

NETWORK EXTENSIONS AND UPGRADES POLICY

■ OWNERSHIP OF NETWORK EXTENSION AND UPGRADE

MainPower New Zealand Limited wishes to own all high voltage lines and transformer substations. This is to ensure ongoing requirements of safety, reliability and system security to customers are met.

MainPower New Zealand Limited will meet all future maintenance requirements and costs associated with maintaining its network.

Where network extensions and upgrades are owned by MainPower New Zealand Limited over private property, neighbouring customers seeking a connection to that network extension will need to negotiate access rights through the property with the landowner before a connection is approved. Easements are required for lines on private property that supply more than one customer.

■ FUNDING OF EXTENSIONS AND UPGRADES

MainPower will fund any upgrade work required on MainPower's existing three-phase network.

A customer will fund the cost of constructing additional phase wires on existing network where three-phase is required but not present.

A customer will be required to fund any new extension to the MainPower network. New extensions and upgrades will be subject to MainPower's capital contribution formula below.

■ CAPITAL CONTRIBUTION

MainPower New Zealand Limited may contribute towards the capital cost of a new network extension that will form part of MainPower New Zealand Limited's assets, including high voltage lines, transformer substations, and in some cases low voltage lines. The level of contribution will be determined by economic analysis of expected revenue streams and the extension's impact on MainPower's network. MainPower New Zealand Limited does not contribute towards the cost of network extensions for irrigation.

Where the capital cost exceeds any MainPower New Zealand Limited contribution, the customer will be required to pay the remainder of the capital cost.

■ REAPPORTIONMENTS

A new customer may connect to a part of the network for which another customer has made a capital contribution, provided that any appropriate easements have been granted by mutual agreement between all parties. In this circumstance, a reapportionment may be made to the original customer by calculating the following:

During the first 5 years the actual value of the original customer contribution will be used and for the following 10 years the value of the original customer contribution discounted by 10% per annum, straight line (i.e. the discounted value will be zero after year 15), will be used in determining the reapportionment.

The reapportionment value will depend on the estimated proportion of the assets to be effectively shared by the new connection, taking into account the suitability of size, type, and location of the asset with regard to the new customer's requirements.

The resulting shared value is then apportioned among the customers using the assets. The value apportioned to the new customer is added to the network capital cost of the new connection, before MainPower New Zealand Limited's contribution is deducted, and a corresponding amount is re-distributed amongst the original contributors. An administration charge may be incurred by either customer for the reapportionment process.

In the event of a property changing hands, any such refund will be payable to the current owner at the time of the new connection.

A reapportionment is not entered into where a subdivider has requested the Network extension for the purposes of subdivision.

Where a person(s) contributes towards the capital cost of a new extension, then they shall be entitled to additional new connections to that extension without incurring a reapportionment to any other person. This includes new connections in any future subdivision that is developed by the contributor and which will be supplied from the extension.

MainPower New Zealand Limited reserves the right to make all reapportionment issue decisions using its absolute discretion.

■ REQUIREMENTS TO BE ADVISED TO CUSTOMERS PRIOR TO CONNECTION

▶ Ownership

Connection of this network extension is being made available under MainPower New Zealand Limited's current Network Extensions and Upgrades Policy. Ownership of this network extension or upgrade, described as:

[Describe start, end and makeup of section owned by MainPower, e.g. the 11,000-volt 3 phase line from the road boundary to the transformer, including the transformer]

will pass to MainPower New Zealand Limited immediately following construction.

▶ **Easements**

An easement is required for this network extension and shall be granted in gross and at no cost to MainPower New Zealand Limited. A full deposited plan of the easement is required and appropriate easement documentation is available through MainPower New Zealand Limited's Solicitors, Helmore Bowron and Scott in Rangiora.

▶ **Power Factor**

It will be a requirement for the connection of this installation to MainPower New Zealand Limited's distribution network that the power factor be corrected and maintained at 0.95 lagging minimum. Please discuss this with your Electrician.

▶ **Motor Starting**

The electric motor at this installation will require a soft start method of motor starting. We advise that you may experience problems with direct-on-line or some other motor starting methods due to the voltage sag across the transformer during starting. Please discuss this with your Electrician.

MainPower New Zealand Limited does not accept responsibility for any damage to any equipment caused by the starting method selected for large electric motors.

▶ **Electrical Protection**

The servicemain cable will be protected against short circuit conditions by the high voltage transformer fuses. MainPower will not install low voltage fuses, as fuse discrimination with your motor protection cannot be achieved. It will be your responsibility to provide protection against overload conditions by installing a suitable rated circuit breaker type main switch or fuses. Please discuss this with your electrician.

■ **CHANGES TO POLICY**

MainPower New Zealand Limited, acting reasonably, reserves the right to change this policy from time to time.