

# New Connections and Extensions Policy



## Quality Statement

Alpine Energy manages the electricity distribution network to New Zealand's fastest-growing communities – the South Canterbury region. We provide distribution services to over 33,000 connections from the Rangitata River in the north, the Waitaki River in the south, and the East Coast to Mount Cook in the west. Our purpose is to provide a secure and reliable electricity supply in South Canterbury through quality energy delivery and infrastructure asset ownership and management.

## Version Control

Version Number	Amendment Details	Date of Amendment	Amended By
1	Initial Document	22 July 2010	Andrew Tombs
2	Amendments to policy	3 November 2011	Daniel Roos
3	All pages amended	10 February 2014	Stephen Small
4	Amendments and additions	10 April 2016	Tony Pieromaldi
5	All pages amended	November 2021	Hayden Darling

This policy is to be revised by

## Responsibilities

Responsibilities for this guide are tabled below.

Responsibility	Title
Approval	Chief Executive Officer
Owner	General Manager Service Delivery
Reviewer	Customer Services Manager

## Adopted

This policy is hereby formally adopted by:

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Chief Executive Officer

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Chief Financial Officer

## Contents

Quality Statement.....	1
Version Control .....	1
Responsibilities .....	1
Adopted .....	1
1. Purpose.....	3
2. Scope .....	3
3. Definitions and Abbreviations .....	4
4. Related policies and documents .....	5
5. Commercial terms for new connections and extensions .....	5
6. Calculation of the capital contribution .....	8
7. Getting connected .....	10
Appendix A – The Pricing Principles .....	13

# 1. Purpose

Our Connections and Extensions policy outlines the commercial terms that apply for new connections and extensions to the Alpine Energy electricity distribution network (our network). This policy has been prepared following the Electricity Authority's (EA) 2019 Distribution Pricing Principles<sup>1</sup> (the Pricing Principles), which require electricity distribution businesses (EDBs) to signal the economic costs of a new connection or extension. We have also had regard for the EA's draft Distribution Pricing: Practice Note, Second Edition, 2021 asking EDBs to–

'attempt to charge new connections in a manner that does not impose additional costs on existing [consumers] that do not benefit from the new connection.'<sup>2</sup>

## 2. Scope

Consumers connect to our network through an installation control point (ICP). All consumers require an ICP to connect their premises to our network. We require connection applicants to pay a capital contribution when establishing a new connection or extending an existing connection. The capital contribution intends to cover the incremental costs that the new connection or extension introduces to the operation and management of our network.

This policy aims to ensure that we will reflect the economic costs of new connections and extensions through the application of efficient pricing policies. With our approach, consumers (particularly prospective consumers) will make informed decisions about which form of energy to use and where to locate a new load.

### 2.1 Installation of meters

Except in extremely rare circumstances where an unmetered connection is appropriate, we require all on our network to be metered. A meter measures the flow of electricity across the ICP, both for billing purposes and to access other services (i.e., network planning). We are not responsible for installing or replacing meters at ICPs. Instead, it is the responsibility of the consumers' nominated retailer to appoint the meter equipment provider (MEP) to provide metering services. Consequently, charges for new and replacement metering installations are not covered within this policy.

### 2.2 Distributed energy

This policy does not apply to distributed energy connections seeking to connect to our network under Part 6 of the Electricity Participation Code 2010 (the Code). Distributed generation connections should refer to our Distributed Generation Connection and Operation Standard<sup>3</sup>.

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<sup>1</sup> Electricity Authority, More efficient distribution network pricing–principles and practice, Decisions paper, 4 June 2019 (the Pricing Principles).

<sup>2</sup> Electricity Authority, Distribution Pricing: Practice Note, Second Edition, 2011, (Draft for Sector Feedback, 21 September 2021) on page 16.

<sup>3</sup> <https://www.alpineenergy.co.nz/customers/generating-electricity/standards-and-regulations>

### 3. Definitions and Abbreviations

There are several industry terms and abbreviations used throughout this policy. To assist the reader, definitions of the term used in this policy are in Table 1, and the abbreviations used in this policy are in full in Table 2, over the page.

**Table 1: Definitions of terms used in this policy**

Term	Definition
Augmentation	Means the expansion, upgrade, increase, addition to, removal, relocation, or enhancement of any part of our electricity distribution network that would otherwise not be required but for the requirements of the new connection service. Augmentation may include allocating extant spare capacity (i.e., prior augmentation) to a new connection service.
Capital contribution	Means the money or monetary value or other considerations charged or received from a connection applicant, consumer, or another party to fund augmentation that is in addition to and separate from any ongoing revenue through our lines charges
Connection applicant	Means the persons, whether incorporated or not, applying for a new connection or extension onto our network.
Consumer	Means any person who is supplied, or applies to be supplied, with electricity other than for resupply, as per clause 5 of the Electricity Industry Act 2010.
Competent persons	Means persons with the required knowledge, training, experience, qualifications, and licensing specific to the works to be completed.
Dedicated assets	Means the discrete investment in electricity distribution network assets that cannot readily be used by other consumers connected to the Alpine Energy network.
Lines charges	Means Alpine Energy's published prices in its annual Pricing Schedule, a copy is available on our website at <a href="#">Alpine Energy - Pricing methodology</a> .

**Table 2: Abbreviations used in this policy**

Term	Definition
Code	Electricity Participation Code 2010
EA	Electricity Authority
EDB	Electricity distribution business

Term	Definition
ICP	Installation control point
kW	Kilowatt, i.e., 1000 watts
MEN	Multiple earthed neutral
MEP	Meter Equipment Provider

## 4. Related policies and documents

The related policies and documents associated with this New Connections and Extensions Policy include:

- Application for Network Connection<sup>4</sup>
- Electricity (Safety) Regulations 2010<sup>5</sup>
- Electrical Codes of Practice<sup>6</sup>

## 5. Commercial terms for new connections and extensions

We have two categories of new connections and extensions: standard or non-standard. Standard new connections and extensions require a minimum level of technical input from us to connect. Standard new connections and extensions generally have the same technical requirements. Non-standard new connections and extensions are all connections that are not considered standard or require dedicated assets. Non-standard new connections tend to have distinct technical requirements that require a level of technical input from us to connect.

### 5.1 What are standard new connections and extensions?

We consider there to be three categories of standard new connections and extensions:

- (i) low voltage connections up to 15 kW–
- (ii) low voltage connections up to 3 x 60 ampere supply
- (iii) connected supply greater than 3 x 100 ampere
- (iv) unmetered supply

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<sup>4</sup> A copy of the application is available on our website at [Alpine Energy - Download a network application](#)

<sup>5</sup> Can be found on the New Zealand Legislation website at [Electricity \(Safety\) Regulations 2010 \(SR 2010/36\) Schedule 2 Electrical codes of practice and official standards cited in these regulations - New Zealand Legislation](#)

<sup>6</sup> Can be found on the Worksafe website at [Electrical codes of practice | WorkSafe](#)

Standard new connections and extensions do not require the augmentation of our existing network to accommodate the new connection or extension.

The connection applicant is responsible for:

- the electrical installation, including the provision and installation of the cable to the network connection point; and
- paying a capital contribution based on the capital contributions schedule published on our website.

More information about how we calculate the capital contribution payable by standard new connections and extensions can be found in section 6 of this policy.

### **5.1.1 Low voltage connections up to 15 kW**

Low voltage connections up to 15 kW are individual new connections or extensions with a metered supply capacity of up to 15 kW onto our existing network.

### **5.1.2 Low voltage connections up to a 3 x 60 ampere supply**

Low voltage connections up to a 3 x 60 ampere supply are individual new connections or extensions with a metered supply capacity of up to 3 x 60 ampere supply on our existing network.

### **5.1.3 Connected supply greater than 3 x 100 ampere**

Connected supply greater than 3 x 100 ampere is individual new connections or extensions with a metered supply capacity of greater than 50 kVA onto our existing network.

New connections or extensions with a connected supply of greater than 3 x 100 ampere may require a substation located near the connection. In consultation with the connection applicant, we will establish the number of substations, locations, and land requirements that may be required. The number, size, and type of any substations required are at our discretion.

Where a substation is located on private property, all low voltage equipment installed and at the connection must operate at the prescribed fault levels. If supply is taken at 11 kV, all customer switchgear and associated equipment must be approved by us.

Please note that connections/loads drawing 500 amperes per phase are considered non-standard connections and will be managed as outlined in section 5.2 below.

### **5.1.4 Unmetered supply**

We offer unmetered supply in certain limited circumstances when it is considered impractical to read or maintain a meter or where metering equipment would be susceptible to damage. Connections eligible for unmetered supply are typically small with a steady uniform load (i.e., where consumption can be assessed with some degree of accuracy) such as streetlights, bus shelters, or traffic monitoring equipment. Connection

of an unmetered supply is conditional on acceptance by the consumers' nominated retailer.

## **5.2 What are non-standard new connections and extensions?**

Non-standard connections are:

- (i) all connections that do not meet the technical requirements for a standard new connection or extension to our network; or
- (ii) require dedicated assets to connect; or
- (iii) require us to augment the network to accommodate the connection.

The connection applicant is responsible for their own electrical installation, including the provision and installation of the cable to the network connection point. We will assess the augmentation requirements on a case-by-case basis.

The connection applicant must pay a capital contribution. We will assess all non-standard connections and apply specific costs to determine the required capital contribution for non-standard connections and extensions. More information about how we calculate the capital contribution payable by standard new connections and extensions can be found in section 6 of this policy.

### **5.2.1 Connection and non-connection augmentation costs**

The capital contribution payable for a new connection or extension will only include those costs necessary to provide the network connection as requested by the connection applicant. The capital contribution will not include any costs associated with the augmentation of the network that benefits other connections, either existing or future.

We may elect to augment the network to a greater extent than the new connection or extension applicant required. This may arise due to the economies of scale in procuring, installing, or operating the new assets. We may also elect to make a provision of capacity to support further load growth in the future.

In either case, as discussed above, the connection applicant will not pay a capital contribution higher than the costs necessary to accommodate the network connection as requested by the connection applicant. To ensure new connections and extensions only pay the efficient costs of the network connection, we have established a reapportionment charge that may apply where a connection has been the subject of a capital contribution payment within the previous ten years. More information about the reapportionment charge can be found in section 6 of this policy.

### **5.2.2 Subdivisions**

All subdivisions will be treated as non-standard new connections, with the costs to connect to our network assessed on a case-by-case basis. With the exclusion of on-property installations, we will take ownership of the installation upon completion, responsible for future repairs and maintenance.



## 6. Calculation of the capital contribution

Our network continues to grow with strong demand for new connections and increasing loads at existing connections (an extension). Decarbonisation is likely to push demand growth even higher over the coming years. To ensure that the costs we incur to meet the increase in demand are shared equitably. We believe that it is 'fair and reasonable' that new connections and extensions contribute to the future costs of their connection.

### 6.1 Objectives of our policy

We have developed our policy under the following objectives:

- (a) the addition of a new connection or extension must not create a disbenefit to existing consumers now or in the future
- (b) the addition of a new connection or extension should benefit existing consumers as the new connection or extension will contribute towards the recovery of shared costs and assets via our line's charges
- (c) the cost of providing new connection services should be determined using an incremental or avoidable cost approach that identifies the costs attributable to the new connection or extension in a manner that is fair and reasonable
- (d) capital contributions should incentivise network utilisation and disincentivise inefficient construction, e.g., discourage gold plating the network.

### 6.2 Adherence to the Pricing Principles

We believe that our capital contributions approach described in this policy is consistent with the Pricing Principles<sup>7</sup>.

- (a) Pricing Principle (a) is met as existing consumers do not subsidise or contribute to the dedicated assets of new connections or extensions except to the extent that there is a shared network benefit derived from the new or additional assets.
- (b) Pricing Principle (b) is met as new connections or extensions contribute to and benefit from the overall existing and future shared assets through our line's charges, which seek to recover operation and management costs through cost-reflective and efficient prices to the benefit of all consumers, both present and future.
- (c) Pricing Principle (c) is met as we only supply new connections and extensions as agreed with and required by the connecting party, at the level of service they expect and at the price they are willing to pay.

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<sup>7</sup> Supra n1

- (d) Pricing Principle (d) is met as we assess all new connections and extensions to ensure that the recovery of costs is transparent, fair and reasonable, and dependable.

The principles are included in Appendix A.

### 6.3 Treatment of standard and non-standard new connections

As discussed in section 5, we classify new connections and extensions as either standard or non-standard. There is a different approach for determining the capital contribution that applies to standard and non-standard connections. In either case, we apply the same objectives as outlined in section 6.1 of this policy.

As outlined in section 5.1 of this policy, standard new connections and extensions require a low level of technical input to connect each new consumer or extend an existing connection, as the connections are generally of the same technical requirements. For simplicity and practicality, we publish, on our website, a schedule of standard prices that applies to standard new connections or extensions. These prices have been determined based on a review of the historical costs of connecting standard new connections and extensions.

Non-standard connections, as outlined in section 5.2 of this policy, are all connections that do not meet the technical requirements for a standard new connection or extension to our network or require material dedicated assets to connect. We will assess all non-standard connections and apply specific costs to determine the required capital contribution for non-standard connections and extensions.

### 6.4 Reapportionment charge

A reapportionment charge may apply where a new connection or extension connects to assets on our network that have been the subject of a capital contribution payment within the previous ten years. We believe it is only fair and reasonable that the reapportionment of the capital contribution paid for the original connection be calculated. Our approach is intended to mitigate first-mover disadvantage and cross-subsidisation of new connections and extensions that utilise assets that have only recently been funded via a capital contribution.

The reapportionment charge is calculated on a pro-rata basis (connection capacity) based on historical cost and will be subject to 10% annual depreciation. If this charge is applicable, it will be paid to us, and we will reimburse the consumer presently being serviced by the connection.

Reapportionment does not apply to cases of subdivisions, multi-tenanted buildings, or apartments. The reapportionment charge is calculated—

$$\frac{\text{Historic Cost}}{120} \times \frac{\text{the remaining life of assets}}{\text{number of new users}}$$

## 7. Getting connected

The process for getting a new connection or extension has five steps

1. Complete an Application for Network Connection and pay the application fee; a copy of the application and applicable fees can be found on our website.
2. We will assess the application, determine whether the new connection or extension is a standard or non-standard network connection, and inform you of the capital contribution applicable.
3. Once approved, we will forward the application to the connection applicants nominated electricity retailer; a list of retailers currently operating on our network can be found on our website at [Alpine Energy - Sign up with an energy retailer](#).
4. The connection applicants nominated retailer will register the connection details in their system and organise for meters to be installed.
5. An approved Liveness Agent will inspect the new connection and live the connection provided that it is safe to do so, and the nominated retailer has accepted the connection.

More information about applying for a new connection or extension is available on our website at [Alpine Energy - Network connection process explained](#). You can also email us at [mailbox@alpineenergy.co.nz](mailto:mailbox@alpineenergy.co.nz) or speak with our New Connections team by calling us on 03 687 4300.

The following sections include additional information that the connection applicant should be aware of when applying for a new connection or extension.

### 7.1 Ownership

The payment of a capital contribution by the connection applicant does not amount to a right or claim to the ownership of any electricity distribution assets associated with the new connection or extension. To avoid doubt, all electricity distribution assets, whether located on public land or private, remain the property of Alpine Energy Limited.

### 7.2 Land and easements

Network extensions often require new land or easements. Unless specifically stated otherwise, we require the connection applicant to ensure that all necessary land or easements have been obtained to accommodate the network connection. The negotiation and costs associated with these easements will be borne by parties other than us.

More comprehensive information regarding easements is available upon request.

### **7.3 Livening new connections**

Before connecting any new connection or extension, we must be satisfied that the network connection can be made safely. A Livening Agent approved by us must carry out the livening of all new connections and extensions.

### **7.4 Approved contractors**

The connection applicant can choose to complete the works for their new connection or extension using an Alpine Energy approved network contractor. Preparatory work (e.g., trenching, civil work, reinstatement, and duct laying) can be carried out by competent persons familiar with our standards and requirements before us, or an approved network contractor, installing the new electricity infrastructure.

There is currently limited contestability for the provision of augmentation works on our network. The following works may only be carried out by a contractor of our choosing:

- augmentation of the electricity distribution network
- the design and construction of any part of the connection assets within an Alpine Energy bulk supply or zone substation
- the design and construction or relay operated switchgear that will form part of our direct network system
- the testing, commissioning, and energisation of works.

We reserve the right to choose the contractor that will perform certain categories of works required for the design and construction of connection assets based on safety, technical or environmental reasons. In these cases we will undertake the works and recover the costs from the connection applicant through the applicable capital contribution.

### **7.5 Re-established connections and new connections to dwellings that have been relocated**

We treat re-established connections and connections to relocated dwellings as a new connection. All requests for re-established connections and new connections to dwellings that have been relocated are made using our Application for Network Connection. It is the applicants' responsibility to present the cable to the network connection point.

### **7.6 Temporary connections**

We treat temporary connections as a new connection. All requests for temporary connections are made using our Application for Network Connection. It is the applicants' responsibility to present the cable to the network connection point.

## 7.7 Design variations

Capital contribution for standard new connections and extensions is based on the technical requirements for a new connection or extension to our network, and the capital contributions schedule published on our website. Where practicable, we will accommodate design enhancements or variations where the connection applicant pays for the difference between the works prescribed in the capital contributions schedule and the work required to meet the connection applicant's request.

Design variation may require us to treat the new connection or extension as a non-standard connection. We reserve the right to determine the category of the connection request based on the merits of the design variation.

## 7.8 Credit rating, quotes, deposits, physical connection, and other fees

**Credit Rating**—we may perform credit worthiness checks of a connection applicant at our discretion before proceeding with an assessment or works. Where necessary, we may request a deposit or other form of security from the connection applicant deemed acceptable by us.

**Quotes**—all quotes produced by us are valid for 30 days from the date of issue.

**Deposits**—all accepted quotes for work under \$15,000 (exclusive of GST) will require full payment of the invoiced amount prior to any works beginning. Work over \$15,000 (exclusive of GST) will require a 50% deposit of the quoted price, prior to work begins, the remaining 50% to be paid prior to livening of power.

**Physical Connection** will be made to our network only when we are satisfied that all appropriate monies have been paid and conditions met. Full payment is a condition of the supply of electricity.

## 7.9 Disputes process

Should a dispute arise between us and a connection applicant, or consumer, or another party to the new connection and extension we will manage the dispute in line with our complaints process.

First, we will confirm with you that you are making a formal complaint, rather than simply wanting to talk through a service issue with us. Then if a complaint is laid we will acknowledge the complaint within 2 working days. We will answer your complaint within 20 working days

Complaints are important to us as they provide us with vital feedback on which we can base our continuous improvement. Complaints can be lodged on our website at [Alpine Energy - Compliments and complaints process](#) or by calling on 03 687 4300.

If we can't resolve your complaint, you can contact Utilities Disputes Ltd, formerly known as the Electricity and Gas Complaints Commissioner, on <http://www.utilitiesdisputes.co.nz> or 0800 22 33 40.

## Appendix A – The Pricing Principles

- (a) Prices are to signal the economic costs or service provision, including by:
  - i. being subsidy-free (equal to or greater than the avoidable costs, and less than or equal to standalone costs);
  - ii. reflecting the impacts of network use on economic costs;
  - iii. reflecting differences in-network service provided to (or by) consumers; and
  - iv. encouraging efficient network alternatives.
- (b) Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.
- (c) Prices should be responsive to the requirements and circumstances of end-users by allowing negotiation to:
  - i. reflect the economic value of services; and
  - ii. enable price/quality trade-offs.
- (d) Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives.