Applications & Queuing Policy

Methodology to determine the Preliminary Offer Processing Fee and the Preliminary Acceptance Fee

April 2013
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Glossary of Terms

Acceptance fee = Preliminary acceptance fee
AQP = Applications and Queuing Policy
CAG = Competing Applications Group
EUC = Early undertakings contracts
IWC = Interconnection works contract
NFIT = Network Facilities Investment Test
NOI = Notice of Intention to prepare a preliminary access offer
PAO = Preliminary access offer
Processing fee = Preliminary offer processing fee
1 Introduction

The revised Applications and Queuing Policy (AQP) came into effect on 1 February 2013. The revised AQP incorporates a new Competing Applications Group (CAG) process, whereby Western Power groups applicants behind a common network constraint to allow a single network solution to be developed to meet some or all of the applicants’ requirements. Note that such applicants could be connected either to the distribution or transmission network.

This paper describes the methodology for calculating two new fees that arise in relation to connection applications which fall within CAGs. These new fees will be determined in accordance with the principles outlined in Section 3 of this paper.

The fees are:

1. **Preliminary offer processing fee (processing fee)** – this fee is lodged by applicants as part of their acceptance of the Notice of Intention to prepare a preliminary access offer. It facilitates the development of the CAG solution required to provide a preliminary access offer;

2. **Preliminary acceptance fee (acceptance fee)** – this fee is lodged by applicants as part of their acceptance of the preliminary access offer. It facilitates progression to the access offer.

These fees only apply to the development of the shared network solution. Each of the applicants who are part of a CAG are also required to negotiate with Western Power with respect to their individual connection to the network. Costs associated with that process (in accordance with clause 20.1 of the AQP) will be covered under early undertakings contracts with each customer and are not included in the fees that are the subject of this paper.

As the number of applicants and scale of solution will vary for each CAG, the relevant fees will also vary. The variable fees do not apply to those applicants who have:

(a) opted to proceed exclusively with an applicant specific solution (clause 16.5 of the AQP);

(b) opted out of being provided a CAG solution (clause 24.1(b2), 24.3(b) of the AQP);

(c) are to be treated as having made an application for an applicant specific solution (clause 24.5(a)(ii) of the AQP); or

(d) otherwise requested an applicant specific solution in accordance with clause 20.3 of the AQP.

Those applicants whose applications are processed as an applicant specific solution will be charged the full costs relating to developing those solutions.

Note that if an applicant is in more than one CAG where there is interdependency between the CAGs, each individual CAG is treated separately for the purpose of calculating fees and there is no intention to split or share costs between CAGs.
2 AQP Process Overview

This section is included within this methodology document to indicate the points in the process at which the particular fees are required and also the range of activities likely to be undertaken at those stages of the process.

There are 4 distinct phases in the CAG process from initial enquiry to the final issuing of access offers.

Figure 1 sets out those stages giving details of the fees associated with each stage. This paper deals with the fees for the third and fourth stages. Fees related to the first 2 stages (enquiry and application stages) are referenced in Western Power’s Price List and published on Western Power’s website and are included here for completeness only.

Details of the processing fee will be included in a Notice of Intention to prepare a preliminary access offer (NOI). Note that in order to receive an NOI, applicants must have completed their preliminary assessment as set out in clause 19.3 of the AQP.

Details of the acceptance fee will be included in the preliminary access offer (PAO). In both cases, information will be provided in the offer to enable each of the applicants to understand the derivation of their individual fee. Included with both the NOI and the PAO will be early undertakings contracts (EUC) setting out the scope of works covered by the fees and the terms and conditions with respect to payment of the fees, including any rights to refunds.

In all cases, continued participation in a CAG solution depends upon applicants responding to the NOI and PAO, paying the associated fees and executing the related EUC. It should be noted that each of the applicants are required to pursue their individual connection works in parallel so that Western Power is able to issue the PAO and the access offer. Completion of the CAG process is intended to result in the issue of an access offer that includes the required works in relation to the shared network solution and the connection of the applicant’s premises to the network. The access offer will typically be in the form of an interconnection works contract (IWC).

Note: If at the NOI stage, PAO stage or access offer stage, applicants decide not to continue to participate in a CAG they will be treated as having chosen to have their application processed as an applicant-specific solution. If applicants rejects a proposal set out in a PAO and are unable to reach agreement with Western Power within 30 business days, their application will be processed as an applicant-specific solution unless they advise Western Power that they wish to withdraw their application.

Figure 1 provides a high level overview of the process. For a more detailed view refer to Figure 1 of the AQP for a process overview. The AQP is available from Western Power’s website http://www.westernpower.com.au/business/aqp_revised.html.
3 Fee Principles

Western Power’s principles in setting both the processing fee and the acceptance fee are that they should:

1. Recover the costs of works undertaken by Western Power at each of the relevant stages of the connection application process;

2. Facilitate the shared network solution by requiring applicants to demonstrate their good faith intentions to proceed to an access contract and limit any disadvantage to other applicants should an applicant withdraw from the process;

3. Be transparent and reasonable; and

4. Be non-discriminatory between like applicants.
4 Preliminary offer processing fee

This section describes the methodology to determine the preliminary offer processing fee (processing fee).

The processing fee is designed to cover the costs of Western Power undertaking the work to develop PAOs. This fee is non-refundable under clause 24.3 of the AQP (except where Western Power is unable to make an access offer). Western Power will calculate the required fee before it commences the work required to develop the shared network solution for the PAO.

The processing fee seeks to cover Western Power’s forecast costs for works including but not limited to:

- developing the shared network solution;
- preparing a scoping (preliminary) design and cost estimate for the solution;
- undertaking system studies (such as load flow and dynamic studies);
- undertaking a regulatory test (where applicable);
- conducting a net benefits assessment (where applicable); and
- developing a project schedule and the likely costs to implement the solution if it is accepted.

The processing fee will not include:

- any costs of relevant studies Western Power has already completed as part of its ongoing network development planning;
- any costs arising where Western Power subsequently considers it requires additional information from an applicant in order to process the application. (Note that under clause 3.11 of the AQP, applicants have 20 business days to provide additional information requested by Western Power and if they are not able to meet that requirement, the connection application will be considered withdrawn.) Costs to complete and process the applicant’s information will be recovered from the individual applicant (at a cost to that applicant in accordance with clause 20 of the AQP).

In setting the processing fee for individual applicants Western Power will:

1. Forecast the total cost of undertaking the work required to develop the PAO.
2. Calculate the relative use of the shared network solution by each applicant and then apportion a percentage of the total forecast cost of undertaking the work required accordingly – (the greater the relative use, the greater the contribution). This apportionment of costs methodology is consistent with the methodology applied under section 5.4(d) of Western Power’s Contributions Policy and the principles in section 3.
3. Attached to the NOI, issue an invoice and associated EUC to each of the applicants in the CAG for their processing fee.

An iteration of steps 2 and 3 will be required if insufficient applicants decide to progress their applications through this process resulting in Western Power’s forecast costs not being covered by the aggregate of the processing fees.

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Where the total requested capacity of applicants seeking a PAO exceeds the capacity of the solution that Western Power has developed, the processing fee will be scaled to ensure Western Power is able to recover its total forecast cost of undertaking the work required to develop the PAOs through the fees paid by those to which an access offer can ultimately be made. This recognises that applicants, to whom Western Power is unable to make an access offer, will receive a refund of the processing fee and acceptance fee. This is consistent with the first fee principle in section 3.

The PAO preparation process will not commence until the processing fees have been paid in full by all applicants who elect to proceed within the CAG and an EUC for the associated works has been executed and provided to Western Power (within the 30 business days to respond to the NOI under clause 24.3 of the AQP).

It should be noted that all applicants are required to pursue their connection works in parallel with the development of the PAOs so that Western Power is able to issue the PAOs to all applicants simultaneously without unreasonable delays.

Information will be provided to the applicants in the NOI to enable them to understand the calculation of their individual fee.

Western Power may accept late membership of CAGs prior to issuing the PAO, subject to acceptance not delaying the preparation of the PAO (clause 24.7 of the AQP). In such cases of late membership, fees will be determined on the same basis as has been applied to the original members of the CAG.

For applicants within a CAG who ultimately conclude an access contract, the processing fee will be counted towards any contribution payable under the contributions policy.

### 4.1 Withdrawal of applicants

Should an applicant withdraw (or be deemed to have withdrawn) from the CAG while the PAO is being developed, any fees it has paid will not be refunded to that applicant and will contribute towards the overall cost of the work required to develop the PAOs for the CAG. This is consistent with the second fee principle in section 3.
5 Preliminary acceptance fee

This section describes the methodology to determine the preliminary offer acceptance fee (acceptance fee). The acceptance fee is a non-refundable (except where Western Power does not make an access offer), up-front payment and is required when applicants in a CAG accept the PAO (in accordance with clause 24.5 of the AQP).

The purpose of this fee is to address costs that may be incurred by Western Power to develop access offers and to demonstrate the applicant’s good faith intention to proceed to an access contract. The fee is comprised of two components. The first component of the fee is intended to cover the costs of further developing the shared network solution so that Western Power can make access offers to the applicants in the CAG. The second component of the fee is designed to cover the costs of reworking the access offers in the event that an applicant(s) withdraws during the access offer stage.

The first component of the acceptance fee seeks to cover Western Power’s forecast costs of further developing the shared network solution for works including but not limited to:

- finalising system studies and project scoping;
- undertaking environmental consent processes;
- undertaking any other licence or consent processes;
- securing easements and land acquisitions (or land acquisition options);
- developing a planning (detailed) design and cost estimate for the solution;
- developing a pre-NFIT submission to the regulator which will indicate any required financial contributions by the applicants within the CAG; and
- preparing access offer documents.

The cost of these activities will be apportioned to applicants in accordance with their assessed relative usage of the shared network solution as described in section 4.

Where the total requested capacity of applicants seeking an access offer exceeds the capacity of the solution that Western Power has developed, the acceptance fee will be scaled to ensure Western Power is able to recover its total forecast cost of developing the access offer through the fees paid by those to which an access offer can ultimately be made. This recognises that applicants, to whom Western Power does not make an access offer due to oversubscription, will receive a refund of the processing fee and acceptance fee. This is consistent with the first fee principle in section 3.

The non-refundable portion of this acceptance fee, as noted above, is associated with this first component of the fee.

The second component of the acceptance fee will cover Western Power’s forecast of the total costs to rework the access offers and shared network solution in the event that an applicant(s) withdraws at any time during preparation of access offers.

Note that each applicant will pay the same amount for the rework cost component of the acceptance fee. However, the actual costs of rework and any refunds (of the second component of the acceptance fee) back to the withdrawing applicant will vary according to the impact of that applicant’s withdrawal.

Attached to the PAO, Western Power will issue an invoice and associated EUC to each of the applicants in the CAG for their acceptance fee. Upon payment of the invoice in full and execution of the EUC by a sufficient number of applicants (within the 30 business days to respond to the PAOs under clause 24.5(a) of the AQP), Western Power will commence development of the access offers.
Once preliminary acceptances have been received, Western Power will review the responses it has received to its PAOs and will develop and issue access offers in the manner described below:

1. Where Western Power considers the PAOs have been accepted by a sufficient number of applicants, such that the costs allocated to the accepting applicants are sufficient to fund the works to make access offers, it will proceed to issue access offers conditional upon sufficient levels of acceptance being maintained.

2. Where Western Power considers the costs allocated to accepting applicants in PAOs are not sufficient to collectively fund the works to make access offers, and Western Power considers it cannot make access offers for that reason, Western Power will revise its PAOs and submit those revised PAOs to the applicants. Any acceptance fee earlier paid by an applicant will be refunded, or, at the election of the applicant, credited towards a further acceptance of the revised PAO.

3. Where the sum of the preliminary acceptances by applicants exceeds the capacity of the proposed works, Western Power will proceed to develop access offers to applicants in the order of the priority date of applications until there is no more spare capacity and conditional upon sufficient levels of acceptance being maintained.

For applicants within a CAG who ultimately conclude an access contract, the processing fee and acceptance fee will be counted towards any contribution payable under the contributions policy.

5.1 Withdrawal of applicants

Where an applicant(s) withdraws from the process during preparation of access offers any remaining fees associated with:

- the first component of the acceptance fee will not be refunded but will be retained by Western Power and will be applied against the aggregate costs of developing the access offers; and
- the second component of the acceptance fee will be applied by Western Power to the cost of any rework of the shared network solution and/or any rework of the access offers for the remaining CAG applicants. Note: Any remaining fees associated with this component after rework, will be refunded to the withdrawing applicant.

This is consistent with the second fee principle in section 3.

5.2 Possible outcomes once access offers have been made

Once an access offer has been developed and issued, a number of potential outcomes can arise including:

1. Each applicant accepts and the shared network solution has sufficient capacity to accommodate all applicants within the CAG. In this situation, for each applicant, the processing and acceptance fees will be counted towards any contribution payable under the contributions policy.

2. Where an access offer is under-subscribed (i.e. not all applicants that accepted a PAO choose to proceed, meaning the solution developed at that stage provides for more capacity than is now required), the cost of rework and adjustments to the access offers of other applicants will be determined by Western Power, and the withdrawing applicant(s) acceptance fees will be applied to offset those costs. For
the withdrawing applicant(s), any remaining amounts from the acceptance fee(s), after meeting those costs, will be refunded by Western Power.

If an acceptable solution cannot be agreed following this rework, Western Power will cease developing this CAG solution. In this case, for the remaining applicants, Western Power will refund the remaining amounts of the acceptance fees (after debiting the costs incurred).

3. Where an access offer is **over-subscribed** (i.e. the sum of the acceptances received by Western Power exceeds the available capacity of the proposed works) Western Power will make access offers to applicants in order of their priority dates, until there is no more spare capacity.

Where Western Power is unable to provide an access offer to applicant(s) impacted by this oversubscription, Western Power will refund the full amounts of the processing fee(s) and acceptance fee(s) to these applicant(s). These applicants’ applications will remain valid and will retain their priority date.

In some circumstances, Western Power may also propose to these applicants a partial offer of capacity if it is possible to meet some of their requirements. In this situation, and if the revised access offers are accepted, the processing and acceptance fees will be counted towards any contribution payable under the contributions policy.
Appendix - worked examples

6.1 Full subscription – capacity sought and capacity available match

This example describes the case where there is a match between the capacity available to the members of the CAG, and the total capacity sought by the applicants.

In this example the following parameters apply:

<table>
<thead>
<tr>
<th>Parameters</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity available</td>
<td>300 MW</td>
</tr>
<tr>
<td>Preliminary offer processing forecast cost (Western Power's costs)</td>
<td>$400k</td>
</tr>
<tr>
<td>Preliminary offer acceptance forecast cost (1st component) (Western Power's costs)</td>
<td>$600k</td>
</tr>
<tr>
<td>Forecast rework costs to revise access offers (2nd component)</td>
<td>$200k</td>
</tr>
</tbody>
</table>

The processing fee has been determined for each of the applicants based on their relative use of the shared network solution. The first applicant has applied to use 100 MW which is one third of the capacity available and also one third of the total capacity sought by all applicants. On that basis its share of the cost to develop the PAOs is one third of the total cost of $400k or $133k. The same allocation process to the other two applicants results in processing fees of $67k and $200k respectively (based on applications for 50 MW and 150 MW).

<table>
<thead>
<tr>
<th>Capacity (MW)</th>
<th>Preliminary offer processing fee ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant 1</td>
<td>100</td>
</tr>
<tr>
<td>Applicant 2</td>
<td>50</td>
</tr>
<tr>
<td>Applicant 3</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

The acceptance fee has two components. The total cost to develop the access offers is $600k which is allocated to each of the applicants on the basis of their relative usage of the solution. The second component, being the cost to rework the access offers, is set at $200k and each of the applicants has the same amount allocated to them regardless of their capacity sought.

The following table summarises the fees allocated to each applicant at each stage. Note that there is no rework costs actually incurred because all applicants proceed through the process.
<table>
<thead>
<tr>
<th>Applicant</th>
<th>Capacity (MW)</th>
<th>Preliminary offer processing fee ($k)</th>
<th>Preliminary offer acceptance fees ($k)</th>
<th>Accepts offer?</th>
<th>Fees carried towards any contribution payable under the contributions policy ($k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100</td>
<td>133</td>
<td>200 200</td>
<td>Yes</td>
<td>533</td>
</tr>
<tr>
<td>2</td>
<td>50</td>
<td>67</td>
<td>100 200</td>
<td>Yes</td>
<td>367</td>
</tr>
<tr>
<td>3</td>
<td>300</td>
<td>400</td>
<td>600 600</td>
<td>Yes</td>
<td>700</td>
</tr>
<tr>
<td>300</td>
<td>400</td>
<td>600</td>
<td>1,600</td>
<td></td>
<td>1,600</td>
</tr>
</tbody>
</table>

**WP costs ($k)**

- Total fees paid to Western Power (processing and acceptance): 1,600
- Total costs incurred by Western Power to make access offers: 1,000
- Total fees carried towards any contribution payable under the contributions policy: 1,600
6.2 Over-subscription

This example describes the case where the total capacity sought by members of the CAG exceeds the total capacity that is expected to be made available through the work to resolve the capacity constraint associated with the CAG.

In this example the following parameters apply (identical to the first example):

<table>
<thead>
<tr>
<th>Parameters</th>
<th>300 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity available</td>
<td>300 MW</td>
</tr>
<tr>
<td>Preliminary offer processing cost (Western Power's costs)</td>
<td>$400k</td>
</tr>
<tr>
<td>Preliminary offer acceptance cost (1st component) (Western Power's costs)</td>
<td>$600k</td>
</tr>
<tr>
<td>Forecast re-work costs to revise access offers (2nd component)</td>
<td>$200k</td>
</tr>
</tbody>
</table>

The processing fee has been determined for each of the applicants based on their relative use of the shared network solution. The first applicant has applied to use 100 MW which is one third of the capacity to be made available. On that basis its share of the cost to develop the PAOs is one third of the total cost of $400k or $133k. The same allocation process is applied to the other applicants. Because there is an over subscription for the available capacity the total processing fees sought is $667k which exceeds the cost to produce the PAOs. This reflects the scaling required to ensure the fees paid by the total number of applicants that could accept access offers would be sufficient to meet the total forecast costs of developing the PAO. As this example will show the excess amount of the fees will be refunded to applicants to whom Western Power is unable to make an access offer due to oversubscription.

<table>
<thead>
<tr>
<th>Capacity (MW)</th>
<th>Preliminary offer processing fee ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicant 1</td>
<td>100</td>
</tr>
<tr>
<td>Applicant 2</td>
<td>50</td>
</tr>
<tr>
<td>Applicant 3</td>
<td>120</td>
</tr>
<tr>
<td>Applicant 4</td>
<td>80</td>
</tr>
<tr>
<td>Applicant 5</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
</table>

The acceptance fee has two components. The total cost to develop the access offers is $600k which is allocated to each of the applicants on the basis of their relative usage of the solution, once again scaled to ensure the fees paid by the total number of applicants that could accept access offers would be sufficient to meet the total forecast costs of developing the access offer. The second component, being the cost to rework the access offers, is set at $200k and each of the applicants has the same amount allocated to them regardless of their capacity sought.
In this example applicant 2 has not accepted the PAO and has not paid the associated acceptance fee. The cost to rework the PAOs is $67k. This amount is equal to the processing fee paid by applicant 2 and consequently the cost of rework is fully covered.

Once the access offers have been prepared the lowest priority applicant (applicant 5) is not able to be made an access offer because all of the capacity is taken by applicants 1, 3 and 4. Applicant 5 receives a full refund of all fees paid. The processing and acceptance fees for applicants 1, 3 and 4 are credited towards any contribution payable under the contributions policy.

The following table summarises the fees allocated to each applicant at each stage. Note that there is no rework required to the access offers and no rework costs are incurred because no applicants withdraw from the process during the preparation of the access offers or after the access offers have been issued.

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Capacity required (MW)</th>
<th>Preliminary offer processing fee ($k)</th>
<th>1st component</th>
<th>2nd component</th>
<th>Accepts Preliminary Access Offer and pays Acceptance Fee?</th>
<th>Cost to revise Preliminary Access Offers ($k)</th>
<th>Total cost to Applicant ($k)</th>
<th>Accepts Access Offer?</th>
<th>Access Offers capacity (MW)</th>
<th>Fees carried towards any contribution payable under the contributions policy ($k)</th>
<th>Refunds ($k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100</td>
<td>133</td>
<td>200</td>
<td>200</td>
<td>Yes</td>
<td>-</td>
<td>533</td>
<td>Yes</td>
<td>100</td>
<td>533</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>50</td>
<td>67</td>
<td>100</td>
<td>200</td>
<td>No</td>
<td>67</td>
<td>67</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>3</td>
<td>120</td>
<td>160</td>
<td>240</td>
<td>200</td>
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<td>600</td>
<td>Yes</td>
<td>120</td>
<td>600</td>
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<td>4</td>
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<td>160</td>
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<td>-</td>
<td>700</td>
<td>-</td>
<td>700</td>
</tr>
<tr>
<td></td>
<td><strong>500</strong></td>
<td><strong>667</strong></td>
<td><strong>1,000</strong></td>
<td><strong>1,000</strong></td>
<td></td>
<td><strong>-</strong></td>
<td><strong>2,367</strong></td>
<td></td>
<td><strong>300</strong></td>
<td><strong>1,600</strong></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WP costs</th>
<th>400</th>
<th>600</th>
<th>67</th>
<th>($k)</th>
</tr>
</thead>
</table>

In summary:

- Total fees paid to Western Power (processing and acceptance) = 2,367
- Total costs incurred by Western Power = 1,067
- Total fees carried towards any contribution payable under the contributions policy = 1,600
- Total refunds = 700
6.3 **Under-subscription**

This example describes the case where the total capacity sought by members of the CAG is initially equal to the capacity likely to be made available through the work to resolve the capacity constraint behind which the members of the CAG are located. However one applicant withdraws after having paid the acceptance fee. In this case the actual cost of reworking the access offers is $100k. The withdrawing applicant is refunded the unspent amount of the rework component (second component) of its acceptance fee which in this case is $100k.

In this example the following parameters apply (identical to the first example):

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity available</td>
<td>300 MW</td>
</tr>
<tr>
<td>Preliminary offer processing forecast cost</td>
<td>$400k</td>
</tr>
<tr>
<td>Preliminary offer acceptance forecast cost (1st component)</td>
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<tr>
<td>Forecast rework costs to revise access offers (2nd component)</td>
<td>$200k</td>
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</tbody>
</table>

The processing fee has been determined for each of the applicants based on their relative use of the shared network solution. The first applicant has applied to use 100 MW which is one third of the capacity to be made available. On that basis its share of the cost to develop the PAOs is one third of the total cost of $400k or $133k. The same allocation process to the other two applicants results in processing fees of $67k and $200k respectively.

<table>
<thead>
<tr>
<th>Capacity (MW)</th>
<th>Preliminary offer processing fee ($)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>100</td>
</tr>
<tr>
<td></td>
<td>133</td>
</tr>
<tr>
<td>Applicant 2</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>67</td>
</tr>
<tr>
<td>Applicant 3</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>200</td>
</tr>
<tr>
<td></td>
<td>300</td>
</tr>
<tr>
<td></td>
<td>400</td>
</tr>
</tbody>
</table>

The acceptance fee has two components. The total cost to develop the access offers is $600k which is allocated to each of the applicants on the basis of their relative usage of the solution. The second component, being the cost to rework the access offers, is set at $200k and each of the applicants has the same amount allocated to them regardless of their capacity sought.

In this example all applicants pay their acceptance fees to proceed to the access offer stage. However applicant 2 withdraws and a rework cost of $100k is incurred to revise the access offers to the other two applicants. The withdrawing applicant (applicant 2) receives a refund of the rework component (second component) of the acceptance fee less the amount spent on the rework. None of the first component of the acceptance fee is refunded.
The rework component (second component) of the acceptance fees for applicants 1 and 2 are credited towards any contribution payable under the contributions policy.

The following table summarises the fees allocated to each applicant at each stage.

<table>
<thead>
<tr>
<th>Applicant</th>
<th>Capacity required (MW)</th>
<th>Preliminary offer processing fee ($k)</th>
<th>1st component</th>
<th>2nd component</th>
<th>Accepts Preliminary Access Offer and pays Acceptance fee?</th>
<th>Total cost to Applicant ($k)</th>
<th>Accepts Access Offer?</th>
<th>Access Offers capacity (MW)</th>
<th>Cost to rework Access Offers($k)</th>
<th>Fees carried towards any contribution payable under the contributions policy ($k)</th>
<th>Refunds ($k)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100</td>
<td>133</td>
<td>200</td>
<td>200</td>
<td>Yes</td>
<td>533</td>
<td>Yes</td>
<td>100</td>
<td>-</td>
<td>533</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>50</td>
<td>67</td>
<td>100</td>
<td>200</td>
<td>Yes</td>
<td>367</td>
<td>No</td>
<td>50</td>
<td>100</td>
<td>-</td>
<td>100</td>
</tr>
<tr>
<td>3</td>
<td>150</td>
<td>200</td>
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<td>200</td>
<td>Yes</td>
<td>700</td>
<td>Yes</td>
<td>150</td>
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<td>700</td>
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<td></td>
<td>300</td>
<td>400</td>
<td></td>
<td>1,600</td>
<td></td>
<td></td>
<td></td>
<td>1,233</td>
<td>100</td>
</tr>
</tbody>
</table>

**WP costs**

400

600

**In summary:**

- Total fees paid to Western Power (processing and acceptance) $1,600
- Total costs incurred by Western Power (including rework) $1,100
- Total fees carried towards any contribution payable under the contributions policy $1,233
- Total refunds $100