Customer Development Management Plan

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TasNetworks | Powering a Bright Future

Contents

Authorisations

Action	Name and title	Date
Prepared By		11/08/2022
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Responsibilities

This document is the responsibility of the Network Planning Team, Tasmanian Networks Pty Ltd, ABN 24 167 357 299 (hereafter referred to as "TasNetworks").

Please contact the Network Planning Leader with any queries or suggestions.

- Implementation — All TasNetworks staff and contractors.
- Compliance — All group managers.

Disclaimer

Record of Revisions

Section number	Details
0.1	Prepared from Aurora Energy's *Customer Initiated Capital Works Management Plan* v3 (ref - NW#30171121, AE302)
1.0	For issue
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Supporting Documentation

Section number	Details	Record Number
1	Customer Expenditure Forecasts	R0002246630
2	Customer Forecasting Methodology	R0002218773
3	Distribution Connection Pricing Policy 2024-2029	R0002088325
4	Asset Management Policy	R0002193666
5	Towards 2030 Strategy	Zone Link
6	Balanced Business Plan	Zone Link
7	Annual Planning Report	Site Link

1 Purpose

The purpose of this document is to describe the supporting principles of customer development activities associated with;

- The provision or modification of electrical connections on the distribution network; and
- The relocation of electrical infrastructure owned and operated by Tasmanian Networks Pty Ltd (TasNetworks).

This plan provides:

- TasNetworks' approach to facilitating the establishment and/or modification of customer connections, and non-demand network alterations as requested by a third party or customer as reflected through its legislative and regulatory obligations, pricing policy, and strategic plans;
- The key programs underpinning its activities; and
- Forecast CAPEX to deliver these programs for the 2024-29 regulatory control period through to the following regulatory control period, including the basis upon which these forecasts are derived.

2 Scope

This document covers customer development activities including all effort and expenditure associated with the negotiation, planning, solution development, design, construction and commissioning activities for establishing or modifying complex customer connections[1]. This covers Customer Initiated Capital Works (CICW), Pre-connection Services, and Quoted Services (non-demand related).

Non-demand related network alterations are work activities separate from the CICW programs that have been requested by a third party or customer. This includes but not limited to work activities such as asset relocation for road widening, pole relocations, or undergrounding.

Pre-connection services are the tasks associated with the administration of the connection application process and the preparation and finalisation of the asset construction design.

This document excludes:

- Basic connection services;

[1] For the purpose of this management plan the term customer connection relates to the physical provision of a new or upgraded service wire connection that makes supply to a single point for use by customer(s). Notwithstanding that the single point of supply may supply multiple customers (e.g. apartments / units) with multiple National Meter Identifiers (NMI).

- Network development activities including demand, quality, and reliability related capital works; and
- Maintenance and renewal activities including replacement of the service wire connection for condition based, fault replacement or similar circumstances.

3 Regulatory and Legislative Obligations

The Tasmanian electricity supply industry operates under both state and national regulatory regimes. TasNetworks, being a participant in the National Electricity Market (NEM), is required to develop, operate and maintain the transmission and distribution system in accordance with the National Electricity Rules (NER) and other local requirements under the terms of our licences issued by the Tasmanian Economic Regulator under the Tasmanian Electricity Supply Industry Act 1995.

Customer initiated expenditure is associated with the construction of new distribution assets or modification of existing assets, including network extensions and augmentations of the shared network to facilitate that connection or relocation request. Customer initiated works are developed in accordance with our asset management plans, strategic area plans, and planning principles, to ensure that the distribution network delivers:

- Compliance with regulatory obligations;
- Safety, reliability and security of supply outcomes that meet customers' needs; and
- Economic whole of life costs associated with network expansion and connection integration.

The regulations that are relevant to transmission and distribution network planning and development are:

- The National Electricity Rules (NER). These rules stipulate the requirements surrounding the electrical performance of the network. Of particular relevance to the distribution network is the Service Target Performance Incentive Scheme (STPIS);
- The NER (specifically Chapter 5) also stipulates our obligations for encouraging and managing new and modified customer connection services to the transmission and distribution networks;
- The *Electricity Supply Industry (Network Planning Requirements) Regulations 2007* (ESI). The ESI regulations define the minimum criteria for network performance following contingency events on the transmission network; and
- Guidelines and standards applicable to the electricity industry as per the Tasmanian Electricity Code (TEC). The TEC contains arrangements for the regulation of the Tasmanian electricity supply industry which are not covered by the NER and are largely related to the distribution network. Of particular interest to network planning are the reliability requirements which outline the acceptable levels of reliability for various classifications of Tasmanian communities. Any excursions outside these requirements result in Guaranteed Service Level (GSL) payments to the impacted customers.

As a joint transmission and distribution network service provider, customer initiated development strategies in the distribution network considers TasNetworks' regulatory obligations for the transmission network.

4 Strategic Alignment and Objectives

TasNetworks Distribution Connection Pricing Policy 2024-2029 provides the principles that will apply when a connection applicant seeks a new or modified connection to TasNetworks' distribution network and establishes the requirements for the provision of those customer connection services.

The Customer initiated management plan has been developed to align with TasNetworks' Distribution Connection Pricing Policy 2024-2029, Asset Management Policy, and Strategic Objectives.

The asset management objectives focus on the following key areas:

- manage our assets to meet the strategic goals, measures and initiatives outlined in the Corporate Plan;
- comply with relevant legislation, licences, codes of practice, and industry standards;
- apply contemporary condition assessment and risk management techniques to identify and effectively manage risks and opportunities, including at a portfolio level;
- continually adapt, benchmark and improve asset management strategies and practices and apply contemporary asset management techniques appropriate to TasNetworks, consistent with industry best practices;
- develop and continually improve asset management processes and systems to optimise asset management efficiencies and decision making processes;
- adopt the lowest whole-of-life cost solutions, cognisant of risk, for investment in asset creation, replacement or refurbishment projects;
- operate assets safely within prescribed limits and apply dynamic ratings where appropriate;
- maintain a complete and accurate register and documentation system of all our assets;
- prepare and maintain high quality asset management plans, standards, guidelines and procedures;
- ensure our team members are trained, authorised and competent to undertake their work activities;
- work closely with internal and external service providers and contractors to ensure that work performed on assets is consistent with the relevant standards and this policy; and
- Undertake periodic audits to ensure assets are being managed in accordance with this policy and the asset management framework, plans, standards, guidelines and procedures.

This management plan should be read in conjunction with relevant TasNetworks asset management plans, area strategy reports, and our design and construction manuals and standards.

4.1 TasNetworks – Towards 2030

TasNetworks has developed a pathway to 2030 to enable a more sustainable electricity system and ensure Tasmanian customers benefit from the safe, reliable and affordable supply of electricity. TasNetworks' vision for powering a bright future encompasses five (5) focus areas; Safety, Resilience, Efficiency, Renewable energy and Growth.

Figure 1: Towards 2030 Focus Areas

TasNetworks expects that the way customers use electricity will change, and the services that customers require from the network will increase. With the advancement in new technology and the costs of generation and energy storage declining, TasNetworks expect customers will continue to host small scale renewables and move towards small scale energy storage systems such as batteries and electric vehicles. The changes in the regulatory frameworks and pressure of reducing overall electricity prices challenge network operators to deliver more affordable energy to the end customer through alternative network solutions. The changing environment drives innovation and empowers new ways of working to deliver more value to our customers, shareholders and Tasmania.

4.2 Asset Management Plans

The suite of asset management plans have been developed to align with both TasNetworks' Asset Management Policy and Strategic Objectives.

The asset management policy, contained within the Strategic Asset Management Plan, states 'Consistent with our vision and purpose, we strive for excellence in asset management and are committed to providing a safe working environment, value for our customers, sustainable shareholder outcomes, care for our assets and the environment, safe and reliable network services, whilst effectively and efficiently managing our assets throughout their life-cycle'.

It is part of a suite of documentation that supports the achievement of TasNetworks strategic performance objectives and, in turn, its mission. The asset management plans identifies the issues and strategies relating to network system assets and details the specific activities that need to be undertaken to address the identified issues.

4.3 Area Planning Strategies

For planning purpose, the transmission and distribution networks are managed as separate planning areas. The transmission network is split into four (4) planning areas covering the Southern, Central, Northern and North West/West Coast networks (Figure 2). The distribution network is split into nine (9) sub-categories to cover the expansive network at the 44kV, 33kV, 22kV, 11kV and LV networks.

Figure 2: Network Planning Areas

An Area planning strategy exists for each planning area, which is used to capture and summarise location specific network information, economic and demand forecasts, and strategic network development plans. These strategy reports are used to develop our publically available combined transmission and distribution Annual Planning Report.

The Area Strategy reports contribute to the asset management objectives by building understanding, capabilities and strategies to realise early opportunities, whilst delivering safe and reliable network services. We do this to meet our customers' needs and the Rules requirements. The Area planning strategies form a part of the end to end works program process, which identify the need, timing and opportunity, in the early phases of the planning and network development process.

The 2022-23 Balanced Business Plan states the five (5) focus areas that are needed to operate our business effectively, these include;

- People and Safety – ensuring our reportable safety and environmental incidents are kept within acceptable levels;
- Reliability – ensure our transmission and distribution networks are meeting the acceptable level of service performance with a reliance on duration;
- Customer Service – ensuring our customer satisfaction is meeting industry standards;
- Affordability – operating our business efficiently with quantified benefits; and
- Growth – meet the forecast level of earnings and connections asset base.

The Area planning strategies contribute directly to the above operational activities.

5 Overview

5.1 Customer Initiated Capital Works

CICW activity is initiated and undertaken at the request of customers through the connection process, which includes assessing and subsequently agreeing to the conditions for connection to the network. This connection process focuses on facilitating and establishing the connection of new and modified private electrical infrastructure to TasNetworks' distribution network through either direct connection or via dedicated distribution connection assets.

A customer connection to the network allows a customer to not only import energy (consume) from the network but also, in certain circumstances, generate (produce) and export energy into the network.

In determining the scope of work for a specific customer connection there are two (2) areas where infrastructure investment may be required:

- Connection assets, specific to that customer connection; and
- Network alterations, expansion and extension works (shared assets alterations) associated with strengthening and expanding the shared network specifically to facilitate only that customer connection.

CICW infrastructure investments for connection services therefore relate to:

- Building connection assets at the customer's premises;
- Modifying the existing network or building additional network; and
- Connecting connection assets to the network.

The specific technical requirements, commercial arrangements, location, type of customer connection, and capability or constraints of the existing network influence the magnitude of individual CICW projects.

CICW investment is further defined through a set of existing functional areas within the Program of Work (POW) reflecting in more detail the nature, type and size of the connection assets required.

All CICW projects are prioritised with other projects within the POW, whilst recognising the customer's supply timing requirements, to ensure efficient resource and materials deployment within the POW.

5.2 Customer connection forecasts

The forecasting of customer connection volumes and network maximum demands (MD) whilst related, are separate activities. Where customer number forecasts demonstrate the requirement for new and modified connection investment more globally across the network, the demand forecast is aimed at providing evidence of emerging system constraints upstream of new connections and locally within the High Voltage (HV) distribution network. These emerging demand related issues are a result of increased customer connections as well as existing customer usage changes, recognising external econometric, weather related and environmental influences.

5.3 Pre-connection services

Pre-Connection Services relate to the design, engineering, plant, and labour costs associated with the preparation of an Offer to Connect; for work activities associated with CICW and non-demand replacement activity.

5.4 Non-demand network alterations

Non-demand related network alterations are work activities separate from the CICW programs, which have been requested by a third party or customer. This includes work activities such as asset relocation for road widening, pole relocations, or undergrounding.

Non-demand activity is initiated and undertaken at the request of customers through the connection process, which includes assessing and subsequently agreeing to the conditions of the requested works. This connection process focuses on facilitating the customers' requests and timeframe, as well as ensuring appropriate infrastructure is installed with the requested works (i.e. future network planning, asset management etc.)

In determining the scope of work required for alternative control services, TasNetworks assess the request in conjunction with associated area strategies to ensure investment opportunities are managed sustainably.

Where additional infrastructure is installed or additional works undertaken with the non-demand customer initiated works, this expenditure is excluded from the Customer Initiated work functional areas; allocating this expenditure to other network streams as appropriate (e.g. asset renewal, network development etc.).

The specific asset type, technical capability or constraints of the existing network influence the magnitude of network alteration work. All works are delivered by Operations, however for work requests associated with the HV distribution networks, the strategic arm of Operations are engaged for strategic input.

All Quoted Services projects are prioritised with other projects within the POW, whilst recognising the customer's request timing requirements, to ensure efficient resource and materials deployment within the POW.

Non-demand related network alterations or Quoted Services describe alternative control services requested by a third party or customer, e.g. asset relocation for road widening, pole relocations, or undergrounding. Quoted Services also include all pre-connection services (Design and Engineering plant and labour) associated with preparing an Offer to Connect on request from customers.

5.5 Activity Management

Customer development activity is managed within TasNetworks through a number of areas of responsibility, including:

- The *Network Planning Team Leader*, facilitating ownership of the Customer Initiated Management Plan;
- The *Network Planning Team*, facilitating the development of future POW volumes and budget forecasts;
- the Customer Service Group, negotiating the customer connection directly with the customer;
- the Operations unit recognising the impact and technical requirements for the customer connection and influence on network development plans and strategies and undertaking the design and construction[2], commissioning, audit, project finalisation, and management of work activities to establish and facilitate the customer connection; and
- The Finance team, journaling and reporting of customer initiated expenditure to the business.

[2] For some customer initiated works the design and construction activities may be contestable whereby the works may be undertaken by either Operations or by the customer's external resources, as requested by the customer.

6 Supporting Principles

There are a number of key supporting principles that guide TasNetworks approach to Customer Initiated activity.

6.1 Area Planning Strategies

As detailed in section 4.3, to ensure the outcomes of the planning philosophy are met, customer initiated works are managed in conjunction with the area planning strategies. This is how customer initiated activity is influenced by TasNetworks strategic plans, and vice versa.

6.2 TasNetworks Distribution Connection Pricing Policy

The Distribution Connection Pricing Policy provides the basis for the commercial arrangements and any on-going maintenance and contractual arrangements necessary for any customer connection to the distribution network. There is an obligation on both parties to establish a connection agreement to ensure that this happens and that such a customer connection meets specific legislative and regulatory requirements.

6.3 Connection conditions

In establishing a customer connection to the network, while satisfying the customer electrical supply requirements, the conditions and arrangements for that customer connection must ensure that the network and consequently other customer connections are not adversely affected. All customer connections must comply with the obligations of the NER, TEC and relevant Australian Standards.

Each application for a customer connection is assessed and investigated to ensure that operation of customer facilities has minimal impact on existing customer connections and complies with relevant legislative, commercial and technical obligations. Customer installations must comply with the relevant rules, legislation and Australian Standards prior to connecting to the network.

In establishing a customer connection to the network, TasNetworks recognises infrastructure design and construction required for that connection must be in accordance with good electricity industry practice as defined in Chapter 14 of the TEC. Additional considerations are given to the required infrastructure and connection assets where that customer connection has identified reliance of supply as an essential service in terms of emergency, safety and life support requirements.

In determining the optimum investment for a customer connection, recognition of the least cost, most prudent investment and maximum utilisation of the existing infrastructure is paramount to ensure the ‘cost to serve’ is minimised.

7 Regulatory Framework

Chapters 4, 5, 6 and 7 of the NER provide various minimum requirements and a framework for access arrangements to the network.

In particular, clause 6.1.3 states:

> Access to direct control services and negotiated distribution services
> a) Subject to and in accordance with the Rules:
> 1) a person (a Service Applicant) may apply to a Distribution Network Service Provider for provision of direct control services or negotiated distribution services;
> 2) a Distribution Network Service Provider must provide direct control services or negotiated distribution services (as the case may be) on terms and conditions of access as determined under Chapters 4, 5, this Chapter 6 and Chapter 7 of the Rules.
> b) The terms and conditions of access are:
> 1) in relation to negotiated distribution services:
> (i) the price of those services (including, if relevant, access charges); and
> (ii) other terms and conditions for the provision of those services;
> 2) in relation to direct control services:
> (i) the price of those services under the approved pricing proposal; and
> (ii) other terms and conditions for the provision of those services.

TasNetworks is therefore required to provide offers to connect to all connection applicants on fair and reasonable terms and conditions. Chapter 5 of the NER provides additional detail regarding the connection process and requirements for access to the network for a customer connection, including access standards.

8 Connection Classes and Types

8.1 Connection class

For the purposes of managing the CICW activities, the CICW category of work is segmented into four (4) connection classes. Each connection class reflects the nature 'of' and drivers for the connection service, the type of customer connection, the appropriate connection asset infrastructure, the complexity of supply requirements, and the customer's private installation. These connection classes include Residential, Commercial, Irrigation, and Subdivisions.

8.1.1 Residential class

Residential installations include residential construction activities. Connection assets associated with this connection class may include:

- Simple connections (LV connection):
  - customer connection service fuses; and / or
  - one (1) span of overhead service wire.
- Medium connections (LV connection):
  - customer connection service fuses; and / or
  - greater than one (1) span of overhead service wire and crossover;
  - small extension, overhead and/or underground, of the LV feeder; and
  - additional street furniture (i.e. turret or cabinet).
- Complex connections (LV connection):
  - customer connection service fuses; and / or
  - greater than one (1) span of overhead service wire and crossover;
  - large extension of the LV feeder;
  - extension of the HV feeder;
  - installation of a distribution transformer (predominantly pole-type); and
  - Upstream shared asset alterations may be required.

8.1.2 Commercial class

Commercial installations include agribusiness installations (but not irrigation supplies), supply for commercial construction activities, industrial developments and mining complexes. Connection assets associated with this connection class include:

- Simple connections (LV connection):
  - customer connection service fuses; and / or
  - greater than one (1) span of overhead service wire and crossover;
  - small extension, overhead and/or underground, of the LV feeder; and
  - additional street furniture (i.e. turret, cabinet or wall box).
- Medium connections (LV connection):
  - Large extension, overhead and/or underground, of the LV feeder;
  - Small extension, overhead and/or underground, of the HV feeder; and
  - installation of a distribution transformer (predominantly pole-type).
- Medium connections (HV connection):
  - small extension, overhead and/or underground, of the HV feeder;
  - installation of a HV isolator; and

- Upstream shared asset alterations may be required.

- Complex connections (LV connection):
  - large extension, overhead and/or underground, of the HV feeder; and
  - installation of a distribution transformer (predominantly ground-type).
- Complex connections (HV connection):
  - large extension, overhead and/or underground, of the HV feeder;
  - installation of a HV isolator; and
  - Upstream shared asset alterations expected to be required.

8.1.3 Irrigation class

Irrigation installations include irrigation construction activities. That is, connection works associated with *customer connections* for the purpose of irrigating. Connection assets associated with this connection class may include:

- Simple connections (LV connection):
  - customer connection service fuses; and / or
  - one (1) span of overhead service wire; and
  - small extension, overhead and/or underground, of the LV feeder.
- Complex connections (LV connection):
  - customer connection service fuses; and / or
  - greater than one (1) span of overhead service wire;
  - large extension of the LV feeder;
  - large extension of the HV feeder;
  - installation of a distribution transformer (predominantly pole-type); and
  - Upstream shared asset alterations may be required.

8.1.4 Subdivision class

Subdivision developments include residential and commercial/industrial activities. Connection assets associated with this connection class, both residential and commercial, is based on basic infrastructure and typical loadings per lot. The 'per lot' assessment includes the electrical infrastructure and does not include civil works associated with any excavation, trenching, backfilling or reinstatement within the subdivision development. Connection assets associated with this connection class may include:

- Medium complexity connections

- LV & HV feeders;
- installation of a distribution transformer; and
- possible upstream shared asset alterations may be required.

8.2 Connection class types

Generally the complexity of infrastructure and level of expenditure required for each connection class is influenced by:

- Load or maximum demand;
- Type of customer connection or technical requirements requested;
- Location (topography) of the customer connection; and
- Capability and topology of the existing network infrastructure to establish the customer connection.

Accordingly each connection class can be grouped into types with the aim of assisting forecasting the CICW investment allowances, and align with relevant regulatory reporting requirements.

Table 1 below summarises the connection class type codes used to forecast CICW investment allowances including associated internal Work Levels, and POW Functional Area Codes.

Quoted services investment is further defined through a set of existing work categories within the Program of Work (POW) reflecting in more detail the nature, type and size of the alteration required. With the aim of assisting budget forecasting and align with relevant regulatory reporting requirements these categories have been grouped as summarised in Table 1

Table 1 – Summary of Customer Connection Types

Customer Class	Connection Class Type Code	Work Level Description	Work Level Code	Associated POW Functional Area Codes[3]
Subdivision	CSUDN	Customer Initiated Subdivisions	CSUD	SOSDC, SOSDI, SUSBD, LANDS, EASES.
Residential	CCONR[4]	Customer Initiated Connection Assets	CCON	SUSCA, LANDC, EASEC
	CNMAR	Customer Initiated Non-Major Works	CNMA	DESDB, SOLCI, SOLCP, SOPOR, SUPOR, SOPOC
Irrigation	CNMAI	Customer Initiated Non-Major Works	CNMA	SOIRR, SOIRC
Commercial	CNMAC	Customer Initiated Non-Major Works	CNMA	SOGSI, SUGSI, LANDN[5] , EASEN[6]
	CMAJC	Customer Initiated Major Works	CMAJ	CASYS, SUMPR, SOGSM, LANDM, EASEM
	CSUBC	Customer Initiated Substations	CSUB	SUSUB, LANDB, EASEB
Quoted Services (OPEX)	QUOTS	Customer Initiated Quoted Services	QUOT	QUREO, QUHIO, QUSCO, QUSUO, QUNSO, EASEQ, (includes pre-connection services)

[3] POW Functional Area descriptions detailed in Appendix A
[4] Not included in budget forecast – retained for reporting purposes only
[5] Functional area LANDN also used for non-major Residential and Irrigation connection classes
[6] Functional area EASEN also used for non-major Residential and Irrigation connection classes

9 Forecasting methodology

TasNetworks produces forecasts for the number of new network connections split into the categories residential and commercial; simple and complex. These categories align with the annual Regulatory Information Notice (RIN) submissions with applied mapping to relevant connection sub-categories (i.e. irrigation and residential subdivision lots). These customer connection forecasts are then used; in conjunction with historical unit rates for these activities, to determine the budget forecast for Customer Initiated activity in the future POW.

TasNetworks' customer connection forecast has been developed for the 2024-29 Combined Proposal, for the submission of customer initiated work and the updated connection pricing policy for the next regulatory control period. The methodology and driving inputs are summarised below.

9.1 Connection class types

TasNetworks has opted to apply an econometric methodology to forecast new customer connections to the distribution network. This approach required the estimation and testing of statistical relationships between the number of new connections and the underlying drivers that influence the number of new connections in Tasmania.

TasNetworks has retained a linear regression approach for the upcoming revenue submission. The forecasting models were derived by correlating economic data from the Australian Bureau of Statistics (ABS), external dwelling start forecasts from Master Builders Association (MBA) and historical customer connections from TasNetworks' annual Regulatory Information Notices (RIN).

Based on the modelling conducted, the following input variables were chosen as the best case for customer connection forecasts for the upcoming revenue period:

Connection Category	Residential	Commercial
Timeframe	2 Year Average, No Lag	4 Year Average,1 Year Lag
Input variables	Total Dwelling Starts	Non-Residential Building Activity
Correlation coefficient	0.73	0.72
p-value	0.005	0.04

Consistent with the time frames of the available external economic forecasts, residential and commercial connection forecasts were compiled to 2025. For more detail on the customer connection forecast methodology refer to the supporting documentation section at the beginning of this document.

9.2 Historical investment evaluation

Unit rates are developed to forecast future program budgets for CICW activity. From the historical category analysis RIN submission the estimated unit rates were calculated. An average unit rate will be calculated and applied to the volume forecast throughout the remainder of current regulatory control period.

Connection Category	Unit rate ($ per connection)				
	2017[7]	2022	2024	2026	2028
Residential	$ 8,250	$ 9,579			
Commercial	$ 35,482	$ 48,067			
Irrigation	$ 18,476	$ 34,833			
Subdivision	$ 5,664	$ 8,161			

9.3 Expenditure forecast approach

Customer initiated budgets are forecast by connection class type by applying the average historical unit rate to the new customer connection forecasts. This is applicable to the non-major and subdivision connection class types only.

The TasNetworks' finance team journals costs between POW functional areas in order to make sure the costs are correctly allocated to each functional area. This can have the unintended result of inconsistencies with connection volumes for a number of functional areas. As a result the unit rate calculation method is not directly applicable to the following connection class types:

- customer initiated major works (CMAJR),
- customer initiated substations (CSUBS), and
- alternative control quoted services - OPEX (QUOTS).

These categories were forecast using an average historical total category cost (excluding outliers).

Major works and substations connection class type budgets are forecast according to recent historical spend and growth in the commercial customer category as commercial activity is the main driver for work in these areas. Quoted services are kept steady across the forecast period.

[7] Unit rates used for the previous revenue submission

10 Financial Summary

The capital program and expenditure identified in this management plan are necessary to manage forecast customer initiated activity within the determination period. All customer initiated projects are prioritised with other projects within the POW, whilst recognising the customer's supply timing requirements, to ensure efficient resource and materials deployment within the POW.

Figure 3 below shows the capital expenditure forecasts for customer development activity in relation to historical actuals.

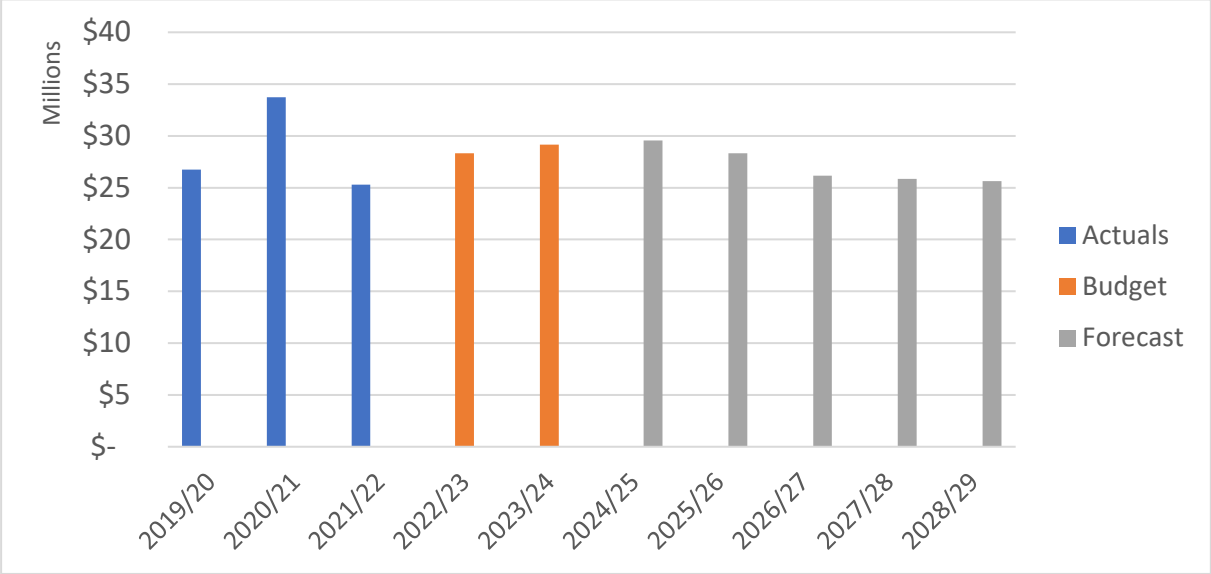

Figure 3: CAPEX expenditure profile

TasNetworks proposes a total capital expenditure of $135.9 million over the next 5 years (2024/25-2028/29), with an average expenditure of $27.1 million per annum.

Forecast expenditure, which excludes CPI adjustments, business overhead costs, and customer contributions, is expected to increase over the 2024-29 regulatory control period based on the latest connection forecasts. This is attributed to 2020/21 fiscal year in the current regulatory control period where TasNetworks experienced significant growth in customer development applications due to government stimulus in the construction industry and the state of the economy during the COVID-19 pandemic. However, the latest forecast indicate a steady decline from 2026/27 onwards down to pre-COVID levels of approximately $25 million per annum.

Table 2 – Capital expenditure forecasts (in millions)

Connection Class	2025	2026	2027	2028	2029
CNMAR	4.46	4.53	4.50	4.47	4.44
CNMAC	9.45	8.70	7.60	7.47	7.40
CNMAI	5.13	4.72	4.12	4.05	4.02
CSUDN	7.36	7.46	7.41	7.37	7.32
CMAJC	0.13	0.12	0.10	0.10	0.10
CSUBC	3.02	2.79	2.43	2.39	2.37
Total CAPEX	29.55	28.32	26.17	25.85	25.65