



DISCOUNT ALLOCATION METHODOLOGY

Electricity Distribution Information Disclosure Determination 2012, clauses 2.4.23 and 2.4.24

For the Period: 1 April 2017 – 31 March 2018

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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 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 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 Network 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.

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 2017 to 31 March 2018 pricing period and publicised as part of the network prices in March 2017. In addition, a Discretionary Discount determined in line with the company's annual budget as approved by Network Waitaki's Directors.

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 efficient utilisation of the electricity distribution network; and
- promote consumer perception of Network Waitaki as a corporate body that makes a positive contribution to consumers and the community in general.

With these in mind, Network Waitaki will be allocating approximately **\$1.84 million**, GST inclusive, to consumers on its network. The details of the allocation are shown in Table 1.

Discounts for typical residential consumers

Most residential¹ consumers connected to Network Waitaki's network are in one of the following price groups:

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

Government 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 these regulations.

Discount Allocation

Table 1 contains the discount allocation for each consumer class. Large consumers on independent non-standard 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 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)."

Table 1: Network Waitaki Non-Discretionary and Discretionary Discounts for the period 1 April 2017 to 31 March 2018

FIXED PRICE CODE	DESCRIPTION	No. of Consumers as at 27 Feb 2018	DISCOUNT FOR THE PERIOD 1 April 2017 to 31 March 2018			
			Non-discretionary \$/annum (incl. GST)	Discretionary \$/annum (incl. GST)	Total per consumer \$/annum (incl. GST)	Total per consumer class \$/annum (incl. GST)
RLU	Residential Low User - Uncontrolled	565	58.77	43.66	102.43	57,872.95
RLC	Residential Low User - Controlled	3749	79.75	43.16	122.91	460,789.59
15U	0 - 15kVA - Uncontrolled	1658	58.77	43.66	102.43	169,828.94
15C	0 - 15kVA - Controlled	4805	79.75	43.16	122.91	590,582.55
30U	16 - 30kVA - Uncontrolled	466	92.35	40.55	132.90	61,931.40
30C	16 - 30kVA - Controlled	211	109.14	48.80	157.94	33,325.34
50U	31 - 50kVA - Uncontrolled	625	121.73	55.96	177.69	111,056.25
50C	31 - 50kVA - Controlled	153	151.11	65.13	216.24	33,084.72
100	51 - 100kVA	340	209.88	95.86	305.74	103,951.60
200	101 - 200kVA	121	411.36	174.10	585.46	70,840.66
300	201 - 300kVA	51	545.68	255.64	801.32	40,867.32
500	301 - 500kVA	23	730.37	875.32	1,605.69	36,930.87
750	501 - 750kVA	9	1,078.76	758.62	1,837.38	16,536.42
IND	Individually Assessed	32	27,869.17	24,691.48		52,560.65
TOTAL DISCOUNT ALLOCATION						\$1,840,159