
TAS GAS NETWORKS CONSUMER INITIATED WORK INVESTMENT POLICY

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TAS GAS NETWORKS CONSUMER INITIATED WORK INVESTMENT POLICY

1 GENERAL

1.1 Scope

This policy defines the level of investment to be made by Tas Gas Networks (TGN) into Consumer Initiated Work (CIW) on the TGN network.

The policy also covers how the transaction between the Consumer/Developer and TGN will occur in respect of Consumer Initiated Work.

1.2 Application

This policy shall apply to Consumer initiated work in Tasmanian regions and towns/cities where TGN has a commissioned natural gas distribution main fronting a property's street address and the TGN network is connected to the Tasmanian Gas Pipeline system.

1.3 Status

This document is a controlled TGN Policy document under TGN internal business management system. TGN reserves the right at its sole discretion and without consultation to amend or withdraw this policy. TGN will provide licensed gas retailers with 4 weeks written notice of any proposed changes to or withdrawal of this policy.

1.4 Referenced Documents

310S007T Tas Gas Ownership Policy

310S008T Tas Gas Consumer Connection Guidelines

1.5 Definitions

Consumer Initiated Work means work to construct new assets that would form part of the TGN owned network and/or work to upgrade, alter or relocate existing TGN assets for any of the following purposes:

- (a) The connection of a new Consumer to the TGN network;
- (b) The extension of the TGN network to new Consumers;
- (c) The upgrade of the TGN network to meet the gas capacity needs for any of the purposes (a) or (b) above, or to meet the gas capacity needs of an existing Consumer where their load or capacity requirements have increased.

For the avoidance of doubt **Consumer Initiated Work** shall include:

- (a) All gas meter sets (GMS) installations
- (b) All gas service pipes
- (c) All network extension work
- (d) All network capacity upgrading work
- (e) The moving, relocating or altering of the existing TGN network for an existing Consumer or a third party with an interest in the assets.

Connection Charges is the amount of money the Consumer must contribute to the Consumer Initiated Work to enable the work to proceed.

Consumer Work means appliances, fittings, mains, pipes, etc downstream of the Delivery Point. TGN is not responsible for the ownership maintenance of these assets.

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Delivery Point means the outlet of the meter for which either an outlet valve or consumer piping is directly connected. Refer to the TGN Ownership Policy for additional details on asset ownership.

Gas Measurement System or GMS means gas meters and ancillary equipment including filters, isolation valves, pressure relief equipment, pressure regulation equipment, over/under pressure protection devices and enclosures.

New Revenue means additional revenue to TGN as a result of a new Consumer connection and/or an upgrade to an existing Consumer's load resulting in new revenue.

TGN means Tas Gas Networks (ABN 94 098 080 221) holder of a gas distribution licence under the Gas Act 2000 (Tas).

TGN Investment means the amount of money Tas Gas Networks is prepared to invest into the Consumer Initiated Work. This is calculated given the future forecast returns from the development.

Service Pipe means the TGN owned gas pipe installed to connect a GMS to the main on the TGN distribution network.

1.6 Copyright

The copyright of this publication is the property of Tas Gas Networks Pty Ltd. No part of this publication may be reproduced by photocopying or by any other means without the prior written permission of Tas Gas Network Pty Ltd.

1.7 Enquiries Regarding this Document

Contact Person: Commercial Manager

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2 TAS GAS INVESTMENT POLICY

TGN will invest into the gas network to meet the needs of specific Consumer or third party requests under the following principles:

1. The level of TGN Investment made into any Consumer Initiated Work shall be commensurate to the level of commercial return that TGN (in its sole discretion but acting reasonably) believes it will receive as a result of the work, such that:
 - (a) The New Revenue received from the new Consumer or existing Consumer upgrade shall provide for TGN to receive an adequate commercial return on the TGN Investment into the Consumer Initiated Work and the existing common TGN network after considering:
 - (i) The marginal increase in operating and maintenance costs.
 - (ii) The marginal increase in overhead costs.
 - (b) The value of the deferment in renewal expenditure as a result of early replacement of existing assets involved in Consumer Initiated Work shall be determined and accounted for in the analysis.
2. Individual commercial/domestic Consumers or subdivision developers may be required to make a financial contribution (Connection Charges) towards the cost of the Consumer Initiated Work where the level of TGN Investment does not cover the capital cost of the Consumer Initiated Work. The Connection Charges will not exceed the capital cost of the Consumer Initiated Work.
3. Where benefit of the Consumer Initiated Work is shared among a number of Consumers applying for connection then the Connection Charges shall be apportioned by TGN at its sole discretion (acting reasonably) between those Consumers and based on TGN's view of their projected annual consumption.
4. The Connection Charges into the Consumer Initiated Work shall be treated as pre-payment of uneconomic line charges. The Consumer shall not be entitled to a refund of any portion of the Connection Charges should any other Consumer subsequently connect to and benefit from the TGN network that was constructed as Consumer Initiated Work for the first Consumer.
5. The salvage value of major items of equipment (typically commercial/industrial GMS equipment) that will be replaced as a result of capacity upgrades shall be credited to the cost of the Consumer Initiated Work. The value shall be determined by TGN at its sole discretion. The equipment remains the property of TGN.
6. The TGN investment methodology, cost components and commercial return requirements shall be as a minimum reviewed annually by TGN.
7. All Consumer Initiated Work shall be designed and specified by TGN.
8. Contractors installing Consumer Initiated works shall be approved contracted directly to TGN and invoice TGN directly for Consumer Initiated Work.

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9. Any financial contributions (Connection Charges) to be paid by Consumers or developers for Consumer Initiated Works shall be directly invoiced by TGN and payable to TGN. CIW will not be commissioned until payment has been received.

10. At TGN’s sole discretion but acting reasonably, promoters of sub-divisions may elect to reduce capital costs by contributing to or assisting with trenching, provision of road crossing conduits, supply and placement of bedding materials and quarry product etc.

11. This document should be read in association with TGN Standard Terms and Conditions as issued with the TGN Offer and Acceptance form.

3 TAS GAS NETWORK INVESTMENT STANDARD FOR CONSUMER INITIATED WORKS

TGN shall provide investment into Consumer Initiated Work to the maximum amounts as detailed in the table below.

No	Description of Consumer Initiated Work	TAS GAS INVESTMENT
1*	<p>Construction and connection of the service pipe from (and including) the GMS to the existing network for a new domestic with an estimated <u>annual</u> consumption of less than 20GJ -</p> <p>Construction and connection of the service pipe from (and including) the GMS to the existing network for a new domestic with an estimated <u>annual</u> consumption greater than 20GJ and less than 40GJ -</p> <p>Construction and connection of the service pipe from (and including) the GMS to the existing network for a new domestic with an estimated <u>annual</u> consumption greater than 40GJ and less than 100GJ -</p>	<p>0-20 GJ: Installed GMS to the property boundary. Customer will be required to contribute 100% of the cost of the connection. TGN contribution: nil. Contribution by customer: \$3000.</p> <p>20-40 GJ: Installed GMS to the property boundary. Customer will be required to contribute 50% of the cost of the connection. TGN contribution 50% towards the cost of the service. Contribution by customer: \$1500.</p> <p>40-100 GJ: Installed GMS inside the property boundary. Customer will have the cost of connection waived by TGN unless otherwise determined. Contribution by customer: Nil</p>
2	Construction and connection of the service pipe from the property boundary to (and including) the GMS for a new domestic Consumer with an estimated annual consumption as indicated. The GMS is not located at the Boundary.	As determined by Tas Gas on an individual case by case basis

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No	Description of Consumer Initiated Work	TAS GAS INVESTMENT
3	Construction and connection of the service pipe from the property boundary to (and including) the GMS for a commercial service.	As determined by Tas Gas on an individual case by case basis to ensure the commercial viability of the service.
4	Extension and/or upgrade of the existing network to the boundary of a new domestic or industrial/commercial customer (including road crossings where the existing network is located on one side of the road only).	As determined by Tas Gas on an individual case by case basis
5	Extension and/or upgrade of the network to and within a new domestic or industrial/ commercial subdivision and where the developer does not procure covenants with purchasers of lots that require the connection of gas water heating systems or similar loads.	As determined by Tas Gas on an individual case by case basis.
6	Extension and/or upgrade of the network to and within a new domestic or commercial/ industrial subdivision; and where the developer procures covenants with purchasers of lots to require the connection of gas water heating systems or similar loads.	Installed suitable gas mains network within the subdivision (not including Service Pipes or GMS's).
7	Moving, relocating or altering existing TGN owned assets at the request of an existing Consumer or a third party with an interest in the assets.	Nil
8	Upgrade of individual (existing) service pipe or GMS due to an increase in load. May include upstream mains reinforcement.	Tas Gas Commercial Team shall calculate the maximum Tas Gas investment based on the information provided to establish new revenue projections
9	Meter enclosure requested.	As determined by Tas gas on an individual cases by case basis.

* Refer Section 4 - Table showing Connection Charges for estimate appliance usage to assist in determining annual usages

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4 TABLE SHOWING CONNECTION CHARGES

Connecting Appliances	Individual Annual Load	Expected Annual Load	Tas Gas Contribution	Customer Cost
<i>Low Usage Appliances – Connection Cost</i>				
<ul style="list-style-type: none"> • Cook – top 	2 GJ	Less than 20 GJ per annum	Nil	\$3,000
<ul style="list-style-type: none"> • Out door gas heater; 	3 GJ			
<ul style="list-style-type: none"> • Solar gas boosted hot water; 	5 GJ			
<ul style="list-style-type: none"> • Gas Hot water en-suite only 	10 GJ			
<ul style="list-style-type: none"> • Unflued Heating 	8 GJ			
<i>Single Appliance or Combination with low usage appliances - Contribution</i>				
<ul style="list-style-type: none"> • Gas hot water (instantaneous or Storage); 	20 GJ	Between 20 GJ per annum and 40 GJ per annum	\$1,500	\$1,500
<ul style="list-style-type: none"> • Flued gas heating >20 MJ per hour; 	22 GJ			
<ul style="list-style-type: none"> • Combination of Appliances 	As per table			
<i>Single Appliance or Combinations >40 GJ – Free Connection</i>				
<ul style="list-style-type: none"> • Ducted Gas Heating 	50 GJ	>40 GJ per annum	\$3,000	Nil
<ul style="list-style-type: none"> • Hot water plus a heater >20 MJ/h 	42 GJ			
<ul style="list-style-type: none"> • Combination of Appliances 	As Per Table			