



Discount Allocation Methodology

Electricity Distribution Disclosure Determination 2012, clauses 2.4.23 and 2.4.24

For the Period: 1 April 2015 – 31 March 2016

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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 5:00 pm on the last working day of February. Where consumers 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.

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 (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 2015 to 31 March 2016 pricing period and publicised as part of the network prices in March 2015, 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.

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 **\$2.07 million**, GST inclusive, to consumers on its network. The details of the allocation are shown in Table 1.

Discounts for typical domestic consumers

Most domestic¹ (residential) consumers connected to Network Waitaki's network are in one of the following consumer classes:

- Domestic Low User (DLU) 15U
- Domestic Low User (DLU) 15C
- 0 – 15kVA (Uncontrolled)
- 0 – 15kVA (Controlled)

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 price options. Network Waitaki is fully compliant with these regulations.

Discount Allocation

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

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.

¹ Domestic premises are 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)."

Table 1: Network Waitaki Non-Discretionary and Discretionary Discounts for the period 1 April 2015 to 31 March 2016

FIXED PRICE CODE	DESCRIPTION	No. of Consumers as at 1/12/2015	DISCOUNT FOR THE PERIOD 1 April 2015 to 31 March 2016			
			Non-discretionary \$/annum (incl. GST)	Discretionary \$/annum (incl. GST)	Total per customer \$/annum (incl. GST)	Total per consumer class \$/annum (incl. GST)
DLU15U	Domestic Low User 15U	530	66.42	58.70	125.12	66,313.60
DLU15C	Domestic Low User 15C	3638	69.47	57.86	127.33	463,226.54
15U	0 - 15kVA	1489	66.42	58.70	125.12	186,303.68
15C	0 - 15kVA Controlled	4943	69.47	57.86	127.33	629,392.19
30U	16 - 30kVA	457	98.29	57.29	155.58	71,100.06
30C	16 - 30kVA Controlled	218	100.87	73.63	174.50	38,041.00
50U	31 - 50kVA	618	139.39	95.50	234.89	145,162.02
50C	31 - 50kVA Controlled	155	140.01	100.07	240.08	37,212.40
100	51 - 100kVA	322	185.50	187.05	372.55	119,961.10
200	101 - 200kVA	105	387.09	378.34	765.43	80,370.15
300	201 - 300kVA	49	513.46	443.08	956.54	46,870.46
500	301 - 500kVA	21	716.30	1,818.21	2,534.51	53,224.71
750	501 - 750kVA	7	1,052.03	1,668.34	2,720.37	19,042.59
IND	Individually Assessed	29	81,330.57	28,879.94		110,210.51
TOTAL DISCOUNT ALLOCATION						\$2,066,431