



Effective to 30 June 2024

Contributions Policy





Contents

Purpose	3
Applies to	3
Effective period	3
Other relevant policies	3
Confidentiality	3
Introduction	4
APA DEWAP policy	6

Contact Details

Please contact us for more information on APA DEWAP's services:

Email: nwisnetworkaccessenq@apa.com.au
Level 18 Raine Square 300 Murray Street, Perth WA 6000
PO Box 8348, Perth BC WA 6849
www.apa.com.au/our-services/other-energy-services/electricity-interconnectors/north-west-interconnected-system-nwis/



Purpose

This is APA DEWAP Pty Ltd (APA DEWAP) Contributions Policy prepared in accordance with the Pilbara Network Access Code (“PNAC”), the Pilbara Network Rules (“PNR”) and the Harmonised Technical Rules (“HTR”). Section 42(1) of the PNAC establishes the need for this document as follows:

*41(1) The NSP of a light regulation network must ensure that the network development policy sets out:
(b) a contributions policy in accordance with section 41(2).*

Section 41(2) further sets out the following requirements:

41(2) A contributions policy:

a. must set out principles for:

- i. determining when the NSP may require a user to pay a contribution in respect of required work; and*
- ii. determining the amount of any such contribution; and*
- iii. determining how any contributions are to be accounted for when calculating reference tariffs; and*
- iv. ensuring that there is no double recovery of costs as a result of any capital contributions associated with new facilities investment being included in the capital base;*

b. despite section 63(2) but otherwise subject to this Code including section 62(4), may contain a headworks scheme.

Applies to

Applicants who have applied for or intend to apply for a new connection, or connection alteration to the APA DEWAP Network (as defined by the System Description) under the APA DEWAP User Access Guide (“UAG”).

Effective period

This Policy applies from 1 July 2021.

Other relevant policies

The Contributions Policy should be read in conjunction with the following:

1. The APA DEWAP UAG;
2. The ADEWAO System Description;
3. The APA DEWAP Queueing Policy; and
4. The APA DEWAP Planning Standards.

Confidentiality

APA DEWAP respects the confidentiality associated with prospective network connections in accordance with s.72(5) of the PNAC.

Introduction

The PNAC, PNR and HTR establish the procedures and technical requirements for connection to and operation of the covered networks that make up the whole of the Pilbara networks, including the covered network of APA DEWAP. Depending on the size, scope, timing and location of a new connection, network augmentation may be required to facilitate such connection.

Connection augmentations may be required for one of two reasons:

1. to ensure that a new connection complies with the specified access standards for connection to the network under the HTR and APA DEWAP Planning Standards & Criteria; or
2. to provide sufficient power transfer capability to meet the new connection's requirements.

This Contributions Policy establishes the framework for determining the contributions payable to achieve a new connection.

A principle underlying new connections (or upgrades to existing connections) to a network is to provide applicants with the opportunity to form a connection to and have access to a network. The terms and conditions of that connection must be fair and reasonable and agreed between the NSP and the intending connection applicant.

The PNAC and the APA DEWAP UAG contain a number of processes that a connection applicant and NSP must follow when a new connection, or the modification of an existing connection, is sought. The processes as developed by APA DEWAP in accordance with these requirements is outlined in Figure 1.

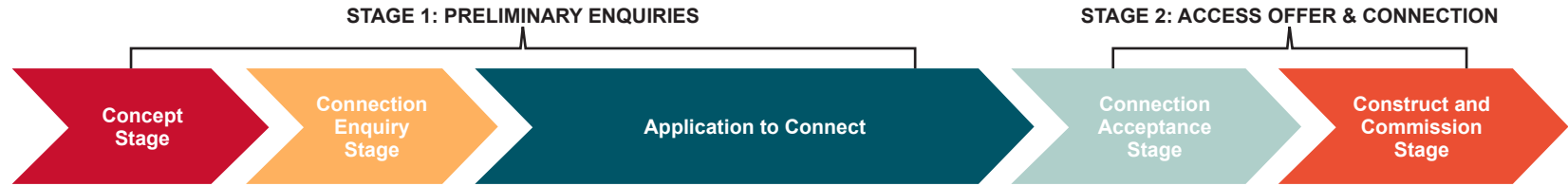
Investment in network assets may be required if a new generating plant or load connects at network locations with insufficient power transfer capability. While it is appropriate for a connection applicant to face locational investment signals, particularly given that the network pricing arrangements do not provide adequate signals for new connections, it is also important that all prospective connections are treated equitably as far as possible.

In this regard, questions arise as to whether it is appropriate for a new connection applicant to bear all augmentation costs.

Potential difficulties may occur where the performance of the network gradually approaches the limits of acceptable performance over time. In general, there are two alternative situations that may arise:

1. The network has adequate capability to accommodate a limited number of new connections without being degraded below the relevant access standards or network power transfer capability; or
2. The network is nearing its performance limit and a new connection will trigger the need for a network augmentation.

FIGURE 1: APA DEWAP CONNECTION PROCESS OVERVIEW



	STAGE 1: PRELIMINARY ENQUIRIES			STAGE 2: ACCESS OFFER & CONNECTION		
	Concept Stage	Connection Enquiry Stage	Application to Connect	Connection Acceptance Stage	Construct and Commission Stage	
Indicative time frames ^	As needed	2 months [†]	6 months [†]	3-6 months	1 month*	9 months**
Indicative customer cost	No cost	\$25k to \$50k (ex GST) determined by customer requirement	\$25k to \$100k (ex GST) determined by connection complexity and involvement for additional technical and legal resources	Will be advised	\$30k to \$50k to cover accounts and IT meter data capture requirements and operational power system configuration [#] .	Customer provides financial security
Anticipated Customer actions/ outcomes of the stage	Contacts APA DEWAP to discuss options	Makes a connection enquiry	1. Respond to APA DEWAP connection options study information request 2. Makes an application to connect	Respond to queries	Enters into ETAC with APA DEWAP	Coordinates delivery with APA DEWAP
Anticipated APA DEWAP actions	1. Early technical discussion. 2. High level scope and process overview 3. Queue position estimate (non-binding)	Scope refinement and information collection in preparation for Connection Options Study	1. Assess Performance Standards 2. Present ETAC 3. Negotiate contract particulars 4. Queue Position Confirmation	ISO to undertake system strength modelling	Issue offer and execute ETAC	1. APA DEWAP notice to energise 2. Commencement of connection charges
	Optional Pre-Feasibility Study (costs passed to applicant)		Connection Options Study (costs passed to applicant)		An early works agreement may be required to run concurrent with connection approvals if delivery time frames need to be compressed.	

[^]Time frames and costs are likely to be different to those indicated in this table if negotiations or approvals (e.g. land tenure, environmental, native title) are required.

* Time frames assume that the Applicant has all required information (at hand and available), the performance of power system studies identify no electrical or network issues or complications and that minimal negotiation is required. Time frames will vary in accordance with the APA DEWAP Queueing Policy if multiple applicants are connecting.

** The complexity of connection works, EPC contractor selections and commissioning may result in increases to this time frame.

[#] Major expenditure will be captured in early works agreements.

APA DEWAP policy

A connection applicant must fund any augmentations necessary to enable its connection to meet an automatic, minimum or negotiated access standard. Such funding of the connection augmentation will not automatically provide that connection applicant with rights of access to the APA DEWAP Network. Rights to access the APA DEWAP Network will be determined based on the existing power transfer capability of the APA DEWAP Network.

When an increase in the power transfer capability of the APA DEWAP Network is requested by a connection application, APA DEWAP, based on good engineering and operating practices, may elect to undertake a preliminary assessment as to whether an augmentation to achieve that increase in capability is likely to satisfy the PNAC s.55 regulatory test. This regulatory test determines whether the 'new facilities investment' satisfies the new facilities investment test, to ascertain that the associated expenditure is both prudent and justified. The connection applicant must fund any costs associated with the preliminary assessment.

If that pre-feasibility assessment indicates that the augmentation is:

- a. reasonably likely to satisfy the regulatory test¹, APA DEWAP may elect to proceed with an assessment of the augmentation against the regulatory test in accordance with the provisions of section 54 and 55 of the PNAC; or
- b. unlikely to satisfy the regulatory test, the connection applicant will have the option of funding the augmentation.

Where the requirements of the regulatory test are satisfied, the costs required to give effect to the increase in the power transfer capability will be included within the APA DEWAP Network's regulatory asset base. Such action will see that these costs are recoverable from all network users who derive benefit from the increase in the power transfer capability. This occurs by recovering these costs through the APA DEWAP Network Access Charges that are paid by APA DEWAP network users.

On completion of a Connection Options Study, APA DEWAP may (acting reasonably) conclude that broader market benefits could be achieved by undertaking additional augmentation works (over and above the augmentation necessary to enable connection of the applicant). Should this occur, APA DEWAP may apply the regulatory test to the costs and market benefits of that incremental augmentation.

Where an incremental augmentation is constructed, which is comprised of works over and above the requirements of a connection applicant, the connection applicant will fund only the costs associated with the augmentation works that facilitate its connection.

In order to deliver a mutually beneficial commercial arrangement, APA DEWAP may assist and permit the co-funding of an augmentation by two or more connection applicants. To do so, APA DEWAP would require each connection applicant to consent to APA DEWAP disclosing limited information regarding the intended location, size, scope and timing of its proposed new connection to the other connection applicant(s).

APA DEWAP may receive two or more applications to connect to the ADEWP Network in a similar location within a similar timeframe (shared transmission network connection). Where this occurs, the co-funding of augmentation costs may be required to facilitate the connection of applicants in that location. APA DEWAP will give applicants an opportunity to negotiate and agree on the allocation of augmentation costs where co-funded augmentation is required to facilitate multiple connections.

¹ See PNAC s. 54 and 55 for the regulatory test



Commencing from receipt of the connection application or (if later) when the scope of works and cost estimate for the augmentation has been determined, APA DEWAP will offer a three-month negotiation period to agree the allocation proposal (refer APA DEWAP Queueing Policy). If agreed by all parties, further applicants may join the proposed, shared transmission network connection during the negotiation period.

If applicants do not agree to participate within the negotiation process or if the negotiations fail for a shared transmission network connection, APA DEWAP may make offers to connect applicants which include an APA DEWAP- determined cost allocation methodology. This will be subject to all applicants' acceptance of the APA DEWAP connection offer by a specified date. This APA DEWAP cost allocation methodology may involve fixed portions (e.g. based on installed capacity) and variable portions (e.g. based on energy consumed).