



Tendering Policy

**United Energy's contestability of connection and
augmentation guideline**

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1. United Energy

United Energy (UE) operates under a distribution licence that is issued by the Essential Services Commission of Victoria (ESCV). Our network covers about 1472 square kilometres and we distribute electricity to approximately 665,000 customers across east and south-east Melbourne and the Mornington Peninsula.

2. Policy objectives

UE applies a tender policy which provides the customer with choice, maintains transparency and complies with the requirement of the ESCV.

This policy document is a guide only and customers should engage with UE to confirm the eligibility of works to be tendered or delivered as contestable services.

Metering contestability is beyond the scope of this policy.

3. Tender policy

3.1 UE policy

Under clause 4.2 & 4.3 of the ESCV's *Electricity Industry Guideline No. 14 Provision of Services by Electricity Distributors* (Guideline 14) electricity distributors, such as UE, are required to provide customers with tender options when electricity supply, undergrounding (or similar services) and public lighting requests necessitate augmentation of the distribution network. These tender options include the calling of tenders by the customer or calling of tenders by the distributor at the customer's request.

In keeping with its objectives to inform customers of their rights with regard to access to the distribution system UE connection offers include the price for connection and augmentation works and a number of contestability or tendering options.

UE is not obliged to call tenders if the customer notifies UE in writing that they do not want to exercise their option to call tenders. UE is also not obliged to call tenders for design services.

Works that are deemed to be eligible for tenders are referred to as *contestable services*. UE employs a risk-based approach in determining which types of work can be deemed contestable services. Contestable services are generally limited to certain types of work; such as greenfield sites, simple asset relocations with minimal customer impact, and public lighting installation.

Some works can only be performed by UE. These works are referred to as *non-contestable services*.

3.2 Eligible works

In most instances contestable and non-contestable work consists of the components defined in Table 1. This delineation is provided as general information only and UE should be engaged for individual projects to be assessed.

Table 1: Contestable and non-contestable services

Non-contestable services	Contestable services
Design certainty activities (including asset impact assessments ¹)	Design and construction of new and modified public lighting installations (including provision of all materials, network tie-in and as constructed plans)
Due diligence activities (including design reviews, approval to construct or commission, and acceptance of handover of completed works)	Design and construction of new electrical infrastructure required to supply your property or development (including provision of all materials, network tie-in and as constructed plans)
Installation of a new, or augmentation of, or modification to an existing zone substation (including feeder exits and secondary systems)	Design and construction of simple asset relocations with low network and customer impact
Installation of new, or augmentation of, or modification to existing sub-transmission assets (at either 66 kV or 22 kV)	Field quality compliance auditing of contestable works
Installation of new, or modification to existing protection, control and SCADA schemes (including primary equipment which has protection integrated into its design, such as low voltage circuit breakers).	Civil works associated with new and modified underground assets where the customer is already undertaking civil works in the vicinity and UE agrees it is practical for the customer to include the UE civil works within its scope, even if
High voltage and low voltage network access planning	

Non-contestable services	Contestable services
Updating UE systems (such as GIS)	the associated electrical works are deemed non-contestable.
Basic connections, supply abolishments and supply alterations.	
<p>The following works are generally non-contestable. Upon request, UE can on a case-by-case basis assess¹ contestability options for works which:</p> <ul style="list-style-type: none"> ▪ Extensively impact existing high voltage assets ▪ Impact one or more high voltage customers ▪ Impact one or more sensitive customers (such as hospitals, medical centres, aged care facilities, shopping centres, schools and data centres) ▪ Require frequent or prolonged customer outages ▪ Significantly impact network reliability and/or redundancy. 	

Note 1: Assessments conducted by UE may incur additional fees.

3.3 Delivery options

On receipt of an electricity supply request UE will prepare an offer that includes both contestable and non-contestable works unless a written request to provide tender options is submitted.

On receipt of a request for tender options UE will advise which of the following options apply to the request and ask the customer which option it wishes to pursue. Contestability options include:

1. The customer waives the right to tender and requests UE to proceed with the design and construction work as per the connection offer. UE will arrange for all the work, both contestable and non-contestable, to be completed.
2. The customer requests UE undertakes the contestable design and calls a tender on the customer's behalf for the contestable construction works. The customer nominates which service providers accredited by UE are included in the tender, selects the successful tenderer and enters into a contract with the service provider.
3. The customer requests UE undertakes the contestable design and the customer calls a tender for the contestable construction works utilising service providers approved by UE.
4. The customer chooses to call tenders and undertake both the contestable design and construction of the project utilising service providers approved by UE.

It should be noted that under options 2, 3 and 4 the customer chooses to accept full responsibility and liability for its selected service providers and the contestable services these providers deliver; this includes indemnifying UE. The customer is required to enter into a standard form contestable works contract with UE and in doing so accepts responsibility for ensuring that all works undertaken are:

- Delivered in accordance with UE's contestable management processes
- Completed to UE's required standards (including the use of approved materials) and reasonable satisfaction
- Delivered by services providers approved by UE to deliver the specific contestable services
- Audited in compliance with UE's requirements
- Subject to rectification in accordance with defects liability requirements and warranty cover

Whether UE is chosen to undertake the works or the customer chooses to seek tenders and undertake the works themselves, UE is still required to complete a number of tasks which are non-contestable services. These generally include due diligence activities (such as design approvals) and updating UE's systems and drawings. Non-contestable elements of the works are charged as an upfront project fee calculated on a per project basis to reflect UE's estimate of

the required hours to undertake the work. Additional fees will be charged through the course of a project if UE is required to repeat activities in response to customer resubmissions.

4. UE tender process

4.1 Tender process

The following section relates only to option 2 as defined in section 3.3. For options 3 and 4 the customer manages its own tender process.

4.1.1 Tender issue

UE will call a selective tender within 20 business days from the latter of the following conditions:

- The design has been completed
- The customer has confirmed which accredited contractors it would like included in the selective tender
- The customer has provided appropriate terms and conditions for UE to include in the tender package
- The customer has entered into a contract with UE and UE has received upfront payment for the effort required to manage the tender process

Note that before the tender is issued, the customer is required to review and approve the tender documents prepared by UE.

The tender period will be a minimum of 10 business days.

4.1.2 Tender review & recommendation

Tender submissions will be reviewed by UE against the following criteria:

- Technical merit
- Delivery methodology
- Commercial merit
- Health and safety compliance

UE will review the tender submissions and make a recommendation to the customer within 20 business days of the tender close. The successful contractor is selected by the customer.

Where no bids are received or bids are not competitive UE will refer the process to the customer to consider other alternatives.

4.1.3 Post tender – contract award

UE will handover all tender documents to the customer so the customer can proceed with engaging its preferred contractor. The customer will be required to enter into a contestable works contract with UE, pay the upfront project fees, and deliver the contestable services in accordance with UE's contestable management processes.

4.2 Pre-conditions for contractors wishing to tender

Contestable services can only be undertaken by appropriately accredited service providers.

Contractors wishing to be considered for contestable works will need to submit themselves for accreditation by UE. Permits to access the distribution system will not be issued to contractors who are not accredited by UE.

The accreditation process requires the contractor to demonstrate it:

- Has a proven experience in electrical distribution works (including compliance with relevant industry requirements)
- Holds appropriate levels of insurance coverage

- Meets UE's indemnity requirements

Enquiries regarding accreditation should be directed to UE via email at contestable@ue.com.au.

5. Completing the works

5.1 Contestable works contract

Where a customer chooses tendering options 2, 3 or 4 as defined in section 3.3 and assumes responsibility for the completion of the contestable works the customer is required to enter into a standard form contestable works contract with UE.

The UE contestable works contract sets out UE's requirements including:

- Compliance with UE's contestable works management processes
- The standard and quality of work and materials to be used
- Warranties to be provided by the customer in relation to post-commissioning defects and faults
- An indemnity of UE against loss (for example, STPIS associated with a customer supply outage)

5.2 Contracting the works

Choosing option 2, 3 or 4 as defined in section 3.3 will result in the customer directly engaging contractors and managing the works. The scope of work will be based on the UE approved design, material specification and technical performance standards. The customer shall ensure the project is delivered in accordance with UE's contestable works management process. Details of this process are available upon request and are subject to change from time to time.

To avoid any conflict, and maintain the integrity of the quality of works, the customer shall not commission audit services from any service provider engaged to deliver project management services, civil construction works or electrical construction works on the project. That is, a contractor cannot audit its own works or works it is overseeing, even if it is an accredited service provider for auditing on the UE distribution network. It is acceptable for the customer to engage auditors employed by the same organisation providing design services on a project.

6. Special circumstances

Customers without access to the full range of contract and project management services may request UE to provide the project management services for a fee.

Alternatively, UE can assist customers in sourcing alternative project management consultants.

7. Fees and charges

Whether UE is chosen to undertake the works or the customer chooses to seek tenders and undertake the works themselves, UE is still required to complete a number of tasks which are non-contestable services. These generally include due diligence activities (such as design approvals) and updating UE's systems and drawings. Non-contestable elements of the works are charged as an upfront project fee calculated on a per project basis to reflect UE's estimate of the required hours to undertake the work. Additional fees will be charged through the course of a project if UE is required to repeat activities in response to customer resubmissions.

For option 2 section 3.3 UE will also charge an upfront project fee calculated on a per project basis to reflect UE's estimate of the required hours to manage the tender.

A schedule for the quoted services hourly rates used to build these project fees is available on the UE website. These rates are approved by the Australian Energy Regulator (AER) and are updated on July 1 each year.

8. UE dispute handling procedure

UE is committed to providing good customer service to all customers regardless of what contestability and tender options a customer selects. Where a customer is unhappy with the tender or contestable works management process, it is UE's policy that the issue is first discussed with the UE project manager overseeing the tender/project.

A customer who is still not satisfied with the handling of their concerns by the project manager is entitled to a further review by UE's Manager Customer Projects. If this does not resolve concerns senior management will be engaged.

If a dispute is not satisfactorily resolved through senior management intervention the customer has the right to contact the ESCV.

9. Contact details

Preliminary enquiries and requests for tender options can be made via email at contestable@ue.com.au.