

# NetworkTasman

Network Tasman Limited

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## **NETWORK TASMAN LIMITED THRESHOLD COMPLIANCE STATEMENT**

**For Assessment Date 31 March 2007**

**Pursuant to the  
Commerce Act (Electricity Distribution Thresholds) Notice 2004  
and the  
Amendment Notice 2006**

**Dated 21<sup>st</sup> May 2007**

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## 1. Directors Certification of Threshold Compliance Statement

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**IN ACCORDANCE WITH  
THE COMMERCE ACT  
(ELECTRICITY DISTRIBUTION THRESHOLDS)  
NOTICE 2004**

**Section 57 H(a)**

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### **CERTIFICATION OF THRESHOLD COMPLIANCE STATEMENTS**

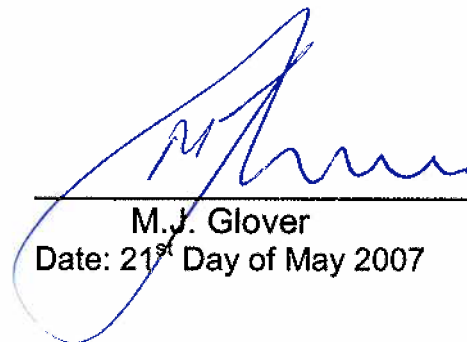
We, Christopher Ian Turner and Michael John Glover, being Directors of Network Tasman Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached threshold compliance statement of Network Tasman Limited and related information, prepared for the purposes of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, complies with all requirements of that notice.

### **SIGNATURES OF DIRECTORS**



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C.I.M. Turner  
Date: 21<sup>st</sup> Day of May 2007



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M.J. Glover  
Date: 21<sup>st</sup> Day of May 2007

## 2. Price Path Threshold Compliance Statement

Network Tasman Limited certifies that:

a). **Information**

The audited information attached, including the:

- price path inputs and calculations (Appendix 1)
- network revenue and pricing information (Appendices 2, 3 & 5)
- network base quantity information (Appendix 4)
- transmission cost information (Appendix 6)
- Local Authority rates and Electricity Commission levy information (Appendix 7)

has been prepared for the purposes of, and complies with, the requirements of Section 5 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, the Amendment Notice 2006 and Sections 57G and 57T of the Commerce Act 1986.

b). **Compliance**

Network Tasman Limited complies with the price path threshold requirements specified in Sections 5(1)(a) and 5 (1)(b) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and the Amendment Notice 2006 at the assessment date of 31 March 2007 as demonstrated by the tests below:

**Test 1: Clause 5(1) (a)**

The Notional Revenue (NR) of a distribution business at each assessment date (calculated in accordance with the numerator of the left-hand side of the following expression) is not to exceed the allowable notional revenue (R) of the distribution business under the CPI-X price path at that assessment date (calculated in accordance with the denominator of the left-hand side of the following expression):

<b>Test:</b>	$\frac{NR_{2007}}{R_{2007}}$	$\leq 1$
<b>Result:</b>	\$18,263,885 / \$18,889,945	< 1
	0.9669	< 1
<b>Result:</b>	Threshold is not breached	

The test above demonstrates Network Tasman Limited has not breached the price threshold; actual notional revenue was \$626,061 less than the allowable notional revenue for the assessment period ending 31 March 2007.

**Test 2: Clause 5(1) (b)**

The notional revenue of a distribution business at any time during an assessment period is not to exceed the greater of the Allowable Notional Revenue of the distribution business at the assessment date on which that assessment period ends and the Allowable Notional Revenue of the distribution business at the previous assessment date under this clause (or, if the previous assessment date is the reference date, under clause 5 of the initial Notice).

<b>Test:</b>	$\frac{NR_{Max}}{Max(R_{2006}, R_{2007})}$	$\leq 1$
<b>Result:</b>	\$18,263,885 / \$18,889,945	< 1
	0.9669	< 1
<b>Result:</b>	Threshold is not breached	

Supporting evidence for Tests 1 & 2 above is provided in Appendices 1-7

c). **Notional Revenue**

The price path calculations, in accordance with the Gazette Notice and Amendment Notice, include all revenue derived from the supply of the following specified, non-contestable line function services:

- Electricity conveyance services provided under Use of Systems Agreements with electricity retailers
- Electricity conveyance services provided under Direct Connection Agreements with major electricity consumers and electricity generators
- Access to capacity charges levied directly on new electrical loads at the time of their connection to Network Tasman Limited's distribution network.

d). **Pass Through Costs**

For the purpose of the price path calculations, pass through costs include:

i) Transmission

- Connection charges
- Interconnection charges
- EVA Adjustments (if any)
- New Investment charges
- Common quality service charges (if any)
- Loss and constraint rental credits
- Avoided transmission charges

ii) Transpower Interim Rebate

- Transpower provided rebate credits totalling \$1.313m against transmission costs billed to NTL during the year to 31 March 2007.
- These transmission rebates have been excluded from the compliance statement because NTL has transparently passed them through in full to retailers and consumers.
- NTL credited the relevant share of the rebates through to major direct billed consumers on a monthly basis throughout the year to 31 March 2007 and the rebates relating to Use of System consumers were accumulated and passed the back to retailers, along with interest, at year end.

iii) Rates & Electricity Commission Levies

- Local authority rates levied on systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Commission regulatory costs allocated to lines companies under the current industry levy formula determined by government.

e). **Excluded Revenue**

The following items of line business revenue, derived from non specified and non conveyancing line business activities, are excluded from the price threshold assessment:

- Interest income
- Profit on sale of assets
- Value of assets vested with Network Tasman Limited by consumers
- Other miscellaneous income unrelated to the sale of electricity conveyancing services

f). **Contestable Electrical Contracting Environment**

Network Tasman Limited does not own or operate any electrical contracting facilities nor does it provide any electrical contracting services to electricity consumers on a non-contestable basis. Any charges directly borne by electricity consumers for network extensions, reinforcements, repairs, maintenance and connection and disconnection services within Network Tasman Limited's geographical area are determined in a contestable environment and all work is carried out by independent third parties.

### 3. QUALITY THRESHOLD COMPLIANCE STATEMENT

Network Tasman Limited certifies that:

a) **Information**

The audited information attached including the:

- Interruption duration index (SAIDI) assessment (Appendix 8)
- Interruption frequency index (SAIFI) assessment (Appendix 8)

was prepared for the purposes of, and complies with, the requirements of Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004, the Amendment Notice 2006 and Sections 57G and 57T of the Commerce Act 1986.

b) **Compliance**

The quality threshold assessments for SAIDI and SAIFI below demonstrate that, for the year ended 31 March 2007, Network Tasman Limited complied with the quantitative quality threshold requirements of Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004.

**Clause 6 (1) (a) Interruption Duration (SAIDI Classes B&C)**

<b>Test:</b>	$SAIDI_{2007} \leq \left( \frac{SAIDI_{1999} + SAIDI_{2000} + SAIDI_{2001} + SAIDI_{2002} + SAIDI_{2003}}{5} \right)$		
<b>Result:</b>	110.00	<	147.45
<b>Result:</b>	SAIDI does not breach the threshold		

**Clause 6 (1) (b) Interruption Frequency (SAIFI Classes B&C)**

<b>Test:</b>	$SAIFI_{2007} \leq \left( \frac{SAIFI_{1999} + SAIFI_{2000} + SAIFI_{2001} + SAIFI_{2002} + SAIFI_{2003}}{5} \right)$		
<b>Result:</b>	1.52	<	2.12
<b>Result:</b>	SAIFI does not breach the threshold		

Information demonstrating NTL's compliance with the Section 6 (1) (a) & (b) requirements is provided in Appendix 8.

c) **Customer Communication and Consultation**

Section 6.1(c) of the Commerce Act (Electricity Line Thresholds) Notice 2004 requirements for customer communication & consultation by electricity distribution businesses are set out in the table below.

The biannual customer communication requirements set out in Section 6 of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 were satisfied by work undertaken by Network Tasman during the year ended 31 March 2006. Network Tasman will further engage with its consumers concerning matters of quality during the year ending 31 March 2008.

**Test:** At least once during the period of 2 years ending 31 March 2006, and at least once during the period of 2 years ending 31 March 2008, a distribution business is to —

- (i) properly advise (or ensure that another person properly advises on its behalf) its customers (or another person that accurately reflects the interests of those customers) about the price-quality trade offs available to them in relation to the goods and services provided by the distribution business; and
- (ii) consult (or ensure that another person consults on its behalf) with its customers (or another person that accurately reflects the interests of those customers) about the quality of goods and services that they require, with reference to the prices of those goods and services; and
- (iii) properly consider the views expressed by customers during and after that consultation; and
- (iv) adequately take these views into account when making its asset management decisions.

**Result:** Network Tasman has met the requirements for customer communication

d) **Network Tasman SAIDI & SAIFI Policies and Procedures**

Network Tasman is required under Section 7(1) (a) (iii) of the Notice to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the assessment period to 31 March 2007. This information is provided in Appendix 9.

## 4. DISCLAIMER

*The information disclosed in this Threshold Compliance Statement has been prepared solely for the purposes of complying with the requirements of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 and Amendment Notice 2006.*

*The information disclosed relates only to the lines business activities described in the Notice. There are other activities of the Company that are not required to be reported on under the Notice.*

*The information has not been prepared for any other purpose than that intended under the Notice and Network Tasman Limited expressly disclaims any liability to any party who may rely on this information for any other purpose.*

Dated the 21st Day of May 2007



## 5. INDEPENDENT AUDIT REPORT



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### **AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT**

To the readers of the threshold compliance statement of Network Tasman Limited  
for the assessment period ended on 31 March 2007

We have examined the attached statement, which is a threshold compliance statement in respect of the price path threshold and the quality threshold prepared by Network Tasman Limited for assessment as at 31 March 2007 and dated 22 May 2007 for the purposes of information requirements set out in clause 7 of the Commerce Act (Electricity Lines Thresholds) Notice 2004 ("the Notice"). In this report the attached statement is called "the threshold compliance statement".

#### **Directors' Responsibilities**

Directors of Network Tasman Limited are responsible for the certification, confirming the compliance or otherwise, of the threshold compliance statement in accordance with the Notice.

#### **Auditors' Responsibilities**

It is our responsibility to express an independent opinion (in the form prescribed in the Notice) on the threshold compliance statement and report our opinion to you.

We conducted our audit in accordance with the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand.

#### **Basis of Opinion - Price Path Threshold and Quality Threshold: SAIDI and SAIFI Statistics for the Assessment Period ended 31 March 2007**

Our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 6 and Appendices 1 to 9 of the threshold compliance statement and which relate to:

- the price path threshold set out in clause 5 of the Notice; and
- the SAIDI and SAIFI statistics for the assessment period ended on 31 March 2007 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice.

It also included an assessment of the significant estimates and judgements, if any, made by Network Tasman Limited in the preparation of the threshold compliance statement and an assessment of whether the basis of preparation has been adequately disclosed.

We planned and performed our audit of the threshold compliance statement so as to obtain all the information and explanation which we considered necessary, including for the purpose of obtaining sufficient evidence to give reasonable assurance that the threshold compliance statement is free from material misstatements (whether caused by fraud or error), except that our work was limited in respect of the quality threshold: SAIDI and SAIFI statistics as explained below. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the threshold compliance statement.

**AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT**  
Network Tasman Limited

**Basis of Opinion - Quality Threshold: SAIDI and SAIFI Statistics for the Years Ended 31 March 1999, 2000, 2001, 2002 and 2003.**

In relation to the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice. We have undertaken procedures to provide reasonable assurance that:

- the amounts and disclosures in the threshold compliance statement relating to those statistics have been correctly taken from the information disclosed by Network Tasman Limited in accordance with the Electricity (Information Disclosure) Regulations 1999; and
- those statistics have been calculated based on the source data provided to us. We have not performed audit procedures on the source data.

**Relationship and Interests**

We have no relationship with or interests in Network Tasman Limited other than in our capacities as auditors of the threshold compliance statements and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Network Tasman Limited that, in our professional judgment, may reasonably be thought to impair our independence.

**Opinions**

**Unqualified Opinion**

We have obtained all the information and explanations we have required.

**Price Path Threshold**

In our opinion, having made all reasonable enquiry, to the best of our knowledge the amounts or details set out in the threshold compliance statement relating to the price path threshold set out in clause 5 of the Notice and related information have been prepared in accordance with the Notice, and give a true and fair view of the performance of Network Tasman Limited against that threshold for the assessment period ended on 31 March 2007.

**Quality Threshold: SAIDI and SAIFI statistics**

In our opinion, having made all reasonable enquiry, to the best of our knowledge:

- a) the SAIDI and SAIFI statistics for the assessment period ended on 31 March 2007 which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice and related information have been calculated or prepared in accordance with Network Tasman Limited's policies and procedures for recording SAIDI and SAIFI statistics as disclosed in the threshold compliance statement, and fairly represent the performance of Network Tasman Limited for the assessment period ended on 31 March 2007;
- b) the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, which are relevant to those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice, have been correctly taken from the information disclosed by Network Tasman Limited in accordance with the Electricity (Information Disclosure) Regulations 1999. Those statistics have been properly calculated based on the unaudited source data provided to us by Network Tasman Limited.



**AUDITORS' REPORT ON THRESHOLD COMPLIANCE STATEMENT**  
Network Tasman Limited

**Qualified Opinion**

Our opinion is qualified as follows:

**Quality Threshold: SAIDI and SAIFI statistics**

The scope of our audit was subject to the following limitations:

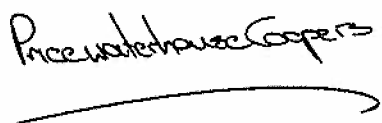
- There is no independent evidence available for the period to support the completeness and accuracy of recorded faults; and
- Control over the completeness and accuracy of ICP data included in the SAIDI and SAIFI calculations is limited throughout the period.

Because of these limitations, there are no practical audit procedures that we could adopt to confirm independently that all outage and ICP data was properly recorded for the purposes of inclusion in the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics.

In these respects alone we have not obtained all the information and explanations that we have required.

Because of the potential effect of the limitations in the evidence available to us, we are unable to form an opinion as to whether the amounts or details set out in the quality threshold: SAIDI and SAIFI statistics for the assessment period ended on 31 March 2007, together with the SAIDI and SAIFI statistics for the years ended 31 March 1999, 2000, 2001, 2002 and 2003, give a true and fair view of the performance of Network Tasman Limited against those parts of the quality threshold that are set out in clauses 6(1)(a) and 6(1)(b) of the Notice for the assessment period ended on 31 March 2007.

Our audit was completed on 22 May 2007 and our qualified and unqualified opinions are expressed as at that date.



PricewaterhouseCoopers  
Auckland  
22 May 2007

## 6. APPENDICES

### APPENDIX 1.

#### PRICE PATH INPUTS AND CALCULATIONS

##### Clause 5 (1) (a)

##### NR<sub>2007</sub>

Notional Revenue for the year ending 31 March 2007		
Term	Description	(\$)
$\sum P_{i,2007} Q_i$	Prices at 31 March 2007 multiplied by 31 March 2003 Base Quantities	27,749,254
$K_{2007}$	Transmission Charges for year ending 31 March 2007	9,391,470
	Rates for year ending 31 March 2007	16,762
	Electricity Commission Levies for year ending 31 March 2007	77,137
$NR_{2007} = \sum P_{i,2007} Q_i - K_{2007}$	Notional Revenue for the year ending 31 March 2007	18,263,885

##### NR<sub>2006</sub>

Notional Revenue for the year ending 31 March 2006		
Term	Description	(\$)
$\sum P_{i,2006} Q_i$	Prices at 31 March 2006 multiplied by 31 March 2003 Base Quantities	25,773,305
$K_{2006}$	Transmission Charges for year ending 31 March 2006	7,188,067
	Rates for year ending 31 March 2006	13,280
	Electricity Commission Levies for year ending 31 March 2006	55,962
$NR_{2006} = \sum P_{i,2006} Q_i - K_{2006}$	Notional Revenue for the year ending 31 March 2006	18,515,997

##### R<sub>2004</sub>

Maximum Notional Revenue at the reference date which would not have caused the distribution business to breach the price path under the Initial Notice		
Term	Description	(\$)
$\sum P_{i,0} \times Q_{i,0}$	Prices at 6 September 2003 multiplied by 31 March 2003 Base Quantities	25,067,980
$C_{T2003}$	Budget Transmission Charges for year ending 31 March 2004	7,192,569
$C_{R2003}$	Budget Rates for year ending 31 March 2004	5,500
$R_{2004}$	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	17,869,911

Note: All notation in the table above except R<sub>2004</sub> comes from the Initial Notice.

## Appendix 1 Continued

### Test for 5 (1) (a) - $(NR_{2007} / R_{2007} \leq 1)$

Allowable Notional Revenue under CPI -X price path		
Term	Description	(\$)
$X$	X Factor	1%
$R_{2004}$	Maximum Revenue at 31 March 2004 that would not have caused a breach under the Initial Notice	17,869,911
$(1 + \Delta CPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1-X)$	1-X Factor	0.99
$R_{2005}$	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	18,096,384
$(1 + \Delta CPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1-X)$	1-X Factor	0.99
$R_{2006}$	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	18,459,516
$(1 + \Delta CPI_{2007})$	Average change in Consumer Price Index over 2006	1.0337
$(1-X)$	1-X Factor	0.99
$R_{2007}$	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2007	18,889,945
$NR_{2007} / R_{2007}$	Expression must be less than or equal to 1 to avoid breaching 5(1)(a)	0.9669
$R_{2007} - NR_{2007}$	Value of Compliance or (Breach)	626,061

For presentation purposes, the CPI Index has been presented to four decimal places, however, for the calculation of  $R_{2007}$ , the full index (with no rounding) has been applied.

## Appendix 1 Continued

### Clause 5 (1) (b)

$NR_{Max}$

Maximum Notional Revenue for the period 1 April 2006 to 31 March 2007. P x Q using 31 March 2007 Prices and 31 March 2003 Base Quantities if there has been no change in prices over this period, otherwise the prices which generate the maximum notional revenue over the period when using 31 March 2003 quantities		
Term	Description	(\$)
$\sum P_{Max} Q_i$	Maximum Price Between 1 April 2006 and 31 March 2007 multiplied by 31 March 2003 Base Quantities	27,749,254
$K_{2007}$	Transmission Charges for year ending 31 March 2007	9,391,470
	Rates Charges for year ending 31 March 2007	16,762
	Electricity Commission Levies for year ending 31 March 2007	77,137
$NR_{Max}$	Maximum Notional Revenue for 1 April 2006 to 31 March 2007	18,263,885

Test for 5 (1) (b) -  $(NR_{Max} / \text{Max}(NR_{2006}, NR_{2007})) \leq 1$

Notional Revenue during the period is not to exceed the maximum of the Allowable Notional Revenue at the end of the assessment period and the Allowable Notional Revenue at the end of the previous assessment period		
Term	Description	(\$)
$NR_{Max}$	Maximum Notional Revenue for 1 April 2006 to 31 March 2007	18,263,885
$R_{2006}$	Allowable Notional Revenue at 31 March 2006	18,459,516
$R_{2007}$	Allowable Notional Revenue at 31 March 2007	18,889,945
$\text{Max}(R_{2006}, R_{2007})$	Maximum of the Allowable Notional Revenue at 31 March 2006 and the Allowable Notional Revenue at 31 March 2007	18,889,945
$NR_{Max} / \text{Max}(R_{2006}, R_{2007})$	If expression is greater than 1, Clause 5 (1) (b) is breached	0.9669
$\text{Max}(R_{2006}, R_{2007}) - NR_{Max}$	Value of Compliance or (Breach)	626,061

## APPENDIX 2.

### NOTIONAL REVENUE ( $P_{2007} \times Q_{2003}$ ) AT ASSESSMENT DATE 31 MARCH 2007

Group/Category		NTL Code	$P_{2007}Q_{2003}$ 01/04/2006 to 31/03/2007
VARIABLE CHARGES	1&2	ANY	13,320,622
		DAY	971,913
		WSR	2,259,234
		NIT	345,102
		OPK	30,215
	2LLFC	2LANY	978
		2LDAY	0
		2LWSR	199
		2LNIT	0
		2LOPK	0
	2HLFC	2HANY	0
		2HDAY	0
		2HWSR	0
		2HNIT	0
		2HOPK	0
	3.1	Summer Day	14,434
		Summer Night	4,986
		Winter Day	23,077
		Winter Night	3,995
	3.3 & 3.4	Summer Day	400,787
		Summer Night	131,869
		Winter Day	904,329
		Winter Night	94,606
	3.5	Summer Day	23,648
		Summer Night	11,155
		Winter Day	50,033
		Winter Night	7,046
FIXED CHARGES	0	0UNM	10,957
		CHD	0
		0STL	161,035
		0TBX	49,144
	1	1	1,656,516
	2	2	1,246,165
		2LLFC	164
		2HLFC	0
	3.1	Anytime	36,368
	3.3 & 3.5	Anytime	106,083
	3.4	Anytime	669,111
	3 All Cats	Winter	1,439,068
	All	Power Factor	0
	G6		1,716,605
	NEL		1,941,112
	New Connections	CC	118,701
Total Revenue by period - $\Sigma(PQ_{10})$			27,749,254



# APPENDIX 3

## SCHEDULE of NTL PRICES as at 31 MARCH 2007

Group/Category	NTL Code	Price P <sub>2007</sub> 31/03/2007	Unit
VARIABLE CHARGES	1&2	ANY	6.70 c/kWh
		DAY	7.39 c/kWh
		WSR	3.10 c/kWh
		NIT	2.25 c/kWh
		OPK	5.24 c/kWh
	2LLFC	2LANY	9.70 c/kWh
		2LDAY	10.39 c/kWh
		2LWSR	6.10 c/kWh
		2LNIT	5.25 c/kWh
		2LOPK	8.24 c/kWh
	2HLFC	2HANY	12.70 c/kWh
		2HDAY	13.39 c/kWh
		2HWSR	9.10 c/kWh
		2HNIT	8.25 c/kWh
		2HOPK	11.24 c/kWh
	3.1	Summer Day	0.38 c/kWh
		Summer Night	0.34 c/kWh
		Winter Day	0.80 c/kWh
		Winter Night	0.34 c/kWh
	3.3 & 3.4	Summer Day	1.19 c/kWh
		Summer Night	1.04 c/kWh
		Winter Day	3.74 c/kWh
		Winter Night	1.04 c/kWh
	3.5	Summer Day	0.83 c/kWh
		Summer Night	0.83 c/kWh
		Winter Day	2.79 c/kWh
		Winter Night	0.83 c/kWh
FIXED CHARGES	0	0UNM	38.0 c/day
		CHD	0.0
		0STL	0.08600 c/day
		0TBX	99.0 c/day
	1	1	15.0 c/day
	2	2	4.05 c/kVA/day
		2LLFC	15.0 c/day
		2HLFC	15.0 c/day
	3.1	Anytime	4.63 c/kVA/day
	3.3 & 3.5	Anytime	6.35 c/kVA/day
	3.4	Anytime	6.77 c/kVA/day
	3 All Cats	Winter	13.30 c/kVA/day
	All	Power Factor	22.620 c/kVAr/day
	G6		1,716,605 Annual Charge
	NEL		1,941,112 Annual Charge
	New Connections	CC	5.17 \$/kVA-km

## APPENDIX 4.

### BASE QUANTITIES (Q<sub>2003</sub>) as at 31 MARCH 2003

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity Qi0	Quantity Unit
<b>VARIABLE CHARGES</b>	1&2	ANY	198,815,249	kWh
		DAY	13,151,736	kWh
		WSR	72,878,505	kWh
		NIT	15,337,858	kWh
		OPK	576,614	kWh
	2LLFC	2LANY	10,078	kWh
		2LDAY	0	kWh
		2LWSR	3,264	kWh
		2LNIT	0	kWh
		2LOPK	0	kWh
	2HLFC	2HANY	0	kWh
		2HDAY	0	kWh
		2HWSR	0	kWh
		2HNIT	0	kWh
		2HOPK	0	kWh
	3.1	Summer Day	3,798,540	kWh
		Summer Night	1,466,453	kWh
		Winter Day	2,884,687	kWh
		Winter Night	1,174,881	kWh
	3.3 & 3.4	Summer Day	33,679,549	kWh
		Summer Night	12,679,678	kWh
		Winter Day	24,179,912	kWh
		Winter Night	9,096,718	kWh
	3.5	Summer Day	2,849,108	kWh
		Summer Night	1,344,024	kWh
		Winter Day	1,793,286	kWh
		Winter Night	848,882	kWh
<b>FIXED CHARGES</b>	0	0UNM	79	icp
		CHD	59	icp
		0STL	513,014	W
		0TBX	136	icp
	1	1	30,256	icp
	2	2	84,300	kVA
		2LLFC	3	icp
		2HLFC	0	icp
	3.1	Anytime	2,152	kVA
	3.3 & 3.5	Anytime	4,577	kVA
	3.4	Anytime	27,078	kVA
	3 All Cats	Winter	29,644	kVA
	All	Power Factor	0	kVAr
	G6		1	Annual Fixed Charge
	NEL		1	Annual Fixed Charge
	New Connections	CC	22,960	kVA-km

## **APPENDIX 5.**

### **DIRECT PASS THROUGH REVENUE FROM CUSTOMERS**

Year 2006-07	Pass through Revenue				TOTAL REVENUE
	Transmission	EC Levy	Invoiced	Rebates	
All P'thru customers	3,578,416	26,326	3,604,742	(342,334)	3,262,408

## **APPENDIX 6.**

### **SUMMARY OF TRANSMISSION COSTS**

TRANSMISSION COSTS 2006-07	
1. Payments to Transpower NZ for Transmission	9,127,009
2. Avoided Transmission Costs - Payments to Embedded Generators	25,488
3. Avoided Transmission Costs Motupipi substation purchase	230,910
4. Avoided Transmission Costs - NTL Diesel Generator	0
5. Voltage Support Charges	8,064
Total Transmission Cost for YE 31 March 2007	9,391,470

## **APPENDIX 7.**

### **RATES AND ELECTRICITY COMMISSION LEVIES**

Pass Through Cost (ex gst)	
Electricity Commission Levies	77,137.22
Local Body Rates incl Water	16,762.00
Total	93,899.22

## **APPENDIX 8.**

### **QUALITY INPUTS AND CALCULATIONS**

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
1999	80.45	188.39	268.84	0.57	3.22	3.79
2000	62.31	121.06	183.37	0.65	2.01	2.67
2001	34.90	70.24	105.14	0.29	1.34	1.63
2002	21.43	49.45	70.87	0.13	0.87	1.01
2003	16.97	92.03	109.01	0.20	1.32	1.51
	Five Year Average SAIDI		147.45	Five Year Average SAIFI		2.12
2007	33.00	77.00	110.00	0.29	1.23	1.52

## **APPENDIX 9.**

### **RELIABILITY RECORDING POLICIES and PROCEDURES**

For the purposes of compiling annual SAIDI and SAIFI data:

- a high voltage outage on the distribution network is defined as an event resulting in loss of supply to any number of consumers for a duration of more than one minute
- only high voltage outages (6.6kV and above) resulting from de-energisation of any high voltage feeder or conductor are included in SAIDI & SAIFI statistics
- both planned and unplanned events are included within high voltage outage statistics
- all high voltage outages are managed through Network Tasman's control room by a qualified Network Tasman system operator
- the faults and maintenance contract between the company and its faults contractor, United Gooder, obligates both parties to manage all outage events centrally through the control room.
- All HV fault switching operations are recorded by the system operator in the control room log at the time the activity takes place. This provides a detailed record of the switching events for future reference.

Customers affected by operation of a distribution system high voltage protection device can be divided into:

1. Those within the core fault area (i.e. who won't have supply restored until the necessary line repairs are completed)
2. Those outside the immediate fault area (i.e. who can have power restored through co-ordinated switching activity)

To calculate the customer minutes lost under each fault event, each event is approximated as a maximum two step restoration process. This is in keeping with the philosophy of fault restoration which relies on the following a sequential process for supply restoration:

1. Identification, isolation and minimisation of the core fault area.
2. Restoration, through switching, of supply to areas not immediately within the core fault area
3. Making repairs and restoration of the core fault area.

The switching and recording process is managed by a NTL system operator using NTL's Geographical Information System (GIS). To record outage data the operator draws geographical selection polygons around all sections of the high voltage line affected by the fault event. The software is then used to select and identify all the distribution transformers within the fault area. A query is then made into NTL's customer connection database to find and list all customers connected to those transformers affected by the fault event.

This data is then used in the following formula to calculate the total customer minutes for a fault event:

$$\begin{aligned} & \text{Total No. of customers initially affected} \times (\text{Time Unfaulted Area restored} - \text{Time of Initial Interruption}) \\ + & \text{No. of Fault area customers} \times (\text{Time Fault Area restored} - \text{Time Unfaulted Area restored}) \end{aligned}$$

Planned and unplanned events use essentially the same recording process however by nature, planned interruptions can be identified to a set of consumers and a known area in advance.

The total customer minutes for a planned interruption are thus calculated using the following formula:

$$\text{Total No. of customers interrupted} \times (\text{Time Interrupted Area restored} - \text{Time of Initial Interruption})$$

The system operator records details of all outage events in the NTL Outage Database. This is an access database that remains on line in the control room. Each planned or unplanned event forms a one record

entry into the database. The Outages Database is subject to NTL's normal electronic file backup and security protocols.

The Outage Database records the following data fields for each event:

1. Date
2. ID number of the protective device that has operated (allows identification of the HV feeder and area affected)
3. Area: (Text description of area affected)
4. Description; (Text description of fault cause and type – recorded once known)
5. Outage type (Shutdown or Fault)
6. Area Class (Urban or Rural)
7. Fault Class (Overhead or Underground)
8. Fault Voltage (6.6, 11, 33kV)
9. Outage Region (Stoke, Motueka, Golden Bay, Kikiwa, Murchison)
10. Time of Initial Interruption
11. Time Unfaulted Area Restored
12. Time Fault area restored
13. Customers (ICP's) in Total Area ( recorded post event)
14. Customers (ICP's) in Fault area (recorded post event)

Unless otherwise stated all data is recorded on line by the system operator at the time of the event.

The outage database is queried on an as needed basis by NTL's Network and Operations Managers and summary outage statistics are prepared and provided to NTL's CEO and Board of Directors on a monthly basis. Annual outage statistics are prepared and independently audited for regulatory reporting purposes. The summary statistics are recorded on a cumulative basis and are used for comparative analysis and form a key input into NTL annual Asset Management Planning process. Annual data is also reported against NTL's SCI reliability targets. These targets are negotiated annually with the Network Tasman Trust.