

Connection Charge Reconciliation Policy

Effective 1 April 2026



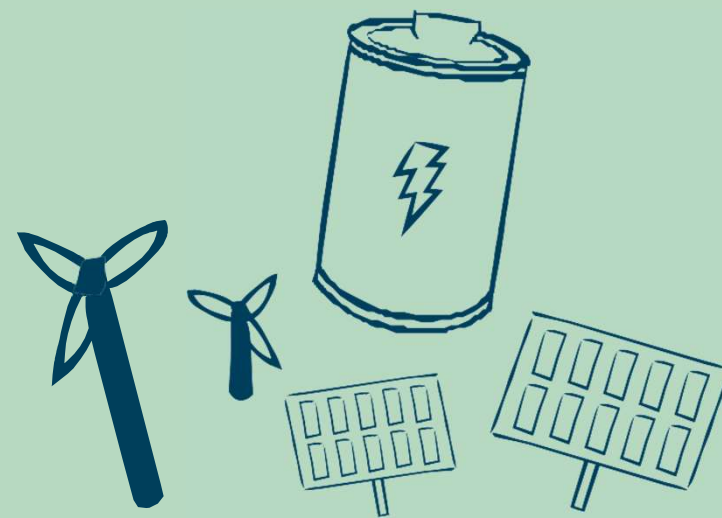
Revision overview

DATE	VERSION	CHANGES
01/04/2026	1.0	Creation of this policy to align with EA standards on Connection Charge Reconciliations.



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1. Purpose

The purpose of this policy is to describe WEL Networks Ltd (WEL) arrangements for providing a connection charge reconciliation where requested by a customer in relation to a new or modified connection to WEL's electricity distribution network, in accordance with the Electricity Participation Code.

2. Scope

A connection charge reconciliation may be provided, on request, for connection works relating to:

- » New network connection points (requiring the creation of a new ICP)
- » Modified connection points e.g. increases in capacity
- » Subdivisions
- » Relocation of network assets
- » Undergrounding of overhead lines

WEL will provide connection charge reconciliations in accordance with the Electricity Participation Code and its approved connection pricing methodologies.

The form and content of a reconciliation will reflect the nature of the connection works and the applicable charging arrangements.

3. Definitions

Connection Works

Means an extension or a network capacity upgrade.

Connection charge

Means:

(a) any price, fee, tariff, charge, or other monetary amount, or any part of such an amount, that is imposed, required, or agreed by a distributor in relation to connection works for a connection applicant, whether directly or indirectly, for the purpose of recovering connection works costs; and
(b) excludes any connection fees or pioneer scheme contributions.

Connection Charge Reconciliation

Means a standardised breakdown of the components of a connection charge prepared in accordance with clause 6B.11 of the Electricity Participation Code.

Customer-Selected Enhancement

Means any improvement to the relevant minimum connection scheme requested by, and agreed in writing with, a connection applicant.

Network Capacity Cost

Means the cost of consuming or adding capacity in the shared distribution network, other than extension-like upgrade costs.

Network Capacity Upgrade

Means:

(a) works or operating arrangements to provide a connection, or to increase the security or capacity of a point of connection or shared network assets that increase shared network capacity; and
(b) includes operational changes or allocation of additional network security or capacity required to support the connection; but
(c) does not include extension-like upgrades or works associated with customer-owned assets or connection fees.

Electricity Participation Code

Means the Electricity Participation Code administered by the Electricity Authority, including Part 6B relating to mandatory connection charging arrangements.

4. Connection Charge Reconciliation Basis

Connection charge reconciliations are prepared using the same underlying connection charging methodologies applied by WEL to determine connection charges for new and modified connections, as set out in WEL's Capital Contribution Policy.

This Connection Charge Reconciliation Policy does not establish, vary, or replace the methodologies used to calculate connection charges. Its purpose is limited to describing how WEL provides a standardised reconciliation of those charges, when requested, in accordance with the Electricity Participation Code.

Where relevant, customers should refer to WEL's Capital Contribution Policy for further information on how connection charges are determined.

5. Connection Charge Reconciliation

A Connection Charge Reconciliation provides a standardised breakdown of connection charges into incremental and network components. It assesses whether the connection charges calculated at the time of connection appropriately reflect the costs and revenues attributable to that connection. The reconciliation compares the calculated connection charges against the incremental costs caused by the connection, net of the forecast revenue the connection is expected to generate, to ensure the charges are cost-reflective and comply with the requirements of the Code.

6. When a Reconciliation is Provided

WEL will provide a Connection Charge Reconciliation to a connection applicant upon request, in accordance with clauses 6B.10 and 6B.11 of the Electricity Participation Code.

A Connection Charge Reconciliation is not provided automatically and will only be prepared where requested by the connection applicant during the connection process.

7. Information Included in a Reconciliation

A Connection Charge Reconciliation provides a standardised breakdown of the components of a connection charge, prepared in accordance with the Electricity Participation Code.

The reconciliation is intended to show how connection charges relate to the costs and revenues attributable to the specific connection and how those amounts are allocated between incremental connection costs and contributions to the shared network.

The reconciliation does not recalculate, amend, or vary the connection charges determined in accordance with WEL's approved connection charging methodologies.

8. Information Provided to Electricity Authority

WEL will provide Connection Charge Reconciliation information, including reconciliation amounts and supporting information, to the Electricity Authority, in accordance with the Electricity Participation Code.

9. Relationship to Other Policies

This policy should be read in conjunction with WEL's Capital Contribution Policy.

This Connection Charge Reconciliation Policy does not establish connection charging methodologies or set connection charges. Its purpose is limited to describing WEL's arrangements for preparing and providing Connection Charge Reconciliations in accordance with the Electricity Participation Code.

10. Connection Charge Reconciliation Guidance

While the technical requirements for calculating a Connection Charge Reconciliation are set out in the Electricity Participation Code, this section provides guidance on how WEL prepares a reconciliation to meet the requirements of clauses 6B.10 and 6B.11.

Overall Connection Charge

The Connection Charge Reconciliation presents a comparison between:

- » The connection charges calculated for the connection in accordance with WEL's approved connection charging methodology, excluding connection fees and pioneer scheme contributions, and
- » The incremental costs and revenues attributable to the connection, together with a contribution to the costs of the existing network and operations.

On one area of the reconciliation are the connection charges applied to the connection. On the other are the additional costs caused by the connection, net of the forecast revenue the connection is expected to generate, with the balancing amount attributed to the shared network and operational costs.

Connection Costs

The connection costs component represents the incremental costs caused by the new or modified connection. These are costs that arise as a direct result of the connection works, rather than costs that already exist in the network.

Depending on the nature of the connection, the connection costs may include one or more of the following components:

- » Extension costs (EC): The costs of constructing the minimum connection scheme required to extend the network to the point of connection.
- » Customer-selected enhancement costs (CSE): The costs of any enhancements above the minimum connection scheme that have been requested by, and agreed in writing with, the connection applicant.
- » Network capacity costs (NCC): The costs associated with providing additional capacity in the shared network required to support the connection, determined in accordance with clause 6B.5 of the Electricity Participation Code.
- » Incremental transmission costs (ITC): Any additional transmission charges incurred by WEL as a result of the connection, where applicable
- » Localised historical cost recovery (LHCR): Where applicable, a share of relevant historical costs associated with network assets that are localised to the connection area and benefit the connection.
- » Incremental operating costs for non-standard connections (OCL): For non-standard customers, the incremental operating costs that result directly from the customer's connection.

Not all components will apply to every connection, and only those components relevant to the specific connection are included in the reconciliation.

Revenue estimates

The connection charge reconciliation includes an estimate of the forecast revenue expected to be generated by the connection over time.

Network cost contribution

The reconciliation also includes a network cost contribution component. This represents the contribution from the connection towards the capital and operating costs of the existing network that are shared by all customers, as well as transmission charges.

The network cost contribution is the balancing component that ensures the connection charges align with the net incremental costs and revenues attributable to the connection.

