
Capital Contribution Policy

Contents

1.0	Purpose	1
2.0	Scope	1
3.0	Definitions	2
4.0	Pricing principles and considerations	2
5.0	Ownership of electrical assets	3
5.1	Urban low voltage connections up to 100A	3
5.2	City and township subdivision development.....	4
5.3	Exception areas.....	6
5.4	Other requirements	7
6.0	Counties Power’s contribution	7
7.0	Network betterment.....	7
8.0	Private networks	8
9.0	Network congestion.....	8
10.0	General.....	9
	Appendix A: Network demarcation for consumer connections	10
	Appendix B: Private networks	13
	Appendix C: Capital contribution schedules	14
	Schedule C1: Urban low voltage connections – customer contribution	14
	Schedule C2: Counties Power contribution	14
	Schedule C3: Standard life of key assets.....	14

1.0 Purpose

In Clause 2.4.6 of the Electricity Distribution Information Disclosure Determination 2012, the Commerce Commission requires that the current methodology for the calculation of capital contributions be disclosed. This document provides the commercial terms for new connections and extensions into the Counties Power network.

2.0 Scope

This document covers the following:

- Pricing method
- The assessment of capital contributions to connections or extensions
- The general assessment of capital contributions to sub-divisions reticulation
- Standard categories of connections or extensions and exceptions
- Policy on shared services.

3.0 Definitions

- **Capital contribution:** An amount paid by a customer for the construction of assets or enhancement of the network at the time of the construction or enhancement.
- **ICP:** Installation control point is the energy retailers metering and isolation point and has an associated unique number that identifies it as an individual power connection on the New Zealand electricity network.
- **NCP:** Network connection point is the nearest location in the Counties Power network, such as an overhead line pole or link pillar, that can supply the customer.
- **POS:** Point of supply, in relation to a property, means the point or points on the boundary of the property at which exclusive fittings enter that property, except that, -
 - if there are both high voltage lines and a transformer owned by the electricity distributor on the property, the point of supply is the point at which electricity from the transformer enters exclusive fittings; or
 - if there are non-exclusive fittings on the property, the point of supply is the point at which those fittings become exclusive fittings; or
 - if the exclusive fittings on the property are owned by a consumer that is a tenant or licensee of the owner or occupier of the property, the point of supply is the point at which those exclusive fittings enter the area leased or licensed by the consumer; or
 - if there is specific agreement that any other point on the property is the point of supply, the point of supply is the agreed point.
- **Rural:** Area as designated by local councils.
- **Shared network:** Part of the system where more than one consumer receives power.
- **Urban:** Area as designated by local councils.

4.0 Pricing principles and considerations

- Prices are set to provide sufficient revenue to cover our costs, including network development, pass-through and recoverable costs as well as our cost of capital and other economic considerations
- A proactive approach is taken to avoid problems related to reliability and quality of supply by monitoring the impact on network efficiency and maximum demand and establishing maximum load performance standards

Capital Contribution Policy

- Price-averaging is applied over large groups of connections and assets in urban or rural areas because it is impractical and costly to calculate each individual connection
- As the network expands and is reinforced, assets are often shared to gain the benefits of greater utilisation amongst customers
- Standard pricing and related terms apply for broad categories of new connections and extensions
- Where connection terms do not fit standard categories, Counties Power will consider each connection on an individual basis including where a connection has a large load, the location is physically distant or environmentally unacceptable or otherwise
- All newly established ICPs are treated as new connections even where the new ICP replaces a previously decommissioned ICP.

5.0 Ownership of electrical assets

- Network extensions and connection equipment which are located between the NCP and the POC, or which are located on public property, or which are paid for by Counties Power, remain the property of Counties Power irrespective of any contribution made by a customer
- Appendix A shows the various ways that the customer can be connected and Appendix B shows the connection of private networks
- Counties Power does not contribute to assets downstream from the POC and customers are responsible for maintenance and replacement of private-owned assets
- Section 7 further elaborates on the requirements of private networks.

The following sections detail the connection categories for new connections and extensions.

5.1 Urban low voltage connections up to 100A

- This category covers the majority of new connections which are individual connections within urban areas. The policy provides a straight-forward process under which we are responsible for providing the new connection and the customer makes a capital contribution toward our network costs.
- Applies to new connections within urban residential, commercial or industrial areas (as designated by the relevant council authority), within 30m of the existing reticulation or NCP, and with a supply capacity of up to 3 x 100 amps (fuse rating) except:

Capital Contribution Policy

- unmetered and/or public utility connections (such as advertising displays, street lights or traffic lights)
- builder's temporary supply.
- Counties Power contribution will cover the design work, arrange and pay for all high voltage and low voltage extensions to our network and will carry out any upstream network reinforcement necessary to accommodate the new connection. We will supply and install the service protective fitting and connect (and/or terminate) the customer's electrical installation.
- The customer shall provide a capital contribution toward the cost of assets that we provide or already have in place. The capital contribution is payable to us, as shown in schedule C1 in appendix C attached. Capital contributions are categorised by:
 - number of phases
 - residential or commercial type
 - whether a road crossing is required to the property.
- Customers are also responsible for the installation and maintenance of their own electrical installation of line or cable from the POC to their premises; such maintenance includes vegetation clearing away from their service lines
- This capital contribution requirement does not apply for connections already established in new subdivision developments under section 5.2 below.

5.2 City and township subdivision development

- As with other infrastructure within new subdivisions, the developer is responsible for providing electrical reticulation to service the new properties. Counties Power may partially pay for and purchase this new reticulation and allow it to be connected to our network on the basis described in this section.
- All small to medium connections within new subdivision developments consisting of over five lots, which require new electrical reticulation within a non-reticulated roading corridor to supply multiple new connections must:
 - be immediately adjacent to existing urban or rural township areas within our electrical reticulation
 - be within urban/township residential, commercial or industrial areas as designated by the relevant council authority
 - have connections requiring a supply capacity of up to 3 x 100 amps each (fuse rating).

Capital Contribution Policy

- Subject to the electrical system meeting our specifications and being installed by a contractor approved by us and based on construction to our standard specification, Counties Power will:
 - provide high voltage switchgear (circuit breakers, fuses) and distribution transformers
 - provide specifications for the high and low voltage network
 - carry out any necessary upstream network reinforcement
 - supply the service fuse and connect individual customers' service lines
 - by way of purchasing the extension to our network, contribute to the installation costs of high voltage assets that Counties Power possesses, the full installed cost of other standard high voltage assets and contribute an amount toward the developer's costs as per schedule C2 attached.

Counties Power will take ownership of the installation upstream when completed and will be responsible for future repairs and maintenance. (This excludes any on-property installations after the POC.)

- The developer's capital contribution will:
 - pay for the design costs for the extension to meet the specifications provided by Counties Power
 - provide all civil works (e.g. trenching, reinstatement, foundations and ducting)
 - provide or obtain the necessary land or easements for the installation of any electrical asset at no cost to Counties Power
 - pay for all low voltage assets (cable, link boxes, boundary boxes)
 - ensure all electrical installations are approved by a registered electrical inspector prior to supply connection
 - cover the cost of any assets or construction which the developer elects to install which exceeds our standard specifications
 - remove any redundant network assets
 - pay for any new high voltage infrastructure that Counties Power is required to construct to provide power to the development
 - where existing infrastructure is being utilized pay a proportion of the high voltage infrastructure that reflects the developments expected capacity requirements and the capacity of the existing infrastructure.

Capital Contribution Policy

- New connections created through development of subdivisions are not subject to the per connection contribution described in 5.1 above.

5.3 Exception areas

- Counties Power will individually consider all new connection proposals that do not fit within one of the standard categories 5.1 to 5.2 above (exception connections). For these exception connections, additional assets required will be charged at actual costs according to the following terms. Exception connections fall mainly into the following categories:
 - Rural connections: Rural connections including irrigation connections are generally less economic to supply and often require a more significant extension of our network. Counties Power will scope the works required and arrange to select the most competitive contractor knowledgeable of the system to carry out the extension work.
 - Large electricity users (connections that require capacity of larger than three phase 100 amps): Users whose developments fall into this category are required to share on a proportionate basis the cost of providing new electricity assets required.
- Counties Power's will:
 - provide specifications for the high and low voltage network, where relevant
 - supply the service fuse and connect individual customers service lines
 - may contribute an amount toward the costs as per qualifying conditions in section 6 and as outlined in schedule C2 attached.
- The customer shall provide a one-off capital contribution to Counties Power toward the cost of supplying and connecting line/cable services and assets that we provide or already have in place, depending on the location of the ICP. The customer will:
 - pay for the design costs for the extension to meet the specifications provided by us
 - pay for the costs of any low voltage and/or high voltage systems and services to connect to our network
 - hire an independent contractor to provide all civil works within their premise, where necessary (e.g. trenching, reinstatement, foundations and ducting)
 - provide or obtain the necessary land or easements for the installation of any electrical asset at no cost to Counties Power.

Capital Contribution Policy

- For areas where network assets can potentially be shared with other future consumers, any contribution paid in accordance with section 5.3.3 that may be reimbursed (reimbursement amount) shall be defined explicitly in the capital contribution released to the customer. The share of development costs upstream will be determined based on the customer's expected future electricity use, future beneficiaries and the cost of providing the new network requirements. The details are elaborated in section 6.2.

5.4 Other requirements

The following requests will be dealt with individually, and any additional assets and services resulting from these requests will be charged at actual costs:

- Installation of temporary connections or builders' temporary supplies
- Requests for changes to the route or configuration of our network
- Requests for an extension of capacity of an existing installation.

6.0 Counties Power's contribution

- Counties Power will pay a capital contribution to zone 1 urban areas with greater than 50 lots. This category covers areas where there is rapid growth and there are lower than average build costs due to a higher density of connections
- **Zone 1 urban areas applies to** new connections in high growth urban areas within the Auckland Rural Urban Boundary (e.g. Pukekohe, southern areas of Papakura, and Hingaia) and Pokeno
- Counties Power's contribution: a \$540 subsidy per lot will be provided by Counties Power.
- Customer's capital contribution: To be determined on a case-by-case basis during the initial scope and quote phase.
- Counties Power will only pay the capital contribution where Counties Power has reticulated the network.

7.0 Network betterment

- Network betterment is where Counties Power may undertake additional work beyond what is required to connect a customer or subdivision. In this event the build costs are above the incremental costs of supply. This may include either Counties Power or the developer taking the opportunity to underground lines rather than just upgrading them to supply the site.
- The contributions sought by Counties Power for this betterment are:

Capital Contribution Policy

- The contribution required would be only the incremental cost that would have been required for power supply design unless the design had been requested by the developer. The additional capacity or network enhancement undertaken by Counties Power would be at Counties Power's cost
- Where unavoidable additional capacity is required to connect the customer and the additional capacity is in excess of the customer's needs the customer would have to pay the full cost. For instance, a developer at the end of a single line requiring 50kW would be required to pay for a 60kW transformer if a 50kW transformer was not available and pay for the cost of an HV line that has significantly more capacity than they require.

8.0 Private networks

- Private network is a customer-owned network where the service line or cable leaves our network (at the NCP) on a public road, into the area which may serve one or more customers and where the route does not return to a public road
- A number of customers' premises may be connected to our network at a single NCP as shown in appendix B. Downstream from the NCP, this is a private network and is jointly owned by each of the other customers connected to the private network (unless you have an agreement to the contrary, with the other private network customers)
- Each owner of a private network is responsible for maintenance and replacement of the private network, and for vegetation control (trimming or cutting of trees interfering with the network)
- If Counties Power is called out to do any work (including the installation of any new connection) on a private network, we will:
 - charge the customer requesting the work
 - have authority over the works carried out by private network owners such as the scheduling of works and/or switching of the network at the NCP.

9.0 Network congestion

- Connections in rural areas and communities often require substantial electrical infrastructure on a per customer basis.
- A levy may apply for new rural connections for feeders supplying rural ICPs, especially remote ICPs, where there exists congestion and future capital expenditure is required to upgrade the feeder.

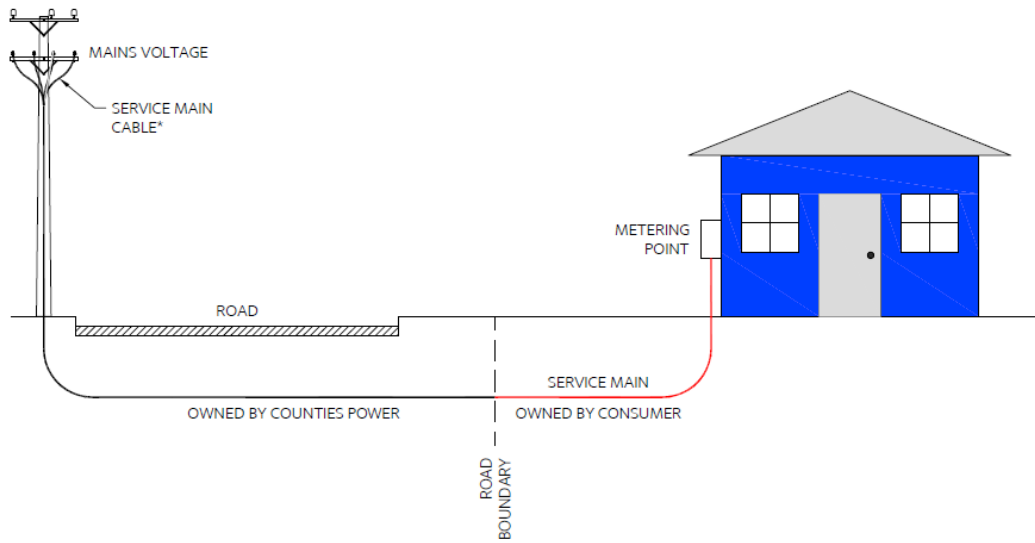
Capital Contribution Policy

10.0 General

- Prior to going live, the customer shall ensure that the installation from the POC is certified by a registered electrical inspector.
- This policy is effective for all capital contributions released by Counties Power on or after 1 January 2016.

Capital Contribution Policy

Appendix A: Network demarcation for consumer connections



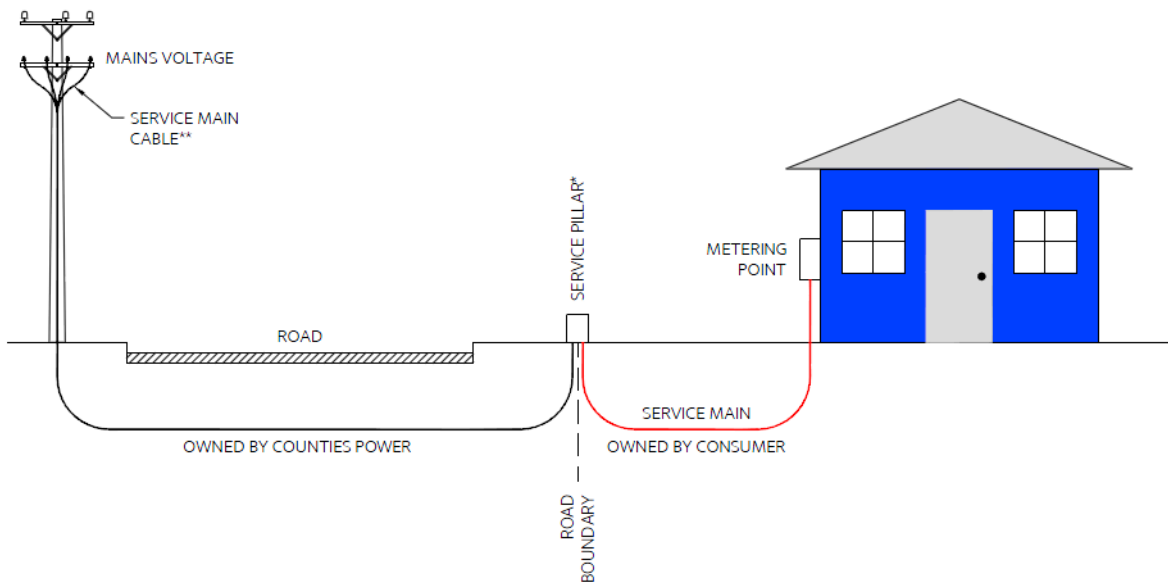
EXISTING ARRANGEMENT ONLY - PRIOR TO THE PUBLISHING OF THIS STANDARD

— OWNED BY COUNTIES POWER

— OWNED BY CONSUMER

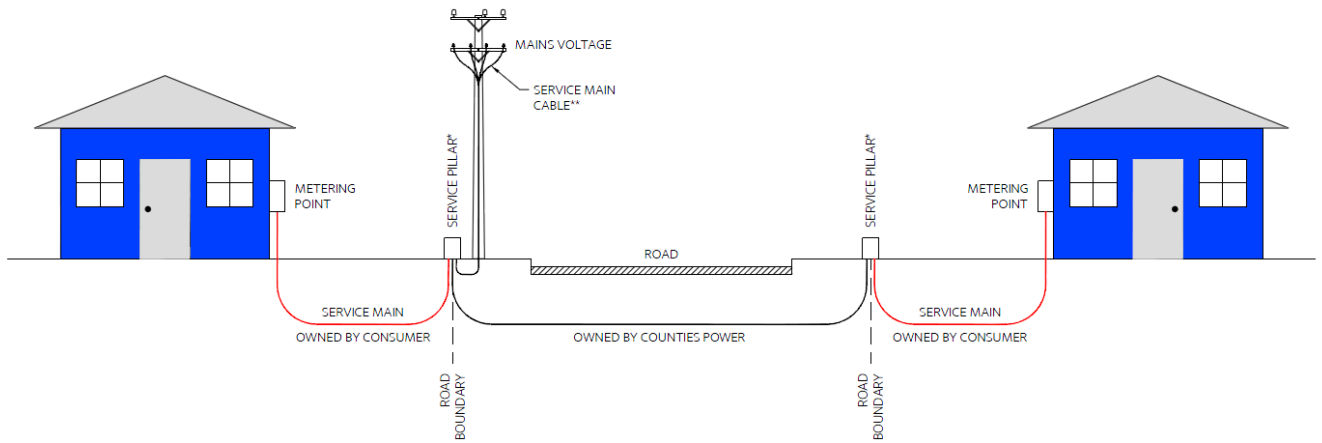
* 1 PHASE REQUIRED FOR URBAN RESIDENTIAL SUPPLY

* MINIMUM 2 PHASES REQUIRED FOR RURAL RESIDENTIAL SUPPLY



CABLED FROM POLE

Capital Contribution Policy



CABLED FROM POLE - MULTIPLE PROPERTIES

CURRENT ARRANGEMENTS

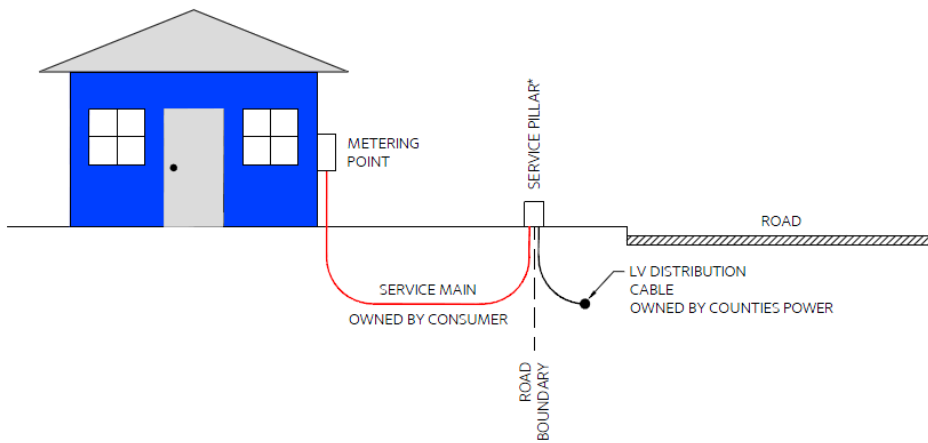
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* CONSUMER OWNS THE SERVICE MAIN UP TO THE BOTTOM OF THE FUSE CARRIER IN THE SERVICE PILLAR

** 1 PHASE REQUIRED FOR URBAN RESIDENTIAL SUPPLY

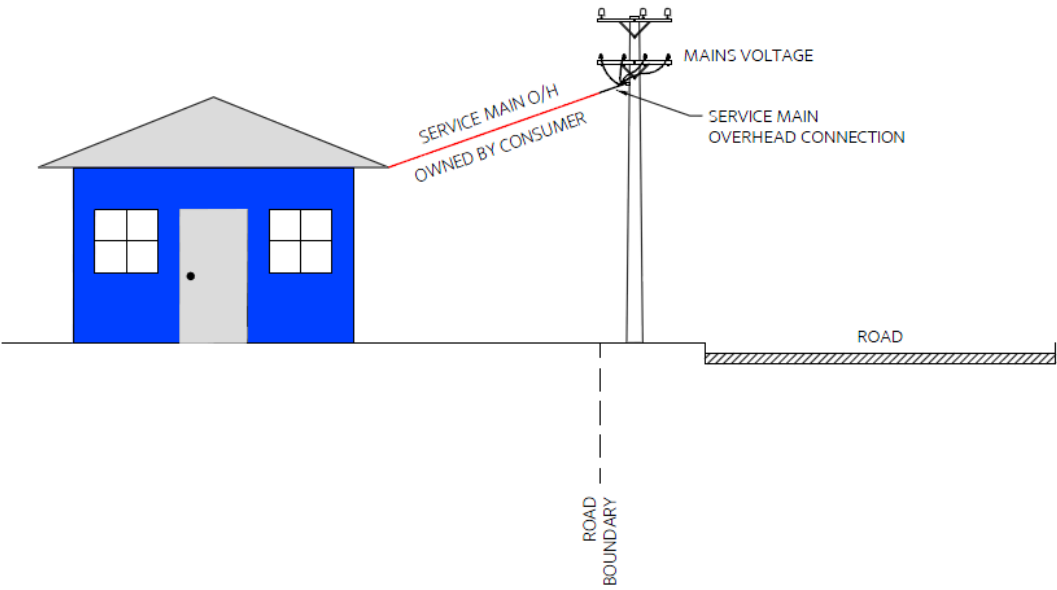
** MINIMUM 2 PHASES REQUIRED FOR RURAL RESIDENTIAL SUPPLY

NOTE: THESE DIAGRAMS SHOW COMMON EXAMPLES, EXCEPTIONS MAY EXIST



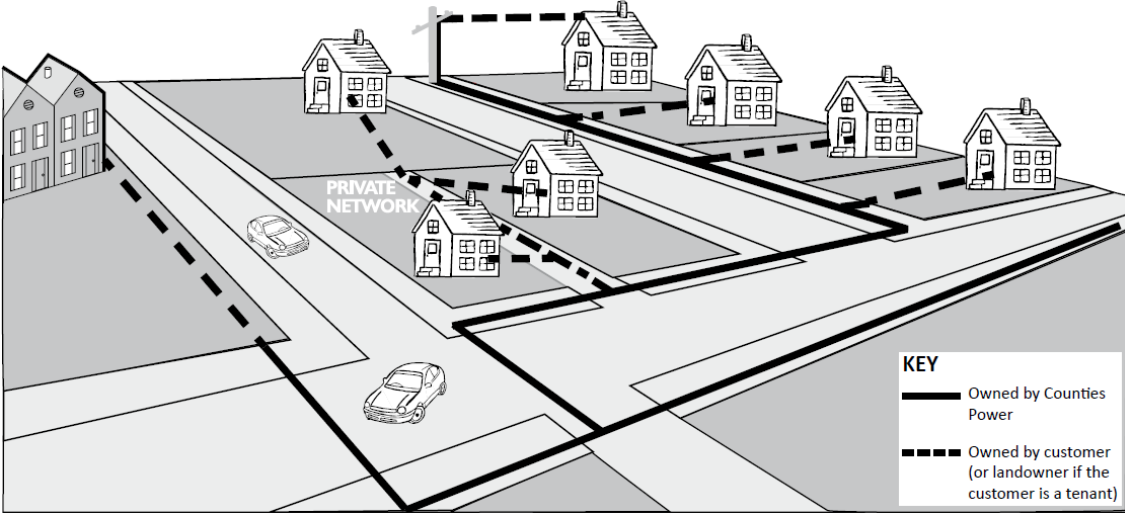
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Capital Contribution Policy



OVERHEAD CONNECTION FROM POLE

Appendix B: Private networks



Capital Contribution Policy

Appendix C: Capital contribution schedules

Schedule C1: Urban low voltage connections – customer contribution

Required capacity (fuse rating)	Capital contribution per connection (excluding GST)	
	Residential	Commercial/ Industrial
Single phase, up to 63 amps	\$650	\$1,300
Two or three phase, up to 100 amps per phase	\$800	\$1,500
Additional per road crossing	\$500	\$500
<p>*Example</p> <p>An urban residential customer requires a three phase supply; his connection point is 28m away from the nearest network service point and the cable crosses a road.</p> <p>His contribution will consist of:</p> <p>Three phase, up to 100 amps per phase: \$800</p> <p>plus one road crossing \$500</p> <p>Total contribution \$1,300</p>		

Schedule C2: Counties Power contribution

Required capacity	LV contribution per connection (excluding GST)
<p>Subdivisions greater than 50 lots within the high growth areas set out within Auckland's Rural Urban Boundary and the Waikato District Council's Pokeno Structure plan.</p> <p>This contribution is only available where Counties Power has reticulated the power within the development.</p>	\$540

Schedule C3: Standard life of key assets

Description	Standard life in years (excluding GST)
Distribution transformer	45
Overhead line using concrete poles	60
Overhead line using wood poles	45
Underground cable (XLPE)	45