



<b>Capital Contributions Policy</b>	
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Approved By:	A Fletcher
Signature:	

## 1 New Connections & Upgrades

### Introduction

If you need a new connection or upgrade to an existing connection to the Waipa Networks distribution network it is important to contact us at the planning stage. Where a connection point (such as a distribution pillar) and sufficient capacity exists then approval will normally take up to ten 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* (e.g. 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) Payment of a New Connection Application administration fee as set by Waipa Networks from time to time will be required. The fee must be paid before an application can be approved and covers the cost of processing the application and carrying out an initial site visit. Contact the Waipa Networks New Connections team for details of the fee and process.
- 4) 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.
- 5) The *electricity retailer* will register the connection details in their system and organise for meters to be installed, 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.



### 1.3 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.

Guidance regarding the circumstances where a capital contribution may or may not be required is as follows:

- A new dwelling or building requiring electrical connection where capacity including fusing already exists will only require payment of the New Connection Application administration fee.
- Where a transformer/conductor/cable is less than 90% loaded to capacity and the new connection will cause the transformer to exceed its full load capacity, the customer will need to make a capital contribution to upgrade the relevant asset.
- Where a transformer/conductor/cable is already loaded beyond 90% of capacity and the new connection will exceed the capacity of the relevant asset, Waipa Networks will meet the cost of the upgrade.
- Where a subdivision has already made provision for supply to a lot (e.g. by providing fuses in a low voltage pillar) but earlier connections have taken those fuses up, Waipa Networks will meet the cost of providing the required LV fuse(s) by an appropriate method. This does not cover situations where infill housing or new connections are requested that were not envisaged by the original subdivision, those connections will require a capital contribution for any network extension required.
- New subdivision designs will provide for two low voltage fuses per lot in urban situations and three low voltage fuses per lot in rural situations. If more fuses are required by individual connections then a capital contribution will be sought for the additional network extension work.

### 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 (including 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.

*New Connections*

District Councils in our reticulation area have requirements as per their district plans and resource consent process. In some cases, the district council require that subdividing owner(s) or developer(s) must provide an electrical *network connection point* to the boundary or frontage of every lot. In other cases, the district council requires that it is possible to supply every lot with electricity, but not require the supply to be installed before the subdivision is consented.

An underground fuse pillar is normally situated on the common boundary of two 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, including the installation cost of a transformer if required, but excluding the cost of the transformer asset itself (this cost is met by Waipa Networks).

Any new works that are within a public road reserve or cross through one 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) and Network Connection Standards (available on our website).

*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 portion of network must pay a proportion of the cost of the portion of network (less amortisation) to Waipa Networks who will refund this amount to the original customer(s). Lines are amortised over a ten-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 one 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 two years old and worth \$20,000. As there are now four 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 are retained by Waipa Networks.

1.5 Connection of Distributed Generation

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