
Connection Service Charge And Fee Estimate - Sample



This sample document exemplifies a hypothetical proposal of connecting a 6MW generation system to the United Energy (UE) network (contents primarily being generic in nature). The high level process aims to inform the Connection Applicant with the envisaged spectrum of fees and network augmentation costs required to achieve successful connection. The document is structured to present a sequence of hierarchy for the Connection Applicant to review.

1. High level conceptual Single Line Drawing (SLD):

Based on the preliminary enquiry or otherwise, consultation/engagement is initiated between the Connection Applicant and the DNSP. Throughout this process, the concept matures and high level consensus is derived for the Connection Applicant to create a SLD. Amongst the various identified factors, a dedicated 'Remote Trip Scheme' is deduced to be one of the network connection criteria (network augmentation). This requires the Connection Applicant to fully contribute to its funding which invokes the connection service charge.

The SLD illustrates the Connection Applicant's proposal and its relativity to the DNSP assets. System segregation is highlighted which articulate contestable and non-contestable elements.

2. Enquiry and Application to Connect Fee:

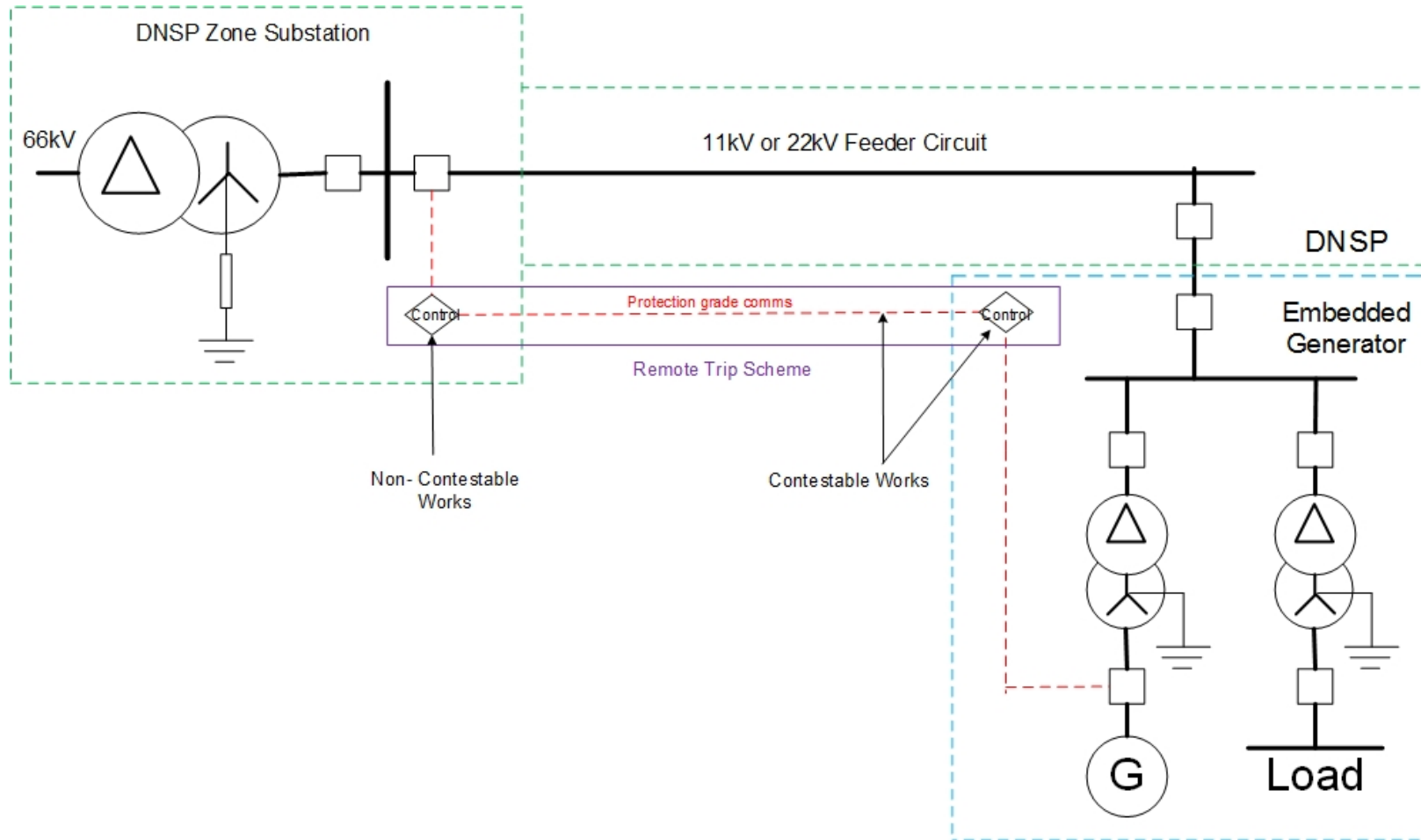
The fee estimates highlight the two stage sequence of enquiry process.

- The 'Detailed Enquiry' incurs an 'Enquiry Fee'. This itemises the various components for the DNSP to assess the Connection Applicant's proposal in order to provide a 'Detailed Response'.
- Depending on proposed generator capacity, complexities and connection point specifics, it could involve third parties and their associated requirements.
- When the project becomes committed, the 'Application To Connect Fee' is applied. This is also accompanied by the Connection Applicant's supporting material submissions. Upon all submissions being satisfactory, this process constitutes the major body of engineering and technical review undertaken by the DNSP for connection. Should there be deviations which alter from the original condition, the DNSP reserves all rights to recoup compensation for the variance.

3. Service Connection Charge for Remote Trip Scheme:

This equipment is specifically designed and exclusively dedicated to protect both the generator and DNSP from abnormalities. It does not directly benefit any other network customers. If the project is fully committed, the installation (i.e. network augmentation) of a 'Remote Trip Scheme' incurs a service connection charge for the Connection Applicant to fully contribute (with best endeavours exercised to coordinate with the Connection Applicant). The deliverable terms and conditions are articulated.

Connection Service Single Line Drawing - Sample



Application To Connect Fee (Estimate) - Sample



Enquiry Fee Estimate

Project	<i>Customer Generation Project</i>
Rating	<i>6MW</i>
Type	<i>Synchronous Machine</i>
Mode	<i>Synchronised</i>
Feeder	<i>HV Feeder</i>
Substation	<i>N/A</i>

Description	Total
<i>Client liaising</i>	\$ 1,089.00
Assessment - Network (Review of data provided, review of the connection arrangement, meetings, assessment of fault contributions, perform load flow and voltage studies, assessment of primary plant and generator performance standards)	\$ 1,633.50
Assessment - Protection (Review of data provided, assessment of protection, control, monitoring and communication requirements, perform a protection review, meetings, site visit)	\$ 1,633.50
<i>Correspondence with AEMO</i>	\$ -
Preparation of an assessment report (Prepare an overview report summarising the connection arrangement, system study results, protection review results and compliance assessment)	\$ 1,633.50
Total	\$ 5,989.50

Notes:

- These estimates are a general guide only.
- It assumes no project complications or any other project specific matters.
- Cost rates refer to UE's internal resources and excludes 3rd parties.
- UE reserves all rights to recoup connection related cost, if in UE's reasonable opinion, the final outcome exceeds original estimate.
- The standard hourly labour rates are based on the Summary of UE Schedule of Charges approved the AER and published on UE's website

Application To Connect Fee (Estimate) - Sample



Application To Connect Fee Estimate

Project	Customer Generation Project
Rating	6MW
Type	<i>Synchronous Machine</i>
Mode	<i>Synchronised</i>
Feeder	<i>HV Feeder</i>
Substation	<i>N/A</i>

Description	Total
Client liaising	\$ 2,972.50
Assessment - Network (Review of data provided, review of the connection arrangement, meetings, assessment of fault contributions, perform load flow and voltage studies, assessment of primary plant and generator performance standards)	\$ 9,982.50
Assessment - Protection (Review of data provided, assessment of protection, control, monitoring and communication requirements, perform a protection review, meetings, site visit)	\$ 9,982.50
Correspondence with AEMO	\$ -
Preparation of an assessment report (Prepare an overview report summarising the connection arrangement, system study results, protection review results and compliance assessment)	\$ 3,811.50
Contract preparation and execution (Update Connection Agreement, prepare technical schedules)	\$ 1,976.00
Total	\$ 28,725.00

Notes:

- These estimates are a general guide only.
- It assumes no project complications or any other project specific matters.
- Cost rates refer to UE's internal resources and excludes 3rd parties.
- UE reserves all rights to recoup connection related cost, if in UE's reasonable opinion, the final outcome exceeds original estimate.
- The standard hourly labour rates are based on the Summary of UE Schedule of Charges approved by the AER and published on UE's website

Connection Service Charge Remote Trip Scheme - Sample



XXXXXX
XXXXXX
XXXXXX

Our Reference: UED-COM-XXXXXX

RE: Establish Remote Trip Scheme between UE Zone Sub and Customer Generator

In response to the enquiry regarding Establishing Remote Trip Scheme between UE's Zone Substation and Customer Generator, the following offer is made.

The total cost for the project is \$112,950 of which the Customer will be required to contribute \$112,950 + \$11,295 (GST) = \$124,245. United Energy will supply and install the electrical infrastructure with United Energy's contribution being limited to \$0. **All cheques are to be made out to United Energy Distribution Pty Ltd.**

Please refer to the Terms of Offer for further details regarding this offer.

Please note that United Energy engages its authorised service provider and contractor in the nominated region of the network to carry out the design, construction and project management activities on United Energy's behalf.

Should you require further information about this proposal please contact the Project Manager.

Yours faithfully,
United Energy

Enclosed
Terms of Offer
Customer's Rights and Obligations

Terms of Offer - Sample



1 SCOPE OF WORKS

The basis of this offer is limited to the scope as detailed in the document: **Establish Remote Trip Scheme between UE Zone Substation and Customer Generator facility.**

Please note the following clarifications and exclusions:

- No allowance has been made for any works at the Customer end including design, installation, testing and commissioning;
- No allowance has been made for the BDSL communication service setup, termination, configuration and testing;
- It has been assumed that the BDSL communication service boundary point will be the TLIU;
- The offer is based on the work being completed in one sequential and continuous operation, including site works and testing in conjunction with the Customer;

2 CONTESTABILITY OPTIONS

For information relating to the calling of tenders as well as a brief explanation of United Energy's connection policy, under which customer contributions are calculated, please refer to the enclosed "Customer Rights and Obligations".

Your options in regard to contestability are listed in the "Customer Rights and Obligations" document.

3 VALID ACCEPTANCE

A valid acceptance of this proposal will require all items specified below to be completed and returned within two months of the date of the accompanying letter:

- Letter stating your acceptance to United Energy's offer.
- Payment of the customer contribution as specified in the covering offer letter, with cheques made out to United Energy Distribution Pty Ltd.
- Sheet 2 of the Customer's Rights and Obligations, completed and signed indicating your client's chosen option for the design and construction works.

Terms of Offer - Sample



4 VALID OFFER PERIOD

The supply proposal remains open for a period of two months from the date of the accompanying letter. Failure to accept this proposal by the due date will cause the proposal to lapse. In that event, you are obliged to initiate new negotiations for the works to be undertaken.

5 PROGRAMMING

After acceptance of this proposal, the Project Manager, will contact you to discuss the date by which works will be scheduled. Assuming acceptance within the valid offer period, the commissioning is planned to be completed by the nominated date. This date will be contingent upon satisfactory and timely completion of customer side works.

Terms of Offer - Sample



The Customer's and United Energy Distribution Pty Limited's (UE) rights and obligations are set out in the Essential Services Commission's Guideline 14.

1. Basis for Calculation of Customer Contribution

United Energy's Connection Policy under which the customer contributions towards augmentation of the distribution network, necessary to facilitate the connection of the customer are calculated as follows:

- **Customer contributions** = [Project cost (LCTA) + cost of upstream use of network – net present value of expected distribution use of system (DUOS) revenue] + [Project cost (actual) – Project cost (LCTA)].
- **Least cost, technically appropriate (LCTA)** is the term used to describe the type of connection, network extension or augmentation which results in the least capital cost to meet the customer's real and immediate need, and which satisfies UE's technical specifications and safety requirements.
- The **project cost (LCTA)** of customer initiated works is the LCTA cost of the supply assets between the *point of supply* or supplies in the case of subdivisions to the *tie-in point* to an existing distribution network.
- The **project cost (actual)** of customer initiated works is the actual cost of the supply assets between the *point of supply* or supplies in the case of subdivisions to the *tie-in point* of an existing distribution network.
- The present value calculation of **expected DUOS revenue** is based on an assumed life of 30 years for residential connection and 15 years for business connection. The revenue earned will be based on the average consumption of a customer in the tariff category. Where a particular project is clearly expected to have an economic life of less than 15 years, then that shorter life should be used.
- The reinforcement **costs of upstream use of network** assets is the estimated cost of the incremental demand on the upstream network up to and including the sub transmission network from the point of connection. The cost is calculated on a \$/kVA basis.

2. Customer's choice in relation to Connection Services

When the Customer is required to contribute towards the provision of connection services, the following options are available,

1. Customer may choose UE to undertake both the design and construction of the project as per the connection offer.
2. Customer may choose UE to undertake the design and request UE to call tenders on their behalf for the construction of the project.

If the Customer elects this option, the Customer is required to pay a tender fee, for UE to prepare, evaluate and issue the tenders for construction. The fees will be commensurate to the project size and complexity. An approximate guide is as follows:

- \$3,900 + \$390 (GST) = \$4,290.00 where UE uses a preferred tender panel of 3 to 5 contractors from its list of Approved Contractors; or

Terms of Offer - Sample



- \$7,755 + \$775.50 (GST) = \$8,530.50 where UE is requested to use an open tender process.
3. Customer may choose UE to undertake the design and the customer to undertake the construction of the project utilising contractors approved by UE.
 4. Customer may choose to undertake both the design and construction of the project utilising contractors approved by UE.

Should the Customer wish to pursue option (2), (3) or (4) by calling tenders themselves for design and construction or construction only, then the Customer would be required to enter into a contract with UE for the performance of the work undertaken by the Customer including warranties in relation to post commissioning defects and faults.

In your response to UE's letter of Connection Offer you are required to indicate which of the above options you wish to pursue by completing the below sheet and return it to the issuing office.

Terms of Offer - Sample



Connection Services

Please tick one of the boxes below to indicate your choice and return to United Energy:

I wish United Energy to undertake the design & construction works and I waive my right to call tenders.

I wish United Energy to carry out the design and to call tenders, at my cost.

- Preferred tender panel
- Open tender process

I wish United Energy to carry out the design and I wish to call my own tenders for the construction works utilising constructor's approved by United Energy.

I wish to call my own tenders and undertake the design and construction works, utilising designers and constructor's approved by United Energy.

Customer Signature: _____

Customer Name: _____

Date: _____