

Document Title**Top Energy Capital Contribution Guide****Document Number****CM05-01-006S****Document Author****Estimating Team Leader****Document Reviewer****Network Planning Manager****Approval Authority****General Manager Network**

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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.

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Vested Assets	Assets that are installed at the customer's cost and on private land, that upon commissioning, and at Top Energy's discretion, have their ownership and on-going maintenance responsibilities transferred to Top Energy. Any vested assets are subject to an easement in gross in favour of Top Energy and are not treated as a capital contribution.		
Network Approved Contractor	Contractors who are authorised/approved by Top Energy to work on Network assets. 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 Top Energy Head Office 60 Kerikeri Road, Kerikeri.		
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.		

2.0 Background

As the future volume of occurrence, cost, future utilisation and life of new connections and other customer driven network expenditure is difficult to forecast with any certainty, these costs are not incorporated into the standard distribution charges. Further 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.

Accordingly, 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.

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3.0 Independent Contractor Statement

3.1 Work Covered under a Capital Contribution

All work covered under a Capital Contribution must be installed and connected by Top Energy or an Approved Contractor.

This applies to;

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

3.2 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 an Approved Contractor

This includes, but is not limited to;

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

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

An Independent Contractor who is not an Approved Contractor, can undertake some or all of the reticulation installation work in private property that is not to be vested to Top Energy providing they comply with the applicable Top Energy standard requirements and submit the required compliance and as built information prior to connection.

This includes, but is not limited to;

- Private embedded networks,
- Private service main cables.

Top Energy or an Approved Contractor will be required to connect the private reticulation to the Top Energy Network.

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

An Approved Contractor can undertake the civil work relating to trenching, drilling, ducting installation and reinstatement 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.

3.5 Minimum Requirements for Approved Contractors

Prior to commencing work, the contractor must submit to Top Energy the documentation outlined in 3.6 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.

3.6 Required Documentation Prior to Construction

- A Detailed Scope of work, location and customer details,
- A Construction plan showing line route, depth, boundary offset and equipment locations,
- Proposed easement requirements,
- 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,

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- 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.

3.7 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 records and Asset Change forms as specified in the **Top Energy As Built Standard**

4.0 Capital Contributions

4.1 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,
- Network Capacity Charges (refer 6.0).

4.2 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 debt, these do not apply to upgrades to an existing transformers, if required under the Network Capacity Charge process.

4.2.1.1 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 1 month of the new customers payment of the re-assessed Capital Contribution, 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.

5.0 Implementation

5.1 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

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5.2 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 proposed in a road reserve will be covered under a Capital Contribution and shall be priced to the customer at cost to Top Energy Network.

5.3 Work in Private Property

The **Top Energy Electricity Lines Ownership Standard** determines what assets, if located within private property will 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 or there is “Road to Vest” 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 NO “Road to Vest” 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.

6.0 Network Capacity Charge

A Network Capacity Charge is applied to each new or upgraded supply based on the loading that the installation will place on the network when connected to an existing asset. 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.

These costs will be applied as fixed fees in the same way as the connection fee. These fees will be called **Network Capacity Charges**, 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.

Where new assets are installed, the full cost of the installation will be charged as a Capital Contribution.

For domestic situations, the Network Capacity Charge is based on a 15kW (60 amp) single phase or 15kW (30 amp) 2-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.

Network Connection Charge (GST exclusive)			
Service Main Fusing	1 phase	2 phase	3 phase
20 amp	NA	NA	\$2,200.00
32 amp	NA	\$2,200.00	\$4,400.00
63 amp	\$2,200.00	\$4,400.00	\$6,600.00

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.

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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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