



UNITED ENERGY

UNITED ENERGY DISTRIBUTION

CUSTOMER CONNECTION GUIDE

**A GUIDE TO CONNECTING ELECTRICITY SUPPLY TO YOUR
PROPERTY IN UNITED ENERGY'S DISTRIBUTION AREA**

August 2004

CUSTOMER CONNECTION GUIDE

A GUIDE TO CONNECTING ELECTRICITY SUPPLY TO YOUR PROPERTY WITH UNITED ENERGY DISTRIBUTION

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1. UNITED ENERGY DISTRIBUTION

United Energy Distribution (UED) is the company licensed by the Victorian Government to distribute electricity in the south-eastern suburbs of Melbourne and the Mornington Peninsula.

UED has networks covering about 1450 square kilometres and serving about 600,000 connections.

2. DISTRIBUTORS AND RETAILERS

United Energy Distribution (UED) is an electricity distributor. UED own the distribution network that carries electricity. UED is not a retailer and hence does not sell electricity.

Customers must choose an electricity retailer before UED can energise the electricity supply to your property because a Retailer is responsible for your electricity account.

A list of electricity retailers can be found on the Essential Services Commission website on www.esc.vic.gov.au

3. POLICY OBJECTIVES

This guideline is provided to assist customers to understand their rights and obligations in requesting a new or upgraded electricity connection to United Energy Distribution's network.

This policy document is a guide only. Customers should contact UED at our office (see Contacts) for a comprehensive assessment of their connection needs.

Further information is also available from the Essential Services Commission and the Office of the Chief Electrical Inspector (see Other Important Contacts).

4. UNITED ENERGY'S POLICY

In keeping with its objectives to inform customers of their rights and obligations with regard to access to the distribution system, UED Connection Offers include the price for connection and augmentation works and a number of contestability or tendering options. These options are intended to provide the customer with the opportunity to assess and choose the most practical and cost effective solution.

Following a written request for a new connection, UED will within 20 business days, provide a written offer to the proposed works. UED will provide in the offer the full cost of the new works and augmentation, UED's contribution towards the work and the price payable by the customer.

Should the proponent require further details of material and labour costs and how UED calculated the avoided costs, UED will provide information.

The UED offer price, together with the tender options will help customers make an informed decision on the best strategy for their circumstances.

Customers can be confident that UED offers are based on competitive prices and its expert knowledge on network design and construction. However, where customers prefer to benchmark such prices, UED's tendering policy provides customers the processes for determining market prices for the connection and augmentation services.

http://www.ue.com.au/customers/connection_tendering/default.htm

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5. RIGHTS AND OBLIGATIONS

5.1 Our obligations

Consistent with the Electricity Distribution Licence and Electricity Industry Guidelines, UED's general obligations are to:

- Assist and provide as much information as possible promptly and efficiently when connection enquiries are made.
- On request, provide a budget estimate.
- Respond to formal Supply Proposal Requests with an 'Offer' within 20 business days.
- Offer a price for the complete connection services requested.
- Detail any service fees/costs to be levied by UED as uncontestable charges.
- Advise when payment is required.
- Notwithstanding UED's offer for the connection services, customers have the following contestability options:
 - ✓ The right to request UED to undertake a tender process
 - ✓ The customers right to undertake its own tender process

5.2 Customer obligations

To assist UED to properly consider your connection inquiry or request you must provide the following:

- Site plan (where applicable)
- Copy of planning permit (where applicable)
- Copy of subdivision (where applicable)
- Road construction plan (where applicable)
- Complete loading details
- Ensure works undertaken by the customer are in accordance with Electricity Industry rules and regulations
- Arrange payment of contribution and other fees (e.g. project fees etc) as required
- Submit requests as early as possible so that we can meet your connection deadline

Customers may request a budget estimate. However, a formal offer will **only** be provided where a formal written request is submitted with the necessary details for UED to make an offer.

6. GETTING STARTED

6.1 General

The first step in the connection process is to ascertain whether supply is available. To do this customers should check the vicinity of poles and overhead wires or an underground electricity pit near the boundary of the property. Their absence means you are likely to need UED to extend the network to provide you with electricity supply. In addition, depending on supply availability to your property and your load requirements UED may need to increase capacity of lines and equipment.

If supply to your property is available in the street, then your registered Electrical Contractor (REC) can normally arrange the actual connection to your property. In most cases you need to only pay the New Connection Fee (see our Standard Services Prices Schedule). In some cases, an electricity supply may be available in your street but we may need to increase the capacity of our lines and equipment to meet your needs. If that is the case, you may be required to contribute towards the upgrade of the distribution lines.

UED's policy for customer contributions is structured so as to charge customers in advance. Customer contributions (if applicable) are the costs of connection, augmentation and extension (if required) which are in excess of the expected revenue assessed over a period of 30 years for residential and 15 years for business. Note, only major connection and supply requests would involve augmentation costs.

Where supply is not available, a written request with your load details would need to be submitted to UED for it to assess the maximum demand, network requirements and the likely costs to connect or upgrade your connection.

It can take some months to arrange a new or upgraded electricity connection, depending on the location and size of the connection. Therefore, it is important for customers to provide all relevant details in respect to connection requirements and also to allow for up to 5 months (depending on workloads and tendering options chosen) prior to the new or upgraded connection being available.

6.2 Requesting Supply

Having identified the connection requirements Customers requesting a Budget Estimate or a formal 'Offer' should contact UED with the following details of their proposal:

- ✓ Complete loading details
- ✓ Site plan
- ✓ Copy of the planning Permit (where applicable)
- ✓ Copy of the Plan of Subdivision (where applicable)
- ✓ Road construction plans (where applicable)
- ✓ Other relevant information as requested by UED

6.3 Budget Estimate

On request UED can provide a Budget Estimate as an indicative cost of connection. A Budget Estimate should not be considered as a firm 'Offer' because prices and conditions can change. An example of which is where third party constraints impinge on the planned supply routes and/or designs.

There is no charge for a budget estimate. However, works will not proceed until a written request for a formal offer is received by UED and followed up with a written acceptance of the offer.

Where details are not sufficient to put together a budget estimate, customers will be directed to submit the required information for UED to respond with a formal offer.

Customers are not obliged to request a budget estimate first. They can simply submit a written request to UED for a firm offer.

Supply requests should be made as early as possible so that we can meet your connection deadline. Where possible, supply requests should be made at least 5 months prior to the anticipated date of the supply requirement.

6.4 UED Offers

UED will make an Offer for Connection Services within 20 business days of receipt of the customer's written request.

The offer will include:

- ✓ Description of the work required
- ✓ UED cost to complete the works
- ✓ UED contribution (where applicable)
- ✓ Customer contribution (where applicable)
- ✓ Contract demand for business supply connection
- ✓ Payment terms
- ✓ Details of proposed timings for the completion of the works
- ✓ Contestability options

Tree clearing is not a service offered by UED and is not included in the Offer price.

A firm Offer is valid for 60 days from the date it is issued or until the Customer seeks to refer the works to a tender process.

7. CONNECTION CHARGES

A **New Connection Charge** is a charge that is applied to all new customer connections. Connection charges are listed in UED’s Schedule of Approved Charges titled “Standard Service Prices”.

All customers who require connection to UED’s network will be charged an up front connection charge. The New Connection Charge is designed to cover the costs of physical energisation and administration associated with registering the new customer and connection details into UED’s information system.

For energisation of large-scale commercial or industrial installations, blocks of flats, Current Transformer (CT) metering, the New Connection Charge will be based on Recoverable Works rates as per the Standard Service Prices schedule.

8. CUSTOMER CONTRIBUTION PRINCIPLES

Customers may also be required to contribute to the capital cost of new connection works and augmentation. A **Customer’s Contribution** is calculated using the following formula:

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| $\text{Customer Contribution} = [\text{Project cost (LCTA)} + \text{cost of upstream use of network} - \text{net present value of expected distribution use of system (DUOS) revenue}] + \text{cost of specific works initiated by the customer that is over and above the project cost (LCTA)}$ |
|--|

Least cost, technically appropriate (LCTA) is the term used to describe the type of connection, network extension or augmentation which results in the least capital cost to meet the customer’s real and immediate need, and which satisfies UED’s technical specifications and safety requirements.

The **project cost (LCTA)** of customer initiated works is the LCTA cost of the supply assets between the *point of supply* or supplies in the case of subdivisions to the *tie-in point* to an existing distribution network.

The present value calculation of **expected DUOS revenue** is based on an assumed life of 30 years for residential connection and 15 years for business connection. The revenue earned will be based on the average consumption of a customer in the tariff category. Where a particular project is clearly expected to have an economic life of less than 15 years, then that shorter life would be used.

The reinforcement **costs of upstream use of network** assets is the estimated cost of the incremental demand on the upstream network up to and including the sub-transmission network from the point of connection. The cost is calculated on a \$/kVA basis.

Where a customer requests work that is over and above the LCTA design, the incremental cost of such works has to be fully paid by the customer.

The customer is responsible for all connection assets downstream of the point of supply. The customer is the owner of all connection assets downstream of the point of supply to the meter.

9. DUAL AND MULTIPLE OCCUPANCY

UED's customer contribution charge for dual and multiple occupancy developments is determined in accordance to the customer contribution principles described above. The cost of a 'pole to pit' service is based on an average cost of providing a 3 phase underground 'pole to pit' service connection up to a maximum of 50 metres and a maximum capacity of 170 Amps.

The customer contribution depends on the number of dwellings serviced by the single 'pole to pit' service. If there are more than 3 dwellings connected, to a service pit, no capital contribution is required from the developer. Of course, the number of dwellings that can be connected is limited by the capacity of the 3 phase 170 Amps service. Where a service connection of greater than 3 phase 170 Amps is required, the customer contribution will be calculated on a project by project basis.

The developer of the dual or multiple occupancy generally pays the customer contribution charge. Developers can find out what the capital contribution would be for a dual or multiple occupancy by contacting our New Connection Office.

UED does not allow contestability, because past experiences from extending contestability to dual and multiple occupancy projects indicate property developers 'cherry pick' the simple jobs thus driving the average cost. Where a service connection of greater than 3 phase 170 Amps is required for a multiple occupancy development, the connection services are contestable.

In addition to the customer contribution charge (paid by the person/developer requesting the connection service) all the individual new customers in a dual and multiple occupancy development will be required to pay the standard New Connection Charge at the time the service to their dwelling is energised.

10. BUSINESS CUSTOMERS

The customer contribution charge for business customers is determined in accordance with the customer contribution principles described on Section 8. If the business customer (developer) is expected to contribute towards the customer initiated works, all the design and construction works including connection to the existing UED's distribution network is contestable.

The customer's assessed connected load is the minimum Contract Demand for billing purposes, which will be set for a period of 5 years.

If the customer is a contestable customer, then metering is normally arranged through the customer's electricity Retailer. Otherwise, UED will arrange the metering.

Note: All civil works within the customer's property are the responsibility of the customer.

11. URBAN RESIDENTIAL DEVELOPMENTS (URD)

11.1 General

The customer contribution charge for Urban Residential Development projects is determined in accordance with the customer contribution principles described on page 8.

If the customer (developer) is expected to contribute toward residential development, all design and construction works including connection to the existing UED network are contestable.

UED's connection offer to developers is based on an underground distribution network supplied from kiosk substations. For the purposes of calculating customer contribution, the least cost technically acceptable (LCTA) design for urban residential subdivision shall be as described below.

11.2 LCTA in URDs

The LCTA low voltage distribution network for residential subdivision is underground reticulation.

The LCTA high voltage distribution network for residential subdivision is an overhead reticulation and the distribution substations will generally be pole mounted.

Only when local Municipal Councils allow an overhead network to be installed in new residential/business developments, UED will provide an offer based on overhead network design.

As estimates/quotes are generally based on a total underground design, 10% of the total underground reticulation cost (excluding Public Lighting) is considered to be the cost difference between LCTA and the actual fully underground reticulation, for the purposes of calculating the developer's customer's capital contribution.

11.3 Public Lighting in URDs

The local councils are required to decide on the street lighting levels, type of street lighting luminaries, and future ownership of the lighting scheme proposed by the Developers. Should a council require UED to undertake the design and recommendation, UED will provide the services for a fee.

Provided the local council approves the lighting scheme and accepts to pay for the lighting services, Developers applying for electricity distribution infrastructure for URDs are required to pay the full cost associated with the provision of public lighting. Provision of new public lighting services is fully contestable. Before UED connects a lighting system to its distribution network, the local council must and accept to pay for the lighting services.

12. RURAL SUPPLY

The customer contribution charge for a Rural Supply is determined in accordance with the customer contribution principles described in Section 8.

12.1 Pioneering Schemes & group extensions

UED operates a scheme, called the Pioneer Scheme, whereby the 'pioneer' is required to pay the full cost of the network augmentation, but is later refunded some of those up-front costs when new customers connect to that network extension.

New customers who connect to the network extension are required pay contributions towards the network extension funded by the 'pioneer'. All or part of that contribution becomes the refunded component to the 'pioneer' as well as any other new customers who have also made such a contribution. A Pioneer Scheme has a life of 10 years from the time of commissioning the augmented or extended distribution network. In other words, there shall be no refunds in relation to a Pioneer Scheme after 10 years.

Where customers collectively make a connection request, UED will determine the customer contribution each customer must make for the new works and augmentation (group extensions) in an equitable way having regard to the location and load of each of the customers.

12.2 Single Rural Customer

If a single rural customer is expected to contribute towards the cost of the customer initiated works, all design and construction works including connection to the existing UED network shall be contestable.

12.3 Rural Subdivisions by Developers

If the Developer is expected to contribute towards the cost of the customer initiated works, all design and construction works including connection to the existing UED network shall be contestable.

13. UNDERGROUNDING OF ASSETS

The party requesting undergrounding, relocation or modification of UED's distribution network must contact Jemena and discuss proposals with our Project Planners.

The party requesting such works must pay the full cost of the project less UED's avoided costs.

UED's avoided costs are typically the maintenance and vegetation and the costs it would avoid deferring asset replacement as a result of undergrounding relocation or modification of its assets.

Following a written request for undergrounding, relocation or modification of UED's distribution network, UED will within 20 business days, provide a written offer to the proposed works. UED will provide in the offer the full cost of the proposed works, UED's avoided costs and the price payable by the person requesting the undergrounding (the proponent).

Should the proponent require further details of material and labour costs and how UED calculated the avoided costs, UED will provide the information.

In addition to the price payable, the offer will also provide options available to the proponent to ensure the cost of the proposed works is competitive.

Customers can be confident that UED offers are based on competitive prices and its expert knowledge on network design and construction. However, the proponent has the choice of requesting UED to call tenders for the proposed work for a fee.

Where the proponent prefers to benchmark such prices, UED's tendering policy provides the processes for determining market prices for undergrounding, relocation or modification of UED' distribution network assets.

Provided the network related risks can be adequately managed, UED may allow the proponent to design and manage all or part of the undergrounding, relocation or modification works.

http://www.ue.com.au/customers/connection_tendering/default.htm

14. CONTACT DETAILS

The contact points for preliminary enquiries, submission of applications and follow-up enquiries are the New Connections Office of UED's contractor Jemena at the following locations:

- Jemena Limited, 321 Ferntree Gully Road, Mount Waverley, Vic, 3149
Postal Address:
Locked Bag 7000
Mount Waverley Vic 3149
- Telephone 1300 131 689
- Facsimile 1300 131 684

15. OTHER IMPORTANT CONTACTS

Essential Services Commission (Victoria)

<http://www.esc.vic.gov.au>

2nd Floor, 35 Spring Street
Melbourne Vic 3000

Telephone: (03) 9651 0222

Facsimile: (03) 9651 3688

Call Centre: 1300 134 575

Energy Safe Victoria

<http://www.esv.vic.gov.au>

Level 3, 4 Riverside Quay,
Southbank

Postal Address:

PO Box 262

Collins Street West Melbourne Vic 8007

Telephone: (03) 9203 9700

Facsimile: (03) 9686 2197

Energy and Water Ombudsman (Victoria)

<http://www.ewov.com.au>

Energy and Water Ombudsman
(Victoria) Ltd
GPO Box 469D
Melbourne Vic 3001

Free call: 1800 500 509

(mobile rates apply)

Free fax: 1800 500 549

16. STANDARD SERVICES PRICES SCHEDULE

http://www.ue.com.au/industry/network_prices/download/standard_service_prices.pdf

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