



ABN 76 064 651 056

**CitiPower Customer Guideline
For
Making an Electricity Supply Available
And
Undergrounding of Existing Assets**



Keeping you informed

CitiPower has a commitment to providing professional advice and service to customers. This Guideline outlines the steps CitiPower and you must take to provide a new or upgraded electricity supply to your property or to enable undergrounding of existing distribution assets. It also explains how we calculate the costs you will need to pay.

Your early enquiry with CitiPower regarding a new or upgraded electricity supply to your property will help us provide supply when you need it.

This Guideline is for information purposes only and is not a legally binding document. The details of your and our legal obligations are detailed in any contract we agree with you and in the relevant regulations and laws covering Victoria's Electricity Industry.

Nothing in this Guideline should be construed as an offer of service or forming part of the terms of any agreement with CitiPower. CitiPower has used its best endeavours to ensure information in this Guideline is correct at the time of publishing. This Guideline is subject to change.

General information about the rights and responsibilities you have with CitiPower, and those we have with you, is contained in our *Customer Distribution Charter*. This is available at **www.citipower.com.au**, or you can arrange for us to post a copy by calling CitiPower General Enquiries on **1300 301 101**.

CitiPower is committed to safeguarding customers' personal information. Details of CitiPower's Privacy Policy are available **www.citipower.com.au** or by calling **1300 301 101**.

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Distributors and Retailers

CitiPower is an Electricity Distributor – we own and operate the distribution network that carries electricity to our customers but we do not sell or retail electricity.

You must choose your Electricity Retailer before CitiPower can make the electricity supply to your property active because Retailers are responsible for your electricity account.

Your selected Retailer will advise CitiPower when we can proceed with connecting the electricity supply to your premises.

Undergrounding of Existing Assets

If you require existing distribution assets to be placed underground or relocated for the purpose of health and safety or amenity and appearance of the environment, CitiPower will assist in developing a proposal.

CitiPower will provide you with a proposal for your consideration that includes costs. The costs that will be provided to you will have a cost contribution from CitiPower using the guidelines provided by the Australian Energy Regulator (AER). A reference to this document can be found at the end of this brochure.

CitiPower's contribution will take into consideration avoided costs of the existing assets such as:

- Future Maintenance
- Future Tree clearing
- Deferred asset replacement.



Requesting Supply

If you are a standard domestic customer, or a business customer with about the same electricity usage as an average sized residential house, your Registered Electrician can normally arrange the actual connection for you where a suitable electricity supply is presently available. In most cases you need to pay only a **New Connection Fee** (see *Other Fees and Charges*).

Before purchasing major electrical appliances or equipment (such as under-floor heating, three-phase air conditioners or motors), please confirm CitiPower can meet these needs without the need to further increase the capacity of our lines. If an increased line capacity is necessary additional costs will apply to you

In some cases, particularly if you are a large domestic customer, a commercial customer or an industrial customer, we may need to increase the capacity of our lines and electrical equipment or extend and augment our network to meet your needs.

CitiPower will need you to provide detailed load information to determine the best way to extend or upgrade our network to meet your need for electricity supply. Your Registered Electrical Contractor or Consultant can help provide this information in the form we need.

If work is required on our network, you may have some choices about who undertakes parts of the work, and how this work is managed. Again, your Electrical Consultant or Registered Electrical Contractor can help you to make these decisions.

It is extremely important to estimate as accurately as possible the amount of electricity you will need as it affects the proportion of the total cost we may agree to contribute (see *Network Contribution*) and we ask you to pay (see *Customer Contribution*) for providing supply.

If you fail to use the amount of electricity you specified and CitiPower has built that capacity into the lines we may seek to recover costs from you.

We calculate the amount of our Network Contribution using the guidelines provided by the AER

Alternate Control Services

When you request an Offer for Network Connection Services, Powercor conducts an initial assessment to determine if there is sufficient design certainty to provide the Offer. If design certainty does not exist then preliminary work will be required before an offer can be prepared. This work is classified by the Australian Energy Regulator (AER) as “*Alternate Control Services*” and will be charged to you. We will provide you with a separate quotation and Agreement for your payment and acceptance before we proceed with your preliminary design work. Preliminary design costs are non-refundable and are separate from the Offer for Network Connection Services.

Network Connection Proposal

If your Registered Electrical Contractor is arranging the connection for you and no work is required on our network, you will only need to make an application for supply directly to your chosen electricity Retailer.

If CitiPower must extend or augment its network to provide for your electricity needs, CitiPower will provide a Network Connection Proposal for your consideration.

Our proposal will outline:

- the work CitiPower will be responsible for
- the work your Registered Electrical Contractor will be responsible for
- the cost of the work
- your contribution to the cost of the work
- CitiPower's contribution to the cost of the work
- the requirements, if any, for leases or easements
- an indication of the timing for the work
- your CitiPower contacts
- any Security Deposit that may be applicable.

Our proposal will refer to contestable work and non-contestable work and will provide information on how the contestable work may be competitively tendered. Contestable work includes the construction of the additional electrical infrastructure required to supply your property including the provision of all materials and 'as-constructed' plans.

The non-contestable work, which will still be performed by CitiPower include:

- Project management;
- Design, including surveying and drafting services; and
- Works co-ordination
- System planning
- Design approval
- Quality compliance auditing
- Records updating
- Field detailing
- Tie-in works

Where applicable, our Proposal will ask you to select one of the options as follows:

1. You waive the right to tender and request CitiPower to proceed with the work,
2. You request that CitiPower call a closed tender for the work. This means CitiPower refers only to its list of contractors with existing Service Agreements with CitiPower. These contractors have been selected based on a tendering process that considers price, quality and safety,
3. You request that CitiPower call an open tender for the work. This means in addition to CitiPower's existing contractors, other contractors may submit a price.

Option 1 – You ask CitiPower to proceed with the work

CitiPower will arrange for all work, both contestable and non-contestable, to be completed in close co-operation with your Registered Electrical Contractor.

Option 2 – You Request That CitiPower Call a Closed Tender For The Work

Under Option 2, CitiPower calls tenders from its list of contractors with existing Service Agreements to perform the contestable work.

Contractors that have been awarded Service Agreements with CitiPower have demonstrated they have the qualifications, training, experience, and quality systems of work to complete both contestable and non-contestable work. These contractors have also demonstrated they can provide the services efficiently through their unit prices submitted as part of the tender process.

CitiPower's costs will therefore include the non-contestable works, the costs of managing the tender process associated with the contestable work and the cost of the contestable work obtained from the tender process.

On completion of the tender process, you then select which Recognised Contractor you wish to use for the contestable work.

Option 3 – You Request That CitiPower Call an Open Tender For The Work

Option 3 is identical to Option 2, with the exception that the tender will be open to all Contractors to tender for the contestable work.

CitiPower's costs for managing the tender process under Option 3 may be higher compared to Option 2 depending on the number of contractors whose qualifications; training, experience and quality systems require assessment.

On completion of the tender process, you then select which Recognised Contractor you wish to use for the contestable work.

Security Fee

If CitiPower assesses there is a risk that if you accept our connection offer, we may not earn the incremental revenue on which the connection proposal was based, CitiPower may require a security fee.

The security fee will generally only be required when CitiPower is required to install significant infrastructure to provide electricity supply. In calculating the security fee, CitiPower considers a number of factors including:

- Your intended usage of the electricity we are supplying.
For example, if we are supplying a residential development, as soon as the residence is

occupied, CitiPower will earn revenue therefore our risk is low. However, if the venture is speculative or subject to many external factors, CitiPower's risk is high.

- The location of your new development.
For example, if the infrastructure we install to supply your new development can be readily used by others in the event your usage is lower than estimated, our risk is low. Of course if the infrastructure we install cannot be readily used by other our risk is high.
- The amount that CitiPower is contributing to the work required to provide electricity supply

CitiPower shall review your electricity consumption annually. If your consumption is consistent with the originally estimated usage, CitiPower will repay the security fee with interest over 5 years.

Substation Leases and Cable Easements

In some situations CitiPower will need to install an electrical substation on your property in order to meet your electricity requirements. These situations would normally be limited to relatively large developments. In these cases, CitiPower will require a lease to formalise the arrangement.

Leases and easements are written agreements allowing CitiPower to install and maintain our electricity distribution lines, cables and equipment on your private property.

If a lease is applicable, CitiPower will ask you to sign an Agreement for Lease and also to prepare a Plan for Creation of Lease and Easement. The lease is registered on title.

The Point of Supply

The **Point of Supply** is the point where CitiPower's line connects to your property as defined in the *Electricity Safety Act*. When you receive a Network Connection Proposal from CitiPower, we will advise you of your Point Of Supply.

The Point of Supply will normally be at:

- For an underground line – the point at which the line crosses the boundary of the property (usually in an underground pit);
- For a short aerial service line from a CitiPower pole – at the first point of attachment of that service line within the property (up to maximum 20 metres into your property, usually at the front of the premises); or
- For a high voltage line and substation within the property – at the low voltage terminals of that substation.

CitiPower is responsible for maintaining the lines and poles up to the Point Of Supply.

Overhead or underground private lines located on your property after the Point of Supply are called **Private Electric Lines (PEL)**. You are responsible for the maintenance of PELs on your property in accordance with the *Electricity Safety Act (Installation) Regulations* administered by Energy Safe Victoria (ESV).

CitiPower advises you contact a Registered Electrical Contractor to determine the costs of installing your Private Electric Line as these costs will increase the further the distance that the Point Of

Supply is located from your premises or main switchboard.

How long does it take?

Extending or Upgrading Electricity Lines

Once you have accepted CitiPower's Network Connection Proposal, and request us to proceed, it can take a further 3 months for CitiPower to complete the work. Of course very large projects that require significant material purchases and construction work can take even longer.

The lead time is required to allow CitiPower to complete the detailed designs, prepare working drawings, purchase material, arrange electricity shutdowns, and obtain the consent of, or notify, other authorities such as Councils.

How Much Will It Cost?

CitiPower's Network Connection Proposal will include the cost of the work. The proposal will also include the amount CitiPower will contribute to the cost of making electricity supply available to you and the amount we ask you to pay.

The amount CitiPower will contribute is known as the Network Contribution and the amount we ask you to pay is known as the Customer Contribution.

CitiPower follows the principles established by the Australian Energy Regulator (AER) in its Guideline 14 when calculating both the Network Contribution and the Customer Contribution. A reference to the AER's Guideline 14 can be found at the end of this document.

Customer Contribution

The Customer Contribution is calculated on the least overall cost technically acceptable (LCTA) method of providing electricity to your Point of Supply. Our calculation takes into account:

- The amount of electrical capacity you have requested;
- The amount of electricity you agree to use;
- The cost of extending or upgrading our network to provide supply to your property;
- The expected life of the connection, and;
- The cost of maintaining and operating the new line over the life of the connection.

It is very important that you or your registered Electrical Contractor or Electrical Consultant advise us accurately of the amount of electricity you will need, because this influences the way we extend our network and we use the cost of this to calculate your contribution.

The following formula is used to determine your contribution:

Customer Contribution = [Project cost + upstream use of network (INCC) – NPV of DUoS Revenue] + additional cost of customer requested works above LCTA.

- Project cost is the cost to extend or upgrade the distribution network to provide electricity supply to your property that meets CitiPower's safety and technical specifications.

- INCC = Incremental Network Capital Costs. The costs of reinforcing the network upstream from your property.
- NPV of DUoS = The present value of expected DUoS revenue based on an assumed life of 30 years for residential connection or 15 years for commercial / industrial connection. Where a project was expected to have a life less than the values specified then the shorter life span would be used.
- Additional cost would be where the customer requests work that is above the LCTA design to make the new or increased supply available.

The Customer Contribution is charged for connecting to the network only when it is expected the customer will contribute less in distribution tariffs than the incremental cost of providing supply.

Affect of Tendering Work on Customer Contribution

If you elect to tender the work under Option 2 or Option 3, CitiPower will reassess your contribution based on the tender price.

Other fees and charges

Other fees and charges may arise when providing you with an electricity supply. These fees and charges are based on the actual costs incurred by CitiPower and may include:

- **Project Establishment Fee.** This fee of \$330 (including GST) will be charged for every project for which a Connection Proposal is required. This fee is included in the total project cost and is to cover the administrative cost of establishing the project.
- **New Connection Fee.** A new connection fee is applied when your Retailer requests connection of your electricity supply. Unless other arrangements are made by your Registered Electrician or Builder, the New Connection Fee is included in your first electricity account sent by your Retailer.
- **Special metering or servicing arrangements.** Any special metering or servicing arrangements you require will be costed on a case by case basis.
- **Maintaining clearances from an electricity line.** This may involve the construction of a temporary protective cover when building works that present a risk of equipment or workers contacting CitiPower's lines.

A list of CitiPower's Standard Service fees and charges is available at www.citipower.com.au or by calling us on 1300 301 101.

Cost Sharing Arrangements

Cost Sharing would not normally occur in CitiPower as most properties are already serviced from existing assets and the typical business connection is greater in size than the maximum load where cost sharing ceases to apply.

Where another customer has already paid for the initial extension of electrical distribution assets, future customers taking a low voltage supply from those assets within the Sharing Period will be required to pay an equitable portion (not necessarily equal) towards the cost of the shared assets.

This means before your property can be connected to existing distribution assets CitiPower must check to see if you will be required to pay a cost share amount which is then refunded to the initial customer.

The amount of any cost sharing payment you will need to make will be included in our Firm Offer. At any point during the sharing period, customers may share costs equitably. If other customers connect after you, you may also receive a Cost Sharing rebate.

Principles of Cost Sharing

Domestic and small business customers who use less than 50kVA (a normal domestic customer uses about 6kVA diversified) can often share Customer Contribution costs if they connect to the same distribution assets at different times within a Sharing Period of 7 years from the asset installation date.

The initial customer contributes to the cost of any new distribution assets at the outset. CitiPower then collects Cost Shares from future customers to rebate back to the initial customer(s). Cost Sharing applies within each separate high voltage or low voltage extension, where a new customer is connected at low voltage, (In CitiPower it is likely that customers less than 50 kVA will not require a separate high voltage extension, and will be connected to LV assets).

When we calculate Cost Sharing arrangements between you and existing customers, we identify who paid for the existing power line installed within the past 7 years. You do not contribute to costs paid by other customers before then, and you do not receive a rebate from connections made more than 7 years after the asset installation date.

In addition, at any point during the Sharing Period, the customers connected should equitably (not necessarily equally) share the initial construction cost of the shared line.

Summary of Cost Sharing Principles

Domestic and small business customers who use less than 50 kVA may be eligible for cost sharing

Cost sharing does not apply between separate high voltage extensions

Cost sharing period is limited to 7 years from the asset installation date.

Cost sharing is calculated as if all the applicants applied at the same time.

There is no retrospective calculation of Customer Contributions for the initial customer or future applicants, apart from the original calculation of their Customer Contribution.

Where a new customer can be supplied from more than one extension (such as with a corner lot), the customer is connected to the extension that provides the least overall cost technically acceptable method for that particular customer.

When there has been a change in property ownership CitiPower will pay any cost share rebate amount to the person who last purchased the property. That purchaser is deemed to have included adjustment for the future receipt of cost sharing amounts in the purchase price of the property.

Cost sharing can be complex to work out, and the results are not always what you expect. Each case needs to be determined individually to maintain equity between customers.

If you disagree

CitiPower's Network Connection policies and practices are consistent with the approach advocated by Victoria's Essential Services Commission.

If you do not accept our proposals or assessments we invite you to discuss the issue with the CitiPower representative you have been dealing with.

In addition, you are also welcome to request a formal review of any work we have prepared for you by a CitiPower Senior Manager.

If you are not satisfied with the outcome of the formal review, you can contact the Essential Services Commission to assess whether CitiPower's proposal is consistent with Guideline 14 which includes an obligation to provide a Connection Proposal on a fair and reasonable basis.

Contacting CitiPower

CitiPower Customer Service

General Enquiries (24 hours)	1300 301 101
Service Faults and Difficulties (24 hours)	13 12 80
Telephone Interpreter	13 14 50
Website	www.citipower.com.au

CitiPower Office Locations

Head Office

**Electric House
40 Market Street
Melbourne VIC 3000**

Burnley

**35 Rooney Street
Burnley 3121
Locked Bag 14031
MCMC VIC 8001**

Australian Energy Regulator

www.aer.gov.au
(03) 9290 1444

The AER has promulgated the ESC Guideline 14 titled “Guideline for the Provision of Services by Electricity Distributors”. A link to this guideline on the ESC web site follows:

http://www.esc.vic.gov.au/apps/page/user/pdf/Guideline14_Final6Apr04_dwc.pdf

Energy Safe Victoria (ESV)

www.esv.vic.gov.au
(03) 9203 9700

Energy and Water Ombudsman (Victoria)

www.ewov.com.au
1800 500 509

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