

## **CHAPTER 5A**



## Chapter 5A Electricity connection for retail customers

### Part A Preliminary

#### 5A.A.1 Definitions

In this Chapter:

##### **basic connection service**

means a *connection service* related to a *connection* (or a proposed *connection*) between a *distribution system* and a *retail customer's* premises (excluding a non-registered *embedded generator's* premises) in the following circumstances:

- (a) either:
  - (1) the *retail customer* is typical of a significant class of *retail customers* who have sought, or are likely to seek, the service; or
  - (2) the *retail customer* is, or proposes to become, a *micro embedded generator*; and
- (b) the provision of the service involves minimal or no *augmentation* of the *distribution network*; and
- (c) a *model standing offer* has been approved by the *AER* for providing that service as a *basic connection service*.

##### **basic micro EG connection service**

means a *basic connection service* for a *retail customer* who is a *micro embedded generator*.

##### **confidential information**

means, in relation to a *Registered Participant*, *AEMO* or a *connection applicant*, information which is or has been provided to that *Registered Participant*, *AEMO* or *connection applicant* under or in connection with the *Rules* and which is stated under the *Rules*, or by *AEMO*, the *AER* or the *AEMC*, to be *confidential information* or is otherwise confidential or commercially sensitive. It also includes any information which is derived from such information.

##### **connection**

means a physical link between a *distribution system* and a *retail customer's* premises to allow the flow of electricity.

##### **connection alteration**

means an alteration to an existing *connection* including an addition, upgrade, *extension*, expansion, *augmentation* or any other kind of alteration.

**connection applicant**

means an applicant for a *connection service* of 1 of the following categories:

- (a) *retail customer*;
- (b) *retailer* or other person acting on behalf of a *retail customer*;
- (c) *real estate developer*.

**connection application**

means an application under clause 5A.D.3.

**connection charge**

means a charge imposed by a *Distribution Network Service Provider* for a *connection service*.

**connection charge guidelines**

– see clause 5A.E.3.

**connection charge principles**

– see clause 5A.E.1.

**connection contract**

means a contract formed by the making and acceptance of a *connection offer*.

**connection offer**

means an offer by a *Distribution Network Service Provider* to enter into a *connection contract* with:

- (a) a *retail customer*; or
- (b) a *real estate developer*.

**connection policy**

means a document, approved as a *connection policy* by the AER under Chapter 6, Part E, setting out the circumstances in which *connection charges* are payable and the basis for determining the amount of such charges.

**connection service**

means either or both of the following:

- (a) a service relating to a *new connection* for premises;
- (b) a service relating to a *connection alteration* for premises,

but, to avoid doubt, does not include a service of providing, installing or maintaining a *metering installation* for premises.

**contestable**

– a service is *contestable* if the laws of the *participating jurisdiction* in which the service is to be provided permit the service to be provided by more than one supplier as a *contestable* service or on a competitive basis.

**customer connection contract**

– see section 67 of the *NERL*.

**embedded generator**

means a person that owns, controls or operates an *embedded generating unit*.

**enquiry**

means a preliminary *enquiry* under clause 5A.D.2.

**micro EG connection**

means a *connection* between an *embedded generating unit* and a *distribution network* of the kind contemplated by *Australian Standard AS 4777* (Grid connection of energy systems via inverters).

**micro embedded generator**

means a *retail customer* who operates, or proposes to operate, an *embedded generating unit* for which a *micro EG connection* is appropriate.

**model standing offer**

means a document approved by the *AER* as a *model standing offer* to provide *basic connection services* (see clause 5A.B.3) or as a *model standing offer* to provide *standard connection services* (see clause 5A.B.5).

**negotiated connection contract**

– see clause 5A.C.1.

**new connection**

means a *connection* established or to be established, in accordance with this Chapter and applicable *energy laws*, where there is no existing *connection*.

**non-registered embedded generator**

means an *embedded generator* that is neither a *micro embedded generator* nor a *Registered Participant*.

**premises connection assets**

means the components of a *distribution system* used to provide *connection services*.

**real estate developer**

means a person who carries out a *real estate development*.

**real estate development**

means the commercial development of land including its development in 1 or more of the following ways:

- (a) subdivision;
- (b) the construction of commercial or industrial premises (or both);
- (c) the construction of multiple new residential premises.

**retail customer**

includes a non-registered *embedded generator* and a *micro embedded generator*.

**standard connection service**

means a *connection service* (other than a *basic connection service*) for a particular class (or sub-class) of *connection applicant* and for which a *model standing offer* has been approved by the AER.

**supply service**

means a service (other than a *connection service*) relating to the *supply* of electricity.

**5A.A.2 Application of this Chapter**

- (a) This Chapter does not apply to, or in relation to, a *connection applicant* that is a *Registered Participant* or an *Intending Participant* unless the *Registered Participant* or *Intending Participant* is acting as the agent of a *retail customer*.
- (b) Where a *non-registered embedded generator* wishing to *connect* an *embedded generating unit* to a *Distribution Network Service Provider's network*:
  - (1) falls within a particular class (or subclass) of *connection applicant* for which that *Distribution Network Service Provider* provides a *standard connection service*, this Chapter will apply;
  - (2) does not fall within a particular class (or subclass) of *connection applicant* for which that *Distribution Network Service Provider* provides a *standard connection service*, paragraph (c) will apply.
- (c) A *non-registered embedded generator* that meets the requirements in paragraph (b)(2) may elect to seek *connection* of the relevant *embedded generating unit* under rule 5.3A instead of this Chapter.
- (d) Any election made by a *non-registered embedded generator* under paragraph (c) must be:

- (1) made before an *enquiry* is made or if no *enquiry* is made, before a *connection application* is lodged with the relevant *Distribution Network Service Provider*;
  - (2) in writing; and
  - (3) delivered to the relevant *Distribution Network Service Provider* at the same time as lodging an *enquiry* under clause 5.3A.5.
- (e) For the avoidance of doubt, clause 5A.C.1(a)(2) is still applicable when a *non-registered embedded generator* meets the requirements in paragraph (b)(1).

### **5A.A.3 Small Generation Aggregator deemed to be agent of a retail customer**

A *Market Small Generation Aggregator* is deemed to be the agent of a *retail customer*, where there is an agreement between the *Market Small Generation Aggregator* and the *retail customer* relating to the *retail customer's small generating unit* under which the *Market Small Generation Aggregator* is financially responsible for the *market connection point* at which the *small generating unit* is connected to the *national grid*.

## **Part B Standardised offers to provide basic and standard connection services**

### **Division 1 Basic connection services**

#### **5A.B.1 Obligation to have model standing offer to provide basic connection services**

- (a) Subject to paragraph (b), a *Distribution Network Service Provider* must have a *model standing offer* to provide *basic connection services* to *retail customers*.
- (b) *Basic connection services* are of 2 classes:
  - (1) *basic connection services* for *retail customers* who are not *embedded generators*; and
  - (2) *basic connection services* for *retail customers* who are *micro embedded generators*.

#### **Note**

*Basic connection services* are not available to *non-registered embedded generator*

- (c) A *model standing offer* may relate to each class of *basic connection services* (or a subclass for which there is significant demand) within the area served by the relevant *distribution network*.

### 5A.B.2 Proposed model standing offer for basic connection services

- (a) A *Distribution Network Service Provider* must submit for the *AER*'s approval a proposed *model standing offer* to provide *basic connection services* for each class (or subclass) of *basic connection services* on specified terms and conditions.
- (b) The terms and conditions of the proposed *model standing offer* must cover:
  - (1) a description of the *connection* (and the *premises connection assets* of which it is to be comprised) including a statement of its maximum capacity; and
  - (2) timeframes for commencing and completing the work; and
  - (3) the qualifications required for carrying out the work involved in providing a *contestable* service (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are required); and
  - (4) the safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which the requirements are imposed) to be complied with by the provider of a *contestable* service or the *retail customer* (or both); and
  - (5) details of the *connection charges* (or the basis on which they will be calculated) including details of the following (so far as applicable):
    - (i) the cost of any necessary *extension* to the *distribution system* for which provision has not already been made through existing *distribution use of system* charges or a tariff applicable to the *connection*;
    - (ii) **[Deleted]**
    - (iii) the cost of any other relevant *premises connection assets*;
    - (iv) the costs of common components of minor variations from the standard specifications;
    - (v) any other incidental costs; and
  - (6) the manner in which *connection charges* are to be paid by the *retail customer*; and
  - (7) if the service is a *basic micro EG connection service*, the particular requirements with regard to the export of electricity into the *distribution system* including:
    - (i) the special requirements for *metering* and other equipment for the export of electricity; and



- (ii) the required qualification for installers of relevant equipment (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are required); and
- (iii) the special safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which they are imposed) to be complied with by the provider of a *contestable* service or the *retail customer* (or both).

### **5A.B.3 Approval of terms and conditions of model standing offer to provide basic connection services**

- (a) The *AER* may approve a proposed *model standing offer* to provide *basic connection services* of a particular class (or subclass) on specified terms and conditions if satisfied that:
  - (1) the services are likely to be sought by:
    - (i) a significant number of *retail customers* in the area served by the *distribution network* (excluding *embedded generators*); or
    - (ii) *micro embedded generators*; and
  - (2) the *connection charges* are consistent with the *Distribution Network Service Provider's* distribution determination including the *connection policy*; and
  - (3) the terms and conditions are fair and reasonable; and
  - (4) the terms and conditions comply with applicable requirements of the *energy laws*.
- (b) In deciding whether to approve a proposed *model standing offer* to provide *basic connection services* on specified terms and conditions, the *AER* must have regard to:
  - (1) the *national electricity objective*; and
  - (2) the basis on which the *Distribution Network Service Provider* has provided the relevant services in the past; and
  - (3) the geographical characteristics of the area served by the relevant *distribution network*.
- (c) If the *AER* does not approve a proposed *model standing offer* to provide *basic connection services* of a particular class on specified terms and conditions:
  - (1) the *AER* must give the *Distribution Network Service Provider* written reasons for its decision; and

- (2) the *Distribution Network Service Provider* must re-submit the proposed *model standing offer* with appropriate amendments as soon as reasonably practicable.
- (d) The *AER* must deal expeditiously with a proposed *model standing offer* to provide *basic connection services*.

## Division 2            Standard connection services

### 5A.B.4    Standard connection services

- (a) A *Distribution Network Service Provider* may submit for the *AER*'s approval a proposed *model standing offer* to provide *standard connection services* on specified terms and conditions.
- (b) Different sets of terms and conditions may be submitted under this *rule* for different classes of *connection services* or different classes of *retail customer*.
- (c) The terms and conditions must cover:
  - (1) a description of the *connection* (and the *premises connection assets* of which it is to be comprised) including a statement of its maximum capacity; and
  - (2) timeframes for commencing and completing the work; and
  - (3) the qualifications required for carrying out the work involved in providing a *contestable* service (including reference to the jurisdictional or other legislation and statutory instruments under which the qualifications are required); and
  - (4) the safety and technical requirements (including reference to the jurisdictional or other legislation and statutory instruments under which the requirements are imposed) to be complied with by the provider of a *contestable* service or the *retail customer* (or both); and
  - (5) details of the *connection charges* (or the basis on which they will be calculated) including details of the following (so far as applicable):
    - (i) the cost of *premises connection assets* to which the *connection charges* relate;
    - (ii) the cost of any necessary *augmentation* of the *distribution system* for which provision has not already been made through existing *distribution use of system* charges or a tariff applicable to the *connection*;
    - (iii) the costs of common components of minor variations from the standard specifications;

- (iv) any other incidental costs; and
- (6) the manner in which *connection charges* are to be paid by the *retail customer*.

#### **5A.B.5 Approval of model standing offer to provide standard connection services**

- (a) The *AER* may approve a proposed *model standing offer* to provide a particular class of *standard connection services* on specified terms and conditions if satisfied that:
  - (1) the terms and conditions are fair and reasonable; and
  - (2) the *connection charges* are consistent with the *Distribution Network Service Provider's* distribution determination including the *connection policy*; and
  - (3) the terms and conditions comply with applicable requirements of the *energy laws*.
- (b) In deciding whether to approve the proposed *model standing offer*, the *AER* must have regard to the *national electricity objective*.
- (c) If the *AER* does not approve a proposed *model standing offer* to provide *standard connection services*:
  - (1) the *AER* must give the *Distribution Network Service Provider* written reasons for its decision; and
  - (2) the *Distribution Network Service Provider* may re-submit the proposed *model standing offer* with appropriate amendments.
- (d) The *AER* must deal expeditiously with a proposed *model standing offer* to provide *standard connection services*.

### **Division 3 Miscellaneous**

#### **5A.B.6 Amendment etc of model standing offer**

- (a) A *Distribution Network Service Provider* may submit, for the *AER's* approval, a proposal:
  - (1) for the amendment or substitution of a *model standing offer* to provide *basic connection services*; or
  - (2) for the amendment, substitution or revocation of a *model standing offer* to provide *standard connection services*.
- (b) In deciding whether to approve a proposal submitted for its approval under this clause, the *AER* must, so far as relevant, apply the same principles and

have regard to the same matters as are relevant to the approval of a proposed *model standing offer* to provide *basic connection services* or *standard connection services*.

- (c) The amendment, substitution or revocation of a *model standing offer* takes effect on the date of the *AER*'s approval or a later date fixed by the *AER* in its approval.
- (d) If the *AER* does not approve a proposal submitted under paragraph (a):
  - (1) the *AER* must give the *Distribution Network Service Provider* written reasons for its decision; and
  - (2) the *Distribution Network Service Provider* may re-submit the proposal with appropriate amendments.
- (e) The amendment, substitution or revocation of a *model standing offer* does not affect the validity or effect of:
  - (1) a *connection offer* made before the amendment, substitution or revocation takes effect; or
  - (2) a *connection contract* formed on the basis of such an offer.
- (f) The *AER* must deal expeditiously with a proposal for the amendment, substitution or revocation of a *model standing offer*.
- (g) If the *AER*, after making a distribution determination, considers that an existing *model standing offer* to provide *basic connection services* or *standard connection services* may be inconsistent with the *Distribution Network Service Provider*'s distribution determination (including the *connection policy*), the *AER* may require the *Distribution Network Service Provider* to submit a proposal under paragraph (a) to bring the *model standing offer* into consistency with the distribution determination.

### 5A.B.7 Publication of model standing offers

A *Distribution Network Service Provider* must publish, on its website, each of its *model standing offers* to provide *basic connection services* or *standard connection services*.

## Part C Negotiated connection

### 5A.C.1 Negotiation of connection

- (a) A *connection applicant* and a *Distribution Network Service Provider* may negotiate a *connection contract* (a **negotiated connection contract**):
  - (1) where the *connection service* sought by the *connection applicant* is neither a *basic connection service* nor a *standard connection service*; or

- (2) where the *connection service* sought by the *connection applicant* is a *basic connection service* or a *standard connection service* but the *connection applicant* elects to negotiate the terms and conditions on which the *connection service* is to be provided.
- (b) The negotiations may, if the *connection applicant* elects, extend to *supply services* available from the *Distribution Network Service Provider*.
- (c) This Part sets out the requirements for negotiation referred to in the *NERL*.
- (d) When reading this Part in the context of the *NERL*:
  - (1) a reference to a *connection applicant* in this Part corresponds to a reference to a *customer* in the *NERL*; and
  - (2) a reference to a *Distribution Network Service Provider* in this Part corresponds to a reference to a distributor in the *NERL*; and
  - (3) this Part will be read subject to any further adaptations and modifications necessary to give effect to the intendment of the *NERL*.
- (e) If, but for this paragraph, a contract negotiable under this Part, or parts or aspects of such a contract, would also be negotiable under Chapter 6, this Part applies to the exclusion of the relevant provisions of Chapter 6.

### 5A.C.2 Process of negotiation

A *Distribution Network Service Provider* and a *connection applicant* for a negotiated *connection contract* must negotiate in accordance with the negotiation framework set out in clause 5A.C.3.

### 5A.C.3 Negotiation framework

- (a) The following rules (collectively described as the **negotiation framework**) govern negotiations between a *Distribution Network Service Provider* and a *connection applicant*:
  - (1) each party must negotiate in good faith.
  - (2) the *connection applicant* must, at the request of the *Distribution Network Service Provider*, provide the *Distribution Network Service Provider* with information it reasonably requires in order to negotiate on an informed basis.

#### **Note**

The information might (for example) include estimates of average and *maximum demand* for electricity to be *supplied* through the *connection*.

- (3) the *Distribution Network Service Provider* must provide the *connection applicant* with information the *connection applicant* reasonably requires in order to negotiate on an informed basis including;

- (i) an estimate of the amount to be charged by the *Distribution Network Service Provider* for assessment of the application and the making of a connection offer for a negotiated *connection contract*; and
- (ii) an estimate of *connection charges*; and
- (iii) a statement of the basis on which *connection charges* are calculated; and
- (iv) if the *connection applicant* has elected to extend the negotiations to *supply services*— an estimate of any applicable charges for *supply services* and a statement of the basis of their calculation.

**Note**

The *Distribution Network Service Provider* might, according to the circumstances of a particular case, need to provide further information to ensure the *connection applicant* is properly informed – for example, information about:

- technical and safety requirements;
  - the types of *connection* that are technically feasible;
  - *network capacity* at the proposed *connection point*;
  - possible strategies to reduce the cost of the *connection*.
- (4) the *Distribution Network Service Provider* may consult with other users of the *distribution network* who may be adversely affected by the proposed *new connection* or *connection alteration*.
  - (5) in assessing the application, the *Distribution Network Service Provider* must determine:
    - (i) the technical requirements for the proposed *new connection* or *connection alteration*; and
    - (ii) the extent and costs of any necessary *augmentation* of the *distribution system*; and
    - (iii) any consequent *change* in charges for *distribution use of system services*; and
    - (iv) any possible material effect of the proposed *new connection* or *connection alteration* on the *network power transfer capability* of the *distribution network* to which the *new connection* or *connection alteration* is proposed to be made and any other *distribution network* that might be affected by the proposed *new connection* or *connection alteration*.
  - (6) the *Distribution Network Service Provider* must make reasonable endeavours to make a *connection offer* that complies with the *connection applicant's* reasonable requirements.

**Example**

Reasonable requirements as to the location of the proposed *connection point* or the level and standard of the *distribution network's power transfer capability*.

- (7) the *Distribution Network Service Provider* must comply with its *connection policy*.
- (b) The following supplementary rules apply:
  - (1) if a *Distribution Network Service Provider* requires information from a *connection applicant* in addition to the information provided in the application, a request for the additional information under paragraph (a)(2) must (if practicable) be made within 20 *business days* after the *Distribution Network Service Provider* receives the relevant application;
  - (2) the *Distribution Network Service Provider* must provide the information required under paragraph (a)(3) as soon as practicable after the *Distribution Network Service Provider* receives the *connection applicant's* application or, if the *Distribution Network Service Provider* requests additional information under paragraph (a)(2), as soon as practicable after the *Distribution Network Service Provider* receives the relevant information.
- (c) Each party to the negotiations must maintain the confidentiality of *confidential information* disclosed by the other party in the course of the negotiations unless disclosure of the information is authorised:
  - (1) by the party to whom the duty of confidentiality is owed; or
  - (2) under:
    - (i) the Law or the Rules; or
    - (ii) any other law.

**5A.C.4 Fee to cover cost of negotiation**

- (a) A *Distribution Network Service Provider* may charge a *connection applicant* for a negotiated *connection contract* a reasonable fee to cover expenses directly and reasonably incurred by the *Distribution Network Service Provider* in assessing the applicant's application and making a *connection offer*.
- (b) A fee charged under paragraph (a) is recoverable as a debt (whether or not the *connection applicant* accepts the *connection offer*).

## Part D Application for connection service

### Division 1 Information

#### 5A.D.1 Publication of information

- (a) A *Distribution Network Service Provider* must publish on its website the following:
- (1) an application form for a *new connection* or a *connection alteration*; and
  - (2) a description of how an application for a *new connection* or a *connection alteration* is to be made (including a statement of the information required for the application); and
  - (3) a description of the *Distribution Network Service Provider's basic connection services* and *standard connection services* and the classes (or subclasses) of *retail customer* to which they apply. If the *Distribution Network Service Provider* does not provide *standard connection services* for all or some non-registered embedded generators, a clear statement to this effect must also be included in the description; and
  - (4) an explanation of the *connection applicant's* right to negotiate with the *Distribution Network Service Provider* for a negotiated *connection contract* and a description of the negotiation process; and
  - (5) the requirements for an expedited *connection*; and
  - (6) the basis for calculation of *connection charges*; and
  - (7) information set out in clause 5.3A.3(b)(1)(vii), (2)-(7) as such information relates to the *connection of embedded generating units* by a *non-registered embedded generator*.
- (b) To the extent a *Distribution Network Service Provider* has provided the information required under paragraph (a)(7) by including that information in its information pack *published* under clause 5.3A.3(a)(3), it will be taken to have complied with paragraph (a)(7).

#### 5A.D.1A Register of completed embedded generation projects

- (a) For the purposes of this clause 5A.D.1A:

**completed non-registered embedded generation projects** means all *embedded generating units*, operated or controlled by a non-registered embedded generator that are *connected* to the *Distribution Network Service Provider's network*.

**DAPR date** has the same meaning as in clause 5.13.2.



- (b) In relation to completed non-registered embedded generation projects, a *Distribution Network Service Provider* must establish and *publish*, on its website, a register of the *plant*, including but not limited to:
  - (1) technology of *generating unit* (e.g. *synchronous generating unit*, induction generator, photovoltaic array, etc) and its make and model;
  - (2) maximum power *generation* capacity of all *embedded generating units* comprised in the relevant *generating system*;
  - (3) contribution to fault levels;
  - (4) the size and rating of the relevant *transformer*;
  - (5) a single line diagram of the *connection* arrangement;
  - (6) *protection systems* and communication systems;
  - (7) *voltage* control, *power factor* control and/or *reactive power capability* (where relevant); and
  - (8) details specific to the location of a *facility connected* to the *network* that are relevant to any of the details in subparagraphs (1)-(7).
- (c) The *Distribution Network Service Provider* must not *publish confidential information* as part of, or in connection with, the register, unless disclosure of the information is authorised:
  - (1) by the party to whom the duty of confidentiality is owed; or
  - (2) under:
    - (i) the *National Electricity Law* or the *Rules*; or
    - (ii) any other law.
- (d) The *Distribution Network Service Provider* must:
  - (1) by the DAPR date each year, include in the register the details contained in paragraph (b) for all completed non-registered embedded generation projects since the date the register referred to in paragraph (b) is established; and
  - (2) in the fifth year after the establishment of the register, and in each year thereafter, update the register by the DAPR date with details of all completed non-registered embedded generation projects in the 5 year period preceding the DAPR date.
- (e) To the extent a *Distribution Network Service Provider* includes the information required under paragraphs (b) and (d) in its register established under clause 5.4.5, it will be taken to have complied with paragraphs (b) and (d).

## Division 2 Preliminary enquiry

### 5A.D.2 Preliminary enquiry

- (a) A *Distribution Network Service Provider* must, within 5 business days after receiving an *enquiry* about a *connection service* (or some other period agreed between the *Distribution Network Service Provider* and the enquirer), provide the enquirer with the information required to make an informed application.
- (b) The information must include:
  - (1) a description of the *Distribution Network Service Provider's* basic and *standard connection services* and the terms and conditions of the *model standing offers* to provide such services (including possible costs); and
  - (2) a description of the process, including a statement of the information required, for submission of a *connection application* including an application for an expedited *connection*; and
  - (3) a statement of possible site inspection charges; and
  - (4) a statement of a *connection applicant's* right to negotiate the terms of a *connection contract* and a description of the relevant process (including the types of possible costs and expenses); and
  - (5) an indication of whether any aspects of the proposed *connection* are likely to be *contestable*; and
  - (6) any additional information reasonably required by the enquirer.
- (c) A *Distribution Network Service Provider* that publishes any of the above information on its website complies with its obligation to disclose information under this clause if it refers the enquirer to the relevant part of the website.

Exception:

If the enquirer asks for a written reply to the *enquiry* or asks for specific advice about the enquirer's particular situation, the *Distribution Network Service Provider* must reply to the *enquiry* as soon as reasonably practicable and in writing if requested.

- (d) If an *enquiry* is made to a *Distribution Network Service Provider* about a *connection* within the area of another *Distribution Network Service Provider*, the *Distribution Network Service Provider*:
  - (1) must inform the enquirer of the identity, and contact details, of the responsible *Distribution Network Service Provider*; and

- (2) on doing so, is released from further obligations in relation to the *enquiry*.

## Division 3 Applications

### 5A.D.3 Application process

- (a) An application for a *connection service* must be in the appropriate form determined by the *Distribution Network Service Provider*.
- (b) An application for a *connection service* may be made by:
  - (1) a *retail customer* for whom the *connection service* is sought; or
  - (2) a *retailer* or other person acting on behalf of a *retail customer*; or
  - (3) a *real estate developer* who seeks *connection services* for premises comprised in a *real estate development*.
- (c) If an application for a *connection service* has been made in error to the wrong *Distribution Network Service Provider*, that *Distribution Network Service Provider*:
  - (1) must inform the *connection applicant* of the identity, and contact details, of the responsible *Distribution Network Service Provider*; and
  - (2) on doing so, is released from further obligations in relation to the application.
- (d) If an application is incomplete in a *material* respect, the *Distribution Network Service Provider* must advise the applicant of the deficiency and may require the *connection applicant* to complete the application and re-submit it.
- (e) If the *Distribution Network Service Provider* reasonably requires additional information to assess the application, it may require the *connection applicant* to provide the necessary information.
- (f) The *Distribution Network Service Provider* must, within 10 *business days* after receipt of a complete application for a *connection service* or if the *connection applicant* is required to provide additional information under paragraph (e), within 10 *business days* after receipt of the information, (or some other period agreed between the *Distribution Network Service Provider* and the *connection applicant*):
  - (1) subject to any statements made on its website under clause 5A.D.1(a)(3), advise the *connection applicant* whether the proposed *connection service* is a *basic connection service*, a *standard connection service* or neither; and
  - (2) if;

- (i) the *connection service* is neither a *basic connection service* nor a *standard connection service*; or
- (ii) the *connection applicant* elects to have a negotiated *connection contract* even though the proposed *connection service* is a basic or *standard connection service*;

advise the *connection applicant* of the negotiated *connection* process and of possible costs and expenses related to the negotiations.

- (g) A single application may relate to multiple *connection services* of the same or different kinds.

#### 5A.D.4 Site inspection

If a *Distribution Network Service Provider* reasonably needs to make a site inspection in order to determine the nature of a *connection service* sought by a *connection applicant*, the *Distribution Network Service Provider* may charge its reasonable expenses to the *connection applicant* and recover those expenses as a debt.

## Part E Connection charges

### 5A.E.1 Connection charge principles

- (a) This clause states the *connection charge principles*.
- (b) A *retail customer* (other than a *non-registered embedded generator* or a *real estate developer*) who applies for a *connection service* for which an *augmentation* is required cannot be required to make a capital contribution towards the cost of the *augmentation* (insofar as it involves more than an *extension*) if:
  - (1) the application is for a *basic connection service*; or
  - (2) a relevant threshold set in the *Distribution Network Service Provider's connection policy* is not exceeded.

#### Note

In general, the intention is to exclude deep system *augmentation* charges for *retail customers*.

- (c) Subject to paragraph (b), in determining *connection charges* in accordance with its *connection policy*, a *Distribution Network Service Provider* must apply the following principles:
  - (1) if an *extension* to the *distribution network* is necessary in order to provide a *connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *extension* necessary to provide the service;

- (2) if *augmentation of premises connection assets* at the *retail customer's connection point* is necessary in order to provide a *connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *augmentation of premises connection assets* at the *connection point* necessary to provide the service;
  - (3) if *augmentation of the distribution system* is necessary in order to provide a *standard connection service*, *connection charges* for the service may include a reasonable capital contribution towards the cost of the *augmentation* necessary to provide the service;
  - (4) if *augmentation of the distribution system* is necessary in order to provide a *connection service* under a negotiated *connection contract*, *connection charges* for the service may, subject to any agreement to the contrary, include a reasonable capital contribution towards the cost of *augmentation of the distribution system* to the extent necessary to provide the service and to any further extent that a prudent service provider would consider necessary to provide efficiently for forecast *load growth*;
  - (5) despite subparagraphs (1) to (4) if *augmentation of the distribution system* is necessary in order to provide, on the application of a *real estate developer*, *connection services* for premises comprised in a *real estate development*, *connection charges* for the services may, subject to any agreement to the contrary, include a reasonable capital contribution towards the cost of *augmentation of the distribution system* to the extent necessary to provide the services and to any further extent that a prudent service provider would consider necessary to provide efficiently for forecast *load growth*;
  - (6) however, a capital contribution may only be required in the circumstances described in subparagraphs (1) to (5) if provision for the costs has not already been made through existing *distribution use of system charges* or a tariff applicable to the *connection*.
- (d) If:
- (1) a *connection asset* ceases, within 7 years after its construction or installation, to be dedicated to the exclusive use of the *retail customer* occupying particular premises; and
  - (2) the *retail customer* is entitled, in accordance with the *connection charge guidelines*, to a refund of *connection charges*;

the *Distribution Network Service Provider* must make the refund, and may recover the amount of the refund, by way of a *connection charge*, from the new users of the asset.

- (e) For the purposes of paragraph (d), a person is taken to be a new user of a *connection asset* if the asset comes to be used to provide a *connection* to that person's premises
- (f) For the purposes of this clause capital contribution includes a prepayment or financial guarantee.

### 5A.E.2 Itemised statement of connection charges

A *connection offer* must be accompanied by a schedule containing an itemised statement of *connection* costs including (so far as relevant) the following:

- (a) applicable *connection charges*;
- (b) cost of *network extension*;
- (c) details of upstream *augmentation* required to provide the *connection service* and associated cost;
- (d) any other incidental costs and the basis of their calculation including, if relevant, costs of minor deviation from the standard specification for a *basic connection service* or a *standard connection service* (as the case may require).

### 5A.E.3 Connection charge guidelines

- (a) The *AER* must develop and *publish* guidelines (***connection charge guidelines***) for the development of *connection policies* by *Distribution Network Service Providers*.
- (b) The purpose of the guidelines is to ensure that *connection charges*:
  - (1) are reasonable, taking into account the efficient costs of providing the *connection services* arising from the *new connection* or *connection alteration* and the revenue a prudent operator in the circumstances of the relevant *Distribution Network Service Provider* would require to provide those *connection services*; and
  - (2) provide, without undue administrative cost, a user-pays signal to reflect the efficient cost of providing the *connection services*; and
  - (3) limit cross-subsidisation of *connection* costs between different classes (or subclasses) of *retail customer*; and
  - (4) if the *connection services* are *contestable* – are competitively neutral.
- (c) The guidelines must:
  - (1) describe the method for determining charges for *premises connection assets*; and

- (2) describe the circumstances (or how to determine the circumstances) under which a *Distribution Network Service Provider* may receive a capital contribution, prepayment or financial guarantee from a *retail customer* or *real estate developer* for the provision of a *connection service*; and
  - (3) describe how the amount of any such capital contribution, prepayment or financial guarantee is to be determined; and
  - (4) establish principles for fixing a threshold (based on capacity or any other measure the *AER* thinks fit) below which *retail customers* (not being a *non-registered embedded generator* or a *real estate developer*) are exempt from any requirement to pay *connection charges* (or to give consideration in the form of a capital contribution, prepayment or financial guarantee) for an *augmentation* (other than an *extension*) to the *distribution network* necessary to make the *connection*; and
  - (5) describe the methods for calculating the *augmentation* component for the *connection assets* and, if the *augmentation* consists of or includes an *extension*, the *extension* component of a *connection charge*; and
  - (6) describe the method for calculating:
    - (i) the amount of a refund of *connection charges* for a *connection asset* when an *extension* asset originally installed to *connect* the premises of a single *retail customer* is used, within 7 years of its installation, to *connect* other premises and thus comes to be used for the benefit of 2 or more *retail customers*; and
    - (ii) the threshold below which the refund is not payable; and
  - (7) describe the treatment of *augmentation* assets.
- (d) The principles for establishing an exemption under paragraph (c)(4) must ensure that the exemption only operates in the following circumstances:
- (1) the *connection* is a low voltage *connection*; and
  - (2) the *connection* would not normally require *augmentation* of the *network* beyond the *extension* to the *distribution network* necessary to make the *connection*; and
  - (3) the *connection* is not expected to increase the *load* on the *distribution network* beyond a level the *Distribution Network Service Provider* could reasonably be expected to cope with in the ordinary course of managing the *distribution network*.
- (e) In developing the guidelines, the *AER* must have regard to:
- (1) historical and geographical differences between *networks*; and

- (2) inter-jurisdictional differences related to regulatory control mechanisms, classification of services and other relevant matters; and
  - (3) the circumstances in which *connection services* may be provided by persons other than *Distribution Network Service Providers* (and are therefore *contestable*).
- (f) In developing guidelines dealing with the method for calculating the amount of a refund of *connection charges* paid before a *connection asset* becomes a shared asset, the *AER* must have regard to:
  - (1) the *Distribution Network Service Provider's* obligation to make the refund; and
  - (2) future projections of *distribution network* expansion and usage and any consequent effect on the *Distribution Network Service Provider's* capacity to finance the acquisition of *augmentation* assets out of increased revenue; and
  - (3) the fact that the *Distribution Network Service Provider's* obligation to make the refund will expire after 7 years.
- (g) In developing guidelines under this clause, the *AER* must act in accordance with the *distribution consultation procedures*.

#### **5A.E.4 Payment of connection charges**

- (a) *Connection charges* payable in respect of a *connection service* must be paid to the *Distribution Network Service Provider* by the *retail customer's retailer* unless:
  - (1) the *retailer* did not apply for the *connection service* and the *Distribution Network Service Provider* has notified the *retail customer* that the *retail customer* must pay the *connection charge* directly; or
  - (2) the *retail customer* asks to pay the *connection charge* directly and the *Distribution Network Service Provider* agrees; or
  - (3) the *Distribution Network Service Provider* and the *retailer* agree that the *Distribution Network Service Provider* is to recover the *connection charge* from the *retail customer*.
- (b) If the *retail customer* pays, or is required to pay, a *connection charge* directly to a *Distribution Network Service Provider* under paragraph (a), the *Distribution Network Service Provider* must not recover that charge from the *retail customer's retailer*.
- (c) The *Distribution Network Service Provider* must separately identify each *connection charge* on the statement or invoice to the *retailer*.



**Note**

Rule 25 of the *National Energy Retail Rules* requires the listing of *connection charges* that are passed through by a *retailer* to a retail customer in the customer's bill.

## **Part F Formation and integration of connection contracts**

### **Division 1 Offer and acceptance – basic and standard connection services**

#### **5A.F.1 Distribution Network Service Provider's response to application**

- (a) If the *connection service* sought by a *connection applicant* is a *basic connection service* or a *standard connection service* (and the applicant does not elect to apply for a negotiated *connection contract*), the *Distribution Network Service Provider* must make a *connection offer* to the applicant within:
  - (1) 10 *business days* after receiving a properly completed application for the service and the additional information (if any) reasonably required under clause 5A.D.3(e); or
  - (2) some other period agreed between the *Distribution Network Service Provider* and the *connection applicant*.
- (b) The *connection offer* must be in accordance with the relevant *model standing offer* and must include:
  - (1) the date of the offer; and
  - (2) details of the *connection service* to be provided; and
  - (3) a statement of the *connection charges* payable by the *connection applicant*.

#### **5A.F.2 Acceptance of connection offer**

- (a) A *connection offer* to provide a *basic connection service* or *standard connection service* remains open for acceptance for 45 *business days* from the date of the offer and, if not accepted within that period, lapses unless the period for acceptance is extended by agreement between the *connection applicant* and the *Distribution Network Service Provider*.
- (b) This clause does not apply if the *connection application* is for an expedited *connection*.

#### **5A.F.3 Offer and acceptance—application for expedited connection**

- (a) If:

- (1) a *connection applicant* requests an expedited *connection* in the *connection application*; and
- (2) the *Distribution Network Service Provider* is satisfied that the *connection application* is for a *basic connection service* or *standard connection service* that falls within the terms of the relevant *model standing offer*; and
- (3) the *connection applicant* indicates in the *connection application* that a *connection offer* in terms of the relevant *model standing offer* would be acceptable to the applicant,

the *Distribution Network Service Provider* is taken to have made, and the *connection applicant* is taken to have accepted, a *connection offer* in terms of the relevant *model standing offer* on the date the *Distribution Network Service Provider* receives the application.

- (b) If a *connection applicant* applies for an expedited *connection* but the *Distribution Network Service Provider* does not agree that an offer in terms of any *model standing offer* is appropriate, the *Distribution Network Service Provider* must notify the *connection applicant* accordingly and draw the applicant's attention to the provisions of these *Rules* dealing with negotiated *connection*.

## **Division 2            Offer and acceptance – negotiated connection**

### **5A.F.4    Negotiated connection offer**

- (a) A *Distribution Network Service Provider* must use its best endeavours to make a negotiated *connection offer* to the *connection applicant* within 65 *business days* after the date of the application for *connection* (but the *time* taken by the applicant to provide information reasonably sought by the *Distribution Network Service Provider* under clause 5A.C.3(a)(2) will not be counted).
- (b) A negotiated *connection offer*:
  - (1) must be in the form of an offer to enter into a contract in specified terms; and
  - (2) must comply with the minimum requirements set out in Schedule 5A.1.
- (c) If the *connection applicant* elected to extend the negotiations to *supply services*, the *connection offer* must contain terms and conditions relating to the *supply services*.
- (d) A negotiated *connection offer* must not include a *connection charge* that is inconsistent with the *Distribution Network Service Provider's connection policy*.

- (e) A negotiated *connection offer* remains open for acceptance for 20 *business days* from the date of the offer and then lapses unless the period for acceptance is extended by agreement between the *Distribution Network Service Provider* and the *connection applicant*.

## Division 3 Formation of contract

### 5A.F.5 Acceptance of connection offer

- (a) If a *connection offer* to provide a *connection service* is accepted, the terms and conditions of the *connection offer*:
  - (1) become terms and conditions of a *connection contract* formed between the *Distribution Network Service Provider* and the *connection applicant*; and
  - (2) subject to rule 5A.F.6, are enforceable accordingly.
- (b) The *Distribution Network Service Provider* must, at the request of a *connection applicant*, provide a copy of:
  - (1) the contract formed under paragraph (a); or
  - (2) if that contract has been integrated with, and forms part of, a *customer connection* contract arising under the *NERL*—the integrated contract.

## Division 4 Contractual performance

### 5A.F.6 Carrying out connection work

- (a) A *Distribution Network Service Provider* must use its best endeavours to ensure that *connection* work is carried out within the applicable *time* limits fixed by the relevant provisions of the *connection contract*.
- (b) However, a *Distribution Network Service Provider* is not obliged to commence or continue with *connection* work if the *connection applicant* fails to comply with conditions that are to be complied with by the *connection applicant*.

#### Examples

The *connection applicant* fails to pay *connection charges*.

The *connection applicant* fails to comply with technical or safety requirements.

The *connection applicant* fails to complete work that is to be carried out on the *connection applicant's* premises.

The *connection applicant* fails to comply with the *Distribution Network Service Provider's* reasonable request to allow the *Distribution Network Service Provider* safe and unhindered access to the applicant's premises.

### 5A.F.7 Retailer required for energisation where new connection

A *Distribution Network Service Provider* is not required to *energise* a new connection unless a request to *energise* the new connection is submitted by a *retailer*, or the *Distribution Network Service Provider* is otherwise satisfied that there is a relevant contract with a *retailer* in relation to the premises.

## Part G Dispute resolution between Distribution Network Service Providers and customers

### 5A.G.1 Relevant disputes

(a) In this Part:

**customer** means:

- (a) a *retail customer*; or
- (b) a *real estate developer*.

**relevant dispute** means:

- (1) a dispute between a *Distribution Network Service Provider* and a customer about:
    - (i) the terms and conditions on which a *basic connection service* or a *standard connection service* is to be provided; or
    - (ii) the proposed or actual terms and conditions of a negotiated *connection contract*; or
  - (2) a dispute between a *Distribution Network Service Provider* and a customer about *connection charges*.
- (b) A relevant dispute is an access dispute for the purposes of section 2A of the Law.

### 5A.G.2 Determination of dispute

- (a) In determining a relevant dispute, the *AER* must (so far as applicable) give effect to:
  - (1) the relevant *connection policy*; and
  - (2) a relevant *model standing offer* to provide a basic or *standard connection service*; and
  - (3) this Chapter and any other *applicable regulatory instrument*.
- (b) In determining a relevant dispute, the *AER* may also:
  - (1) have regard to other matters the *AER* considers relevant; and

- (2) hear evidence or receive submissions from the *Distribution Network Service Provider* and the customer; and
- (3) if the dispute relates to a negotiated *connection contract* – have regard to the negotiation framework set out in clause 5A.C.3.

### 5A.G.3 Termination of proceedings

- (a) If the *AER* considers that a relevant dispute could be effectively resolved by some means other than an access determination, the *AER* may give the parties to the dispute notice of the alternative means of resolving the dispute.

#### Example

The *AER* might give such a notice if of the opinion that a particular dispute could be dealt with more efficiently, and with less expense, by a jurisdictional ombudsman.

- (b) The giving of such a notice is a specified dispute termination circumstance for the purposes of section 131(3) of the Law.

#### Note

It follows that the *AER* may exercise its power to terminate the dispute without making an access determination (See section 131(1)(d) of the Law).

## SCHEDULE 5A.1 – Minimum content requirements for connection contract

### Part A Connection offer not involving embedded generation

- (a) A *connection offer* must contain:
  - (1) a provision stating that a *connection contract* will be formed, and will come into operation, on acceptance of the *connection offer*; and
  - (2) details of the *connection point*, the maximum capacity of the *connection*, and the *connection assets* required at the *connection point*; and
  - (3) details of the *premises connection assets* and additional equipment to be installed on the premises and responsibility for undertaking the work; and
  - (4) details of any *distribution network extension* or other *augmentation* required for the purposes of the *connection*; and
  - (5) an undertaking to complete the work required to establish the *connection* within a specified *time frame*; and
  - (6) a requirement that the *retail customer* have appropriate metering installed ; and

- (7) the relevant technical and safety obligations to be met by the *retail customer* relating to the installation; and
  - (8) the *retail customer's* obligation to allow access to the premises by the *Distribution Network Service Provider's* agents, contractors and employees; and
  - (9) the *retail customer's* obligation to accommodate on its premises, and protect from harm, any equipment necessary for the *connection*; and
  - (10) details of the *retail customer's* monetary obligations including billing arrangements and any security to be provided by the *retail customer*; and
  - (11) details of the *Distribution Network Service Provider's* monetary obligations (if any) to the *retail customer*; and
  - (12) a provision requiring the *Distribution Network Service Provider* to provide information about the *connection* to the *retail customer*; and
  - (13) provision for amendment of the *connection contract* by agreement between the *Distribution Network Service Provider* and the *retail customer*.
- (b) A *connection offer* that relates to *supply services* must also deal with:
- (1) the *Distribution Network Service Provider's* power to interrupt or reduce the *supply* of electricity to the *connection point*; and
  - (2) warranties and limitations on the *Distribution Network Service Provider's* liability; and
  - (3) *disconnection* and reconnection; and
  - (4) reporting and correction of faults; and
  - (5) dispute resolution; and
  - (6) ongoing *customer* obligations; and
  - (7) termination of the *connection contract*.

## Part B Connection offer involving embedded generation

- (a) A *connection offer* to a person who operates, or proposes to operate, an *embedded generating unit* (the **embedded generator**) must contain:
- (1) a provision stating that a *connection contract* will be formed, and will come into operation, on acceptance of the *connection offer*; and

- (2) details of the *connection point*, the maximum capacity of the *connection* to import and export electricity, and the *embedded generator's* installation required at the *connection point*; and
  - (3) details of the *premises connection assets* and additional equipment to be installed on the premises and responsibility for undertaking the work; and
  - (4) details of any *distribution network extension* or other *augmentation* required for the purposes of the *connection*; and
  - (5) an undertaking to complete the work required to establish the *connection* within a specified *time frame*; and
  - (6) a requirement that the *embedded generator* have appropriate *metering* installed; and
  - (7) the relevant technical and safety obligations to be met by the *embedded generator* relating to the installation; and
  - (8) the *embedded generator's* obligation to allow access to the premises by the *Distribution Network Service Provider's* agents, contractors and employees; and
  - (9) the *embedded generator's* obligation to accommodate on its premises, and protect from harm, any equipment necessary for the *connection*; and
  - (10) details of the *embedded generator's* monetary obligations including billing arrangements and any security to be provided by the *embedded generator*; and
  - (11) details of the *Distribution Network Service Provider's* monetary obligations (if any) to the *embedded generator*; and
  - (12) a provision requiring the *Distribution Network Service Provider* to provide information about the *connection* to the *embedded generator*; and
  - (13) provision for amendment of the *connection contract* by agreement between the *Distribution Network Service Provider* and the *embedded generator*.
- (b) A *connection contract* that relates to *supply services* must also deal with:
- (1) the *Distribution Network Service Provider's* power to interrupt or reduce the *supply* of electricity to the *connection point*; and
  - (2) warranties and limitations on the *Distribution Network Service Provider's* liability; and
  - (3) *disconnection* and reconnection; and

- (4) reporting and correction of faults; and
- (5) dispute resolution; and
- (6) ongoing obligations of the *Distribution Network Service Provider* and the *embedded generator*; and
- (7) termination of the *connection contract*.