

NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

For Assessment Date: 31 March 2012

*Pursuant to the Commerce Act
(Electricity Distribution Default Price-Quality Path)
Determination 2010*

Dated 11th June 2012

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1. Directors Certification Of Default Price-Quality Path Compliance Statement

We, Ian F. Kearney and Christopher I. M. Turner, being directors of Network Tasman Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of Network Tasman Limited, and related information, prepared for the purposes of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* are true and accurate.



Ian F Kearney

Chairman of Directors



Christopher IM Turner

Director

Dated: 11th of June 2012

2. Default Price Path Compliance Statement

a). Background

Network Tasman Limited is a *Non Exempt Electricity Distribution Business* as defined in section 54G of the Commerce Act 1986 and consequently is subject to Default Price-Quality regulation. This statement provides an assessment of Network Tasman’s compliance with the requirements of the *Electricity Distribution Services Default Price-Quality Determination 2010* for the year to 31 March 2012.

b). Information

The audited information which follows, including the:

- notional revenue (Appendix 1)
- allowable notional revenue (Appendix 2)
- network base quantity information (Appendix 3)
- network revenue and pricing information (Appendices 4,5 & 6)
- pass through cost information (Appendix 7)

has been prepared specifically to comply with the requirements of Clause 8 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

c). Compliance

Network Tasman Limited **fully complies with the default price pathway** requirements specified in Clause 8 of the *Commerce Act (Electricity Distribution Default Price-Quality) Determination 2010* for the year to 31 March 2012. The following test confirms NTL’s compliance:

Test : Clause 8.4

The Maximum Notional Revenue (NR₂₀₁₂) of a Non-exempt EDB at any time during the Assessment Period in the year to 31 March 2012 must not exceed the Allowable Notional Revenue (R₂₀₁₂) under the CPI-X price pathway for the Assessment Period ending 31 March 2012:

Test:	$\frac{NR_{Max}}{R_{2012}} \leq 1$	
NR _{Max} :	\$	24,755,549
R ₂₀₁₂ :	\$	25,052,229
Result:		0.9882 < 1
Result:		Price Path has not been breached

This test confirms Network Tasman Limited has complied with the Default Price Path; actual Maximum Notional Revenue for the year was \$296,680 less than the Allowable Notional Revenue as at 31 March 2012.

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

d). Notional Revenue

Notional Revenue used in the price pathway calculations includes all revenue NTL derives from supply of the following controlled, 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 embedded electricity generators
- Network development levies and connection charges applied to new electrical loads at the time of their connection to Network Tasman Limited's distribution network.

e). Pass Through Costs

For the purpose of the Default Price Path calculations, pass through costs include:

i) Transmission

- Connection charges
- Interconnection charges
- New Investment charges
- Avoided transmission charges paid to embedded generators

ii) Rates & Electricity Authority and Commerce Act Levies

- Local Authority rates levied on NTL's systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Authority regulatory costs allocated to EDB's under an industry levy formula determined by government.
- Commerce Act levies for the funding of Commerce Commission EDB regulatory activities that are allocated to EDB's under an industry levy formula determined by government.

3. Default Quality Standards Compliance Statement

a) Information

The audited information attached for the:

- Interruption duration index (SAIDI) assessment (Appendix 8)
 - Interruption frequency index (SAIFI) assessment (Appendix 8)
- was prepared specifically to comply with the requirements of Clause 9 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

b) Compliance

The quality standards assessments for SAIDI and SAIFI below demonstrate that for the year to 31 March 2012, Network Tasman's:

- **Assessed SAIDI value has not exceeded the SAIDI Limit**
- **Assessed SAIFI value has not exceeded the SAIFI Limit**

calculated in accordance with Clause 9.2 of the *Commerce Act (Electricity Distribution Price-Quality Path) Determination 2010*.

Under the Default Price-Quality Path Determination commencing 1 April 2010, an ELB complies with the default quality standards where it records not more than one non-compliance outcome in any three consecutive compliance assessments for SAIDI and for SAIFI.

Network Tasman's compliance history recorded below for the two years to 31 March 2012 confirms NTL is not in breach of either of the quality standards as 31 March 2012.

	SAIDI	SAIFI
2011	Exceeded limit	Did not exceed limit
2012	Did not exceed limit	Did not exceed limit

Clause 9.2 Interruption Duration (SAIDI Classes B&C)

Test:	$\frac{SAIDI_{Assess\ 2012}}{SAIDI_{Limit}} \leq 1$
SAIDI _{Assess 2012}	159.3889
SAIDI _{Limit}	162.5348
Result:	0.9806 < 1
Result:	SAIDI Limit has not been exceeded

Clause 9.2 Interruption Frequency (SAIFI Classes B&C)

Test:	$\frac{SAIFI_{Assess\ 2012}}{SAIFI_{Limit}} \leq 1$
SAIFI _{Assess 2012}	1.3802
SAIFI _{Limit}	1.7440
Result:	0.7914 < 1
Result:	SAIFI Limit has not been exceeded

The supporting evidence for these SAIDI and SAIFI tests is provided in Appendix 8.

c) Network Tasman SAIDI & SAIFI Policies and Procedures

Network Tasman is required under Clause 11.1(b) (v) of the *Commerce Act (Electricity Distribution Price-Quality Path) Determination 2010* to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the Assessment Period ending 31 March 2012. This information is provided in Appendix 9.

4. Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement has been prepared solely for the purposes of complying with the requirements of the *Commerce Act 1986 and the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

The information disclosed relates only to those lines business activities covered by the Determination. NTL is involved in other activities that are not required to be reported on under the Determination.

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

Dated : 11th June 2012.

5. Independent Audit Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of the annual compliance statement of Network Tasman Limited for the assessment period ended on 31 March 2012

The Auditor-General is the auditor of Network Tasman Limited (the company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on the company's Annual Compliance Statement for the assessment period ended on 31 March 2012 on pages 2 to 4 and 7 to 17 regarding compliance with the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010.

We have audited the Annual Compliance Statement in respect of the default price-quality path prepared by the company for the assessment period ended on 31 March 2012 and dated 11 June 2012 for the purposes of clause 11 of the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 ("the Determination").

Directors' Responsibilities

The Directors of the company are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our audit. We conducted our audit in accordance with the New Zealand Institute of Chartered Accountants Standard on Assurance Engagements 3100: Compliance Engagements. This standard requires that we comply with ethical and quality control requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement has been prepared in accordance with the Determination and is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

In relation to the price path set out in clause 8 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 4 and 7 to 13 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2012, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 4 and 14 to 15 of the Annual Compliance Statement.

Our audit also included assessment of the significant estimates and judgments, if any, made by the company in the preparation of the Annual Compliance Statement and whether adequate information has been disclosed in accordance with clause 11.1(b) of the Determination.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Limitations and Use of this Independent Auditor's Report

This independent auditor's report has been prepared solely for the Directors of Network Tasman Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of Network Tasman Limited and the Commissioners, or for any purpose other than that for which it was prepared.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the assessment period and the procedures performed in respect of the company's compliance with the Determination are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the company may not have complied with the Determination. Our opinion has been formed on the above basis.

Independence

We have no relationship with, or interests in the company other than the audit of the financial statements for the year ended 31 March 2012.

Opinion

In our opinion, the Annual Compliance Statement of Network Tasman for the Assessment Period ended on 31 March 2012, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 11 June 2012 and our opinion is expressed as at that date.



John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

6. Appendices

Appendix 1.

Clause 8.4:

Notional Revenue to 31 March 2012: *NR₂₀₁₂*

Notional Revenue for the year ending 31 March 2012		
Term	Description	Value \$
$P_{2012} * Q_{2010}$	Prices at 31 March 2012 multiplied by 31 March 2010 Base Quantities	37,891,598
K_{2012}	Transmission Charges for year ending 31 March 2012	12,849,896
	Avoided Transmission Charges for year ending 31 March 2012	71,952
	Rates for year ending 31 March 2012	30,995
	Electricity Authority Levies for year ending 31 March 2012	119,903
	Commerce Act Levies for year ending 31 March 2012 + 1/5 of Commerce Act Levies for year ending 31 March 2010	63,303
NR_{2012}	Notional Revenue for the year ending 31 March 2012	24,755,549

Maximum Notional Revenue to 31 March 2012: *Max NR₂₀₁₂*

Maximum Notional Revenue for the year ending 31 March 2012		
Term	Description	Value \$
$P_{Max} * Q_{2010}$	Maximum Prices between 1 April 2011 and 31 March 2012 multiplied by 31 March 2010 Base Quantities	37,891,598
K_{2012}	Transmission Charges for year ending 31 March 2012	12,849,896
	Avoided Transmission Charges for year ending 31 March 2012	71,952
	Rates for year ending 31 March 2012	30,995
	Electricity Authority Levies for year ending 31 March 2012	119,903
	Commerce Act Levies for year ending 31 March 2012 + 1/5 of Commerce Act Levies for year ending 31 March 2010	63,303
NR_{Max}	Notional Revenue for the year ending 31 March 2012	24,755,549

Appendix 2.

Clause 8.5:

Allowable Notional Revenue to 31 March 2012: R_{2012}

Allowable Notional Revenue 2012		
Term	Description	Value \$
$P_{2011} * Q_{2010}$	Prices at 01 April 2010 multiplied by 31 March 2010 Base Quantities	36,654,235
K_{2011}	Transmission Charges for year ending 31 March 2011	12,243,993
	Avoided Transmission Charges for 2011	45,412
	Rates for year ending 31 March 2011	28,323
	Electricity Commission Levies for year ending 31 March 2011	90,733
	Commerce Act Levies for year ending 31 March 2011 + 1/5 of Commerce Act Levies for year ending 31 March 2010	87,027
R_{t-1}	Allowable Notional Revenue last year	23,207,563
NR_{t-1}	Notional Revenue during last year	22,752,496
X	X Factor	-
$(1 + \Delta CPI_{2012})$	Average change in Consumer Price Index	1.0178
	Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2012	25,052,229

Appendix 3.

Base Quantities: Q₂₀₁₀

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity Q _{i,2010}	Quantity Unit
VARIABLE CHARGES	1&2	ANY	238,419,181	kWh
		DAY	20,234,214	kWh
		WSR	67,601,477	kWh
		NIT	14,142,157	kWh
		OPK	902,775	kWh
		GENA	0	kWh
	2LLFC	2LANY	69,367	kWh
		2LDAY	5,197	kWh
		2LWSR	8,036	kWh
		2LNIT	1,389	kWh
		2LOPK	0	kWh
	2HLFC	2HANY	3,250	kWh
		2HDAY	0	kWh
		2HWSR	0	kWh
		2HNIT	0	kWh
		2HOPK	0	kWh
	3.1	Summer Day	4,281,462	kWh
		Summer Night	1,720,267	kWh
		Winter Day	3,020,791	kWh
		Winter Night	1,190,739	kWh
	3.3 & 3.4	Summer Day	40,927,698	kWh
		Summer Night	14,345,306	kWh
		Winter Day	29,587,582	kWh
		Winter Night	10,391,626	kWh
3.5	Summer Day	5,310,626	kWh	
	Summer Night	2,414,743	kWh	
	Winter Day	4,060,994	kWh	
	Winter Night	1,883,419	kWh	
FIXED	0	0UNM	101	icp
		0STL	624,605	W
		0TBX	104	icp
	1	1	33,400	icp
	2	2	112,130	kVA
		2LLFC	19	icp
		2HLFC	1	icp
	3.1	Anytime	2,189	kVA
	3.3 & 3.5	Anytime	5,486	kVA
	3.4	Anytime	33,994	kVA
	3 All Cats	Winter	22,519	kW
	3 All Cats	Power Factor	56	kVAr
	0	New connection fee	0	ICP
	1	New connection fee	13	ICP
	2	New connection fee	3	ICP
	3	New connection fee	0	ICP
	All Groups	Development Levy	18,395	kVA-km
	G6	G6	1	Annual Fixed Charge
	NEL	NEL	1	Annual Fixed Charge

Appendix 4.

NTL Price Schedule as at 31 March 2012: *Pi* 2012

Fixed / Variable	Group / Category	NTL Code / description	Prices P_i , 2012	Unit
VARIABLE CHARGES	1&2	ANY	7.90	c/kWh
		DAY	8.69	c/kWh
		WSR	3.64	c/kWh
		NIT	2.64	c/kWh
		OPK	6.15	c/kWh
		GENA	0	c/kWh
	2LLFC	2LANY	10.90	c/kWh
		2LDAY	11.69	c/kWh
		2LWSR	6.64	c/kWh
		2LNIT	5.64	c/kWh
		2LOPK	9.15	c/kWh
	2HLFC	2HANY	14.60	c/kWh
		2HDAY	15.39	c/kWh
		2HWSR	10.34	c/kWh
		2HNIT	9.34	c/kWh
		2HOPK	12.85	c/kWh
	3.1	Summer Day	0.40	c/kWh
		Summer Night	0.23	c/kWh
		Winter Day	0.73	c/kWh
		Winter Night	0.23	c/kWh
3.3 & 3.4	Summer Day	1.28	c/kWh	
	Summer Night	0.67	c/kWh	
	Winter Day	3.43	c/kWh	
	Winter Night	0.67	c/kWh	
3.5	Summer Day	0.87	c/kWh	
	Summer Night	0.54	c/kWh	
	Winter Day	2.93	c/kWh	
	Winter Night	0.54	c/kWh	
FIXED CHARGES	0	0UNM	45	c/day
		0STL	0.1	c/watt/day
		0TBX	116	c/day
	1	1	15	c/day
	2	2	4.05	c/kVA/day
		2LLFC	15	c/day
		2HLFC	15	c/day
	3.1	Anytime	10.18	c/kVA/day
	3.3 & 3.5	Anytime	13.11	c/kVA/day
	3.4	Anytime	13.85	c/kVA/day
	3 All Cats	Winter	22.72	c/kVA/day
	3 All Cats	Power Factor	24.01	c/kVAr/day
	G6	G6	2,217,392	Annual Fixed Charge
	NEL	NEL	2,411,466	Annual Fixed Charge
	0	New connection fee	125	\$/ICP
	1	New connection fee	250	\$/ICP
	2	New connection fee	325	\$/ICP
3 All Cats	New connection fee	400	\$/ICP	
New Connections	Development Levy	6.356	\$/kVA-km	

Appendix 5.

Revenue: $P_{2012} \times Q_{2010}$ and $P_{MAX} \times Q_{2010}$

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity $Q_{i,2010}$	$P_{i,2012}$	$P_{i,2012}Q_{i,2010}$	
VARIABLE CHARGES	1&2	ANY	238,419,181	7.90	18,835,115	
		DAY	20,234,214	8.69	1,758,353	
		WSR	67,601,477	3.64	2,460,694	
		NIT	14,142,157	2.64	373,353	
		OPK	902,775	6.15	55,521	
		GENA	0	0.00	0	
	2LLFC	2LANY	69,367	10.90	7,561	
		2LDAY	5,197	11.69	608	
		2LWSR	8,036	6.64	534	
		2LNIT	1,389	5.64	78	
		2LOPK	0	9.15	0	
	2HLFC	2HANY	3,250	14.60	475	
		2HDAY	0	15.39	0	
		2HWSR	0	10.34	0	
		2HNIT	0	9.34	0	
		2HOPK	0	12.85	0	
	3.1	Summer Day	4,281,462	0.40	17,126	
		Summer Night	1,720,267	0.23	3,957	
		Winter Day	3,020,791	0.73	22,052	
		Winter Night	1,190,739	0.23	2,739	
	3.3 & 3.4	Summer Day	40,927,698	1.28	523,875	
		Summer Night	14,345,306	0.67	96,114	
		Winter Day	29,587,582	3.43	1,014,854	
		Winter Night	10,391,626	0.67	69,624	
	3.5	Summer Day	5,310,626	0.87	46,202	
		Summer Night	2,414,743	0.54	13,040	
		Winter Day	4,060,994	2.93	118,987	
Winter Night		1,883,419	0.54	10,170		
FIXED	0	OUNM	101	45.00	16,589	
		OSTL	624,605	0.10	227,981	
		OTBX	104	116.00	44,034	
	1	1	33,400	15.00	1,828,650	
	2	2	112,130	4.05	1,657,562	
		2LLFC	19	15.00	1,040	
		2HLFC	1	15.00	55	
	3.1	Anytime	2,189	10.18	81,337	
	3.3 & 3.5	Anytime	5,486	13.11	262,513	
	3.4	Anytime	33,994	13.85	1,718,482	
	3 All Cats	Winter	22,519	22.72	1,867,456	
	3 All Cats	Power Factor	56	24.01	4,864	
	0	New Connection	0	125	0	
	1	New Connection	13	250	3,250	
	2	New Connection	3	325	975	
	3 All Cats	New Connection	0	400	0	
	All	CC/Dev Levy	18,395	6.36	116,924	
	Group 6 and Nelson Electricity					4,628,858
	$P_{2012} \times Q_{2010}$ and $P_{MAX} \times Q_{2010}$					37,891,598

Appendix 6.

Revenue : $P_{2011} \times Q_{2010}$ using NTL Prices at 1 April 2011

Fixed / Variable	Group / Category	NTL Code / description	Quantity Qi,2010	P _{i,2011}	P _{i,2011} Q _{i,2010}	
VARIABLE CHARGES	1&2	ANY	238,419,181	7.73	18,429,803	
		DAY	20,234,214	8.51	1,721,932	
		WSR	67,601,477	3.57	2,413,373	
		NIT	14,142,157	2.59	366,282	
		OPK	902,775	6.02	54,347	
		GENA	0	0	0	
	2LLFC	2LANY	69,367	10.73	7,443	
		2LDAY	5,197	11.51	598	
		2LWSR	8,036	6.57	528	
		2LNIT	1,389	5.59	78	
		2LOPK	0	9.02	0	
	2HLFC	2HANY	3,250	14.43	469	
		2HDAY	0	15.21	0	
		2HWSR	0	10.27	0	
		2HNIT	0	9.29	0	
		2HOPK	0	12.72	0	
	3.1	Summer Day	4,281,462	0.39	16,698	
		Summer Night	1,720,267	0.22	3,785	
		Winter Day	3,020,791	0.72	21,750	
		Winter Night	1,190,739	0.22	2,620	
	3.3 & 3.4	Summer Day	40,927,698	1.25	511,596	
		Summer Night	14,345,306	0.66	94,679	
		Winter Day	29,587,582	3.36	994,143	
		Winter Night	10,391,626	0.66	68,585	
	3.5	Summer Day	5,310,626	0.85	45,140	
		Summer Night	2,414,743	0.53	12,798	
		Winter Day	4,060,994	2.87	116,551	
Winter Night		1,883,419	0.53	9,982		
FIXED	0	0UNM	101	44	16,221	
		0STL	624,605	0.098	223,421	
		0TBX	104	114	43,274	
	1	1	33,400	15	1,828,650	
	2	2	112,130	4.05	1,657,562	
		2LLFC	19	15	1,040	
		2HLFC	1	15	55	
	3.1	Anytime	2,189	10.02	80,058	
	3.3 & 3.5	Anytime	5,486	12.89	258,108	
	3.4	Anytime	33,994	13.62	1,689,944	
	3 All Cats	Winter	22,519	21.78	1,790,193	
	3 All Cats	Power Factor	56	23.54	4,769	
	0	New Connection	0	0		
	1	New Connection	13	0		
	2	New Connection	3	0		
	3 All Cats	New Connection	0	0		
	All	CapCont/Dev Levy	18,395	2.91	53,452	
	Group 6 and Nelson Electricity					4,114,312
	Prices at 01 April 2010 multiplied by 31 March 2010 Base Quantities					36,654,235

Appendix 7.

Pass Through Costs for the Assessment Date 31 March 2012: *K*₂₀₁₂

Actual and Forecast

Pass Through Costs for year ending March 2012				
<i>K</i> ₂₀₁₂	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transmission	12,849,896	12,852,311	(2,415)	(0.02)%
Avoided Transmission	71,952	71,952	0	.%
Rates	30,995	30,198	797	2.57%
Electricity Authority Levies	119,903	90,000	29,903	24.94%
Commerce Act Levies	63,303	105,000	(41,697)	(65.87)%
Total Pass Through Costs	13,136,048	13,149,461	(13,413)	(0.1)%

Pass-Through Costs for Years ending 31 March 2011 and 2012: *K*₂₀₁₁ & *K*₂₀₁₂

<i>K</i> ₂₀₁₂		<i>K</i> ₂₀₁₁	
Transmission Charges for year ending 31 March 2012	12,849,896	Transmission Charges for year ending 31 March 2011	12,243,993
Avoided Transmission Charges for year ending 31 March 2012	71,952	Avoided Transmission Charges for year ending 31 March 2011	45,412
Rates for year ending 31 March 2012	30,995	Rates for year ending 31 March 2011	28,323
Electricity Authority Levies for year ending 31 March 2012	119,903	Electricity Authority Levies for year ending 31 March 2011	90,733
Commerce Act Levies for year ending 31 March 2012 + 1/5 of Commerce Act Levies for year ending 31 March 2010	63,303	Commerce Act Levies for year ending 31 March 2011 + 1/5 of Commerce Act Levies for year ending 31 March 2010	87,027
Total	13,136,048		12,495,488

Appendix 8

Reliability Data (Before Normalisation)

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
2005	119.3045	28.2018	147.5063	1.4953	0.2312	1.7265
2006	97.3654	25.1029	122.4684	0.9260	0.1348	1.0608
2007	77.1060	33.0657	110.1717	1.2369	0.2883	1.5252
2008	111.6893	45.8753	157.5646	1.3334	0.2003	1.5337
2009	215.8807	30.6622	246.5429	1.5411	0.1341	1.6752
	Reference Period Total SAIDI		784.2538	Reference Period Total SAIFI		7.5214
	Reference Period Average SAIDI		156.8508	Reference Period Average SAIFI		1.5043
2011	129.8695	48.1701	178.0397	1.3694	0.2672	1.6366
2012	107.3761	52.0128	159.3889	1.0630	0.3172	1.3802

Reliability Limit Calculations

SAIDI Boundary Calculations		
α_{SAIDI}	-1.8631	The average of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
β_{SAIDI}	1.9903	The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
$B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5 \cdot \beta_{SAIDI})}$	22.4792	SAIDI Boundary Value

SAIFI Boundary Calculations		
α_{SAIFI}	-6.5765	The average of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
β_{SAIFI}	2.0111	The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
$B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5 \cdot \beta_{SAIFI})}$	0.2125	SAIFI Boundary Value

Event Days exceeding SAIDI Boundary Value within the Reference Dataset				
Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
30-Jul-08	80.8972	0.3179	22.4792	0.2125
14-Aug-08	62.7867	0.1516	22.4792	0.1516
			-	-
			-	-

Appendix 8 Continued

SAIDI Limit

μ_{SAIDI}	137.1057	The average annual SAIDI Value in the Normalised Reference Dataset
σ_{SAIDI}	25.4291	The standard deviation of daily SAIDI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
SAIDI_{Limit} = $\mu_{SAIDI} + \sigma_{SAIDI}$	162.5348	SAIDI Limit Value

SAIFI Limit

μ_{SAIFI}	1.4832	The average annual SAIFI Value in the Normalised Reference Dataset
σ_{SAIFI}	0.2608	The standard deviation of daily SAIFI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
SAIFI_{Limit} = $\mu_{SAIFI} + \sigma_{SAIFI}$	1.7440	SAIFI Limit Value

Reliability Assessment Calculations

Event Days exceeding SAIDI Boundary Value within the Assessment Dataset

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
Nil			-	-
Nil			-	-

Assessed SAIDI Value

SAIDI₂₀₁₂	159.3889	The sum of daily SAIDI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset
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Assessed SAIFI Value

SAIFI₂₀₁₂	1.3802	The sum of daily SAIFI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset
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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 outages resulting from de-energisation of any high voltage feeder or conductor (6.6kV and above on NTL's network) are included in SAIDI & SAIFI statistics. Outages stemming from low voltage equipment are excluded.
- 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, Delta, obligates both parties to manage all outage events centrally through the System Operator located in NTL's 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:

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

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

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

Total No. of customers interrupted \times (Time Interrupted Area restored – 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 (Planned Shutdown or Fault)
6. Area Class (Urban or Rural)
7. Fault Class (Overhead or Underground)
8. Fault Voltage (6.6kV, 11kV, 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 NTL 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.

Matters relating to the electronic publication of the annual compliance statement prepared under the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010

This audit report relates to the electronic publication of the annual compliance statement prepared under the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 (the “annual compliance statement”) of Network Tasman Limited (the company) for the assessment period ended on 31 March 2012.

We have not been engaged to report on the integrity of any website on which the annual compliance statement has been published. We accept no responsibility for any changes that may have occurred to the annual compliance statement since it was initially approved and published.

This audit report refers only to the annual compliance statement named above. If readers of this audit report are concerned with the inherent risks arising from electronic data communication they should refer to the original published hard copy of the annual compliance statement and related audit report dated 11 June 2012 to confirm the information included in the annual compliance statement published on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.