

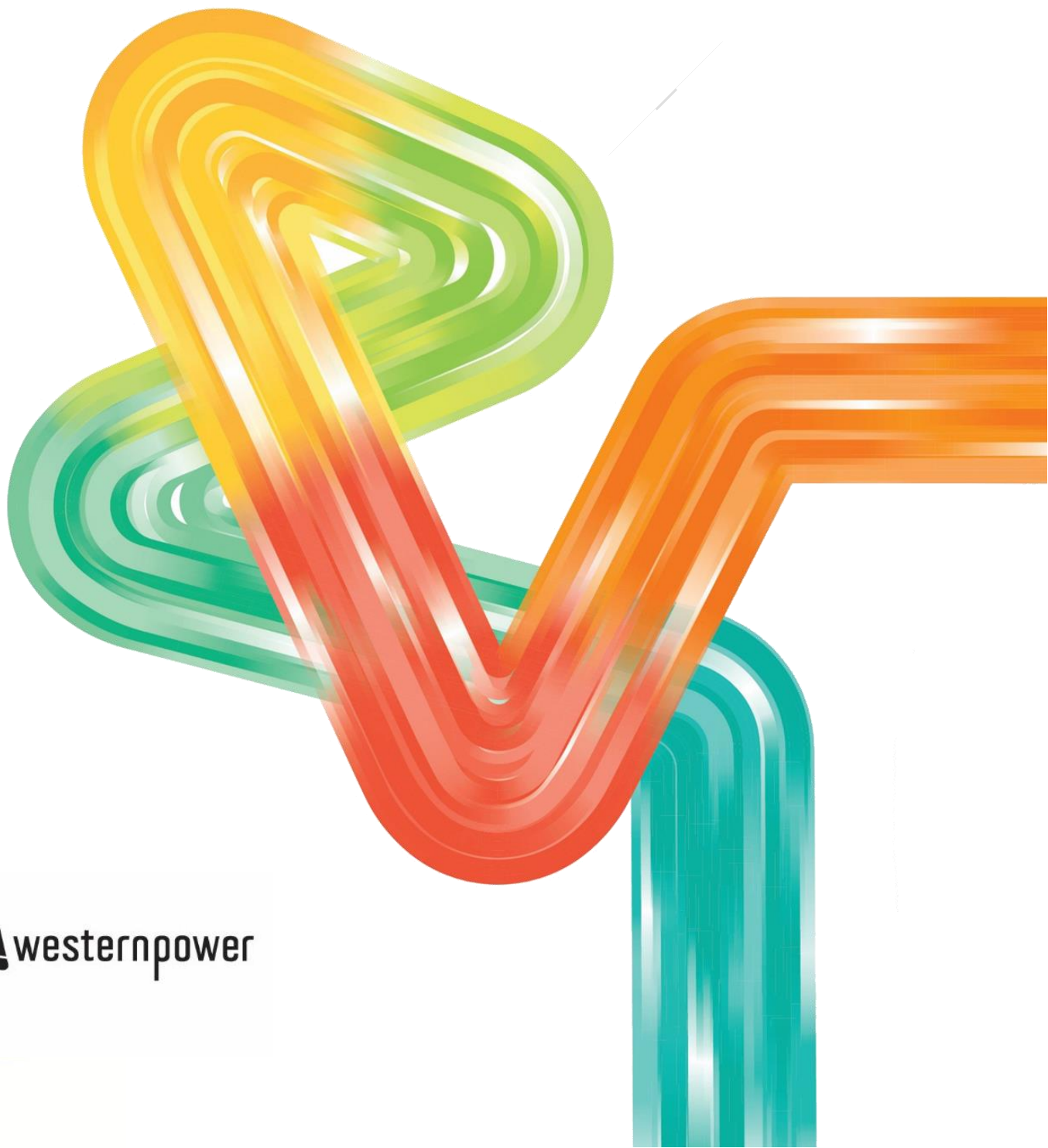
Distribution Pricing Scheme

Access Arrangement 6

Consultation draft - for public comment

Public

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Contents

1. Context and scope.....	1
1.1 Purpose	1
1.2 Objectives	1
1.3 Scope of this scheme.....	1
1.4 Regulatory requirements	2
1.5 Roles and responsibilities	2
1.6 Structure of this document	2
2. Distribution Pricing Scheme	3
2.1 Overview	3
2.2 Eligibility criteria	3
2.3 Scheme parameters	4
2.4 Applicable charges	5
2.5 Revenue offset.....	6
2.6 Scheme review.....	6
3. Additional Information.....	7
3.1 Linked documents.....	7
3.2 Approval history [For internal use only – will not be published].....	7

1. Context and scope

1.1 Purpose

This document sets out Western Power's headwork scheme for distribution customer connections, defined as the distribution pricing scheme. It outlines the method for how the prices that apply to distribution customer connections are determined, under Western Power's Contributions Policy.

This distribution pricing scheme (referred to in this document as 'the scheme') includes provisions for customer eligibility and contribution.

The scheme defines the pricing mechanisms for standard supply and non-standard supply and outlines the customer's eligibility criteria and assessment approach.

1.2 Objectives

The objectives of the scheme are to:

- allocate the costs of connection works to the distribution low voltage network in a fair and equitable manner
- achieve cost reflective pricing, considering the customer's use of network capacity
- provide price stability and certainty to enable network customers to make informed investment decisions
- support an effective process for both deciding the contribution required for a connection and information flow between Western Power and the customer
- ensure contributions from the scheme will, in the long term, recover Western Power's costs of associated works.

1.3 Scope of this scheme

This scheme applies to all new and existing customer load connections of up to four lots to Western Power's low voltage distribution network in the South West Interconnected System.

This scheme does not apply to:

- connections involving 5 lots or more
- generation connections
- stand-alone power system connections
- high voltage distribution connections.

Western Power considers two types of load connections to the distribution network, as:

- *standard supply* – a connection that falls within set capacity limits, typically 63A single-phase (240V) or 32A per phase (415V three-phase)
- *non-standard supply* – a connection that exceeds or falls outside those standard limits or requires extra network work.

1.4 Regulatory requirements

This scheme sits under *Electricity Network Access Code 2004* (the Code), according to which the Economic Regulatory Authority may approve a contributions policy that includes a headworks charge - 5.17C to 5.17D.

“5.17C . . . the Authority may approve a contributions policy that includes a “headworks scheme” which requires a customer to make a payment to the service provider in respect of the customer’s capacity at a connection point on a distribution system because the customer is a member of a class, whether or not there is any required work in respect of the customer.

All terminology, with a defined meaning in the Code, has the same meaning in this scheme.

This policy applies to low voltage connection applications lodged on or after 1 July 2028.

1.5 Roles and responsibilities

Western Power

Western Power sets the distribution pricing, makes information publicly available on the scheme, shares specific information with the customer, and undertakes assessment and other activities to progress the low voltage connection application process. This scheme is used by Western Power during the connection application process to determine the customer contribution to infrastructure works.

Western Power does not act as an independent or advisory consultant on behalf of a customer.

Customer

The customer must make itself aware of its requirements and obligations to apply for a distribution connection. A customer may choose to engage the services of an external provider, including independent advisory services, to understand its electricity requirements.

Dispute resolution

The Economic Regulation Authority (ERA) authorises this pricing scheme under Western Power’s access arrangement. For distribution network disputes, the Energy and Water Ombudsman Western Australia provides this service to residential and small commercial customers. All disputes are managed through the ombudsman’s prescribed processes.

1.6 Structure of this document

Chapter 1 (this chapter) provides context and an overview of the scheme, its application, and regulatory requirements.

Chapter 2 details the scheme, including eligibility criteria, pricing mechanisms and charges.

Chapter 3 provides additional information and related documents.

2. Distribution Pricing Scheme

2.1 Overview

Western Power considers residential and commercial load connections to the distribution network, as:

- *standard supply* – a connection that falls within set capacity limits, typically 63A single-phase (240V) or 32A per phase (415V three-phase)
- *non-standard supply* – a connection that exceeds or falls outside those standard limits or requires extra network work.

Examples include:

- standard supply – generally includes single residential connections and small multi-residential connections up to 4 lots
- non-standard supply – generally includes multi storey apartment buildings and commercial connections.

The distribution pricing scheme:

- differentiates between connection types – *standard and non-standard supply*
- uses different pricing for applicable charges – fixed prices, incremental prices and price per kVA
- applies economic tests based on predetermined conditions
- includes an offset for the anticipated incremental revenue likely to be paid to Western Power.

Key definitions

Economic test – the economic test is a key part of the scheme design that ensures that projects which are substantially above average cost pay full cost rather than being included in the scheme (and thereby increasing average costs for the scheme). The test assesses project costs against current average prices, plus an amount equal to two standard deviations of typical project costs. If the customer's project is above this amount, the project is not eligible for the scheme and will be subject to full cost.

Revenue offset – under the Contributions Policy, customer contributions are reduced by the network access revenue expected to arise from the connection over the subsequent 15 years.

2.2 Eligibility criteria

This section details the eligibility criteria for the scheme, the scheme parameters and applicable customer charges underpinning Western Power's pricing determination during the application process.

This section also outlines the applicability of revenue offset based on standard supply and non-standard supply.

The following four key eligibility criteria are also used to determine the applicable charges:

- *connection type* – what is the connection type?
- *connection point distance* – how distant is the connection point from the existing distribution network?
- *capacity requested* – what is the capacity requested?
- *economic test satisfaction* – is the economic test satisfied?

Subject to customers having provided accurate information during the application process, final charges are calculated at the time of the application for standard supply and non-standard supply of 216kVA or less and 100 metres or less from the existing network.

Where the economic test applies, Western Power's assessment must be applied individually to the connection application. For non-standard supply greater than 216kVA and/or connections greater than 100m from the existing network, Western Power conducts the economic test to determine the applicable charges.

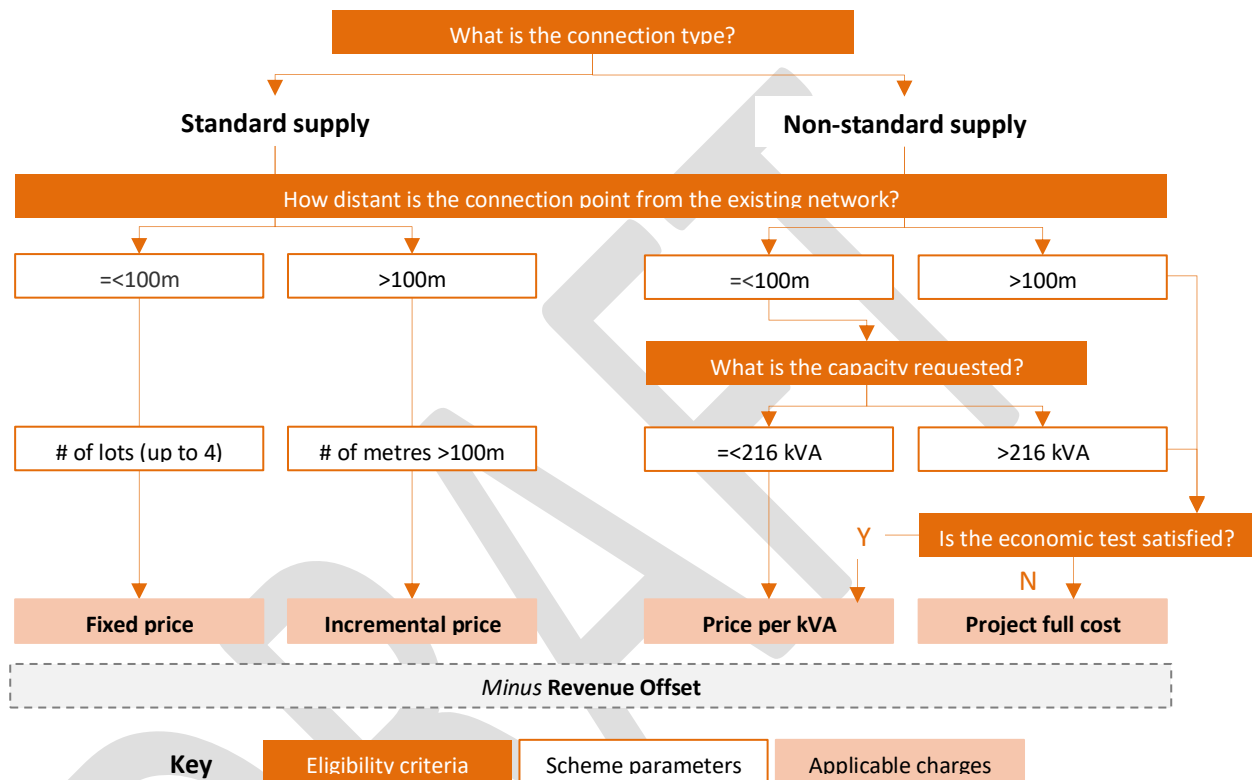


Figure 1. Standard and non-standard pricing determination

2.3 Scheme parameters

The following scheme parameters are used to determine eligibility during the application process:

Parameter	Application	Eligibility outcome	Values
Connection point distance	Standard supply Non-standard supply	Fixed prices for standard supply <100m Incremental prices for standard supply >100m Price per kVA for non-standard supply <100m and <216kVA Project full cost for non-standard supply >100m that fail the economic test	100 metres from existing network

Parameter	Application	Eligibility outcome	Values
Number of lots	Standard supply = $\leq 100\text{m}$ from existing network	Fixed prices (per lot)	From 1 up to 4 lots Determined annually based on revised price per kVA (example: 1 lot 4.7kVA, 2 lots 9.4kVA and 3 lots 14.1kVA)
Number of metres	Standard supply $>100\text{m}$ from existing network	Incremental prices (per metre $>100\text{m}$)	Per metre Determined annually by reference to the costs incurred in the preceding 36-month period for eligible applications.
Capacity requested	Non-standard supply	Price per kVA for non-standard supply $\leq 100\text{m}$ and $\leq 216\text{kVA}$ Economic test for non-standard supply $>216\text{kVA}$ Price per kVA for non-standard supply $>216\text{kVA}$ and/or $>100\text{m}$ if economic test is satisfied	Tranche 1 (0 to 216kVA) Tranche 2 (216 to 630 kVA) Tranche 3 ($>630\text{kVA}$) Determined annually by reference to the costs incurred in the preceding 36-month period for eligible applications.
Economic test	Non-standard supply $>216\text{kVA}$ and/or $>100\text{m}$	Economic test satisfied if (Price per kVA) $\times$ (kVA) + (Exclusion threshold) $>$ (Forecast costs)	(kVA) capacity requested (Exclusion threshold) \$85,000 equal to 2 standard deviations of previous year project costs (Forecast costs) calculated by Western Power on a project-by-project basis

2.4 Applicable charges

Customer's requirements determine the relevant scheme category with associated applicable charges, based on the eligibility criteria outlined above.

The applicable charges are calculated based on the formulas outlined in the table below.

Scheme categories	Applicable charges formulas
Standard supply within 100m from existing network	(Fixed price) – (Standard revenue offset)
Standard supply beyond 100m from existing network	(Fixed price) + (Incremental price) $\times$ (metres beyond 100m from existing network) – (Standard revenue offset)
Non-standard supply within 100m from existing network and $\leq 216\text{kVA}$	(Price per kVA) $\times$ (kVA) – (Systemised revenue offset)
Non-standard supply beyond 100m from existing network	If economic test is satisfied (Price per kVA) $\times$ (kVA) – (Systemised revenue offset)
Non-standard supply $> 216\text{kVA}$	If economic test is not satisfied – full project cost applies

The applicable charges are determined annually by reference to the costs incurred in the immediately preceding 36-month period.

Number of lots	+1 lot	+ 2 lots	+ 3 lots
<i>Fixed price</i>	(example: \$5,170)	(example \$10,340)	(example: \$15,510)

	Value
<i>Incremental price (per metre > 100m)</i>	(example: \$311)

Tranches	1 (0 to 216 kVA)	2 (216 to 630 kVA)	3 (> 630 kVA)
<i>Price per kVA</i>	(example: \$1,100)	(example: \$550)	(example: \$260)

2.5 Revenue offset

For *standard supply*, Western Power applies a standardised revenue offset value per additional lot/s.

Lots	+1 lot	+ 2 lots	+ 3 lots
<i>Standard revenue offset</i>	(example: \$3,000)	(example: \$3,200)	(example: \$4,200)

For *non-standard supply*, Western Power adopts a systematised revenue offset value based on customer profile (industry) and specific parameters (e.g. size of the commercial area).

The revenue offset value is deducted from the applicable charges to calculate customer contribution.

During the review of the application, Western Power will confirm customer entitlement to revenue offset by assessing the information provided.

2.6 Scheme review

This scheme will be reviewed annually to reflect Western Power's actual costs of providing the works that are eligible for the scheme, determined by the average costs incurred in the preceding 36-month period, adjusted by CPI at Western Power's discretion.

Western Power publishes the method prices as a price list and the exclusion threshold on its website.

3. Additional Information

3.1 Linked documents

This policy is reflected in, and consistent with, the:

- Connection Policy
- Contribution Policy
- Distribution Customer Application Form
- Distribution Works Terms & Conditions
- Distribution Customer Access Offer & Acceptance

3.2 Approval history [For internal use only – will not be published]

Version	Approved by	Date of approval	Resolution no.	Reason
1.		{DD/MM/YY}	TBC	
2.				
3.				

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X

Chief Executive Officer – Western Power