

Fact sheet: Revised Design Deposit

Customers and External Stakeholders



Introduction

This document contains important information for **customers and their nominated representatives** (the customer) in relation to changes TasNetworks is making to the way it applies design deposits for medium and large Negotiated Connection applications requiring design effort by TasNetworks.

The aim is to provide greater transparency in relation to the likely cost of the design effort required to progress an application.

TasNetworks currently charges a set \$500 design deposit to all customers other than Councils, State Government Departments and Subdivision Developers to whom different arrangements apply. Once the deposit is paid, the required design is completed and the customer receives an invoice for the actual cost of design.

TasNetworks acknowledges that this can result in bill shock for some customers, especially when a design can cost many thousands of dollars, and has been actively pursuing a more transparent process that both informs and empowers its customers.

What does the new process look like?

From 1 August 2022, TasNetworks will provide a design cost estimate specific to each application and this will be the design deposit amount.

The new design deposit will commence on 1 August 2022 and will be specific to each application

Our Customer Connections Team will provide a verbal estimate in the first instance and will follow this up with written confirmation in the form of an application response letter and invoice within 10 business days of receiving a complete application.

The customer will then have the opportunity to consider the quote for the service and, if they wish to continue with the application, pay it within the nominated period.

Design activity will not commence until the deposit amount is paid.

Will the deposit be sufficient to cover the full cost of design?

The design deposit represents our best estimate of the cost of design based on the information the customer or their representative provide as part of their application. However, it is important to remember that it is only an estimate.

We generally expect that the deposit amount will be sufficient to cover the design activity, but there may be occasions where the nature of the design is more complicated than originally assessed or additional work is required because a customer's requirements change during the design process.

The design deposit represents our best estimate of the cost of design based on the information contained in the application submitted, but it is only an estimate

Where it becomes apparent that the design deposit will be fully expended, TasNetworks will provide the customer with an estimate of the additional cost to complete the activity and seek written direction about how they would like to proceed. No additional expenditure will occur without the customer's express written authority.

What if the application is cancelled before the end of design?

In this instance, the design activity will cease and TasNetworks will refund the customer any unused portion of the design deposit. Alternatively, if the customer has approved additional expenditure as outlined above, TasNetworks will invoice them for the additional amount.

What happens when the design is complete?

TasNetworks will undertake a financial reconciliation of the actual cost of design against the design deposit amount and will send the customer a copy of their design and a letter of offer confirming:

1. The actual cost of the design; and
2. An estimate of how much it will cost to construct the design.

If, at this stage, **the customer does not wish to proceed** with the application:

- They will receive a refund for the balance of any unused portion of the design amount if actual costs are less than the estimated amount;
- Receive an invoice for any actual cost incurred in excess of the deposit amount.

Customers will only pay for the services they receive. Any unused portion of the design deposit will be refunded or can be offset against the planned construction

Where **the customer elects to proceed** with the application:

- They are able to offset any unused portion of the deposit against future construction works; or
- Any additional design cost will be included as a line item in the letter of offer, which must be paid prior to the construction being scheduled.

Why has TasNetworks made this change?

The major benefit of this approach for customers will be greater transparency and simplicity.

Customers will receive an estimate of all costs they are likely to incur and must approve them in advance, both informing and empowering them

They will receive a single estimate of the cost of design for their specific application early in the process. This will enable them to make a considered decision about whether or not to proceed with the application or, at the very least, how they will fund it.

The likelihood of any customer experiencing bill shock of the type previously reported will reduce significantly.

Customers will only pay for the services they receive and will be fully engaged in understanding and formally approving any upward variation to the original design deposit amount where it is required.

The fact that any unused portion of the design deposit will either be refunded or can be offset against the cost of construction, depending on how the customer chooses to proceed, represents a no disadvantage benefit for customers.

For more information

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