation of connection fees

As noted in the previous section, the connection service fee is a component of the total cost of the connection. The AER classifies connection services depending on the nature of the service and the extent of competition in the provision of the service.

For the purpose of this Connection Policy, it is important to note that the AER's connection charge guideline requires AusNet Services to apply different connection charges depending on the AER's service classification. Given this requirement, the table below maps AusNet Services' connection services to the AER's service classification for regulatory purposes.

Table 2-3: Connection services and the AER's service classification

Connection Services	AER's Service Classification
Routine connections - customers up to 100A	Alternative control (fee-based)
Routine connections - customers above 100A	Alternative control (quoted)
New connections requiring augmentation	Standard control
Repair and replacement of routine connection	Alternative control (fee-based)
Supply enhancement at customer request	Unclassified
Customer initiated undergrounding and/or rearrangement of distribution assets serving that customer	Standard control
Supply abolishment (>100A)	Alternative control (quoted)
Supply abolishment (up to 100A)	Standard control
Temporary disconnect/reconnect services	Alternative control (fee-based)
De-energisation of existing connections ⁹	Alternative control (fee-based)
Energisation of existing connections	Alternative control (fee-based)
PV & small generator installation pre-approval (up to 5 kW)	Alternative control (fee-based)
PV & small generator installation pre-approval (> 5 kW)	Alternative control (fee-based)

The AER regulates the connection fees that AusNet Services charges for the connection services set out above. The fees and the regulatory arrangements for annual changes are detailed in the current Victorian electricity distribution determination. AusNet Services submits

⁹ De-energisation and energisation services may be required post-connection.

an annual pricing proposal for the AER's approval to update the applicable fees in accordance with the AER's determination.

In addition to the connection services described in Table 2-2, a connection applicant may seek one or more ancillary service during the connection process. Table 2-4 describes the types of ancillary services that are typically provided during the connection process.

Table 2-4: Ancillary services

Fee or Charge Group	Description
Design advice per hour costs	Provision of assessment, design and technical advice to the customer or their agent to facilitate the customer's connection.
Specification and design enquiry fees	Provision of design standards and specifications for works to be constructed by third parties and vested to AusNet Services.
Auditing design and construction	Carrying out inspection and testing of works being constructed by third parties to be vested to AusNet Services to ensure compliance with standards and specifications.
Additional Service Truck visit requested	Service Truck requested by customer or authorised agent to attend to special requirements or to enable a meter exchange for photovoltaic (PV) and small generator installation.
Wasted Service Truck visit	Service Truck requested by customer or authorised agent, unable to complete the work requested due to: <ul style="list-style-type: none"> • access or safety restrictions that are reasonably foreseeable by the customer; • site not ready or compliant for work; or • work not required.
Meter equipment tests	Testing of single-phase or multiphase meter (or meters).
Meter reconfiguration for PV and small generator installation	Reconfiguring a meter to correctly operate or record generation imported to our distribution system.

In addition to paying the connection charges, the connection applicant is also required to pay for any ancillary services provided. The charges for ancillary services are regulated in a similar manner to the fees for connection services.

For a complete list of AusNet Services' current services and fees, please refer to the AER's approved Annual Pricing Proposal for AusNet Services.

2.7 Capital contribution

Capital contributions are contributions by the connection applicant towards the cost of network extension, other network augmentation or connection assets required to enable the new connection or connection alteration to be made. Where a capital contribution is required, this will be specified in the connection offer and must be paid as a lump sum prior to the works commencing.

Capital contributions for network augmentation (other than a network extension beyond the standard service line) are not applicable where the:

- connection is made under the terms and conditions of a Basic Connection Offer; or

- maximum demand at the connection point is less than 10 kVA on SWER lines or 100A on 3 phase low voltage supply (the augmentation threshold).

These thresholds have been determined having regard to the AER guidelines, including the limited available capacity on SWER lines; the rural nature of the network; and the average size of the connecting customers. AusNet Services considers that a threshold above 10 kVA for SWER connections would drive significant augmentation costs that would be shared unfairly across all customers.

Where applicable, the capital contribution amount will be calculated in the following manner:

$$\text{Capital Contribution (CC)} = \text{ICCS} + \text{ICSN} - \text{IR}(n=X)$$

Where:

ICCS = Incremental Cost Customer Specific

ICSN = Incremental Cost Shared Network

IR(n=X) = Incremental Revenue

A capital contribution is only payable where the incremental costs exceed the incremental revenue (i.e. $CC > \$0$).

2.7.1 Incremental Cost of Customer Specific Connection Assets

The Incremental Cost Customer Specific (ICCS) is the incremental costs incurred by AusNet Services that are specific to the connection, such as network extension assets and augmentation of connection assets at the premises. The ICCS is calculated as the sum of the incremental costs that are specific to the connection, such as:

- design and construction of new customer specific connection assets;
- provision or augmentation of any connection assets at the customer's premises;
- network extension costs;
- administration costs (including design and certification costs);
- tender costs (where applicable); and
- provision of any other connection services that are to be used solely by the connection applicant.

Overheads will be applied in addition to the costs specific to the connection.

For the ICCS, AusNet Services will:

- determine the cost in a fair and reasonable manner and ensure that the cost estimate is reflective of the efficient cost of performing the service;
- calculate the cost on the basis of the least cost, technically acceptable standard necessary for the connection¹⁰, unless the connection applicant requests a connection service (or part thereof) to be provided to a higher standard. In these circumstances, the connection applicant is required to pay for the additional cost of providing the services to the higher standard; and
- include the relevant operating and maintenance costs for servicing the connection in the calculation of incremental cost and incremental revenue.

Where AusNet Services elects to provide the service to a higher standard or capacity than necessary to meet the connection applicant's requirement (other than a real estate developer),

¹⁰ The LCTA standard may also depend on the location of the connection. Please refer to section 7.3 of this connection policy for further details.

then AusNet Services will not charge the connection applicant for the additional cost. The exception to this will be when the connection applicant is a real estate developer, in which case AusNet Services may provide the service to a higher capacity that efficiently provides for the forecast load growth at that location and charge the real estate developer accordingly. Real estate developers are discussed further in Chapter 6 of this Connection Policy.

2.7.2 Incremental Cost of Shared Network (ICSN)

The Incremental Cost Shared Network (ICSN) is the network cost incurred by AusNet Services as a result of the new or altered connection, but which are not specific to the connection, such as network augmentation (other than an extension beyond the standard service line). The ICSN is determined on the basis of unit rates, as follows:

$$\text{ICSN} = \text{Unit Rate} \times \text{Demand Estimate}$$

Where:

Unit Rate = Average cost of augmentation (other than an extension beyond standard service line) per unit of added capacity, expressed as \$/kVA

Demand Estimate = Estimated maximum demand at the connection point, measured in kVA

AusNet Services will apply the above ICSN formula when the connection applicant's expected demand is above the augmentation thresholds as described earlier in this chapter. The unit rates used to determine the ICSN are consistent with AusNet Services' approach in the AER's Electricity Distribution Determination for the 2016-20 regulatory control period.

The calculated unit rates reflect the average cost of shared network augmentation recently undertaken by AusNet Services, on a \$/kVA basis, for the following network components:

- Low voltage mains;
- Distribution substation;
- Higher voltage feeder;
- Zone substation; and
- Sub-transmission line.

The unit rates vary at each level, reflecting the cost that we incur in adding each unit of capacity to the network, measured in kVA, exclusive of overhead costs. The relevant rate for a particular connection is calculated as the cumulative rate to the level of the network at which the connection occurs.

The calculation of the incremental cost of the shared network takes into account the useful life of the network assets and the assumed period for which the connection applicant will be using the network. Accordingly, AusNet Services applies a discounted unit rate to each connection based on a methodology that is consistent with the AER's preferred approach.¹¹

The applicable unit rates for residential and business customers in 2016 are presented in the following table.

¹¹ AER Final decision - Guidance Paper - The AER's conclusion on the benchmark upstream augmentation charge rates for CitiPower's network, 25 June 2010, pp.11-12.

Table 2-5: AusNet Services' Augmentation Unit Rates, (\$ per kVA, \$2016)

	Residential Customers	Business Customers
LV feeder	\$1,115.97	\$817.11
Distribution substation	\$947.60	\$693.83
HV feeder	\$549.68	\$402.47
Zone substation	\$390.18	\$285.69
Sub-transmission line	\$71.45	\$52.32

Source: AusNet Services

Note: excludes overheads

In addition to the quoted augmentation unit rates presented in Table 2-5 above, AusNet Services will:

- apply price escalation in each year according to movements in the Consumer Price Index (CPI); and
- apply an overhead charge.

In determining the connection applicant's demand estimate for the purposes of the ICSN calculation, AusNet Services will:

- apply a location based diversity factor to the connection applicant's non-diversified maximum demand estimate; and
- in the case of a request to alter or upgrade an existing supply, apply the location based diversity factor to the estimated increase in the connection applicant's maximum demand (not the total maximum demand).

In respect of the diversity factors applied by AusNet Services (as outlined above):

- the cumulative diversity factor applied will vary depending on the point of connection and its geographic location; and
- the diversity factors vary for residential and business customers reflecting the expected load placed on the network by different types of customers.

AusNet Services will apply the calculated unit rates for all negotiated load connections where the cost-revenue test is applied, except for very large high voltage customers that require major upstream augmentation such as the establishment of a new zone substation and/or 66kV feeder assets including major upgrades. In such cases, AusNet Services will estimate the cost of the shared network components used by the customer, having regard to the amount of capacity required to meet specific connection requirements and the retail customer's estimated maximum demand.

AusNet Services will include the relevant operating and maintenance costs for servicing the connection in the calculation of incremental cost of shared network.

The process for determining the estimated maximum demand is set out in section 2.9 of this Connection Policy.

2.7.3 Incremental Revenue Calculation

The Incremental Revenue ($IR(n=X)$) is the present value of the incremental revenue stream expected to be received from the new or altered connection over a pre-defined period. It is determined over a period of 30 years for residential premises. For commercial and industrial premises, the period will vary depending on the nature of the business and will be defined in the connection offer up to a maximum of 15 years.

To estimate the incremental revenue, AusNet Services will:

- when calculating the present value of the revenue stream apply the pre-tax weighted average cost of capital as:
 - set out in the AER Final Distribution Determination, or
 - updated annually in accordance with the AER Final Distribution Determination;
- use the price profile in the Final Distribution Determination and apply a flat profile in real terms thereafter;
- remove the component attributable to shared network augmentation costs from the network tariff where a customer's expected demand is below the augmentation threshold (in accordance with the AER connection charging guideline, clause 5.3.1(b)).
- include the component attributable to incremental operational and maintenance costs in the network tariff.

All capital contributions will be calculated specifically for the connection applicant except in the case of Standard Connection Services which apply pre-calculated capital contributions. Standard Connection Services are discussed in Chapter 4 of this Connection Policy.

2.8 Higher standards under Electricity Safety (Bushfire Mitigation) Regulations

The least cost technically acceptable standard may depend on the location of the connection; for example, a higher standard may apply in high consequence bushfire areas specified under the Electricity Safety (Bushfire Mitigation) Regulations 2013. In these circumstances, the connection applicant will be required to pay for the additional cost of providing the services to the higher standard.

A codified area will usually require the use of covered or insulated conductor. A supply fed from a zone substation with Rapid Earth Fault Current Limiting (REFCL) technology or its transfer feeders may require additional works to maintain the capacity outlined in the Electricity Safety (Bushfire Mitigation) Regulations 2013.

2.9 Measuring demand and consumption

Where the connection applicant is required to make a capital contribution, the connection offer will set out the demand and consumption estimates used to determine the amount of the capital contribution.

In general, the demand and consumption estimates will reflect the information supplied in the connection application. However, AusNet Services may also have regard to the actual consumption and demand information from existing connections with similar characteristics.

Where AusNet Services and the connection applicant cannot reach agreement on the estimated demand and consumption for use in determining the capital contribution payable for the connection point, AusNet Services will apply a provisional estimate.

Where a provisional estimate has been used to determine a capital contribution, the connection applicant may be subject to an additional charge or refund of an upfront security deposit for the difference between the actual consumption and demand and provisional estimates of consumption and demand.

AusNet Services will assess the additional charge or security deposit refund payable within three years of the connection being energised. The amount of the additional charge or security deposit refund will be the difference between the actual capital contribution paid and that calculated based on the actual demand and consumption.

A security deposit refund is only applicable where the connection applicant is still solvent and continuing to utilise the premises at the contracted demand rates.

2.10 Pioneer Scheme

It is important that customers share in the costs of extending the network. Cost sharing arrangements or 'Pioneer Schemes' ensure that customers that initially fund a new network extension obtain a partial refund when other customers subsequently make use of that asset. For new connections that require network extensions, AusNet Services will apply a Pioneer Scheme in accordance with the AER's connection charge guidelines.

The Pioneer Scheme means that customers may be required to contribute to the costs of an existing line as part of their connection fees and charges. The reimbursement amount the customer will need to pay will be included in AusNet Services' connection offer. If other customers connect after that customer, the earlier customer may also subsequently receive a reimbursement of a proportion of the amount the later customers have contributed.

AusNet Services will apply the following principles to the Pioneer Scheme:

- The scheme will apply for seven years after the original network extension.
- Each extension is subject to a separate cost sharing arrangement, even if it connects to a pre-existing extension.
- The capital contribution made by the original customer initiating the network extension (which includes contributions to upstream augmentation and connection assets) is the amount that may be partially reimbursed by new customer(s). Capital contributions made in relation to an augmentation or alterations that did not involve a network extension are not subject to the Pioneer Scheme.
- The reimbursement amount payable by new customer(s) in relation to a network extension will be based on the depreciated value of the relevant assets and the relative usage made by the new and existing customers, taking into account:
 - The physical attributes (for example, length of line) of the assets to be used by the new customer(s) relative to other customers already connected to the extension;
 - The amount of electricity demand used by the new customer(s) relative to other customers already connected to the extension; and
 - Depreciating the assets on a straight line basis over a period of 20 years for the purpose of the scheme.
- A refund under the Pioneer Scheme will only be paid where the calculated refund threshold is met. In accordance with the AER's connection charge guideline, the refund threshold is \$1,083 for 2016/17.¹²
- Where a refund is payable, the refund will be paid to the original owner(s) that contributed to the relevant network extension.
- Where the network extension was built by a third party, the original cost of the extension will be estimated by AusNet Services as the amount it would have charged to build the network extension.

¹² This figure reflects the AER's threshold of \$1,000 (2012 dollars), updated for CPI. The threshold will be updated annually by applying ABS CPI All Groups, Weighted Average of Eight Capital Cities, March to March Quarter.

- Where the original extension was built to a higher standard or capacity than the least cost technically acceptable standard required by the original customer, only the cost of constructing the network extension to the least cost technically acceptable standard will be used for the purpose of the Pioneer Scheme.
- In relation to real estate developments, the Pioneer Scheme only applies to customers connecting to the extension assets outside the pioneer developer's site boundary and not to premises connecting within the development.
- The Pioneer Scheme replaces AusNet Services' earlier cost sharing arrangements. AusNet Services will resolve any inconsistencies arising from earlier schemes and the current Pioneer Scheme by exercising reasonable discretion having regard to the AER's connection charge guidelines and AusNet Services' previous practices.

2.11 Other cost sharing arrangements

AusNet Services may offer alternative cost sharing arrangements to those provided by the Pioneer Scheme. AusNet Services has applied a number of these arrangements historically.

These alternative cost sharing arrangements are specifically designed for circumstances where land adjacent to a development is expected to be rezoned for real estate development. In these cases, it is important that the electricity infrastructure is appropriately sized and that the associated costs are shared appropriately between the initial and subsequent customers.

In broad terms, the alternative cost sharing will apply a \$/lot rate to reflect an appropriate contribution to the initial costs of the infrastructure. The calculation of the \$/lot rate and the payment arrangements will be subject to negotiation between AusNet Services and the developer.

Where these cost sharing arrangements apply, it is not necessary or appropriate to apply the Pioneer Scheme.

3 Basic Connection Services

3.1 Qualifying conditions

The majority of AusNet Services' new connections for load and solar PVs do not require any augmentation. As such, the connection application process is relatively simple and the connection timeframes are typically within 10 business days from the customer's acceptance of a connection offer.

In order for a connection to be classified as a 'Basic Connection Service' the proposed connection must satisfy a number of qualifying conditions, which are set out in the table below. These qualifying conditions ensure that more complex connections, including those requiring augmentation of the distribution network, are not inappropriately classified as 'Basic Connection Services'.

Table 3-1: Qualifying conditions for Basic Connection Services

Basic Connection Service	Qualifying conditions
Customer connection to the distribution network	For connection of residential and small business premises where: <ul style="list-style-type: none"> • a low voltage supply with the necessary capacity is available; • minimal or no augmentation is required; • the maximum connection capacity is 100A¹³ in total with no more than 40A per phase; • the connection complies with our technical and metering requirements, as outlined in the relevant Model Standing Offer; and • the proposed connection is not to a SWER line.
Embedded generator connection to the distribution network	For connection of a micro embedded generator where: <ul style="list-style-type: none"> • a low voltage supply with the necessary capacity is available; • The export capability and inverter capacity is consistent with the requirements of AS4777; • The proposed connection satisfies AusNet Services' safety and technical requirements¹⁴; • minimal or no network augmentation is required; and • The export limits must not exceed: <ul style="list-style-type: none"> ○ 4.6 kW in the case of single-phase connections; and ○ 3.5 kW in the case of SWER connections.

If the above conditions are not satisfied, the connection application will be classified as a Standard Connection Service or Negotiated Connection Service (see Chapters 4 and 5 of this Connection Policy for details).

¹³ Connections rated above 63A by the electrical contractor are capable of exceeding the 100A maximum allowed capacity. Therefore, unless the connection application includes a 63A (or lower) circuit breaker or equivalent maximum demand-limiting device, the customer will require a negotiated connection service.

¹⁴ AusNet Services' safety and technical requirements are specified in the Model Standing Offer. It should be noted that these requirements may change from time to time in response to technological developments and operational experience.

It should also be noted that connection applicants who are entitled to a Basic Connection Service or Standard Connection Service have a right to instead negotiate the terms and conditions of their connection offer. Where the connection applicant prefers a negotiated outcome, the Model Standing Offer (and the associated processes) for Basic Connection Services will not apply. In these circumstances, AusNet Services will offer to provide a Negotiated Connection Service (see Chapter 5 of this Connection Policy for details).

3.2 Basic customer connections to the distribution network

AusNet Services will provide the following Basic Connection Services for customer connections to the distribution network:

Table 3-2: Basic Connection Services for customer connections

Service Name	Description
Routine connection of new premises – customers up to 100A	<p>Connection services to customers making connection of a new premise to the network. This service includes:</p> <ul style="list-style-type: none"> the provision of a service cable in areas with overhead supply; and making a connection in an existing pit for customers in underground supply areas. <p>See Table 3-3 for further details.</p>
Temporary connections and disconnections	Distributors provide temporary connection and/or disconnection services to specific customers on request. This is most commonly used for construction sites, although other examples include blood bank vans and community fetes.

AusNet Services offers a number of different routine connection services up to 100A, which are classified as Basic Connection Services. The table below describes each of these services.

Table 3-3: Routine Connections up to 100A

Service Name	Description
Single overhead (single-phase) connection	<p>Establish a single-phase connection between the connection point at a premises and our distribution system.</p> <p>The connection will be between the connection point and an existing low voltage pole that is no more than 20 metres from the premises' boundary on the same side of the street with no requirement to cross another property, and complying with statutory clearance requirements over driveways¹⁵.</p>

¹⁵ Section 7.4.4 of the Service Installation Rules (SIRs) requires a minimum line clearance of 4.6 metres (including in service sag) over driveways and vehicle accessible areas.

Service Name	Description
Multi overhead (multiphase) – Direct connected meter	<p>Establish a multiphase connection between the connection point at a premises and our distribution system.</p> <p>The connection will be between the connection point and an existing low voltage pole that is no more than 20 metres from the premises' boundary on the same side of the street with no requirement to cross another property, and complying with statutory clearance requirement over driveways. The service is dependent upon the requested number of phases being available from existing network assets.</p> <p>A CT connected meter service is also available, but the connection is likely to exceed 100A and therefore will be provided as a Negotiated Connection Service.</p>
Single underground (single-phase) connection	<p>Establish a single-phase connection at a connection point between the premises and our distribution system.</p> <p>The connection point will be in an existing service pit or pillar located on the property boundary that has sufficient capacity for the connection requested. The location of the connection point must not require the consumer mains to cross another property.</p>
Multi underground (multiphase) – Direct connected meter	<p>Establish a multiphase connection at a 'connection point' between the premises and our distribution system.</p> <p>The connection point will be in an existing service pit or pillar located on the property boundary that has sufficient capacity for the connection requested. The location of the connection point must not require the consumer mains to cross another property.</p> <p>The service is dependent upon the requested number of phases being available from existing network assets.</p> <p>A CT connected meter service is also available, but the connection is likely to exceed 100A and therefore will be provided as a Negotiated Connection Service.</p>
Temporary Overhead Supply	<p>Establish a single-phase connection at a 'connection point' between the premises and our distribution system.</p> <p>The connection point will be on an existing low voltage pole that is no more than 20 metres from the premises' boundary on the same side of the street with no requirement to cross another property, and complying with statutory clearance requirements over driveways.</p>

3.3 Basic micro embedded generator connections

For micro embedded generators that qualify as a Basic Connection Service, AusNet Services conducts a pre-approval assessment at no charge to the customer. The pre-approval is a desktop assessment of the technical implications of the proposed connection and location.

AusNet Services does not levy a specific connection service fee for basic micro embedded generator connections. However, ancillary services may be required as set out in the table below. The cost of these services will be charged to the connection applicant.

Table 3-4: Ancillary services for micro embedded generation

Service name	Service description
Meter exchange upon installation of a small scale renewable energy generation system	This service covers the situation where a meter is required to be changed at a site as a result of the installation of a renewable energy installation such as solar generation.
Meter reconfiguration upon installation of a small scale renewable energy generation system	This service covers the situation where an existing meter is required to be reconfigured at a site as a result of the installation of a renewable energy installation such as solar generation.

3.4 Fees and charges

The following table sets out the fees and charges that may be payable under a Model Standing Offer for Basic Connection Services.

Table 3-5: Applicable fees for Basic Connection Services

Service Charge Group	Routine connection of new premises – customers up to 100A	Temporary connections and disconnections	Micro embedded generation
Fees for connection services	✓	✓	✗ ¹⁶
Capital contribution for network extension ¹⁷	✗	✗	✗
Charges for connection augmentation ¹⁸	✗	✗	✗
Capital contribution for network augmentation ¹⁹	✗	✗	✗
Charges for meter type	As required	As required	As required
Minor variations/other incidentals	As required	As required	As required
Reimbursement Payment (Pioneer Scheme) - See section 3.6 below.	As required	✗	As required

¹⁶ Customers requesting a micro embedded connection will either already have an existing connection service or will request a connection service and pay the relevant service fee for connection to the distribution network.

¹⁷ If a network extension is required, the connection service is a Negotiated Connection Service.

¹⁸ If augmentation of the connection assets is required, the connection service is a Negotiated Connection Service.

¹⁹ Basic Connection Service is defined to exclude connections that require network augmentation.

3.5 Capital contributions

For Basic Connection Services, the connection applicant is exempt from paying any capital contributions for shared network (upstream) augmentation (such as a requirement to increase the distribution network capacity because of the applicant's connection).

Where a new connection gives rise to a need for network extensions or augmentation of the shared network or connection assets, the applicant will be required to pay for these works. In these circumstances, however, the connection service will be classified as a Standard or Negotiated Connection Service.

3.6 Pioneer scheme payments

As explained in section 2.10, AusNet Services will apply a Pioneer Scheme in accordance with the AER's connection charge guideline. In order to give effect to this arrangement, a connection applicant may be required to make a reimbursement payment where the proposed connection makes use of a network extension that was initially funded by another customer. The operation of the Pioneer Scheme is outlined in section 2.10 of this Connection Policy.

3.7 Payment of connection charges

The total connection charges payable is the sum of the applicable fees and charges set out in Table 3-5. AusNet Services requires these charges to be paid as a lump sum at the time the connection offer is accepted, and prior to any construction work being undertaken. Alternatively, the customer may request the connection service through their retailer and the retailer will recover the costs from the customer.

3.8 Further information

Further information on basic connections is available in the following AusNet Services publications:

- Basic Connections Standing Model Offer
- Customer Connection Guide

These publications, and other related fact sheets, are available from the AusNet Services website at: <http://www.ausnetservices.com.au/Electricity/Connections.html>

4 Standard Connection Services

4.1 Qualifying conditions

AusNet Services offers Standard Connection Services for underground connections that require a network extension, not exceeding a specified distance from the existing low voltage supply. Customers may be eligible for a particular Standard Connection Service depending on whether:

- the proposed connection is within 15 metres or 40 metres of the existing low voltage supply; and
- the service pit is for dual use or single use.

Given the different combination of circumstances, AusNet Services therefore offers six Standard Connection Services, with additional charges applicable if there is a road crossing or a site-specific Aboriginal cultural heritage due diligence assessment is required.

A pre-calculated capital contribution applies to the provision of each Standard Connection Service, and must be paid by the connection applicant in accordance with the Model Standing Offer. The amount payable is based on average cost and incremental revenue estimates. This approach delivers the following benefits to customers:

- It reduces the volume of customer-specific information required by AusNet Services to prepare a quote for the connection service; and
- The customer is not required to pay a security deposit, because the capital contribution is based on average data, rather than the customer's particular usage.

AusNet Services has also identified 'minor variations/other incidentals' that may be required by a customer, where:

- the proposed connection service crosses more than one road; and/or
- a site specific Aboriginal cultural heritage due diligence assessment is required.

To further assist customers, the Model Standing Offer for Standard Connection Services also specifies the costs of these 'minor variations/other incidentals', in addition to specifying the pre-calculated capital contribution for each Standard Connection Service.

The qualifying conditions for each Standard Connection Service are closely aligned with those that apply to Basic Connection Services for customer connections. The key difference is that for Standard Connection Services, the low voltage supply can be some distance from the customer's premises. Therefore, the qualifying conditions for each Standard Connection Service require that:

- a low voltage supply is available with the necessary capacity and within the specified distance from the proposed connection;
- maximum connection capacity of 100A with no more than 40A per phase;
- compliance with the technical and safety obligations; and
- connection to a line that is not a SWER line.

It should be noted that the Standard Connection Service applies to single underground extensions, not to connection applications involving multiple underground extensions. If a connection application does not satisfy the qualifying conditions for a Standard Connection Service, the connection will be classified as a Negotiated Connection Service.

4.2 Standard connection to the distribution network

A description of the Standard Connection Services is set out in the table below. To simplify the presentation of information in Table 4-1, we describe three services:

- Underground extension within 40 metres to the existing overhead supply;
- Underground extension within 15 metres to the existing underground supply; and
- Underground extension between 15 and 40 metres to the existing underground supply.

As already noted, however, each of these services has four options depending on the customer's particular circumstances.

Table 4-1: Standard Connection Service for customer connections

Standard Connection Service	Description
Underground extension (up to 40 metres) to the existing overhead supply	<p>Provision of an underground connection service to a customer's single premises, where requested to do so by the customer, and the proposed connection point is within 40 metres of an existing low voltage pole. This service involves installing an underground service pit and undertaking the necessary trenching and boring.</p> <p>AusNet Services offers two standard services, depending on whether the service is single use or dual use. If a road crossing is required, an additional Connection Service charge would be applicable.</p>
Underground extension (up to 15 metres) to the existing underground supply	<p>Provision of an underground connection service to a customer's single premises, where requested to do so by the customer, and the proposed connection point is within 15 metres of the existing low voltage underground reticulation (mains cabling). This service involves installing an underground service pit and undertaking the necessary trenching and boring.</p> <p>AusNet Services offers two different prices, depending on whether the service is single use or dual use. If a road crossing is required, an additional Connection Service charge would be applicable.</p>
Underground extension (between 15 and 40 metres) to the existing underground supply	<p>Provision of an underground connection service to a customer's single premises, where requested to do so by the customer, and the proposed connection point is between 15 and 40 metres of the existing low voltage underground reticulation (mains cabling). This service involves installing an underground service pit and undertaking the necessary trenching and boring.</p> <p>AusNet Services offers two standard services, depending on whether the service is single or dual use. If a road crossing is required, an additional Connection Service charge would be applicable.</p>

4.3 Fees and charges

The following table sets out the fees and charges that may be payable under a Model Standing Offer for the Standard Connection Services. It should be noted that the underground extension to the existing overhead or underground supply does not include Basic Connection Services for routine new connections and addition of micro EG generation. These Basic Connection Services must be requested through a separate process.

Table 4-2: Applicable fees for the Standard Connection Service

Service Charge Group	Underground extension to the existing overhead supply	Underground extension to the existing underground supply
Fees for the relevant routine connection services (above or below 100A)	Requested separately	Requested separately
Pre-calculated capital contribution	✓	✓
Minor variations/other incidentals	As required	As required
Reimbursement payment (Pioneer Scheme) - see section 4.5 below.	As required	As required

4.4 Pre-calculated capital contribution

The AER's connection charge guidelines allow distributors to set a pre-calculated capital contribution if the connection applicants are expected to have substantially the same connection service and expected usage characteristics. The AER's guideline requires that the pre-calculated capital contribution charge must be included in a distribution network service provider's basic or standard connection offers and should:²⁰

- not create unreasonable cross subsidisation within the class; and
- reflect the average or typical capital contribution that would be charged to connection applicants within the class, if the cost-revenue-test was individually applied to each connection applicant's connection service.

To ensure that all customers are treated fairly and cross-subsidies are minimised, AusNet Services has defined the underground connection services so that customers are likely to have similar connection service and usage characteristics.

In addition, as each Standard Connection Service is essentially a Basic Connection Service with a small underground extension, it is important that there is equitable treatment between customers requesting a Basic Connection Service and those requesting a Standard Connection Service. Given this objective, AusNet Services' approach is that a connection applicant for a Standard Connection Service:

- should not contribute to the augmentation of the shared network, as Basic Connection Services are not subject to these charges; and
- should pay the AER-approved connection fee for the equivalent Basic Connection Service, in addition to the pre-calculated capital contribution.

4.5 Pioneer scheme payments

A connection applicant will be required to make a reimbursement payment where the proposed connection would make use of an existing network mains extension that was funded by an original customer through a capital contribution. However, network extensions that are provided as an underground extension to the existing overhead supply Standard Connection Service shall not themselves be subject to the Pioneer Scheme, as the reimbursement amount will be below the threshold amount (as described in section 2.9 of this Connection Policy). In the case of an underground extension to the existing underground supply Standard Connection Service, such extensions are typically provided to real estate developers' sub-dividing land and are not subject to Pioneer Scheme payments.

²⁰ AER, Connection charge guidelines for electricity retail customers, June 2012, clause 5.5.2.

4.6 Payment of connection charges

The total connection charges payable are the sum of the applicable fees and charges set out in Table 4-2. AusNet Services requires customers to pay these charges as a lump sum at the time the connection offer is accepted, and prior to any construction work being undertaken.

4.7 Further information

Further information on the Standard Connection Services is available in the following AusNet Services publications:

- Standard Connections Standing Model Offer; and
- Customer Connection Guide.

These publications, and other related fact sheets, are available from the AusNet Services website at <http://www.ausnetservices.com.au/Electricity/Connections.html>

5 Negotiated Connection Services

This chapter sets out information regarding AusNet Services' provision of Negotiated Connection Services. As previously noted, all connection applicants have a right to negotiate the terms and conditions of their connection offer. Where the connection applicant elects to negotiate the terms and conditions of their connection, the Model Standing Offer for Basic or Standard Connection Services will not apply.

5.1 Qualifying conditions

Similar to the approach for Basic and Standard Connection Services, there are a number of qualifying conditions for Negotiated Connection Services. Any service that is not a Basic or Standard Connection Service is classified as a Negotiated Connection Service.

Table 5-1: Qualifying conditions for Negotiated Connection Services

Negotiated Connection Service	Qualifying conditions
Customer connections to the distribution network	For connection of residential and business premises where: <ul style="list-style-type: none"> • a network extension is required because low voltage supply is not available; • the maximum connection capacity exceeds 100A²¹ or more than 40A per phase; or • augmentation of the shared network or connection assets is required; or • the connection does not comply with our technical and metering requirements, as outlined in the Basic or Standard Connection Services Model Standing Offer; or • the proposed connection is to a SWER line.
Embedded generation connections to the distribution network	For connection of an embedded generator where: <ul style="list-style-type: none"> • Low voltage supply is available; • The export capability and inverter capacity is not consistent with the requirements of AS4777; • The proposed connection satisfies AusNet Services' safety and technical requirements²²; • Connection or network augmentation is required; • The export limits exceed: <ul style="list-style-type: none"> ○ 4.6 kW in the case of single-phase connections; and ○ 3.5 kW in the case of SWER connections.

²¹ Connections rated above 63A by the electrical contractor are capable of exceeding the 100A maximum allowed capacity. Therefore, unless the connection application includes a 63A (or lower) circuit breaker or equivalent maximum demand-limiting device, the customer will require a negotiated connection service.

²² AusNet Services' safety and technical requirements are specified in the Model Standing Offer. It should be noted that these requirements may change from time to time in response to technological developments and operational experience.

5.2 Negotiated customer connections to the distribution network

AusNet Services will provide Negotiated Connection Services for customer connections to the distribution network, as set out in the table below.

Table 5-2: Negotiated Connection Services for customer connections

Negotiated Connection Service	Description
Routine connection of new premises – customers over 100A	Routine connection services to customers making connection of a new premise to the network where that customer is above 100A. These services do not require augmentation of the shared network. The services are provided on a quoted basis in accordance with the AER's electricity distribution determination.
New connections requiring augmentation	This service applies in circumstances where augmentation of the shared network is required; or a network extension is required outside the scope of a Standard Connection Service; or alterations are required to existing connection assets.
Rearrangement of existing assets at customer request, excluding alteration and relocation of public lighting assets	Works associated with any rearrangement of existing assets at the customer's request. This service is provided on a quoted basis in accordance with the AER's electricity distribution determination.
Unmetered supply	Unmetered supply is not available to most customers. Telstra and NBN are the primary customers that require unmetered supply.

5.3 Negotiated embedded generation connections

As noted in Table 5-1, a low voltage supply must be available in order to obtain a negotiated embedded generation connection service.

Where the connection applicant is also seeking a connection to the distribution network, the network requirements arising from the proposed connection of the embedded generator should be considered at the same time. The capital contribution for non-registered embedded generators that are also load customers will be calculated based on the total cost of the works required to support both the generation (expected electricity output) and load components of the connection service.

For embedded generators up to 30 kW, AusNet Services offers pre-approval services (described in the table below) to determine the technical implications of the proposed connection.

Table 5-3: Pre-approval services for embedded generator connections

Service name	Description
Pre approval of PV and small generator installation – >4.6kW to 15kW	These services involve AusNet Services assessing whether or not the connection of a PV or small generator installation at a particular site will have any technical implications for its upstream distribution network and require further augmentation.
Pre approval of PV and small generator installation – >15kW to 30kW	

As part of the pre-approval process, AusNet Services may recommend the adoption of an export-limiting device in order to avoid upstream augmentation costs. If the embedded generator chooses not to adopt the export-limiting device, it will impose augmentation costs on AusNet Services and other network customers. In these circumstances, the embedded generator will be required to obtain a 'new connection requiring augmentation' service and pay the associated connection costs.

The following ancillary services may also be required on completion of the embedded generation connection.

Table 5-4: Ancillary services for embedded generation connections

Service name	Service description
Meter exchange upon installation of a small scale renewable energy generation system	This service covers the situation where a meter is required to be changed at a site as a result of the installation of a renewable energy installation such as solar generation.
Meter reconfiguration upon installation of a small scale renewable energy generation system	This service covers the situation where an existing meter is required to be reconfigured at a site as a result of the installation of a renewable energy installation such as solar generation.

5.4 Fees and Charges

The fees and charges that are payable for a Negotiated Connection Service are subject to negotiation in accordance with AusNet Services' negotiating framework²³. In accordance with that framework, AusNet Services will determine:

- the technical requirements for the proposed new connection or connection alteration; and
- the extent and costs of any necessary augmentation of the distribution system; and
- any consequent change in charges for distribution use of system services.

In accordance with clause 5A.C.4 of the NER, AusNet Services will charge the connection applicant a reasonable fee (a Negotiation Application Fee) to cover expenses directly and reasonably incurred by us in assessing the application and making a connection offer.

The table below summarises the applicable fees for Negotiated Connection Services.

²³ AusNet Services' negotiating framework has been prepared pursuant to clause 5A.C.3 of the NER, and approved by the AER.

Table 5-5: Connection Charges for Negotiated Connection Services

Fees and charges	Routine Connections over 100A ²⁴	New connections requiring augmentation	Re-arrangement of existing assets	Unmetered supply	Embedded generation
Pre-approval service	✗	✗	✗	✗	✓
Negotiation Application fee	✗	✓	✗	✓	✓
Quoted service charge	✓	✗	✓	✗	✗
Design and construction of connection assets	As required	As required	As required	As required	As required
Capital contribution for network extension	✗	As required	✗	As required	As required
Capital contribution for network augmentation	✗	As required	As required	✗	As required
Charges for meter type	As required	As required	As required	✗	As required
Minor variations/other incidentals	As required	As required	As required	As required	As required
Reimbursement Payment (Pioneer Scheme) - see section 5.7	✓	✓	✓	✗	✗ ²⁵

5.5 Augmentation threshold

As shown in Table 5-5, a capital contribution for network extension or shared network augmentation may be applicable. No capital contribution will be payable if the capacity of the connection does not exceed the following threshold:

- 10 kVA on SWER lines; or
- a maximum capacity of 100A²⁶, on 3 phase low voltage supply, elsewhere in AusNet Services' distribution network.

The rationale for this threshold is explained in section 2.7. Any capital contributions will be calculated in accordance with the formula, which is also set out in section 2.7 of this Connection Policy.

5.6 Payment of connection charges

The total connection charges payable are the sum of the applicable fees and charges set out in Table 5-5. AusNet Services requires these charges to be paid as a lump sum at the time the connection offer is accepted, and prior to any construction work being undertaken.

5.7 Pioneer scheme

As already noted, a Pioneer Scheme operates which ensures a fair sharing of network extension costs between existing and future customers.

²⁴ This service applies where there is no augmentation of the shared network required. If the connection requires augmentation, the charges for "New connections requiring augmentation" would apply.

²⁵ As the connection to the distribution network is a qualifying condition for this service, any reimbursement relating to a pioneer scheme would be made as part of the load connection.

²⁶ Connections rated above 63A by the electrical contractor are capable of exceeding the 100A, unless limited by a circuit breaker or equivalent maximum demand-limiting device.

A connection applicant may be required to make a reimbursement scheme payment where the connection will make use of a network extension that is subject to a Pioneer Scheme (i.e. that was funded by an original customer via a capital contribution).

Further detail on the application of Pioneer Scheme may be found in Section 2.10 of this Connection Policy.

5.8 Security deposits and fees

AusNet Services may require the customer to provide a security deposit and may charge the connection applicant a security fee from the deposit. The security fee applies where:

- The customer fails to take supply/utilise the capacity of the new or additional assets within the first three years of supply being made available; or
- The customer discontinues the use of the supply without warning; or
- The customer's actual consumption is less than the amount assumed in calculating the capital contribution.

Further details of the application of security deposits and fees are provided in section 7.2 of this Connection Policy.

5.9 Minimum demand agreements

As an alternative to security deposit for single site connections with minimum demand exceeding 50 kVA, AusNet Services may negotiate a minimum demand agreement with the customer. Under this arrangement, the customer agrees to be assigned a minimum demand based network tariff for a specified period. The terms of any such agreement will depend on the particular circumstances and will be subject to negotiation.

5.10 Further information

Further information on negotiated connections is available from AusNet Services' website at: <http://www.ausnetservices.com.au/Electricity/Connections.html>

6 Real estate developers

6.1 Overview

Real estate developers are responsible for the design and construction of electrical reticulation and connection assets within the development. For the purpose of this connection policy, real estate development includes the commercial development of land in one or more of the following ways:

- Residential housing and commercial / industrial subdivisions;
- construction of commercial and / or industrial premises (e.g. shopping centres); and
- construction of multiple new residential premises.

Connection of real estate developments to AusNet Services' distribution network typically involves the extension of the distribution network and upstream network augmentation. The network must be sized to allow for the expected future electricity demand from the development.

All connections for real estate developments will be subject to a Negotiated Connection Offer. Connection applications for real estate development connections will only be accepted from the real estate developer.

6.2 Connection charges

The connection charges for real estate developments are summarised in the table below:

Table 6-1: Applicable charges for Negotiated Connection Services

Fees and charges	Applicable to Negotiated Connection Service?
Negotiation Application Fee	✓
Design and construction of connection assets	As required
Capital contribution for network extension and/or modification	As required
Capital contribution for network augmentation	As required
Charges for meter type	As required
Minor variations/other incidentals	As required
Reimbursement Payment (Pioneer Scheme)	As required

These charges relate solely to the connection of the real estate development to the distribution network, and are additional to any costs the real estate developer may incur in the design and construction of reticulation assets within the development.

The connection charges are payable in accordance with the terms and conditions set out in AusNet Services' Negotiated Connection Offer.

6.3 Capital contributions

The capital contributions for augmentation of the shared network will be calculated in accordance with section 2.7 of this Connection Policy, with the exception that the augmentation

threshold does not apply (as mandated by the AER's connection charge guidelines and the NER).

A real estate developer is to be treated as a single customer for the purpose of calculating a capital contribution. The estimated incremental revenue from the development includes all the sites/connection services within a real estate development. The incremental costs may include the costs of the connection services and the efficient cost of providing for forecast demand.

6.4 Pioneer scheme

Real estate developers seek to recover their connection costs through the sale of real estate. As such, it is not appropriate to require customers within a development to make payments to share the connection costs. Therefore, developers are typically not entitled to obtain rebates through the operation of the Pioneer Scheme.

An exception arises in relation to line extensions that are outside the developer's site boundary. In these circumstances, a developer may obtain a rebate in relation to a line extension that is later used by subsequent real estate development outside the initial development. Similarly, developers may be required to make a reimbursement scheme payment where the development makes use of a network extension that is subject to a Pioneer Scheme (i.e. that was funded by an original customer via a capital contribution).

As explained in section 2.10, AusNet Services may also negotiate alternative cost sharing arrangements with developers, under which a charge is levied on a \$/lot basis. Such arrangements may be more efficient, administratively simpler methods to provide effective cost sharing.

6.5 Payment of connection charges

The total connection charges payable by the connection applicant is the sum of the applicable fees and charges set out in Table 6-1 above. At AusNet Services' discretion, the payment terms may be subject to negotiation between the parties. In the absence of mutually acceptable terms, the connection cost must be paid as a lump sum at the time the connection offer is accepted, and prior to any construction work being undertaken.

6.6 Security deposits and fees

AusNet Services requires the developer to provide a security deposit and may charge the customer a security fee from the deposit to address the risks associated with the development, including the projected future revenue from the provision of standard control services.

Further details of the application of security fees are provided in section 7.2 of this Connection Policy.

6.7 Further information

Further information for connection of real estate developments please contact us by calling 1300 360 795 or emailing us on supplyrequest@ausnetservices.com.au.

7 Other matters

7.1 Contestable Services

There are certain tasks that only AusNet Services can undertake for safety or operational reasons, such as physical connections to our network ('tie-ins') and auditing third party network system designs and connection assets. AusNet Services will allow customers to arrange most other works, including the tendering and construction of extension works. Works that can be undertaken by a third party are "Contestable Services", typically including:

- Project management;
- Some design, including surveying and drafting services; and
- Construction, which includes the provision of all materials and 'as-constructed' plans.

The cost of Contestable Services will depend on a number of variables, including:

- The distance of line extension to the property;
- Addressing environmental considerations (such as impacts on trees) or overcoming objections from third parties;
- The type and size of equipment used to provide the amount of supply you have requested; and
- Meeting regulatory requirements, such as those applied by the Department of Natural Resources and Environment and local Councils.

Approved Contactors have demonstrated to AusNet Services that they have the qualifications, training, experience, and quality systems of work to complete Contestable Services. If the customer elects to use an Approved Contractor (as opposed to AusNet Services) to provide the Contestable Services, they can request AusNet Services to conduct the tender exercise on their behalf. A fee for this service will apply.

All "Contestable Services" designs are subject to approval from AusNet Services to ensure they are technically appropriate and have considered the overall impact and potential future needs of the electricity network.

When the customer chooses an Approved Contractor to perform Contestable Services, AusNet Services may require a Refundable Guarantee from the customer to cover any costs associated with fixing faults or defects that may arise from the contractor's work. Any unused portion of the Refundable Guarantee will be returned after one year from completion of the connection works.

A compliance audit of the Approved Contractor's work must be completed to ensure compliance with our construction standards prior to connecting to our system. This inspection is necessary because AusNet Services is responsible for the safety and future maintenance of the line after connection occurs. An Audit Fee is payable by the customer for this inspection and any necessary subsequent inspections.

7.2 Security deposits and fees

In certain circumstances, AusNet Services may require the payment of a security deposit and may charge the customer a security fee from the deposit. These circumstances include where we consider there is a significant risk that we may not earn the estimated incremental revenue from the connection services we provide. If a security deposit is applicable, we may require an

amount to be paid upfront, or we may require a financial security²⁷ to be provided which is the lesser of:

- the incremental revenue at risk of non-recovery; and
- the incremental cost incurred by us in providing the connection service.

Under these circumstances, where the security deposit is provided as an upfront payment, AusNet Services will rebate the security deposit via annual instalments, with the annual rebate being:

- any interest earned on the security, calculated at the interest rate (cost of debt) approved by the AER for the current revenue determination; plus the lower of:
 - the actual incremental revenue received from the customer for the year; and
 - the security deposit that was paid for that year.

AusNet Services will not require a security deposit:

- for an amount that exceeds the value of the incremental revenue which is at risk of not being recovered;
- for an amount that exceeds the present value of the incremental costs incurred by us; or
- where the total value of the network augmentation or connection asset augmentation is valued at less than \$10,000.

Security deposits are not intended to cover potential defects in workmanship where the connection assets are constructed by a third party. Separate warranties will be sought to cover these risks.

7.3 Dispute resolution

Where a connection applicant has any dispute regarding AusNet Services' connection charges, or the terms and conditions of a connection agreement with AusNet Services, such disputes will be managed in accordance with the principles of the International Standard ISO 10002 and our Customer Complaint and Dispute Resolution Policy, a copy of which is available from our website at: <http://www.ausnetservices.com.au/None/Feedback+&+Claims.html>

AusNet Services will endeavour to resolve any disputes in a timely, fair and transparent manner.

A connection applicant is also entitled to refer a dispute to the AER. Information on the AER's customer connection dispute resolution process is available on the AER's website at: <http://www.aer.gov.au/about-us/dispute-resolution>.

²⁷ Such as a bank guarantee.

Glossary

Abbreviation	Full Name
AEMO	Australian Energy Market Operator
AER	Australian Energy Regulator
CC	Capital Contribution
CPI	Consumer Price Index
DUOS	Distribution Use of System
EG	Embedded Generation
ICCS	Incremental Cost Customer Specific
ICSN	Incremental Cost Shared Network
IR	Incremental Revenue
kVA	Kilovolt amperes
PV	Photovoltaic

Definitions

Alternative Control Services	A distribution service provided by AusNet Services that the AER has classified as an Alternative Control Service under the NER.
Approved Contractor	A contractor approved by AusNet Services that can provide Contestable Services.
Augmentation	Work to enlarge the distribution system or to increase its capacity to distribute electricity.
Australian Energy Regulator (AER)	The AER is an independent statutory authority that is part of the Australian Competition and Consumer Commission. The AER is responsible for the economic regulation of electricity networks in the National Electricity Market.
Basic Connection Service	A connection service that meets the requirements for a Basic Connection Offer as set out in Chapter 3 of this Connection Policy.
Capital Contribution	A capital contribution may be charged where a network extension, augmentation or connection assets are required for a new connection or alteration in accordance with this policy.
Codified Area	Defined under the Electricity Safety (Bushfire Mitigation) Regulations as 'Electric Line Construction' areas.
Connection	A physical link between a distribution system and a retail customer's premises to allow the flow of electricity.
Connection alteration	An alteration to an existing connection including an addition, upgrade, extension, expansion, augmentation or any other kind of alteration.
Connection applicant	An applicant for a connection service who is either a retail customer; retailer or other proxy for a retail customer, or a real estate developer.
Connection application	An application made under clause 5A.D.3 of the NER.
Connection assets	Those components of a transmission or distribution system which are used to provide connection services. Connection assets are those assets required to connect an electrical installation to the shared network and are all the assets from the connection point back up to and including the network coupling point.
Connection charge	A charge imposed by a Distribution Network Service Provider for a connection service.
Connection contract	A contract formed by the making and acceptance of a connection offer.
Connection offer	An offer by a Distribution Network Service Provider to enter into a connection contract with a retail customer or a real estate developer.

Connection point	The agreed point of supply established between Network Service Provider(s) and another Registered Participant, Non-Registered Customer or franchise customer.
Connection policy	A document, approved as a connection policy by the AER under Chapter 7, Part E of the NER.
Connection service	Means either or both of the following: (a) a service relating to a new connection for premises; (b) a service relating to a connection alteration for premises.
Contestable Service	A service is contestable where it can be provided on a competitive basis. Contestable Services can be provided by AusNet Services or an Approved Contractor.
Customer	A person or entity that receives, or wants to receive a supply of electricity for a premises, or any other distribution service from AusNet Services.
Distribution Network Service Provider	A person that owns, controls or operates a Distribution Network and the associated connection assets. AusNet Services is a distribution network service provider.
Distribution system	The electrical system used to transport electricity from the high voltage transmission network connection point to distribution network users.
Distribution Use of System (DUOS) charge	The component of the network tariffs which covers costs associated with connection services and/or use of the distribution network for the conveyance of electricity.
Energy	The amount of electricity consumed by a consumer over a period of time. Energy is measured in terms of watt hours, such as kilowatt hours (kWh), megawatt hours (MWh) or gigawatt hours (GWh).
Extension	Work that involves the construction and connection of a power line or facility outside the present boundaries of the distribution network owned, controlled or operated by AusNet Services.
National Electricity Rules	Rules made under the National Electricity Law which govern the operation of the National Electricity Market.
Negotiated Connection Service	A connection service that is not a Basic Connection Service or a Standard Connection Service.
New connection	A connection established or to be established, in accordance with Chapter 5A of the NER and applicable energy laws, where there is no existing connection.
Non-registered embedded generator	An embedded generator that is neither a micro embedded generator nor a Registered Participant.
Original customer	The connection applicant who triggered the requirement and paid for the construction of an extension asset.
Pioneer scheme	A scheme to enable original customers to receive a partial refund of their capital contributions where the network extension funded by the capital contribution is subsequently used by other customers.

Real Estate Developer	A person who carries out a real estate development.
Real estate development	The commercial development of land including its development in one or more of the following ways: (a) subdivision; (b) the construction of commercial or industrial premises (or both); (c) the construction of multiple new residential premises.
Registered participant	A person who is registered by AEMO in any one or more of the categories listed in rules 2.2 to 2.7 of the NER (in the case of a person who is registered by AEMO as a Trader, such a person is only a Registered Participant for the purposes referred to in rule 2.5A of the NER). However, as set out in clause 8.2.1(a1), for the purposes of some provisions of rule 8.2 of the NER only, AEMO, Connection Applicants, Metering Providers and Metering Data Providers who are not otherwise Registered Participants are also deemed to be Registered Participants.
Standard Connection Service	A connection service that meets the requirements for a Standard Connection Offer as set out in Chapter 4 of this Connection Policy
