

# NETWORK EXTENSION

## WESTPOWER INVESTMENT POLICY

**This standard is approved for issue by:**

R M Griffiths  
**Author**

for Westpower Limited

R M Griffiths  
**Asset Manager**

T Hughes  
**Contact**

This standard is the responsibility of the Asset Management Group, Westpower Ltd, Greymouth. Please contact the Asset Manager with any queries or suggestions.





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# 1 BACKGROUND

For several years, Westpower has operated a Capital Contribution Policy that involves charging consumers the full cost of any network extension, and then providing a rebate based upon the Net Annual Fixed Distribution Charge.

With recent changes to Westpower's Pricing Methodology, based on a Government requirement to provide low fixed charges, the application of the existing policy would lead to a significant reduction in the level of rebates to the point where it would no longer be worthwhile. Furthermore, the different bases on which various customer classes are charged make the existing system inequitable.

As the cost of most network extensions is directly related to the size of transformer required, a simplified methodology has now been introduced related to the supply of the transformer.

# 2 POLICY

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 contractor
  - 1.1. Demonstrates that they are competent to carry out the work; and
  - 1.2. Meets Westpower's Design and Construction Standards
2. Westpower will provide a suitable, certified transformer in all cases where one is required, at no cost to the consumer.
3. This is the full extent of any rebate or discount that will be available.
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.
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 the line. This is not a firm requirement, but is seen to add future benefit to both parties.
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 to Westpower
7. Where a transformer pole is required, the consumer will pay for his, however, Westpower will continue to own and maintain the pole, along with the associated earthing system.
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.

- 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.
- 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.
- 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.
- 12.** Nothing in this policy affects Westpower's current obligations to ensure that subsequent users of any network extension funded by new consumers are required to equitably compensate the original users as a pre-requisite for supply. The maximum term that shall be applied in this case shall not extend more than ten years past when the initial extension is livened.
- 13.** Subdivisions will be treated in exactly the same way as any other line, although the subdivider has the option of continuing to own and maintain the reticulation if they are legally entitled to do so.