



Information for Connection Applicants

Amounts and terms and conditions of the connection application charge

R1105144

Version 1.0, June 2018

Authorisations

Action	Name and title	Date
Prepared by	Iain Meaney, Commercial Services Team Leader	
Reviewed by	Tim Astley, NEM Strategy and Compliance Team Leader	
Authorised by		
Review cycle		

Responsibilities

This document is the responsibility of the Commercial Solutions Team, Tasmanian Networks Pty Ltd, ABN 24 167 357 299 (hereafter referred to as "TasNetworks").

Please contact the Commercial Solutions Leader with any queries or suggestions.

- Implementation All TasNetworks staff and contractors.
- Compliance All group managers.

Minimum Requirements

The requirements set out in TasNetworks' documents are minimum requirements that must be complied with by all TasNetworks team members, contractors, and other consultants.

The end user is expected to implement any practices which may not be stated but which can be reasonably regarded as good practices relevant to the objective of this document.

© Tasmanian Networks Pty Ltd 2014

Record of revisions

Section number	Details
	<i>[Delete the details of any previous revisions and add the details of the latest revision]</i>

Table of contents

Authorisations.....	2
Responsibilities.....	2
Minimum Requirements.....	2
1.....	General 5
1.1.....	Purpose 5
1.2.....	Scope 5
2.....	Background 5
3.....	Connection application fee structure 5
4.....	Connection application fee terms and conditions 6
5.....	Payments terms 6
6.....	Negotiating principles 7

1 General

1.1 Purpose

One of the requirements of the changes to the National Electricity Rules (the Rules) commencing on 1 July 2018, as part of National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2017 No. 4, is that a Primary Transmission Network Service Provider (such as TasNetworks) must publish on its website a guide to the structure of the application fee under clause 5.3.4 of the Rules, and the terms and conditions under which the charge is paid. This document is TasNetworks' connection application fee guide.

1.2 Scope

This document is to assist Connection Applicants understand the amount and terms and conditions of the connection application charge before connecting to TasNetworks' transmission network.

2 Background

Clause 5.3.3(c)(5) of the Rules requires a response to a connection enquiry by a Network Service Provider to include:

- (5) the amount of the application fee which is payable on lodgement of an application to connect, such amount:
- (i) not being more than necessary to cover the reasonable costs of all work anticipated to arise from investigating the application to connect and preparing the associated offer to connect and to meet the reasonable costs anticipated to be incurred by the Australian Energy Market Operator (AEMO) and other Network Service Providers whose participation in the assessment of the application to connect will be required; and
 - (ii) must not include any amount for, or in anticipation of, the costs of the person using an Independent Engineer;

Processing a connection application is classified as a negotiated transmission service. Negotiated services are provided by a Transmission Network Service Provider (TNSP) as a monopoly service but are not included in the revenue cap for that TNSP. The standard of negotiated services are not outlined in the Rules but can be negotiated by the proponent. The Rules require the TNSP to undertake these negotiations in a manner that negates their monopoly power, including setting the price to reflect the cost of providing the service.

3 Connection application fee structure

TasNetworks' approach to setting connection application fees is to develop them on a case by case basis to reflect the bespoke nature of transmission connections, so a uniform approach is not appropriate.

As noted, the Rules require the price of a connection application fee (being a negotiated transmission service) to reflect the cost of providing that service. TasNetworks' approach in setting an application fee is to determine the expected internal/TasNetworks-controlled costs to process the application as well as the likely costs expected to be incurred by AEMO and other Network Service Providers to process the application. The application fee is set as the sum of the total costs expected to be incurred plus a margin of 10 per cent.

The application fee is expressed exclusive of GST and the estimate provided to the proponent remains valid for a period of 3 months.

As noted above, the fee estimate includes an allowance to cover AEMO fees and charges for due diligence studies for new generator connections in the National Electricity Market. AEMO will invoice TasNetworks for their costs and we include an allowance for those costs based on AEMO's published estimated costs. The proponent is advised of the estimated AEMO costs included in their connection application and is advised that AEMO's Schedule of Fees and Charges for Generator Connections can be obtained from the following location on AEMO website:

https://www.aemo.com.au/-/media/Files/Electricity/NEM/Network_Connections/Transmission-and-Distribution/Schedule-of-Fees-and-Charges-for-Generation-Connections.pdf

4 Connection application fee terms and conditions

This application fee is an estimate of the reasonable costs of all work anticipated to arise from investigating an application to connect and preparing an offer to connect based on what TasNetworks knows at the point in time the application is received. The actual cost may vary depending on a number of factors including the connection option chosen, the quality of information that the proponent provides to us in support of their application and the length of time taken to negotiate the connection and asset development agreements.

TasNetworks' estimated costs to process an application to connect are dependent upon the type of access standards requested for the connection and the quality and accuracy level of modelling data provided in the application.

Should a proponent submit an application to connect that meets all automatic access standards then TasNetworks would only need to undertake due diligence studies as part of the application assessment. However, the proponent may wish to negotiate lower access standards; noting that it is a requirement of transmission network service providers (including TasNetworks) to achieve final access standards that are as close as possible to the automatic assess standards. Depending on the extent of these negotiations, there would be additional time and costs needed for the assessment work.

Proponents are also advised that they should be aware that the quality of the models they submit has a major bearing on the time TasNetworks will require for undertaking the necessary studies. TasNetworks is unable to accept models that are incomplete, erroneous or have numerical issues. All time expended in rectifying modelling issues will be added to the cost of processing an application to connect.

In the event that the cost of processing an application to connect appears that it will exceed the estimate, TasNetworks will advise the proponent of the reasons for the increase and request a supplementary fee. However, if the costs of processing an application are less than the estimate then TasNetworks undertakes to refund the balance of the connection application fee to the proponent at the conclusion of the connection application process.

5 Payments terms

Clause 5.3.3(c)(5) of the Rules states that the application fee which is payable on lodgement of an application to connect. In accordance with that Rule, TasNetworks usually requires the full application fee to be provided before starting to process the application. If requested, TasNetworks is willing to consider receiving the application fee in instalments on the strict condition that TasNetworks must, at any point in time, always hold sufficient funds to cover all commitments for work associated with processing the application. It is also a condition that TasNetworks will cease work on an application if the application fee instalments received have been exhausted, recommencing work when the next instalment has been received.

6 Negotiating principles

When processing a connection application, including the development of the application fee, TasNetworks will comply with the negotiating principles outlined in clause 5.2A.6 of the Rules.