

Attachment 16: Connection policy

Regulatory proposal for the ACT electricity distribution network 2019–24
January 2018

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16.1 Introduction

This attachment provides an overview of proposed changes for the 2019–24 regulatory period to Evoenergy’s existing approved connection policy. The proposed connection policy is at Appendix 16.1. Subject to Australian Energy Regulator (AER) approval, the proposed connection policy would replace the existing connection policy which was approved by AER in its final decision for the 2014–19 period.

The proposed policy reflects changes in the National Electricity Rules (Rules) and business environment. Evoenergy has not proposed any major changes to connection policy approach, any new concepts, or new types of charges. Evoenergy considers therefore that the proposed policy remains consistent with the requirements of the Rules and the Connection Charge Guidelines.

16.2 Rule requirements

Clause 6.8.2(c)(5A) of the Rules requires that a regulatory proposal include a proposed connection policy. Clause 5A.A.1 of the Rules defines a connection policy in the following terms:

connection policy means a document, approved as a connection policy by the AER under Chapter 6, Part E, setting out the circumstances in which connection charges are payable and the basis for determining the amount of such charges.

Chapter 6 of the Rules contains the connection policy requirements—that is, what must be submitted and the approval process. Clause 6.7A.1 states:

- (a) *A Distribution Network Service Provider must prepare a document (its proposed connection policy) setting out the circumstances in which it may require a retail customer or real estate developer to pay a connection charge, for the provision of a connection service under Chapter 5A.*
- (b) *The proposed connection policy:*
 - (1) *must be consistent with:*
 - (i) *the connection charge principles; and*
 - (ii) *the connection charge guidelines; and*
 - (2) *must specify:*
 - (i) *the categories of persons that may be required to pay a connection charge and the circumstances in which such a requirement may be imposed; and*
 - (ii) *the aspects of a connection service for which a connection charge may be made; and*
 - (iii) *the basis on which connection charges are determined; and*
 - (iv) *the manner in which connection charges are to be paid (or equivalent consideration is to be given); and*

- (v) *a threshold (based on capacity or any other measure identified in the connection charge guidelines) below which a retail customer (not being a non-registered embedded generator or a real estate developer) will not be liable for a connection charge for an augmentation other than an extension.*

The connection charge principles referred to in 6.7A.1(b)(1)(i) are set out in Chapter 5A of the Rules. The connection charge guidelines referred to in 6.7A.1(b)(1)(ii) are the AER's Connection charge guidelines for retail electricity customers, under Chapter 5A of the Rules, version 1.0.

16.3 Proposed connection policy

This section summarises changes to Evoenergy's existing connection policy and explains the corresponding reasons for these changes.

The proposed connection policy for the 2019–24 period includes the following changes.

- **Changes relating to Power of Choice metering reforms:** The proposed connection policy is amended to reflect the introduction under the Power of Choice Rule changes of metering contestability from 1 December 2017. Evoenergy's connection policy is amended to clarify that the connection service provided by Evoenergy excludes the installation of meters and that all new meter installations are now to be provided through a customer's retailer. The list of ancillary services is amended to exclude installation of meters and to include new ancillary services resulting from metering contestability. These services are discussed in Attachment 14 (Alternative Control Services).
- **Removal of service classification:** The existing connection policy specifies service classification against various components of the connection services; for example, the cost of connection assets is categorised as a Standard Control Service and the cost above Least Cost Technically Acceptable Solution is categorised as an Alternative Control Service. Evoenergy considers that these references to service classification could potentially have created ambiguity or inconsistency between the AER's Framework and Approach decisions and the proposed connection policy. For that reason, Evoenergy has removed the service classifications from the proposed connection policy.
- **Removal of the dollar values for capital contribution towards shared network assets:** The existing and the proposed connection policies both include a capital contribution payable by large customers towards the augmentation of shared network assets. The charge, which depends on the size of connection, is calculated on a \$/kilovolt-ampere (kVA) basis. The existing connection policy includes the dollar value of these charges as approved by AER. Evoenergy proposes changes to the level of \$/kVA charges to maintain their value in real terms.¹ Evoenergy proposes to remove the dollar values from the connection policy since the proposed level of these charges is included in the indicative pricing schedule submitted with this regulatory proposal² and ultimately published in the Evoenergy's Schedule of Electricity Network Charges.

¹ See explanation of the CPI adjustment in Attachment 14 Alternative Control Services.

² See Appendix 17.1 to Attachment 17 Proposed Tariff Structure Statement.

Evoenergy considers that a single schedule of charges improves clarity to customers and simplicity of administration.

- **Per block capital contributions for estate subdivisions – minor amendments:** The existing and the proposed connection policies both include capital contributions payable for estate subdivisions levied on a per block basis. Minor amendments are proposed to explanatory comments on per block charges. Evoenergy does not propose changes to the structure of per block charges or to their level in real terms.³

The dollar value of these charges is included in the indicative pricing schedule submitted with this regulatory proposal⁴ and is to be included in the Schedule of Electricity Network Charges to be published annually by Evoenergy.

- **Other editorial changes:** The proposed connection policy includes several other editorial changes and corrections including those in relation to the name change from ActewAGL Distribution to Evoenergy.

³ See explanation of the CPI adjustment in Attachment 14 Alternative Control Services.

⁴ As part of the Proposed Tariff Structure Statement.

Shortened forms

Term	Meaning
AER	Australian Energy Regulator
kVA	kilovolt-ampere
Rules	National Electricity Rules