

Company Procedure: Distribution Services Negotiation Framework

CEOP2513.08

If working from a printed copy of this document, check Policy Alerts and the Policy Library regularly for updates.

01 June 2025 – Issue 6
Approved By: Head of Commercial Services
Next review date: June 2028

CONTENTS

1.0 PURPOSE	3
1.1 Audience	3
2.0 ACTIONS	3
2.1 Basis for negotiation	3
2.1.1 Essential Energy and Connection Applicant to comply with Negotiation Framework	3
2.1.2 Good faith and confidentiality	3
2.1.3 Authority	3
2.1.4 Charges	4
2.1.5 When is a Negotiated Connection required?	4
2.1.6 What can be negotiated?	4
2.1.7 Difficult situations	4
2.1.8 Connection to Essential Energy's Network	5
2.2 Process for negotiation	5
2.2.1 Process phases	5
2.2.2 Process template	6
2.3 Schedule 1 – Amendments to Connection Contract	9
3.0 AUTHORITIES AND RESPONSIBILITIES	9
4.0 DEFINITIONS	10
4.1 Statutory Definitions Apply	11
5.0 REFERENCES	12
6.0 RECORDKEEPING	12
7.0 REVISIONS	13



1.0 PURPOSE

This document sets out the minimum requirements to be followed during negotiations between Essential Energy and a Connection Applicant who wishes to negotiate a Connection Contract under Chapter 5A of the National Electricity Rules (the Rules).

This Negotiation Framework does not apply to Contestable Services, being:

1. those services under New South Wales law that can be provided by Accredited Service Providers on a competitive basis, and
2. metering services provided by a retailer.

1.1 Audience

This procedure is intended for all employees of the Company, including but not limited to executives, managers, staff, contractors, and third-party resources. Additionally, it applies to external customers who wish to negotiate a connection contract under Chapter 5A of the National Electricity Rules (NER).

2.0 ACTIONS

2.1 Basis for negotiation

2.1.1 *Essential Energy and Connection Applicant to comply with Negotiation Framework*

Essential Energy and the Connection Applicant will comply with this Negotiation Framework when negotiating a connection offer in accordance with each of their obligations under the Rules.

2.1.2 *Good faith and confidentiality*

Essential Energy and a Connection Applicant agree to conduct negotiations in good faith.

Essential Energy and the Connection Applicant must each maintain the confidentiality of all confidential information disclosed by the other party in the course of the negotiations unless disclosure of the information is authorised:

- (a) by the party to whom the confidentiality is owed;
- (b) under the law or the Rules; or
- (c) under any other law.

2.1.3 *Authority*

A Connection Applicant must nominate and provide contact details for a person that has authority to represent the Connection Applicant in the negotiations. If the Connection Applicant comprises more than one entity, eg, a partnership or joint venture, the nominated person must have authority to represent all of the relevant entities.

Essential Energy will nominate and provide contact details for a person that has authority to represent Essential Energy in the negotiations.

2.1.4 Charges

Essential Energy requires an upfront payment of \$250.00 incl GST to assess an application prior to the commencement of negotiations.

Following initial assessment of the connection application, Essential Energy will provide the Connection Applicant with an estimate of the charges for making a connection offer for a negotiated Connection Contract. Any charges to be imposed by Essential Energy will be based on the costs reasonably incurred in negotiating the contract with the Connection Applicant, and will include the costs of facilitating and contributing to the negotiation process, liaising with subject matter experts, preparation of related information and documents, direct legal costs of finalising the contracts and independent review.

After negotiations are completed, Essential Energy will issue a final invoice with the connection offer. The Connection Applicant must pay all invoiced costs regardless of whether the final Connection Contract is accepted.

2.1.5 When is a Negotiated Connection required?

In general, a negotiated connection offer will only be required in either of the following two situations:

1. Essential Energy has assessed the connection proposed in a preliminary enquiry or the Application for Connection and determined that none of our existing Model Standing Offers are suitable, or
2. a Connection Applicant elects a negotiated connection offer.

2.1.6 What can be negotiated?

A wide range of matters can be the subject of negotiation, including certain terms of the contract, specific requirements of the proposed connection and supply services.

In most circumstances, Essential Energy will use the most applicable Model Standing Offer that relates to the type of connection as the basis for negotiation.

At the commencement of the negotiation process, Essential Energy will review the matters that the applicant wishes to negotiate. It may be necessary to exclude particular matters where they do not meet regulatory or other legal requirements. In that case, Essential Energy will provide reasons for the exclusion and the Connection Applicant will have the opportunity to revise the negotiation request.

If the Connection Applicant for a retail customer is a small customer, Essential Energy will provide information regarding the small customer's right to have a Deemed Standard Connection Contract for their ongoing supply services and an explanation of the differences between the terms and conditions of any proposed Negotiated Connection Contract and the Deemed Standard Connection Contract.

In all cases, Essential Energy will aim to develop a connection offer that complies with the Connection Applicant's reasonable requirements while complying with minimum requirements. All negotiated connection offers and connection charges must comply and be consistent with Essential Energy's Connection Policy CEOP2513.06.

2.1.7 Difficult situations

In some cases, despite the best intentions of both parties, the negotiation process may be difficult, especially where important commercial, technical or regulatory requirements are at stake.

Essential Energy may escalate and/or arrange for an alternative key negotiator to be appointed to assist with or lead the negotiations where it believes this will assist with reaching a negotiated outcome. If it becomes apparent that Essential Energy will not be able to make a connection offer on terms acceptable to the Connection Applicant, the Connection Applicant may choose from the following options:

- (a) review their requirements and continue with negotiations;
- (b) withdraw their preliminary enquiry or connection application;
- (c) submit a new preliminary enquiry or connection application;
- (d) once Essential Energy's connection offer is formalised, lodge a dispute with the Australian Energy Regulator (AER) in accordance with the dispute resolution provisions of Part G of Chapter 5A of the Rules;
- (e) if the customer is a small customer:
 - (i) raise a dispute in accordance with Essential Energy's Standard Complaint and Dispute Resolution Procedure;
 - (ii) make a complaint to the Energy Ombudsman:

New South Wales Energy and Water Ombudsman (EWON)
Freecall 1800 246 545 or www.ewon.com.au;

For customers in Queensland the Energy and Water Ombudsman Queensland (EWOQ)
Freecall 1800 662 837 or www.ewoq.com.au; or
 - (iii) use the AER dispute resolution process referred to in (d) above.

2.1.8 Connection to Essential Energy's Network

This Negotiation Framework does not replace Essential Energy's process for making a connection application for a new connection or connection alteration which has been established in accordance with Chapter 5A of the Rules. This Negotiation Framework may apply concurrently with such an application.

Essential Energy's documents associated with connecting to our network include:

- ▶ CEOP2513.06 Essential Energy's Connection Policy;
- ▶ CECP2582 Model Standing Offer for Basic Connection;
- ▶ CECP2583 Model Standing Offer for Standard Connection: and
- ▶ CECP2584 Model Standing Offer for Standard Connection (Subdivision).

These documents are available on our Connections webpage at <https://www.essentialenergy.com.au/connections>.

2.2 Process for negotiation

2.2.1 Process phases

All connection negotiations will follow three broad phases:

- (a) **Information Phase:** The Connection Applicant and Essential Energy prepare and provide the necessary information to proceed with the negotiation;



- (b) **Negotiation Phase:** Negotiation matters are reviewed and discussed in detail in an attempt to reach an in-principle agreement, and
- (c) **Formalisation Phase:** Outcomes of the negotiation are documented and a negotiated connection offer is finalised and provided to the Connection Applicant.

Each of these phases may involve a number of steps subject to the complexity of the connection negotiations as discussed in Section 2.2.2.

2.2.2 Process template

The table below represents a generic process template that may be applied to the negotiations. This template may need to be adjusted, simplified or expanded depending on the matters under negotiation.

The timeframes indicated below provide generic targets only. The time taken by the Connection Applicant to provide any information requested by Essential Energy will be in addition to the timeframes indicated. A specific negotiation program will be developed in consultation with the Connection Applicant during the initial information phase.

INFORMATION PHASE	PROCESS
1. Need for a negotiated connection first identified	<ul style="list-style-type: none"> (a) Essential Energy determines that none of the existing Model Standing Offers are suitable for the proposed connection; or (b) the Connection Applicant elects to negotiate a connection offer with Essential Energy. This may occur at the time of making a connection application or after Essential Energy has made a connection offer that the Connection Applicant or customer then seeks to negotiate.
2. Formal notification of negotiation	<ul style="list-style-type: none"> (a) No appropriate Model Standing Offer: Within ten (10) business days of receiving a correctly completed connection application, Essential Energy will provide advice to the Connection Applicant of the need for a Negotiated Connection. This communication will include details of where the customer can access our Negotiation Framework and initial costs for Essential Energy to assess the application to commence the negotiation process; or (b) Connection Applicant chooses to negotiate: Within ten (10) business days of Essential Energy receiving a Connection Applicant's notification that they wish to negotiate their connection offer, Essential Energy will provide details of where the Connection Applicant can access the Negotiation Framework and information on initial costs to commence the negotiation process. <p>In all cases, Essential Energy will use its best endeavours to make a negotiated connection offer within sixty-five (65) business days of receiving a correctly completed connection application or a request to negotiate (plus the time taken for the Connection Applicant to provide necessary information that may be requested by Essential Energy). The negotiation period may need to be extended for complex or extensive negotiations or where Essential Energy is required to consult with other users of the</p>

INFORMATION PHASE	PROCESS
	network who may be adversely affected by the proposed connection. Any extension will be in consultation with the Connection Applicant.
3. Confirmation of scope of negotiation and payment	<p>This phase requires two key steps:</p> <ol style="list-style-type: none"> 1. The Connection Applicant must complete the information required in Schedule 1 attached to this Negotiation Framework and return it to Essential Energy. This is required to enable Essential Energy to understand what the Connection Applicant is seeking to negotiate. 2. The Connection Applicant must pay the \$250.00 (incl GST) negotiation commencement fee in accordance with Schedule 1.
4. Initial meeting	<p>Following completion of Phase 3, Essential Energy will arrange an initial meeting with the Connection Applicant as soon as practical to review and discuss:</p> <ul style="list-style-type: none"> ▶ contact arrangements; ▶ negotiation principles, including the need to negotiate in good faith and confidentiality requirements; ▶ the negotiation process described in this document; ▶ the specific matters under consideration for negotiation; and ▶ additional information that Essential Energy can provide and that may assist the Connection Applicant to negotiate on an informed basis.
5. Information request	<p>In some cases, Essential Energy may require additional information from the Connection Applicant. Essential Energy will (if practicable) request this additional information in writing within twenty (20) business days of:</p> <ol style="list-style-type: none"> (a) receiving the correctly completed connection application; or (b) being advised of the Connection Applicant's decision to elect to negotiate a Connection Contract. <p>At various times throughout negotiations, Essential Energy may require additional information from the Connection Applicant.</p>
6. Information Provision	<ol style="list-style-type: none"> (a) Essential Energy will comply with any reasonable request for remaining information by the Connection Applicant as soon as practicable together with an estimate of the total cost to complete the negotiation process. (b) The Connection Applicant must also prepare and provide information requested by Essential Energy as soon as practicable. <p>A meeting between Essential Energy and the Connection Applicant may be needed at this stage to review and clarify the information each party has requested and received.</p>

NEGOTIATION PHASE	PROCESS
7. Negotiations commence	<p>Essential Energy will arrange a meeting with the Connection Applicant to further discuss and refine the negotiation program based on the information provided and target date for completion.</p> <p>Negotiation may also commence at this meeting, facilitated by the Essential Energy representative. In straightforward cases, in principle agreement may also be able to be reached at this meeting.</p>
8. Negotiations	<p>Interactions, including meetings and/or discussions, proceed in line with this Negotiation Framework. By agreement, Essential Energy will generally record these interactions through meeting minutes and file notes to clearly document the key issues and actions required to reach an effective outcome.</p> <p>In the case of protracted or problematic negotiations, Essential Energy may escalate and/or appoint an alternative negotiator to assist or lead the discussions.</p> <p>If the Connection Applicant is proposing to connect a new or replacement embedded generating unit by way of a Basic micro embedded generation connection service, that the embedded generating unit must be compliant with the DER Technical Standards.</p> <p>During this phase, Essential Energy will determine and provide to the customer:</p> <ul style="list-style-type: none"> ▶ an estimate of the connection charges and where applicable, supply services and a statement of how they were calculated; ▶ the technical requirements for the proposed new connection or connection alteration; ▶ any consequent change in charges for the distribution use of system services; and ▶ any possible material effect of the proposed new connection or connection alteration on the network power transfer capability of the distribution network or any other distribution network that might be affected by the proposed connection. <p>Essential Energy may, if necessary, consult other users of the distribution network who may be adversely affected by the proposed connection.</p>
9. Negotiations conclude	<p>(a) Agreement is reached for all matters under negotiation allowing a negotiated connection offer to be drawn up; or</p> <p>(b) in the event agreement cannot be reached, the options described earlier in Section 2.1.8 may need to be followed.</p>

FORMALISATION PHASE	PROCESS
10. Preparation of connection offer	Essential Energy finalises the connection offer as required by the Rules.



FORMALISATION PHASE	PROCESS
11. Provision of connection offer	The connection offer is provided to the Connection Applicant for final consideration and acceptance or rejection. The offer will remain open for acceptance for a period of twenty (20) business days from the date of the offer unless this period is extended by agreement. Essential Energy may also provide a final invoice to the Connection Applicant for concluding the negotiations, which will need to be paid whether or not the final connection offer is accepted.

2.3 Schedule 1 – Amendments to Connection Contract

This table represents the proposed amendments sought to be negotiated with Essential Energy. Once completed please return to:

Applications Team
Essential Energy
PO Box 5730
Port Macquarie NSW 2444

Please ensure you have lodged the \$250.00 (incl GST) negotiation commencement fee to allow negotiations to commence. This can be instigated by completing an Electronic Funds Transfer into Essential Energy's nominated account shown below with the following reference 'NECF - and your application number'.

Name: Essential Energy
Bank: ANZ
BSB: 012 100
Account: 838298584

CURRNT CLAUSE OF CONTRACT*	PROPOSED AMENDED CLAUSE OF CONTRACT

*If a new clause not covered by a current contract is proposed, please leave blank.

3.0 AUTHORITIES AND RESPONSIBILITIES

POSITION / TITLE	RESPONSIBILITY
Head of Commercial Services	Implement the requirements of this procedure. Review the processes described in this procedure regularly to ensure industry best practice.
Complex Customer Specialist	Manage the negotiation functions prescribed in this procedure. Assisting with the reviewing and updating this procedure.



4.0 DEFINITIONS

Subject to Section 4.1, the following words have the following meanings:

- ▶ **Australian Energy Regulator (AER):** The regulatory authority responsible for overseeing the wholesale electricity and gas markets in Australia.
- ▶ **business day:** Any weekday other than any public holiday in New South Wales and 27, 28, 29, 30 and 31 December.
- ▶ **connection alteration:** An alteration to an existing connection, including an addition, upgrade, extension, expansion, augmentation or any other kind of alteration.
- ▶ **Connection Applicant:** The person who lodged the connection application, who is either a retail customer or a real estate developer, or a person making a connection application on behalf of a retail customer or real estate developer.
- ▶ **connection application:** An application for a new connection or connection alteration and in the context of this contract the completed connection application referred to in the connection offer.
- ▶ **connection charge:** A charge imposed by a DNSP for a connection service. Essential Energy's only connection charges are the monopoly fees for monopoly services and the site inspection fee.
- ▶ **Connection Contract:** A contract formed by the making and acceptance of a connection offer.
- ▶ **connection offer:** Means the offer by Essential Energy to enter into a Connection Contract on the terms of this contract and the connection application attached to the offer.
- ▶ **Connection Policy:** A document approved as a connection policy by the AER under Chapter 6, Part E of the Rules, setting out the circumstances in which connection charges are payable and the basis for determining the amount of such charges. CEOP2513.06 Essential Energy's Connection Policy is available on our website at <https://www.essentialenergy.com.au/our-network/network-pricing-and-regulatory-reporting/connection-offers-and-contracts>.
- ▶ **connection:** A physical link between a distribution system and a customer's premises to allow the flow of electricity and means, in this contract, the connection described in the connection offer or contact notification letter. To avoid doubt, connection does not include relocation and connection works do not include relocation works.
- ▶ **Contestable Service:** A service is contestable if the laws of the participating jurisdiction in which the service is to be provided permit the service to be provided by more than one supplier as a contestable service or on a competitive basis.
- ▶ **customer:** A retail customer or a real estate developer.
- ▶ **Deemed Standard Connection Contract:** A standard form contract containing the model terms and conditions for connection contracts set out in Schedule 2 of the National Energy Retail Rules. The Deemed Standard Connection Contract establishes the terms on which Essential Energy will provide ongoing services to the retail customer at the premises once the connection is established. It applies when the retail customer begins to take supply of electricity. Essential Energy's Deemed Standard Connection Contract is available on our webpage at <https://www.essentialenergy.com.au/our-network/network-pricing-and-regulatory-reporting/connection-offers-and-contracts>.
- ▶ **DER Technical Standards:** The requirements for embedded generating units under Australian Standard AS4777.2:2020 as in force from time to time.
- ▶ **Distributed Network Service Provider (DNSP):** The owner, controller or operator of a distribution network and in this contract means Essential Energy.

- ▶ **distribution network:** The apparatus, equipment, plant and buildings used to convey and control the conveyance of electricity (excluding connection assets).
- ▶ **Distribution System:** The apparatus, equipment, plant and buildings used to convey and control the conveyance of electricity to customers and includes any connection assets.
- ▶ **Energy & Water Ombudsman NSW (EWON):** A not-for-profit organisation that provides free, fair and independent dispute resolution services for electricity, gas, and some water customers in New South Wales. EWON helps consumers resolve complaints about their energy and water providers, ensuring that issues are addressed in a timely and effective manner.
- ▶ **minimum requirements:** The minimum Connection Contract requirements described in Schedule 5A.1 of the National Electricity Rules.
- ▶ **Model Standing Offer:** A contract that sets out the terms and conditions on which Essential Energy is willing to permit connections to be made between its distribution network and premises whose connection specifications fall into that category.
- ▶ **Negotiation Framework:** The framework described in Rule 5A.C.3 of the National Electricity Rules.
- ▶ **new connection:** A connection established, or to be established, in accordance with the Rules and applicable energy laws, where there is no existing connection.
- ▶ **preliminary enquiry:** Distribution Network Service Provider must, within five (5) business days after receiving an enquiry about a connection service (or some other period agreed between the Distribution Network Service Provider and the enquirer), provide the enquirer with the information required to make an informed application.
- ▶ **retail customer:** A person who purchases electricity from a retailer and includes a non-registered embedded generator and a micro embedded generator.
- ▶ **retailer:** A person who is the holder of a retailer authorisation issued under the National Energy Retail Law in respect of the sale of electricity.
- ▶ **Rules:** The National Electricity Rules established (and as amended from time to time) under the National Electricity Law.
- ▶ **Schedule of Site-Specific Conditions:** The schedule to the Model Standing Offer and the connection offer outlining any conditions or requirements specific to the installation/connection.
- ▶ **small customer:** A residential customer or a business customer who consumes electricity under the upper consumption threshold as defined by the National Energy Retail Law (Adoption) Regulation 2013 (NSW).
- ▶ **supply services:** Are connection related services available from Essential Energy that continue after the connection is electrified.

4.1 Statutory Definitions Apply

- ▶ Terms used in this document have the meanings they bear in the energy laws as amended from time to time.
- ▶ For ease of reference, Essential Energy offers the definitions set out in Clause 4.0. Where our definitions differ from those in the energy laws, the definitions in the energy laws prevail in the event of a conflict of meaning.



5.0 REFERENCES

INTERNAL
Company Policy - Model Standing Offer for Basic Connection – CECP2582
Company Policy – Model Standing Offer for Standard Connection – CECP2583
Company Policy – Model Standing Offer for Standard Connection (Subdivision) – CECP2484
Company Policy – Supply Standards: Electricity Supply Standard – CEOP8026
Company Procedure – Essential Energy Connection Policy – CEOP2513.06
Deemed Standard Connection Contract - Link
Getting Started with your Connection webpage

EXTERNAL
Community Land Development Act
Electricity Supply Act (NSW)
Electricity Supply (General) Regulation (NSW)
National Energy Retail Law (NSW)
National Energy Retail Law (Adoption) Regulation (NSW)
National Electricity Rules
National Energy Retail Rules
AER Connection charge guidelines for electricity customers
Service and Installation Rules of NSW
Standards Australia – Wiring Rules (AS/NZS 3000)
Standards Australia – Grid connection of energy systems via inverters, Part 2: Inverter requirements (AS/NZS 4777.2)

6.0 RECORDKEEPING

The table below identifies the types of records relating to the process, their storage location and retention period.

* The following retention periods are subject to change eg if the records are required for legal matters or legislative changes. Before disposal, retention periods should be checked and authorised by the 'Records Management Team'.



TYPE OF RECORD	STORAGE LOCATION	RETENTION PERIOD *
Completed Applications	Appropriate and secure enterprise management system in digital format.	Retain minimum of 7 years after action completed, then destroy – GA40 2.0

7.0 REVISIONS

ISSUE NO.	SECTION	DETAILS OF CHANGES IN THIS REVISION	CHANGE RISK IMPACT?
1		Original issue	Low
2	4 and 2.5	Minor amendments – updated postal address of application team in section 4 from Queanbeyan to Port Macquarie, confirmed charges in section 2.5 include GST, removed some references	Low
3	All	To align with Power of Choice Regulations	Low
4	All	No changes were required, updated issue number and published date only.	Low
5	2.2.2 and 4.0	To add the requirement for embedded generating units to be compliant with the DER Technical Standards	Low
6	All	New template applied. Approval and responsibility amended to Head of Commercial Services. Document title rationalised and updated.	Medium
	1.1	New section “Audience” added.	
	2.1.4	Rewritten to improve clarity.	
	2.8.1	Updated to current documentation and information.	
	2.2.1 and 2.2.2	Headings reworded.	
	2.2.2	Correction of wording to reflect the Steps 10 and 11.	
	3.0	Authorities and Responsibilities updated to current processes.	
	4.0	Several definitions removed as not referred to in the document. Definition of Schedule of Site-Specific Conditions added. Definition of EWON expanded.	
	5.0	All references reviewed and updated for currency. Where applicable, reference to years was removed to achieve future proofing.	
	6.0	Storage Location amended from PeacePlus9 to reflect storage within appropriate enterprise management systems in digital format.	

