

# Pioneer Scheme

The Pioneer Scheme is a cost-sharing arrangement for retail customers who have funded the development and construction of electrical infrastructure assets connected to Essential Energy's network. In certain circumstances, new customers may benefit from the installation of assets funded by others and will reimburse a percentage of the construction cost to the original customer's connection.

In calculating the pioneer scheme amount to be paid by a new customer, factors including their expected load, utilisation of the assets, the depreciation of the assets, the number of agreed prospective new customers and inflation adjustments are included.

## 1.0 HOW THE PIONEER SCHEME WORKS

### 1.1 FOR THE ORIGINAL CUSTOMER

- The original customer applies for connection or an extension to the Essential Energy network.
- The original customer may be required to fund all or part of the extension or network augmentation. The construction work may be carried out by Essential Energy or an Accredited Service Provider (ASP).
- Prior to construction, the original customer, in consultation with their ASP or Contractor, estimates the number of new prospective customers likely to benefit from the work.
- The ASP provides a Pioneer Scheme application form to the new customer which is to be completed and returned via the ASP to Essential Energy's Contestable Works team.
- The Pioneer Scheme will be active for a period of seven years from the date on the application form.
- Essential Energy requests the original customer to provide an invoice for works conducted from their ASP, to be held on file for the seven-year period of the scheme and only to be used if/when a future customer wishes to connect to the infrastructure they have funded.

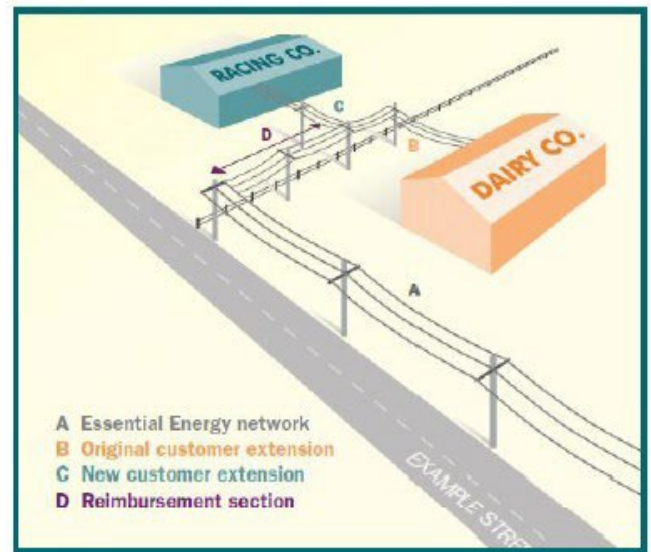
### 1.2 FOR NEW CUSTOMERS

- The new customer applies for connection to the Essential Energy network and is assessed against the requirement of utilising some, or all, of the works funded by the original customer's connection.
- Essential Energy determines the amount of Pioneer Scheme payable.
- Pioneer Scheme payment is to be made to Essential Energy prior to the commencement of work.
- Essential Energy approves the new customer's application for connection to the network.
- The new customer arranges for Essential Energy or their ASP to connect the new extension to the network.
- If the assets funded by the original customer need to be upgraded to support the new customer, further work may be required. Such work will be funded by the new customer and a second Pioneer Scheme may be created in favour of the new customer.

## EXAMPLE

Essential Energy network (indicated by A) may extend along Example Street, which fronts the Dairy Co property. Dairy Co (original customer) has fully funded and developed an extension from the Essential Energy network to provide electricity to the dairy (indicated by B and D). The neighbouring property, Racing Co (new customer), subsequently applies for connection to the network (indicated by C). This application involves utilising part of the electricity network funded by Dairy Co (indicated by D).

In this circumstance, Racing Co will be required to reimburse Dairy Co for a percentage of the constructions cost for the shared assets as well as funding their own extension (indicated by C).



## 2.0 POINTS TO CONSIDER

- Pioneer Scheme amounts are determined by the extent to which a new customer utilises the works and the depreciating of the assets funded by the original customer.
- Pioneer Schemes are limited to the amount of the original capital contribution cost, adjusted for inflation.
- The minimum reimbursement amount is \$1,000.00, plus inflation adjustments.
- Pioneer Schemes are active for a period of seven years from the date on the Pioneer Scheme application form.
- If the property is sold during the seven year period, the scheme will transfer to the purchaser who will become the new owner of the Pioneer Scheme.

## 3.0 PIONEER SCHEME ADMINISTRATION FEE

An administrative charge will be applicable to manage Pioneer Scheme applications. These charges are located on Essential Energy's website under the Price Schedule for Ancillary Network Services. These charges apply where Essential Energy is required to:

- Provide reimbursement calculations and coordinate the distribution of Shared Asset Payments to customers who funded the connection assets.
- Operate and maintain all necessary registration and record keeping information.
- Act as the key contact to provide advice and support to applicants.

## 4.0 DISPUTES

Any disputes arising from these arrangements will be responded to in accordance with the AER Connection charge guidelines for electricity retail customers - Under Chapter 5A of the National Electricity Rules.

## 5.0 FURTHER INFORMATION

Further details regarding the Pioneer Scheme and calculations are outlined in our Company Procedure CEOP8020 *Pioneer Scheme* and our Operational Forms *CEOF6283* and *CEOF6283.01 Pioneer Scheme Applications* which are available from our website at [essentialenergy.com.au](https://essentialenergy.com.au).

You may also contact an Essential Energy Pioneer Scheme Coordinator via:

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