

Document Title

Top Energy Capital Contribution Guide

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1.0 General

1.1 Purpose

This document provides the methodology in determining the application of a Capital Contribution towards a new or upgraded connection to the Top Energy network in accordance with the Electricity Distribution Information Disclosure Determination 2012 clause 2.4.6.

1.2 Scope

This document is to be applied to all customer initiated requests received by Top Energy that involve:

- A new connection to the network,
- Alterations to existing connections points requiring network upgrades, extensions or downgrades of existing network assets,
- New Subdivision reticulation including “infill housing”,
- Alterations to existing network assets. This includes the relocation of existing network infrastructure.

These guidelines are not applicable to customer owned assets and the costs associated with the installation or maintenance of those assets.

1.3 Intended Audience

The intended audience for this document includes, but is not limited to, the following:

- Top Energy Staff
- Top Energy Approved Contractors
- Top Energy Customers

1.4 Referenced Documents

1.4.1 Legislation

Electricity Distribution Information Disclosure Determination 2012 clause 2.4.6.

1.4.2 Top Energy Documents

ST-D6.1.-2-001 Top Energy Electricity Network Connection Standard.

1.5 Definitions

Unless stated otherwise, all words and phrases used in this document shall have the meaning defined in: -

- *Electricity Act 1992*
- *Electricity (Safety) Regulations 2010*
- *AS/NZS 3000:2007 - Electrical Installations (known as the Australian / New Zealand Wiring Rules)*

Capital Contribution	A financial (cash) contribution paid by the customer where additional network infrastructure is required to be installed or when existing network assets or infrastructure is required to be upgraded, downgraded, removed or relocated.
Customer Owned Assets	Assets that are owned by the customer for which the customer has on-going responsibility. Generally, these assets are installed on the customer’s property on the load side of the customer’s demarcation/connection point to the Network.
Network Assets/Infrastructure/Reticulation	Electrical distribution assets, (e.g. lines, cables, transformers, fuse pillars and switchgear) owned and operated by Top Energy for the purpose of distributing electricity to end users.

Vested Assets	Assets that are installed at the customer’s cost by a Network Approved Contractor that upon commissioning, and at Top Energy’s discretion, have their ownership and on-going maintenance responsibilities transferred to Top Energy. Vested assets are not treated as a capital contribution. Any vested assets located on private land are subject to an easement in gross in favour of Top Energy.
Network Approved Contractor	Contractors who are authorised/approved by Top Energy to work on Network assets and /or install assets that will be vested to Top Energy. This contractor approval/authorisation is necessary to ensure that Top Energy’s obligations for Public Safety Management and the Electricity Safety Regulations are met, and that Top Energy technical standards relating to Network design, construction and maintenance are adhered to. There is no restriction on individuals or entities becoming Top Energy Network Approved Contractors, providing compliance to Top Energy’s Network contractor approval standards can be demonstrated and maintained. Only Network Approved Contractors are able to undertake all work at the point of connection to customer assets and carry out any work on Network assets. A list of currently approved Network Approved Contractors can be obtained from the Top Energy website..
Subdivision	Any division of property or sections that requires approval from a regulatory body.
Infill Housing	Any existing domestic reticulated section that requests additional domestic connections or load increases, (but is not necessarily legally subdivided) and where the existing installed network is not sufficient to meet the increased capacity requirements.
Demarcation/Connection Point (<i>Point of Supply</i>)	The point on the network where the customer is connected. Generally, this is the point where the responsibility for equipment transfers from Top Energy to the customer.
Works	As defined in the Electricity Act 1992 Part 1 Section 2 (1) Interpretation Summary below. For full interpretation refer to the Act. <ul style="list-style-type: none"> a. means any fitting used in the conveyance of electricity. b. does not include any part of an electrical installation
Electrical Installation	As defined in the Electricity Act 1992 Part 1 Section 2 (1) Interpretation Summary below. For full interpretation refer to the Act. <ul style="list-style-type: none"> a. Means <ul style="list-style-type: none"> a. In relation to a property with a point of supply, all fittings beyond the point of supply that form part of the electrical system b. In relation to a property without a point of supply, all fittings that for part of the electrical system
Point of Supply	As defined in the Electricity Act 1992 Part 1 Section 2 (3) Interpretation Summary below. For full interpretation refer to the Act. <ul style="list-style-type: none"> a. Means the point or points on the boundary of the property at with exclusive fittings enter that property
Exclusive Fittings	As defined in the Electricity Act 1992 Part 1 Section 2 (3) Interpretation Summary below. For full interpretation refer to the Act. <ul style="list-style-type: none"> a. Means fittings used or intended to be used for the purposed of supplying electricity exclusively to that property.

2.0 Capital Contributions

2.1 Non-Refundable Capital Contributions

These apply to:

- One-off upgrades to Network assets undertaken to provide additional capacity for a single customer’s additional load that will only benefit that customer,
- A transformer or other Top Energy assets inside a private property where no other property owner can receive a connection,
- Where the reticulation within private property does not have an easement in gross in favour of Top Energy,
- Subdivision reticulation,
- Relocation of Top Energy assets at the request of the customer,
- Network Capacity Charges (refer below).

2.2 Refundable Capital Contributions

These apply to:

- A new customer requiring an electricity connection where a Network asset needs to be installed within a public road or where an easement in favour of Top Energy is put in place, enabling other property owners to get an electricity supply from that asset,
- An upgrade of a Top Energy Asset due to the number of connections, including the new connection, exceeding the limitations of that asset (reticulation, pillar, fusing).

For the avoidance of doubt, these do not apply to upgrades to an existing transformer, if required under the Network Capacity Charge process.

2.3 Refunds

- A refund may be applicable should a new customer connect to the Network extension within a 5-year period from the date of payment by the applicant that made the original contribution.
- The refund is calculated such that the connection subsidies are applied to assets jointly used and the remaining Capital Contribution required is then shared among the joint users.
- Refunds are made within 2 months of completion the new customers connection.
- No provision is made for interest, depreciation or inflation.
- No refunds are payable beyond 5 years from the date of the original contribution.
- If the property changes ownership any refund remains with the property owner at the time of receiving payment of the reassessed Capital Contribution.

Back Ground – Capital Contributions:

As it would be inequitable to expect existing consumers to meet or subsidise specific network costs initiated by new or other existing customers, through increased standard charges, Top Energy has developed and implemented a “causer pays” capital contribution guide with regards to all costs related to customer initiated network asset or infrastructure upgrading, downgrading, removal or relocation. For consistency, Regulation requires that the value of capital contributions received is netted off the value of Top Energy’s regulated asset base. This means that assets paid for by customers do not contribute to future revenue requirements and distribution charges.

The value of the Capital Contribution is calculated as being the total actual cost of the extension work and is consistent with Top Energy’s pricing principles. The Capital Contribution represents the uneconomic cost of constructing any new assets but does not grant any ownership rights. Top Energy retains ownership and responsibility for repairs, maintenance, refurbishment and replacement of the reticulated extension.

3.0 Network Capacity Charge

A Network Capacity Charge is applied to each new connection (where there is no established Point of Connection), or capacity upgrade for an existing connection, based on the loading that the installation will place on the network when connected to an existing transformer asset. Where a new transformer asset is installed, the full cost of the installation will be charged as a Capital Contribution.

These costs will be applied as fixed fees in the same way as the connection fee. These fees are non-refundable and apply to the demand for additional load. Refundable or Non-Refundable Capital Contribution’s still apply to all other work within the Network and must not be confused with the above.

For domestic or small commercial premises, the charge will be based on the after diversity maximum demand (ADMD) of the installation. For larger commercial and industrial installations, the charge will be based on the requested maximum demand capacity applied for in the Customer Initiated Works Application.

For domestic situations, the Network Capacity Charge is based on a 15kW (63 amp) single phase connection with an After Diversity Maximum Demand of 4kW per single Residential Individual Connection Point (ICP). Upon receiving a Customer Initiated Works Application form, Top Energy will clarify the demand requirement and determine the appropriate Network Capacity Charge applicable from the schedule below. Non-domestic requirements for transformer upgrades are dealt with on a case-by-case basis.

In regard to subdivisions, or connections outside of the parameters in the schedule, the Network Capacity Charge generally does not apply, and costs will be allocated in line with the existing capital contribution standard. Non-domestic requirements for transformer upgrades are dealt with on a case-by-case basis.

Network Capacity Charge (GST exclusive)			
Service Main Fusing	1 phase	2 phase	3 phase
63 amp	\$2,550.00	\$5,100.00	\$7,650.00

4.0 Implementation

4.1 Process

The Top Energy Customer Initiated Work Application Process describes the process followed when a Customer Initiated Work Application is received.

Generally, a Capital Contribution will fall into the category of Major Work. The exception to this is a Network Capacity Charge when applied to a simple new connection. This will fall into the category of Minor Work.

4.2 Work in Road Reserve

Any new infrastructure installed in the road reserve must be owned and operated by a Requiring Authority. Top Energy is a Requiring Authority who owns and operates an electricity distribution network and is known as an Electricity Distributor under the Electricity Act 1992.

All work in the road reserve that is undertaken by Top Energy at the request of a customer shall be completed as a Capital Contribution and shall be priced to the customer at cost to Top Energy. Refer to section 5 for work undertaken by an Independent Contractor in the road reserve at the direct request of a customer.

4.3 Work in Private Property

The **Top Energy Electricity Lines Ownership Standard** determines what assets, if any, that are located within private property shall be owned by Top Energy.

Some, all or none of these assets may be covered under a Capital Contribution.

- Where there is an existing easement in favour of Top Energy registered on the property, the work on private property shall be priced to the customer at cost as a Capital Contribution.
- Where there is NO existing easement in favour of Top Energy or there is registered on the property, all work within private property will be priced to the customer at market rates regardless of whether it becomes “Road to Vest” or an easement in gross is registered in favour of Top Energy when the work is completed.

4.4 Work Covered under a Capital Contribution

All work covered under a Capital Contribution shall be installed and connected by Top Energy.

This applies to all work undertaken by Top Energy

- In legal road reserve (formed and unformed),
- In an existing Top Energy Easement,
- To install equipment on Private Property that will remain in Top Energy ownership (E.g. Transformers and high voltage switching equipment).

5.0 Independent Contractor Statement

5.1 Work in the Road Reserve that is to Vested to Top Energy

Any Work installed in the road reserve by an independent contractor that is to be vested to Top Energy shall only by undertaken by a Top Energy Network Approved Contractor (NAC). The NAC is required to comply with all relevant local authority standards for working in the road corridor and provide evidence on such compliance to Top Energy as part of the connection approval process.

The NAC is required to comply with the requirements of the Top Energy Customer Initiated Works Standard

5.2 Work in Private Property that is to be Vested to Top Energy

All work in private property that is to be vested to Top Energy must be undertaken by Top Energy or a Network Approved Contractor (NAC)

This includes, but is not limited to;

- Subdivision reticulation
- High voltage extensions in private property
- Low voltage reticulation to multiple customers


Note: The supply and installation of duct in private property can be completed by an independent contractor (see below)

5.3 Work in Private Property NOT to be Vested to Top Energy

An Independent Contractor can undertake some or all of the installation work in private property that is not to be vested to Top Energy providing they comply with the applicable Regulations, Standards and Top Energy standard requirements. The contractor shall submit the required documentation (detailed below) to Top Energy prior to the installation being connected to the network. Top Energy will review and approve (or reject) the connection and advise any Capital Contribution costs applicable to the connection

This includes, but is not limited to;

- Private ‘Works’
- Private embedded networks,

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- Private service main cables.

Top Energy or a Top Energy Approved Contractor will be required to connect the private reticulation to the Top Energy Network. Top Energy will install an isolation and fusing device at the demarcation point for the private work unless it is impractical to do so. This will generally be installed at the roadside boundary of the property or other suitable location. Should Top Energy owned equipment reside in private property and easement in favour of Top Energy will be required.

5.4 Civil Work (Trenching, Drilling, Ducting Installation and Reinstatement)

An Independent Contractor can undertake the civil work relating to supply, installation and reinstatement of ducting that will form part of the Top Energy Network providing they comply with the relevant Top Energy standards. Any work undertaken under this clause is subject to an audit process to confirm compliance with the Top Energy standards.

Civil work undertaken in the road corridor that will be vested to Top Energy shall be undertaken by Top Energy or a Network Approved Contractor and must comply with the relevant roading authority standards. The contractor shall be approved by the roading authority to undertake work in the road corridor. If this work is undertaken by Top Energy it shall form part of a Capital Contribution.

6.0 Application Documentation

6.1 Minimum Requirements for Approved and Independent Contractors

The contractor must submit to Top Energy the documentation outlined below for approval. Failure to submit the documentation may result in the connection request being denied, and or additional costs being incurred by the contractor for Top Energy to prove the reticulation meets the required Top Energy standards.


6.2 Required Documentation Prior to Construction

- A Detailed Scope of work, location and customer details,
- A Construction plan (in Autocad or similar format) showing line route, depth, boundary offset, equipment locations, construction details and standard drawing references,
- Proposed easement requirements including landowner details,
- The equipment specifications including cable/conductor size and lengths, fusing and volt drop calculations for each circuit,
- The pole loading calculations, span lengths, sag calculations and structure design for overhead reticulation,
- Single line diagrams,
- The type and brand of equipment to ensure it meets Top Energy specification,
- Proof of competency for similar projects and written approval from the appropriate authority to undertake the work within the public or road reserve,
- Pay any required design review and auditing fees to Top Energy.
- If required, submit form CM05-01-009F Requirement for Connection of Shared Private Low Voltage Network Lines.

6.3 Required Documentation at Completion of Construction

- The completed Certificate of Compliance and written guarantee that any faults within a 12-month period will be at the cost of the electrical contractor,
- Pay any inspection or connection charges associated with the connection of the reticulation,
- Complete As Build plan detailing new equipment numbers for ICP administration and GIS database entry
- Complete relevant Asset Change forms as specified in the **Top Energy As Built Standard**

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7.0 General

If further information is required about the Capital Contributions, please contact info@topenergy.co.nz and a response will be made within 10 working days of receiving a request.

Top Energy Limited, acting reasonably, reserves the right to change this guideline from time to time.

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