



DISCOUNT ALLOCATION METHODOLOGY

Electricity Distribution Information Disclosure Determination 2012, clauses 2.4.23 and 2.4.24

For the Period: 1 April 2019 – 31 March 2020

Network Waitaki Limited
10 Chelmer Street
PO Box 147,
Oamaru 9444

Telephone 03 433 0065
Facsimile 03 434 8845
service@networkwaitaki.co.nz
www.networkwaitaki.co.nz

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Introduction

Network Waitaki owns, manages and operates the electricity distribution network in a supply area covering North Otago and parts of South Canterbury, and is 100% owned by the Waitaki Power Trust. Network Waitaki has a policy of allocating discounts to consumers on its network. This document describes the methodology used to make that allocation.

It is important to note the following points with regard to eligibility for a discount:

- Consumers must be connected to the Network Waitaki network at 5:00 pm on the last working day of February 2020.
- For consumers who have been connected for less than a full year the discount will be adjusted in proportion to the length of time they have been connected to the network.
- The discount will be applicable to the length of time a consumer's *active* point of connection was connected to the network on the last working day of February 2020. For example, a consumer that was connected since 1 April 2019, but has moved to a new house with a new connection on 31 January 2020 will be eligible for a discount from 31 January 2020 to 5:00 pm on 28 February 2020 only, since that is the active point of connection.

Discounts generally appear as credits on consumers' March or April monthly accounts from their electricity retailer.

For any questions on the discount please contact Network Waitaki at (03) 433 0065 or email service@networkwaitaki.co.nz.

Legislative compliance

This document has been compiled to comply with clauses 2.4.23 and 2.4.24 of the Commerce Commission's Electricity Distribution Information Disclosure Determination 2012.

Clause 2.4.23 requires that where an Electricity Distribution Business ("EDB") makes a financial distribution on behalf of a consumer trust, the allocation methodology used to make the allocation amongst consumers must be publicly disclosed.

Clause 2.4.24 requires that the disclosure of the allocation methodology provides sufficient detail that consumers can accurately determine their entitlement.

Fixed and Variable Discount

A statement of intent to pay a discount was published on the Network Waitaki website prior to 1 April 2019 in accordance with Inland Revenue expectations.

There are two components to the discount:

- A fixed discount component that was determined before the start of the 1 April 2019 to 31 March 2020 pricing period and

- a variable discount component, which is self-funding out of profits greater than budget, with no maximum.

Both discounts are given as a proportion of the fixed distribution component of each consumer class and do not change with volumes of electricity consumed.

In setting the discount, Network Waitaki takes the following into consideration in accordance with the Statement of Corporate Intent:

- maintain the Company's line charges and associated profit level within the electricity industry requirements;
- promote consumer goodwill;
- encourage greater utilisation of the electricity distribution network; and
- promote consumer perception of Network Waitaki as a corporate body that makes a positive contribution to the community.

Network Waitaki will be allocating **\$1.358 million** (GST inclusive), to consumers on its network. The details of the allocation are shown in Table 1.

Discounts for residential consumers

Most residential consumers¹ connected to Network Waitaki's network fall under the following price plan groups:

- Residential Low User Uncontrolled
- Residential Low User Controlled
- 0 – 15kVA (Uncontrolled)
- 0 – 15kVA (Controlled)

The *Government's Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004* (LFC regulations) mandate that the discounts which apply to Residential Low User consumers must not be inconsistent with the discounts that apply to residential consumers who are on alternative distributor price options. Network Waitaki is fully compliant with the LFC regulations.

Discount allocation

Table 1 contains the discount allocation for each consumer group. Large consumers on individual assessed non-standard contracts ("IND") have been informed individually of their respective discounts.

Consumers should be able to find what consumer group they are in from the monthly account they receive from their electricity retailer. Consumers can also contact Network Waitaki if they are unsure of their Fixed Price Code.

¹ Residential relates to Domestic premises as defined in the Electricity Industry Act 2010 as "Premises that are used or intended for occupation by a person principally as a place of residence; but does not include premises that constitute any part of premises described in section 5(c) to (k) of the Residential Tenancies Act 1986 (which refers to places such as jails, hospitals, hostels, hotels and other places providing temporary accommodation)."

Note: Discounts depicted in Table 1 include GST.

DISCOUNT FOR THE PERIOD 1 April 2019 to 31 March 2020						
FIXED PRICE CODE	DESCRIPTION	No. of consumers	Fixed	Variable	Total per consumer	Total per consumer class
		as at 11 Feb 2020	\$/annum (incl. GST)	\$/annum (incl. GST)	\$/annum (incl. GST)	\$/annum (incl. GST)
RLU	Residential Low User - Uncontrolled	777	56.15	10.15	66.30	51,515.10
RLC	Residential Low User - Controlled	4411	76.21	13.78	89.99	396,945.89
15U	0 - 15kVA - Uncontrolled	1663	56.15	10.15	66.30	110,256.90
15C	0 - 15kVA - Controlled	4126	76.21	13.78	89.99	371,298.74
30U	16 - 30kVA - Uncontrolled	463	88.24	15.95	104.19	48,239.97
30C	16 - 30kVA - Controlled	207	104.27	18.86	123.13	25,487.91
50U	31 - 50kVA - Uncontrolled	621	116.31	21.03	137.34	85,288.14
50C	31 - 50kVA - Controlled	154	144.39	26.11	170.50	26,257.00
100	51 - 100kVA	353	200.55	36.26	236.81	83,593.93
200	101 - 200kVA	127	393.05	71.07	464.12	58,943.24
300	201 - 300kVA	53	521.40	94.28	615.68	32,631.04
500	301 - 500kVA	22	697.88	126.19	824.07	18,129.54
750	501 - 750kVA	10	1,030.77	186.38	1,217.15	12,171.50
IND	Individually Assessed	32	31,445.11	5,685.86	37,130.97	37,130.97
TOTAL DISCOUNT ALLOCATION						1,357,890

Table 1: Network Waitaki fixed and variable discounts for the period 1 April 2019 to 31 March 2020