



# **NETWORK EXTENSION CAPITAL CONTRIBUTION POLICY**



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<b>RECORD OF AMENDMENTS</b>				
<b>Issue</b>	<b>Affected Section/ Clause</b>	<b>Change</b>	<b>By</b>	<b>Date</b>
1.0		Approved	R Griffiths	08/04/2013
2.0		Approved (Layout Standardized)	R Griffiths	07/05/2013
3.0		Clause 3.15 added confirming alignment with Pricing Methodology	R Griffiths	31/03/2104
4.0		Headers and Footers Updated	R Griffiths	31/03/2104



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### 1 DEFINITIONS

Consumer:	Persons consuming electricity
Contractor:	Persons competent in constructing electricity networks
Customer:	Person liaising with Westpower
Capital Contribution:	A contribution paid by the Customer toward the cost of a network extension.

### 2 BACKGROUND

This Capital Contribution Policy for network extensions is intended to provide clarity around the commercial conditions under which consumers can connect to Westpower's network where an extension of existing network assets is required.

As there may be circumstances that arise that do not exactly fit all of the general criteria discussed in this document, the General Manager – Assets and Engineering services should be consulted if the interpretation or application of this policy is in any way unclear.

### 3 POLICY

- 3.1** Westpower has an open access policy for extension of its network, and is prepared to take over ownership and operation of the extension along with the associated substation, provided that the work
- Is carried out by competent Contractors; and
  - Meets Westpower's Design and Construction Standards and relevant electricity regulations; and
  - Is funded by an appropriate Capital Contribution from the consumer
- 3.2** Westpower will provide a suitable, certified transformer up to a maximum capacity of 200 kVA where one is required, at no cost to the consumer. The provision of a transformer of larger capacity will be considered on a case-by-case basis.
- 3.3** This is the full extent of any rebate or discount that will be available.
- 3.4** The transformer and substation pole will continue to be owned and maintained by Westpower if this is acceptable to the consumer. By way of exception, the consumer still has a right to supply their own certified transformer if they wish, however, Westpower will not be responsible for ongoing maintenance in this case.
- 3.5** The consumer shall, where required, provide an easement to Westpower to allow the ongoing operation and maintenance of the transformer. In addition, where any network extension crosses other privately owned land prior to entering the customer's property, easements must be obtained prior to the line being connected to the network. In this case, Westpower would prefer that, subject to mutual agreement between the parties, the easements be registered under Westpower's name and that Westpower take over ownership of that section of

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the line. This is not a firm requirement, but is seen to add future benefit to both parties.

- 3.6** All other costs relating to the extension of Westpower's network will be paid for by the consumer prior to the asset being handed over to Westpower. Westpower may require proof that all contractors have been paid and that the consumer is in a position to transfer ownership of unencumbered assets to Westpower.
- 3.7** Where a transformer pole is required, the consumer will pay for this, however, Westpower will continue to own and maintain the pole, along with the associated earthing system.
- 3.8** Westpower will provide, free of charge, and own, the isolation device where this is a 400V HRC or 11 kV DDO fuse. If a Ring Main Unit is required to connect into an existing 11 kV cable network, this will be paid for by the consumer, however Westpower will pay for the 11 kV HRC fuses or other protective device.
- 3.9** Connection of the new assets to Westpower's network will continue to be provided as a free service and may only be carried out by Westpower's nominated subcontractors.
- 3.10** Upgrades to the transformer capacity will be made at no charge to the consumer where no additional work is required (e.g. extending an existing pad). The consumer is required to pay for any such additional work to allow a larger transformer to be installed.
- 3.11** Where the network extension results in additional benefits to the Westpower Asset (for instance in terms of network security), Westpower may choose, at its sole discretion, to fund a portion of the extension cost.
- 3.12** Westpower shall ensure that new consumers wishing to connect to network line extensions previously funded by original consumers equitably compensate the original users for the shared line component as a pre-requisite for supply. For the sake of clarity, "equitably" is deemed to mean that each party using the line extension shall end up paying what they would have each paid had they all contributed to the line extension cost when it was first constructed. Monetary effects such as inflation and depreciation are not included in the calculation of any compensation.
- 3.12.1** The maximum term that shall be applied in this case shall not extend more than ten years past when the initial extension is livened and any compensation shall be related solely to the line component of the extension (for the avoidance of doubt, this excludes the cost of the substation).
- 3.12.2** The original consumer will be required to provide a copy of the original invoice for the network extension to Westpower, in order to receive a payback on the network extension.



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- 3.13** Subdivisions will be treated in exactly the same way as any other line, except that
- The subdivider has the option of continuing to own and maintain the reticulation if they are legally entitled to do so; and should this not occur
  - All lots supplied by the initial extension shall be considered as original users for the purposes of Clause 12 above.
- 3.14** New connection applications which involve building a network extension that crosses a railway line will be required to pay a rail crossing levy charge upfront and prior to the livening of the connection. This levy is currently set at ten times the expected annual rail crossing charge from NZ Rail (or its successors) at the time of application.
- 3.15** This policy fully aligns with the pricing principles in Westpower's Pricing Methodology, including being subsidy free, having regard to the level of available service capacity and signalling the impact of additional usage on future investment costs.



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**4 Westpower Standard - Document Change Request**

**Memo To:** General Manager, Assets & Engineering Services  
Westpower Asset Management Group,  
P O Box 375,  
Greymouth.

**Change Details:**  
(Attach separate sheets  
as necessary).

**Paragraphs  
Affected:**

**Priority:**    **Urgent**        **Routine**        **Low**      
(Within 1 week)                      (Within 12 months)                      (Next Review)

<b>Submitted By</b> (Print Name)	<b>Date</b>
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**Document Change Request - Acknowledgement**

Dear .....

Thank you for your suggestion regarding changes to the above mentioned document.

Your request has been noted and added to our works program. Should we require any additional information regarding your notification then we will be in contact with you.

Thank you for your contribution to improving the standard of Westpower’s documentation.  
Regards,

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Status – Approved  
Standard – 993S008  
Version 4.0 – March 2014

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General Manager, Assets & Engineering Services

Date