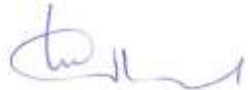




Capital Contributions Policy	
Version	1.0
Date:	01 February 2013
Approved By:	L Goddard
Signature:	

1 New Connections & Upgrades

Introduction

If you need a new connection or upgrade to an existing connection it is important to contact us at the planning stage. Where a connection point (such as a distribution pillar) and sufficient capacity exist then approval will normally take up to 10 working days. If however a *Network* extension, upgrade, or reconfiguration is required the time it takes to approve the connection will vary considerably.

1.2 New Connections

If you want a new connection to our *Network* (eg to supply a new house, cowshed, etc) the process is as follows:

- 1) Complete an Application for Network Connection (refer to our website or contact our office) and return it to us.
- 2) We will assess the application and determine if a *Network* extension or upgrade is required. If this is the case, a *capital contribution* (see below) is usually required as a condition of approval. We will advise you if this is required.
- 3) Once approved, we will forward the Application for Network Connection to your nominated *electricity retailer*. For a current list of *electricity retailers* operating in our area refer to our website
- 4) The *electricity retailer* will register the connection details in their system and organise for meters to be hung, inspected, and the connection livened

Notes:

- A new connection cannot be livened unless approval has been given by both Waipa Networks and an *electricity retailer*.
- Each new connection should have an individual service line and connection point to the *Network*. Special approval may be given for new connections with a shared service line dependent on the individual circumstances. Contact our office for further details.



1.4 Upgrades to Existing Connections

If you intend to significantly increase the load for an existing connection you must complete an Application for Network Connection. Waipa Networks will then assess the new load to determine if any reconfiguration or increase in *Network* capacity is required to facilitate the upgrade. A *capital contribution* (see below) may be required in some circumstances.

1.4 Capital Contributions

What is a capital contribution?

When a customer connection, either new or existing, requires a Network extension, upgrade, or reconfiguration then there is a cost in carrying this out. A capital contribution is the amount Waipa Networks requires from the customer towards the cost of the work. In most cases this will be the full cost of carrying out the required work. The principle behind this charge is that Waipa Networks believes that the cost of the work should be borne by the party requesting the work rather than the customer base as a whole.

How are the costs calculated?

Each year Waipa Networks reviews its charge out rates for labour, mileage, and materials (margin). The capital contribution amount will be based on the charge out rates applicable at the time the quote is issued. The quote will have an expiry date, and should the quote be accepted after the expiry date or a revised quote is requested then the charge rates will be based on whatever is current at the time of the revision. Capital contributions are required to be paid in full prior to work commencing.

Who owns the equipment?

Although the customer pays a capital contribution, Waipa Networks retains ownership of the installed equipment. Waipa Networks will be responsible for the maintenance of the equipment once commissioned.

Can I use an independent contractor to carry out the work?

Yes you can, provided they have been approved by Waipa Networks (contact us for a list of current approved contractors). An approved contractor must be used to ensure that equipment is designed and installed in accordance with Waipa Networks' requirements. Please note the contractor will not be able to carry out all work – some work, for example the connecting of new equipment to the existing Network, must only be done by Waipa Networks. We will provide a separate quote for such works should you choose to use an independent contractor.



New Connections

District Councils in our reticulation area have requirements as per their district plans and resource consent process, that subdividing owner(s) or developer(s) must provide a power *network connection point* to the boundary or frontage of every lot.

An underground fuse pillar is normally situated on the common boundary of 2 Lots and this provides the *network connection point* for both Lots or alternatively a *network connection point* can be from an existing pole on the road frontage of a Lot.

Capital contributions are the full costs incurred in establishing a *network connection point* to the boundary of any Lot.

Any new works that are within a public road reserve or cross through 1 or more Lots to supply other Lots will be vested to Waipa Networks. They will become part of the *Network* and be maintained by Waipa Networks.

A *capital contribution* quotation is provided to the developer after receiving a registered surveyor's subdivisional scheme plan which shows the total number of lots being created, their dimensions, and any proposed new roads.

This *capital contribution* amount is required to be paid in full and in advance before any works associated with the reticulation to the boundaries of each subdivisional Lot is commenced.

Any easements and associated costs are the responsibility of the developer.

The design of reticulation must comply with the Waipa Networks Design Manual (available to view upon request).

Upgrades to Existing Connections

A *capital contribution* may be required if your electricity supply requirements mean Waipa Networks is required to upgrade it's equipment (for example, increase transformer capacity or a higher rated cable). This will be assessed on a case-by-case basis, and can depend on factors such as the number of customers supplied by that equipment, and any scheduled works/upgrades Waipa Networks already has planned. Should you require an upgrade please contact Waipa Networks to discuss this.

Allocation of Capital Contributions / Refunds

When more than one customer wishes to connect at the same time then the *capital contribution* is shared equally among them.

Once a *capital contribution* has been paid by a customer(s) any additional customers that wish to connect off that same line must pay a proportion of the cost of the line (less amortisation) to Waipa Networks who will refund this amount to the original customer(s). Lines are amortised over a 10 year period.



This procedure is illustrated by the following example:

- Customer A requires a \$25,000 *Network* extension to supply their installation and being the only customer to be supplied by that line at the time he/she must pay the full amount.
- A year later Customer B wishes to connect off that line. The line after one year is now worth \$22,500 (\$25,000 less \$2,500 or 1 year's amortisation). The cost of the line will now be split equally between two customers and we will charge Customer B \$11,250 to connect and refund this amount to Customer A.
- Another year later Customer C and Customer D wish to connect. The line is now 2 years old and worth \$20,000. As there are now 4 customers using the line they are responsible for \$5,000 each. We would charge Customer C and Customer D \$10,000 (\$5,000 each) and refund half to Customer A and half to Customer B.
- And so on until 10 years has passed (and the line has been fully amortised) and any customers connecting after that will not be required to pay a contribution nor will there be any refunds.

If a property is entitled to a *capital contribution* refund and that property has since been sold and has a new registered owner, then the payment will be made to that new registered owner.

Waipa Networks will make all reasonable attempts to contact the current owner of a property entitled to a *capital contribution* refund. If contact is unable to be made then that portion of the refund will be held by Waipa Networks until such time the owner makes contact with the Company. However, if the owner has still not claimed a held refund by the time the line has been fully amortised then the refund will be void and the funds reinvested in the *Network*.

1.5 Connection of Distributed Generation

Waipa Networks welcomes inquiries regarding distributed generation. Please refer to our website for information regarding the connection process.

1.6 Easements

Easements are required for all *Network* equipment located in or on private property installed after 1 January 1993. *Network* equipment that was installed prior to 1 January 1993 is considered 'existing works' and therefore no easement is required. Please refer to the Electricity Act 1992 for clarification on existing works and access.

Easements are not required for underground or overhead mains that are totally contained within a road reserve or land that will become a road reserve upon deposit of a Plan of Division.

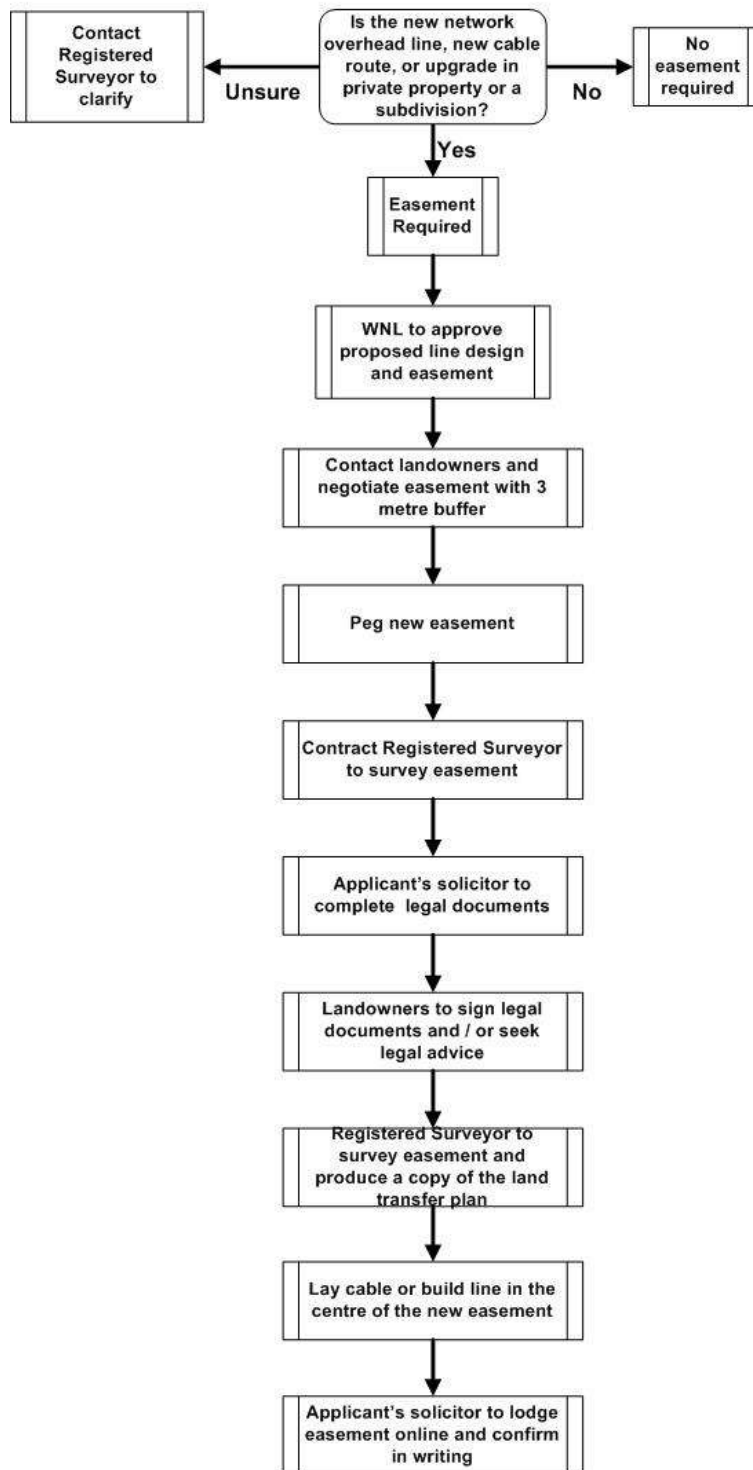
The easement process is shown in the Figure 1 below. The general rules are:

- When an applicant is lodging a survey plan in conjunction with a development, the applicant will fund and be responsible for creating an easement in gross favour of Waipa Networks.
- The applicant must liaise with Waipa Networks to ensure that the proposed design and the preferred easement meet Waipa Networks' requirements.



- Unless otherwise agreed, all easements are to be surveyed by a registered surveyor and pegs placed in position before the work commences. The pegs must delineate the easement and the boundaries of blocks before, during and after the electricity distribution assets are installed.
- All easements must be surveyed and lodged with Waipa Networks' drawing office and a copy of the land transfer plan showing easements in place.

Figure 1: Contractor's Responsibilities



WAIPA NETWORKS LIMITED



Version	Modification	Prepared by	Approved by	Date	Next Review Date
1.0	Original Document – Extract from Networks Connections Standards	K Watson	L Goddard	01 February 2013	