

Capital Contribution Policy

The Capital Contribution Policy outlines how contribution payments are calculated for customers connecting to the Sout West Interconnection Network (SWIN).

What is the Capital Contribution Policy?

The Capital Contribution Policy is part of Western Power's Access Arrangement and has been approved by the Economic Regulation Authority (ERA) following extensive public consultation. The Capital Contribution Policy sets out how Western Power calculates a customer's contribution for works to connect to the SWIN. Total payment for a connection consists of a capital contribution and ongoing network access charges.

What is a capital contribution?

A capital contribution is the upfront contribution paid by a customer to connect to the SWIN. It covers the portion of connection cost that is not recovered by Western Power from the customer's ongoing network access charges. This ensures that other users of the network do not subsidise the connection of any individual customer.

Western Power will seek a capital contribution where augmentation to the network is required for either a new connection of a generator or a load (such as a mine site or a local shop), or where a customer is seeking an increase in contracted capacity.

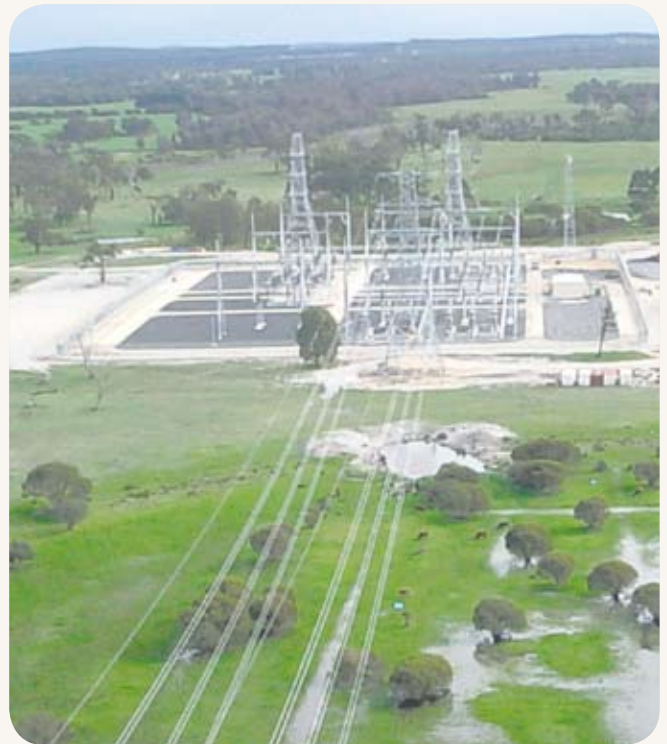
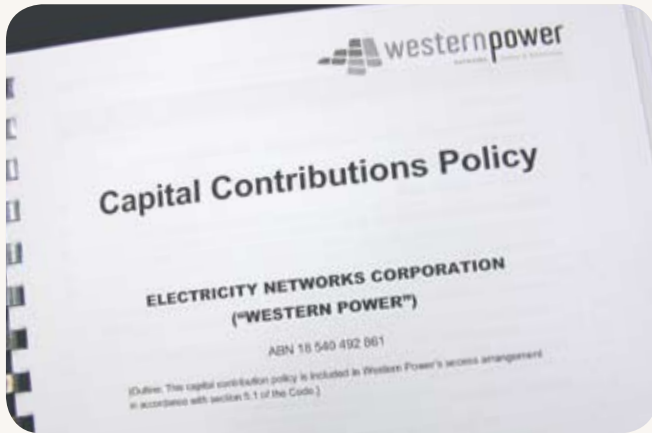
How to calculate a capital contribution

$$\begin{array}{r} \text{Allocated forecast costs} \\ - \text{Network access charges} \\ + \text{Other applicable costs} \\ \hline \text{Capital Contribution} \end{array}$$

Allocated forecast costs

Western Power will first determine the appropriate portion of the total costs of the works will be allocated to the applicant. The portion of costs will vary according to:

- **Minimum practical works to provide the connection**
Western Power may choose to build infrastructure to cater for future growth. However the customer capital contribution will always be based on the minimum practical works to facilitate the connection.
- **Shared networks costs**
If there are possible shared network works options to allow the applicant to connect, then the lowest cost option will be allocated.
- **Future applicants**
If it is reasonably likely that future applicants will use the shared network works within ten years of the applicant connecting, then the forecast cost based on the applicant's relative use will be allocated.
- **Current applicants**
If Western Power receives more than one connection application requiring the same works, then Western Power will, under the Applications and Queuing Policy, apportion the forecast costs of the works between the applicants.
- **Costs brought forward**
Where an application triggers shared network works that were planned for other reasons, then the applicant will bear the cost of bringing the works forward in time.
- **Temporary supplies**
The contribution to be paid by an applicant who seeks a temporary supply is (if no applicable amount is published on Western Power's website) an amount equal to the full forecast costs of the required works.



Landwehr 330 kV terminal.

Network access charges

Western Power will then deduct network access charges from the allocated forecast costs. This is the amount likely to be recovered, in the form of revenue gained from providing connection services to the applicant. These network access charges will continue over the commercial life of the works, up to 15 years.

Other applicable costs

Western Power will also add any applicable costs due to:

- **Connection assets**
The applicant must pay the full costs of any works required to provide connection assets.
- **Non-capital costs**
Relocation of network assets and items of non-capital works such as reprogramming computer equipment will be charged to the applicant at full cost, as they do not increase the value of the capital base.
- **Works over and above standard works**
If an applicant requests works that are better in some way than what Western Power would normally build, then the difference between the standard works and better-than-standard works will be charged at full cost to the applicant.
- **Costs related to Technical Rules compliance**
The applicant must pay a contribution for any works required to ensure Western Power complies with the Technical Rules with respect to the network assets. The applicant must also pay all of its own costs in relation to ensuring that its facilities and equipment comply with the Technical Rules.

Documentation and further information

For all enquiries please call **13 10 87**.

For more information on the Electricity Networks Access Code 2004, the Access Arrangement, the Applications and Queuing Policy, or the Capital Contribution Policy please refer to the Western Power website at www.westernpower.com.au

Application forms are also available on the Western Power website.

Related fact sheets

- Applications and Queuing Policy
- Connection of generators and transmission voltage loads

The information provided here is to be used as a guide only.