

Utilities (Electricity Network Capital Contributions Code) Approval 2007

Disallowable instrument DI2007–204

made under the

Utilities Act 2000, s 58 (Approved codes)

1 Name of instrument

This instrument is the *Utilities (Electricity Network Capital Contributions Code) Approval 2007*.

2 Commencement

This instrument commences on the day after notification.

3 Approval of code

The Commission approves the Electricity Network Capital Contributions Code set out in the attachment.

4 Public access to documents

Copies of the Electricity Network Capital Contributions Code are available for inspection by members of the public between 9:00 am and 5:00 pm, Monday to Friday, at the Commission's offices at Level 2, 12 Moore Street, Civic ACT, and on the Commission's website (www.icrc.act.gov.au). Copies of these documents can be made at the Commission's offices. Electronic copies are available on request. No charge will apply.

Paul Baxter
Senior Commissioner
for the Independent Competition and Regulatory Commission
14 August 2007

ATTACHMENT



ICRC

independent competition and regulatory commission

**Electricity Network Capital
Contribution Code
August 2007**

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PART 1 APPLICATION, PURPOSE AND EFFECT OF THIS CODE

1.1 Application

This Code applies to **Electricity Distributors**.

1.2 Purpose

The purpose of this Code is to outline the principles and procedures by which an **Electricity Distributor** may impose a **Capital Contribution Charge** payable by a **Customer** in relation to the **Costs** incurred by the **Electricity Distributor** in developing or augmenting its **Electricity Network**.

1.3 Ownership of Network Assets

The payment of a **Capital Contribution Charge** does not confer on the person paying that charge any ownership in, or other legal or equitable right in respect of, any asset to which that charge may relate.

PART 2 DICTIONARY

2.1 Dictionary Attached

The dictionary at the end of this Capital Contribution Code is part of this Code.

PART 3 CALCULATION OF CAPITAL CONTRIBUTION CHARGES

3.1 General principle

An **Electricity Distributor** may charge, and a **Customer** must pay, a **Capital Contribution Charge** for the development or augmentation of its **Electricity Network** undertaken at the request of that **Customer**.

The amount of the applicable **Capital Contribution Charge** may not exceed the amount calculated in accordance with the principles outlined in this clause.

3.2 Installation of infrastructure for electricity connection to a basic standard

An **Electricity Distributor** will install on land being developed the basic standard infrastructure applicable to that land at no charge to the **Customer**.

“Basic standard infrastructure” comprises either:

- (a) Overhead assets to:

- i. extend the distribution system from the existing boundary of the **Electricity Network** to or through the land being developed; and
- ii. provide a service connection up to a maximum of 22 metres of overhead cable from the distribution system to the **Premises** or other fixture on the land being developed; or

(b) underground assets to:

- i. extend the distribution system from the existing boundary of the **Electricity Network** to or through the land being developed; and
- ii. provide a service connection up to a maximum of 8 metres of underground cable from the distribution system to the **Premises** or other fixture on the land being developed ; or

(c) a combination of such overhead and underground assets,

being assets of a capacity and reliability rating assessed as reasonable by the **Electricity Distributor**.

The **Electricity Distributor** will advise a **Customer** on request by the **Customer** whether the basic standard infrastructure in respect of any particular parcel of land comprises overhead or underground assets or a combination of such assets, and what capacity and reliability the **Electricity Distributor** has assessed as reasonable for that infrastructure.

The **Electricity Distributor** will provide to a **Customer** on request by the **Customer** information about the relevant standards and procedures used by the **Electricity Distributor** to determine the capacity and reliability of the basic standard infrastructure.

Whether overhead assets, underground assets or a combination of such assets are the basic standard infrastructure for any particular parcel of land, and the assessment of the reasonable capacity of that infrastructure, are matters within the discretion of the **Electricity Distributor** unless the **Electricity Distributor** is specifically required by law to construct infrastructure assets of a particular type or capacity on that parcel of land.

3.3 Customers requiring infrastructure of a higher standard

If a **Customer**, whether at its own discretion or in accordance with any applicable lawful requirement, requires the construction of assets other than the basic standard infrastructure applicable to the relevant parcel of land, the **Capital Contribution Charge** payable by the **Customer** may be an amount no more than the additional **Costs** incurred by the **Electricity Distributor** in providing that different infrastructure.

3.4 Rural Customers

The **Capital Contribution Charge** for a **Customer** in a rural area may be calculated by subtracting from the **Costs** incurred in connecting the **Customer** to the **Electricity Network** an amount equivalent to the average **Costs** of connecting a residential **Customer** in the Canberra urban area to the **Electricity Network**.

3.5 UNECONOMIC LOADS

An **Electricity Distributor** may determine that a **Customer** seeking connection to the **Electricity Network** will be likely to have a load which is uneconomic.

An **Electricity Distributor** may only make such a determination where it reasonably considers that, over the life of the additional **Network Assets** required to connect the **Customer**, the network revenue from the load likely to arise from that connection, relative to the **Costs** of making connection services available as requested by the **Customer**, together with ongoing operating and maintenance costs, would render it unprofitable to provide that connection.

If a **Customer** has a load which is determined by an **Electricity Distributor** to be uneconomic, the **Capital Contribution Charge** payable by the **Customer** may be an amount up to the full cost of the work.

PART 3.6 SUBSTATIONS

This clause applies to the installation of a substation on a **Customer's Premises** where either:

- (a) an **Electricity Distributor** considers that such installation is necessary for the supply of electricity to those **Premises** in accordance with a request by that **Customer**; or
- (b) the **Customer** requests the installation of a substation on its **Premises** which the **Electricity Distributor** considers to be unnecessary for the supply of electricity to those **Premises**.

The **Customer** must provide, at no charge, space within its **Premises** adequate to allow installation of the substation.

The ownership of any substation and ancillary equipment installed within a **Customer's Premises** remains with the **Electricity Distributor** notwithstanding that such may be attached to the **Customer's Premises**.

The **Electricity Distributor** will operate, maintain and repair the substation equipment at no charge to the **Customer** and the **Customer** shall provide the **Electricity Distributor** with access to its **Premises** for that purpose.

3.6.1 Customers supplied or to be supplied at a low voltage rate

If a load is considered to be economic, an **Electricity Distributor** will install substation equipment considered by it to be necessary for the supply of electricity to the **Customer's Premises** at no charge to the **Customer**.

If, in accordance with clause 3.5, a load is considered to be uneconomic, but an **Electricity Distributor** nevertheless considers that installation of the substation equipment is necessary for the supply of electricity to the **Customer's Premises**, the **Capital Contribution Charge** payable by the **Customer** may be calculated in accordance with the provisions set out above in relation to Uneconomic Loads.

If an **Electricity Distributor** considers that installation of the substation equipment is not necessary for the supply of electricity to the **Premises** but the **Customer** nevertheless requests such installation, the **Capital Contribution Charge** payable by the **Customer** may be an amount equal to the full **Costs** that would not otherwise be borne by the **Electricity Distributor**.

3.6.2 Customers supplied or to be supplied at a high voltage rate

Where electricity is required by a **Customer** to be supplied at a high voltage rate, the **Capital Contribution Charge** payable by the **Customer** for installation of the substation equipment may be calculated by subtracting from the **Costs** of installing the substation equipment the **Costs** of installing any metering equipment which would otherwise have been provided by the **Electricity Distributor** as part of the basic standard infrastructure.

3.7 Redevelopment of land

If re-development of a parcel of land already connected to the **Electricity Network** necessitates re-development or augmentation of electricity distribution or service connection infrastructure in order to vary the capacity or connection, the **Capital Contributions Charge** may be equal to the full **Costs** of that re-development or augmentation plus a reasonable profit margin.

3.8 Removals and relocations

If a **Customer** requests an **Electricity Distributor** to remove or relocate **Network Assets**, the Electricity Distributor may charge, and the **Customer** must pay, the full **Costs** plus a reasonable profit margin incurred in removing or relocating such assets.

This clause applies regardless of:

- (a) the age or utilisation of the asset; or
- (b) any previous contribution towards the cost of installing those assets.

No payment, credit or other allowance will be provided for assets removed or relocated.

PART 4 DICTIONARY

Act means the *Utilities Act 2000*.

Capital Contribution Charge means the amount payable in accordance with this Code towards the **Costs** of making utility services available to parcels of land not already connected to an **Electricity Network** or varying the capacity of a connection to an **Electricity Network**.

Costs means the amount incurred by an **Electricity Distributor** in making electricity available to parcels of land not already connected to an **Electricity Network** or varying the capacity of a connection to an **Electricity Network** and all necessary ancillary work to adequately protect and operate the resultant **Electricity Network**, including design, labour, materials, plant, transport, overhead and administration costs but not including any profit margin.

Customer means any **Person** who acquires services from an **Electricity Distributor** in relation to the **Electricity Network**, and includes, but is not limited to:

- i. a developer of residential, commercial or industrial land;
- ii. a residential, commercial or industrial customer; and
- iii. an **Electricity Supplier**.

Electricity Distributor has the same meaning as in the **Act**.

Electricity Network has the same meaning as in the **Act**.

Electricity Supplier has the same meaning as in the **Act**.

Network Asset means any infrastructure or other equipment forming part of an **Electricity Network**.

Person includes a natural person, a firm, an unincorporated association or a body corporate.

Premises has the same meaning as in the **Act**.