



UNITED ENERGY

UNITED ENERGY DISTRIBUTION

TENDERING POLICY

**CONTESTABILITY OF CONNECTION AND AUGMENTATION
GUIDELINE**

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TENDERING POLICY

CONTESTABILITY OF CONNECTION AND AUGMENTATION GUIDELINE

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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. POLICY OBJECTIVES

This guideline is provided to inform customers of the process to follow if a customer wishes to exercise the tendering options provided to them in UED's offers in relation to network connection, augmentation or relocation.

This policy document is a guide only.

3. TENDER POLICY

3.1 UED Policy

In keeping with its objectives to inform customers of their rights 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.

UED offers are based on prices obtained from our construction service provider and its expert knowledge. However, where customers prefer to benchmark such prices, UED has a tendering policy that informs customers of the processes for determining market prices for network connection, augmentation or relocation of network assets.

Beyond this customers have the option to undertake both the tender and work themselves.

3.2 Contestability Options

On requesting service connections or augmentation works and where there is a contribution to be made by the customer, UED offers the following tender options:

1. Customer may choose UED to undertake both the design and construction of the project as per the connection offer and waive its rights to call for tenders.

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2. Customer may choose UED to undertake the design only and choose to call tenders themselves for the construction of the project.
3. Customer may request UED to undertake a tender process (prepare, issue, evaluate and recommend).
4. Customer may choose to call tenders and undertake both the design and construction of the project utilising contractors approved by UED.

It should be noted that under options 2, 3 and 4 **the customer is choosing to undertake the works themselves** whether under a UED tender or its own tender process. Under options 2, 3 and 4, the customer is required to sign a UED Contract/Agreement to ensure that the works are undertaken:

- ✓ By approved contractors
- ✓ To the required standards
- ✓ Use of approved materials
- ✓ To provide audit access to UED representatives
- ✓ To indemnify UED
- ✓ To provide defects liability and warranty cover

Whether UED is chosen to undertake the works or the Customer chooses to seek tenders and undertake the works themselves, UED is still required to complete a number of tasks, which are non-contestable works. These include design approval, final connection of supply and updating our systems and drawings.

Non-contestable elements of the works are charged on a project by project basis and the charges are calculated on our estimate of the required hours to undertake the work.

Where the customer prefers UED to undertake the works, the non-contestable costs will be detailed in our Offer along with UED's price for undertaking the works.

Where the Customer elects to tender and undertake the works themselves the details of non-contestable charges will be specified in the UED Contract/Agreement.

A customer who elects to call tenders and undertake the construction work will need to arrange its own design services other than non-contestable design services. If required, UED can provide a list of design consultants to assist the customer.

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4. UED TENDER PROCESS

4.1 UED Tender Procedure

UED has in place an approved tender and contract formation process (Contract Award Process Procedure) consistent with Electricity Industry requirements. This tender and contract formation process includes the empanelling of selective or open tenders.

The Contract Award Process is subject to annual audit and is periodically reviewed for currency and relevance to Electricity Industry and general industry practice.

UED believes this tender procedure to be both transparent and fair, providing a consistent methodology for the assessment of tender submissions and subsequent recommendations for award.

The Contract Award Process Procedure is UED's guide to:

- Key objectives of the tender process
- Identifying responsible officers
- How and when tenders, quotations and expressions of interest are called
- How to conduct contract re-negotiations
- Tender review and recommendation process
- Contract award process
- Authority levels
- Records management

Where customers request UED to call tenders, it will call either a Selective Tender (drawn from its list of approved contractors) or a Public Tender.

4.2 Tender Process

4.2.1 Tender Issue

Tenders will be called within 20 business days **of a request** and Selective Tenders will be reviewed and a recommendation for award made within 10 business days of the tender close, subject to availability of contractors to submit to tender interviews, reference checks and submission of required documentation. Note: the tender period will be a minimum of 10 business days.

Public Tenders will be called within 20 business days **of a request** and submissions will be reviewed and a recommendation for award made within 20 business days of the tender close, subject to availability of contractors to submit to tender interviews, reference checks and submission of required documentation. Note: public tenders will require extended tender periods and review time depending on the number of submission received.

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Before the tender is issued, UED will provide a copy of the tender documents to the Customer to review and to identify any special requirements (timing, work hours etc) appropriate to the works. UED will manage the tender process.

4.2.2 Tender Review & Recommendation

Tender submissions will be reviewed for

- technical,
- commercial, and
- health and safety compliance

following which UED will make a recommendation to the Customer.

A copy of the tender and recommendation will be provided to the customer at the conclusion of the tender process.

Where no bids are received or bids are not competitive, UED will refer the process to the Customer to consider other alternatives.

4.2.3 Post Tender – Contract Award

On acceptance of the recommendation by the Customer, UED will notify the successful contractor and assist in making the necessary arrangements to commence the works according to the agreed timeframe.

UED involvement post award will be limited to its audit role and acceptance of hand-over of completed works.

The Customer is responsible for sending UED a detailed construction program. It will be used by UED to schedule construction audits. Should this program alter, the Customer must notify UED immediately.

Typical audits are itemised in (but not limited to) the list below:

- cable installation techniques
- materials handling and storage
- jointing practices
- depth of cover of cables
- installation compliance with underground cable plan and associated drawings.
- installation compliance with Council approved services plan
- adequate project management
- quality of workmanship
- use of approved contractors

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Where the construction works are considered unsatisfactory, UED will not allow the newly constructed connection assets to be connected to its distribution network, pending full rectification of all non-conformances by the Customer.

4.3 Pre-Conditions for Contractors wishing to Tender

UED has established a panel of Approved Contractors. It is from this list of Approved Contractors that UED will invite Selective Tenders.

Contractors wishing to be considered for contestable works will need to submit themselves for certification by UED. Permits to access the distribution system will not be issued to contractors who are not certified by UED.

The certification process requires:

- The Contractor to submit for approval a Management Plan
- Proven experience in electrical distribution works
- Appropriate levels of insurance coverage
- The Contractor to meet UED's indemnity requirements.

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5. COMPLETING THE WORKS

5.1 Connection Agreement/Deed

Where a Customer chooses the tendering options under 2, 3 or 4 of the UED Contestability Options and assume the responsibility for the completion of the construction works, the Customer will still be required to enter into a UED Contract/Agreement for the performance of the works.

The UED Contract/Agreement will set out UED requirements including:

- the standard and quality of work and materials to be used;
- specialised training and experience required from Approved Contractors;
- warranties to be provided by the Customer in relation to post commissioning defects and faults;
- an indemnity of UED against loss e.g. customer supply outage.

5.2 Contracting the Works

Choosing option 2, 3 or 4 will result in the Customer directly engaging the contractor and managing the works.

The tender documents and contractual terms and conditions will be issued on behalf of the customer. The scope of work will be based on UED approved design, material specification and technical performance standards. Full documentation of UED's requirements will be included in the tender documents.

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6. SPECIAL CIRCUMSTANCES

Customers without access to the full range of contract and project management services may request UED to provide the project management services for a fee.

Alternatively, UED can assist customers in sourcing alternative project management consultants.

7. FEES AND CHARGES

Depending on the contestability choice made and the tender process followed UED will levy costs and charges as prescribed in Appendix A - Fees & Charges.

The inclusion of UED Fees will provide Customers with the ability to compare the costs of each option provided in UED's Offer and make their choice accordingly.

As noted above there are additional costs where a public tender is requested. These costs are subject to changes based on current advertising charges and the additional time involved in reviewing companies not normally associated with electrical distribution work but who may have applied for accreditation for the purposes of winning the tender.

8. UED DISPUTE HANDLING PROCEDURE

Where a customer is unhappy with the tender process, it is UED policy that the issue is first discussed with the Project Planner coordinating the tender process in relation to options provided in the Offer.

A Customer who is still not satisfied with the handling of their concerns by the Project Planner is entitled to a further review by UED's Manager Engineering Services.

If a review of the situation proves unsatisfactory customers are advised to contact the Essential Services Commission.

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9. 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

10. 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

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APPENDIX A – FEES & CHARGES

Fees payable to United Energy Distribution Pty Ltd (UED) include costs incurred in integrating the new assets with UED's existing assets (includes physical assets and electronic data)

UED has set the costs based on achieving best practice and will regularly monitor their applicability. All fees are subject to variation and as a minimum CPI rises.

Fee	Description	Amount	Comments
Non-Contestable Fees	Design Approval, Final Connection of Supply, Updating Systems and Drawings.	Calculated on hours spent per project whether work undertaken by UED or Customer.	The fee is based on the project and the option taken by the customer.
Tender Fee	Preferred tender Panel	At UED's discretion approximately \$3,900.00 (ex. GST) *	* Fee indicative - commensurate to project size and complexity
	Open tender	At UED's discretion approximately \$7,755.00 (ex. GST)*	* Fee indicative - commensurate to project size and complexity
Design Re-submission Fee		\$120 + \$60 per hour (after 2 hrs, ex. GST)	Per re-submission payable in advance
Field Re-audit Fee		\$110 + \$55 per hour (after 2 hrs, ex. GST)	Per re-audit payable in advance