



# Tender Policy

**CitiPower and Powercor contestability of connection  
and augmentation guideline**

**June 2022**

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# 1. CitiPower and Powercor

Each of CitiPower and Powercor operates under a distribution licence issued by the Essential Services Commission of Victoria (ESC). Our network covers about 145,808 square kilometres and we distribute electricity to approximately 1.2 million customers across the central business district and inner suburbs (for CitiPower) and outer western suburbs, and central and western Victoria (for Powercor).

## 2. Policy objectives

Our tender policy provides the customer with choice, maintains transparency and complies with the requirement of the ESC so far as it relates to contestable works.

This policy document is a guide only and customers should engage with us to confirm the eligibility of works to be tendered or delivered as contestable services.

Metering contestability is beyond the scope of this policy.

## 3. Tender policy

### 3.1 Our policy

Under clauses 4.2 and 4.3 of the ESC's *Electricity Industry Guideline No. 14 Provision of Services by Electricity Distributors* (Guideline 14) electricity distributors, such as CitiPower and Powercor, are required to provide customers with tender options when electricity supply, undergrounding (or similar services) and public lighting requests necessitate augmentation of the distribution network. These tender options include the calling of tenders by the customer or calling of tenders by the distributor at the customer's request.

In keeping with its objective of informing customers of their rights regarding access to the distribution system, our connection offers include the price for connection and augmentation works and a number of contestability or tender options.

We are not obliged to call tenders if the customer notifies us in writing that they do not want to exercise their option to call tenders. We are not obliged to call tenders for design services.

Works that are deemed to be eligible for tenders are referred to as *contestable services*. We employ a risk-based approach in determining which types of work can be deemed contestable services. Contestable services are generally limited to certain types of work such as residential greenfield sites, some civil works, and public lighting installation in certain cases.

Some works can only be performed by us due to reasons including safety, customer impact, network complexity, outage and switching implications or complexity of network planning. These works are referred to as *non-contestable services*.

### 3.2 Eligible works

In most instances contestable and non-contestable work consists of the components defined in Table 1. This delineation is provided as general information only and we should be engaged for individual projects to be assessed.

**Table 1: Contestable and non-contestable services**

Non-contestable services	Contestable services
Any planning, design or construction related to existing assets.	Design and construction of electrical and public lighting assets for new residential subdivisions and new privately owned and operated electrical assets.  Note the field audit, design audit and tie-in services are not contestable.
Due diligence activities (including design reviews, approval to construct or commission, and acceptance of handover of completed works).	Project management services for design and construction of electric and public lighting assets for new residential subdivisions and new privately-owned and operated electrical assets.
Design and construction of public lighting installations utilising or interacting with existing utility assets (including provision of all materials, network tie-in and as constructed plans).  In circumstances where our works are within the boundary of another authority with active construction works (e.g. Vic Roads) portions of the works (for example civil excavation and conduit installation) may be deemed contestable as part of the overall project.	Civil construction works associated with new and modified underground assets where the customer is already undertaking civil works in the vicinity and we agree it is practical for the customer to include our civil works within its scope, even if the associated electrical works are deemed non-contestable.

Non-contestable services	Contestable services
However, these works would be subject to audit and inspection to CitiPower and Powercor standards.	
Installation of a new zone substation or switching station (including feeder exits and secondary systems) and installation of new sub-transmission assets (at either 66, 22 or 11 kV).  High & Low Voltage Network Extensions in public land, not related to new urban residential estate developments.	
Installation of new control and SCADA schemes (including primary equipment which has protection integrated into its design, such as low voltage circuit breakers).	
High voltage and low voltage network access planning & updating utility systems (such as GIS).	
Basic connections, supply abolishments and supply alterations.	

### 3.3 Delivery options

On receipt of an electricity supply request, we will prepare an offer that includes both contestable and non-contestable works unless a written request to provide tender options is submitted.

On receipt of a request for tender options, we will advise which of the following options apply to the request and ask the customer which option it wishes to pursue. Contestability options include:

- **Waive right to tender:** the customer waives the right to tender and requests us to proceed with the design and construction work as per the connection offer. We will arrange for all the work, both contestable and non-contestable, to be completed.
- **Contestability Option 1:** the customer requests us to undertake the contestable design and call a tender on the customer's behalf for the contestable construction works. The customer nominates which service providers accredited by us are included in the tender, selects the successful tenderer and enters into a contract with the service provider.
- **Contestability Option 2:** The customer requests us to undertake the contestable design and the customer calls a tender for the contestable construction works utilising service providers approved by us.
- **Contestability Option 2B:** The customer chooses to call tenders and undertake both the contestable design and construction of the project utilising service providers approved by us.

It should be noted that under options 2, 3 and 4 the customer chooses to accept full responsibility and liability for its selected service providers and the contestable services these providers deliver; this includes indemnifying CitiPower and Powercor. The customer is required to enter into a standard form contestable works contract with us and in doing so accepts responsibility for ensuring that all works undertaken are:

- delivered in accordance with Powercor's contestable management processes
- completed to Powercor's required standards (including the use of approved materials) and reasonable satisfaction
- delivered by service providers approved by us to deliver the specific contestable services
- audited in compliance with our requirements

- subject to rectification in accordance with defects liability requirements and warranty cover.

Whether we are chosen to undertake the works or the customer chooses to seek tenders and undertake the works themselves, we are still required to complete a number of tasks which are non-contestable services. These generally include due diligence activities (such as design approvals and field audits) and updating our systems and drawings. Non-contestable elements of the works are charged an ancillary network services fee which is charged upfront and calculated on a per project basis to reflect our estimate of the required hours to undertake the work. Additional fees will be charged through the course of a project if we are required to repeat activities in response to customer re-submissions.

## 4. Our tender process

### 4.1 Tender process

The following section relates only to the options listed as contestable in Table 1. For options 2 and 2B under section 3.3 the customer manages its own tender process.

#### 4.1.1 Tender issue

We will call a selective tender within 20 business days from the latter of the following conditions:

- the design has been completed
- the customer has confirmed which accredited contractors it would like included in the selective tender
- the customer has provided appropriate terms and conditions for us to include in the tender package
- the customer has entered into a contract with us and we have received upfront payment for the effort required to manage the tender process
- the customer has reviewed and approved the tender documents prepared by us

Note that before the tender is issued, the customer is required to review and approve the tender documents prepared by us.

The tender period will be a minimum of 10 business days.

#### 4.1.2 Tender review & recommendation

Tender submissions will be reviewed by us against the following criteria:

- technical merit
- delivery methodology
- commercial merit
- health and safety compliance.

We will review the tender submissions and make a recommendation to the customer within 20 business days of the tender close. The successful contractor is selected by the customer.

Where no bids are received or bids are not competitive, we will refer the process to the customer to consider other alternatives.

#### 4.1.3 Post tender – contract award

We will handover all tender documents to the customer so the customer can proceed with engaging its preferred contractor. The customer will be required to enter into a contestable works contract with us, pay the upfront quoted ancillary network services fee, and deliver the contestable services in accordance with our contestable management processes.

## 4.2 Pre-conditions for contractors wishing to tender

Contestable services can only be undertaken by appropriately accredited service providers.

Contractors wishing to be considered for contestable works will need to submit themselves for accreditation by us. Permits to access the distribution system will not be issued to contractors who are not accredited by us.

The accreditation process requires the contractor to demonstrate it:

- has a proven experience in electrical distribution works (including compliance with relevant industry requirements)
- holds appropriate levels of insurance coverage
- meets our indemnity requirements.

Enquiries regarding accreditation should be directed to us via email at [contestable@powercor.com.au](mailto:contestable@powercor.com.au).

## 5. Completing the works

### 5.1 Contestable works contract

Where a customer chooses tender options 1, 2, or 2B as defined in section 3.3 and assumes responsibility for the completion of the contestable works, the customer is required to enter into a standard form contestable works contract with us.

Our contestable works contract sets out our requirements including:

- compliance with our contestable works management processes
- the standard and quality of work and materials to be used
- warranties to be provided by the customer in relation to post-commissioning defects and faults
- an indemnity in our favour against loss (for example, STPIS associated with a customer supply outage).

### 5.2 Contracting the works

Choosing option 1, 2, or 2B as defined in section 3.3 will result in the customer directly engaging contractors and managing the works. The scope of work will be based on our design (or our approved design in the case of contestable design works), material specification and technical performance standards. The customer shall ensure the project is delivered in accordance with our contestable works management process. Details of this process are available upon request and are subject to change from time to time.

## 6. Special circumstances

Customers without access to the full range of contract and project management services may request us to provide the project management services for a fee.

Alternatively, we can assist customers in sourcing alternative project management consultants.

## 7. Fees and charges

Whether we are chosen to undertake the works or the customer chooses to seek tenders and undertake the works themselves, we are still required to complete a number of tasks which are non-contestable services. These generally include due diligence activities (such as design approvals and audits) and updating our systems and drawings. Non-contestable elements of the works are charged as an upfront quoted service fee calculated on a per project basis to



reflect our estimate of the required hours to undertake the work. Additional fees will be charged through the course of a project if we are required to repeat activities in response to customer resubmissions.

For option 2 section 3.3 we will also charge an upfront project fee calculated on a per project basis to reflect our estimate of the required hours to manage the tender.

A schedule for the quoted services hourly rates used to build these project fees is available on our website. These rates are approved by the Australian Energy Regulator (AER) and are updated on July 1 each year.

## **8. Our dispute handling procedure**

We are committed to providing good customer service to all customers regardless of what contestability and tender options a customer selects. Where a customer is unhappy with the tender or contestable works management process, it is our policy that the issue is first discussed with the project manager overseeing the tender/project.

A customer who is still not satisfied with the handling of their concerns by the project manager is entitled to a further review by our Manager Urban or Rural Program (depending on project details). If this does not resolve concerns senior management will be engaged.

If a dispute is not satisfactorily resolved through senior management intervention the customer has the right to contact the ESC.

## **9. Contact details**

Preliminary enquiries and requests for tender options can be made via email at [contestable@powercor.com.au](mailto:contestable@powercor.com.au).