



Discount Allocation Methodology

Electricity Distribution Disclosure Determination 2012, clauses 2.4.23 and 2.4.24

For the Period: 1 April 2014 – 31 March 2015

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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 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 is publicly disclosed.

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

Introduction

Network Waitaki Limited ("Network Waitaki") is 100 per cent owned by the Waitaki Power Trust, a consumer trust for the collective benefit of Waitaki electricity consumers. Network Waitaki has a policy of allocating discounts to consumers on its network. This document describes the methodology used to make that allocation.

In order to qualify for a discount, consumers must be connected to the network at 5 pm on the last working day of February. Where a consumer has 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.

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

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

Non-Discretionary and Discretionary Discount

There are two components to the discount. A Non-Discretionary Discount that was determined before the start of the 1 April 2014 to 31 March 2015 pricing period and publicised as part of the network tariffs in March 2014, and a Discretionary Discount determined when the Discount is issued at the end of the pricing period. The Discretionary Discount is dependent on the market conditions faced by Network Waitaki during the pricing period.

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 order to achieve full compliance with the government's Low User Fixed Charge regulations¹, total discount payments to consumers in the DLU30U, DLU30C, DLU50U and DLU50C consumer classes are out of proportion to their fixed distribution charges, and in line with the fixed distribution charges paid by 30U, 30C, 50U and 50C standard consumer classes.

When setting the levels of discount, Network Waitaki takes the following into consideration and in general discounts should:

- be at a level that maintains Network Waitaki's line charges and associated profit levels within electricity industry requirements to maintain a safe and reliable network;
- promote consumer goodwill;
- encourage greater utilisation of the electricity distribution network; and
- promote consumer perception of Network Waitaki as a corporate body which makes a positive contribution to consumers and the community in general.

With these in mind, Network Waitaki will be allocating approximately **\$2.02 million**, GST inclusive, to consumers on its network. The details of the allocation are shown in Table 1.

¹ The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004

Discounts for typical domestic consumers

Most domestic consumers connected to Network Waitaki's network are in one of the Domestic Low User ("DLU") consumer classes or either of the 0 – 15 kVA or 0 – 15 kVA Controlled consumer classes. DLU² consumer class customers pay a significantly lower government regulated fixed charge of \$62.96 including GST per annum, than customers in the 0 – 15 kVA or 0 – 15 kVA Controlled consumer classes, who pay fixed charges of \$188.36p.a. and \$120.46p.a. including GST respectively. The variable charge for units of electricity consumed is the same for all consumer classes.

Government regulations mandate that the discounts which apply to DLU consumers must not be inconsistent with the discounts that apply to domestic consumers who are on alternative distributor tariff options. Network Waitaki is fully compliant with these regulations.

Discount Allocation

Table 1 shows discount allocation for each consumer class. Large consumers on Independent Contracts ("IND") have been informed individually of their discount.

Consumers should be able to find what consumer class 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 consumer class. Most households will be in one of the DLU consumer classes or either of the 0 – 15 kVA or 0 – 15 kVA Controlled consumer classes.

² DLU consumer classes include DLU15U, DLU15C, DLU30U, DLU30C, DLU50U and DLU50C.

Table 1 – Network Waitaki Non-Discretionary and Discretionary Discounts for the period 1 April 2014 to 31 March 2015:

Code	Customer count for each Consumer Class	Consumer Class	Non-Discretionary Discount 2014-15 (Per Annum incl GST)	Discretionary Discount 2014-15 (Per Annum incl GST)	Total Discount 2014-15 per customer (Per Annum incl GST)	Total Discount 2014-15 for each Consumer Class (Per Annum incl GST)
DLU15U	485	Domestic Low User 15U	\$ 34.21	\$ 88.05	\$ 122.26	\$ 59,297.31
DLU15C	3604	Domestic Low User 15C	\$ 34.21	\$ 93.15	\$ 127.36	\$ 459,014.45
DLU30U	14	Domestic Low User 30U	\$ 34.21	\$ 130.53	\$ 164.74	\$ 2,306.33
DLU30C	41	Domestic Low User 30C	\$ 34.21	\$ 134.86	\$ 169.07	\$ 6,931.99
DLU50U	1	Domestic Low User 50U	\$ 34.21	\$ 199.42	\$ 233.63	\$ 233.63
DLU50C	2	Domestic Low User 50C	\$ 34.21	\$ 200.46	\$ 234.67	\$ 469.34
15U	1504	0 - 15kVA	\$ 105.04	\$ 17.22	\$ 122.26	\$ 183,873.78
15C	4942	0 - 15kVA Controlled	\$ 91.71	\$ 35.65	\$ 127.36	\$ 629,425.48
30U	443	16 - 30kVA	\$ 114.92	\$ 49.82	\$ 164.74	\$ 72,978.83
30C	199	16 - 30kVA Controlled	\$ 105.04	\$ 64.03	\$ 169.07	\$ 33,645.13
50U	612	31 - 50kVA	\$ 150.59	\$ 83.04	\$ 233.63	\$ 142,978.87
50C	153	31 - 50kVA Controlled	\$ 147.65	\$ 87.02	\$ 234.67	\$ 35,904.28
100	315	51 - 100kVA	\$ 190.22	\$ 120.68	\$ 310.90	\$ 97,933.90
200	101	101 - 200kVA	\$ 368.55	\$ 280.25	\$ 648.80	\$ 65,528.77
300	48	201 - 300kVA	\$ 491.39	\$ 369.23	\$ 860.62	\$ 41,309.88
500	20	301 - 500kVA	\$ 657.84	\$ 542.75	\$ 1,200.59	\$ 24,011.78
750	3	501 - 750kVA	\$ 929.14	\$ 834.17	\$ 1,763.31	\$ 5,289.94
IND	29	All Independent Contract Consumers	\$ 78,563.40	\$ 78,563.40	\$ 157,126.80	\$ 157,126.80
Total Discount Allocation						\$ 2,018,260.48