

NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

Third Assessment Period

Assessment for Year ending 31 March 2013

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

Dated 31st May 2013

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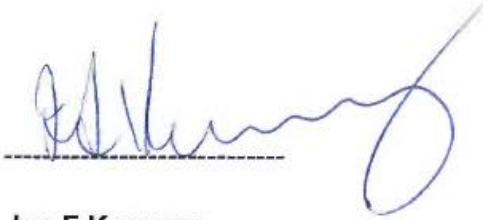
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1. Directors Certification

Default Price-Quality Path Compliance Statement

Year Ending 31 March 2013

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 for the year ending 31 March 2013, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2010* are true and accurate.



Ian F Kearney

Chairman of Directors



Christopher IM Turner

Director

Dated: 31st Day of May 2013

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, for the year to 31 March 2013, with the requirements of the *Electricity Distribution Services Default Price-Quality Determination 2010*, dated 11 April 2012.

b). Information

The information in this statement, including the:

- notional revenue (Appendix 1)
- allowable notional revenue (Appendix 2)
- network 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 *Electricity Distribution Services Default Price-Quality Path Determination 2010* and has been audited.

c). Compliance

Network Tasman Limited **fully complies with the default price pathway** requirements specified in Clause 8 of the *Electricity Distribution Services Default Price-Quality Path Determination 2010* for the year to 31 March 2013. The following test confirms NTL's compliance:

Test : Clause 8.4

The Maximum Notional Revenue ($NR_{2013\text{ Max}}$) of a Non-exempt EDB at any time during the Assessment Period in the year to 31 March 2013 must not exceed the Allowable Notional Revenue (R_{2013}) under the CPI-X price pathway for the Assessment Period ending 31 March 2013:

Test:	$\frac{NR_{2013\text{ Max}}}{R_{2013}} \leq 1$	
NR _{Max} :	\$	25,096,959
R ₂₀₁₃ :	\$	25,682,815
Result:		0.9772 < 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 \$585,856 less than the Allowable Notional Revenue as at 31 March 2013.

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). Restructuring of Prices

Where an EDB has restructured its prices, Section 8.6 of the *Electricity Distribution Services Default Price-Quality Path Determination 2010* requires the EDB:

- to demonstrate whether the restructuring of itself increased allowable notional revenue in the Assessment period above that which would have applied if the restructuring had not occurred or
- where it is not possible to demonstrate the effects of the restructure on allowable notional revenue, whether or not the restructure of itself increased the EDB's revenue for that Assessment period above that which would have applied if the restructuring had not occurred

NTL restructured line pricing for a relatively small number of mass market customers from 1 April 2012. The new HLF (High Load Factor) tariff was introduced to overcome undesirable aspects of NTL's standard tariffs (relatively low fixed charges combined with a high variable charge component) for consumers with consumption levels that are unusually high relative to their fused capacity (ie those who have high Load Factors).

NTL's HLF tariff alternative is characterised by a high fixed charge component and significantly reduced unit charges compared to the equivalent standard tariff. The HLF tariff is optional and is beneficial to limited numbers of Group 1 & 2 consumers; all of whom have high consumption levels and whose load normally exceeds, on average, 25% of their installed ICP fuse capacity.

The table below assesses the impact the HLF tariff restructure has on NTL's 2013 Allowable and Notional Revenue.

NTL High Load Factor Tariff Restructure							R ₂₀₁₃	NR ₂₀₁₃	NR ₂₀₁₃
Assesment of Impact							Roll foward	Restructure	No Restructure
Tariff	Q ₂₀₁₁	units	P ₂₀₁₂	P ₂₀₁₃ Std Tariff	P ₂₀₁₃ HLF Tariff	Q ₂₀₁₁ *P ₂₀₁₂	Q ₂₀₁₁ *P ₂₀₁₃ HLF	Q ₂₀₁₁ *P ₂₀₁₃ Std	
Capacity	2,310	kVA	4.05	4.13	37.81	c/kVA/day \$ 34,148	\$ 318,795	\$ 34,822	
Anytime	4,152,528	kWh	7.90	8.22	2.22	cents/kWh \$ 328,050	\$ 92,186	\$ 341,338	
Day	1,781,247	kWh	8.69	9.04	2.42	cents/kWh \$ 154,790	\$ 43,106	\$ 161,025	
Economy	39,571	kWh	3.64	3.79	1.00	cents/kWh \$ 1,440	\$ 396	\$ 1,500	
Night	720,820	kWh	2.64	2.74	0.70	cents/kWh \$ 19,030	\$ 5,046	\$ 19,750	
						Revenue P ₂₀₁₂ *Q ₂₀₁₁	\$ 537,458		
						CPI uplift	1,046		
						AR ₂₀₁₃ for this tariff	\$ 562,132	\$ 459,529 \$ 558,435	

The HLF tariff restructure did not increase either NTL's Allowable Revenue or Notional Revenue for the year ending 31 March 2013 beyond what would have been recorded if the restructuring had not occurred.

f). Pass Through Costs

In accordance with the pass through costs for the Default Price Path calculations include:

- 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 *Electricity Distribution Services 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 2013, Network Tasman's:

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

when calculated in accordance with Clause 9.2 of the *Electricity Distribution Services Price-Quality Path Determination 2010*.

Under Clause 9.1 of the Determination, commencing 1 April 2010, an ELB complies with the default quality standards provided 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 is recorded below for the three years to 31 March 2013 and confirms NTL has not breached the quality standard in the three years ending 31 March 2013.

YE 31 March	SAIDI	SAIFI
2011	<i>Exceeded limit</i>	Did not exceed limit
2012	Did not exceed limit	Did not exceed limit
2013	Did not exceed limit	Did not exceed limit

Clause 9.2 Interruption Duration (SAIDI Classes B&C) Test

Test:	$\frac{SAIDI_{Assessed\ 2013}}{SAIDI_{Limit}} \leq 1$	
SAIDI _{Assessed 2013}	130.2789	
SAIDI _{Limit}	162.5348	
Result:	0.8015 < 1	
Result:	SAIDI Limit has not been exceeded	

Clause 9.2 Interruption Frequency (SAIFI Classes B&C) Test

Test:	$\frac{SAIFI_{Assessed\ 2013}}{SAIFI_{Limit}} \leq 1$
SAIFI _{Assessed 2013}	1.4889
SAIFI _{Limit}	1.7440
Result:	0.8537 < 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 2013. This information is provided in Appendix 9.

4. Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement 2013 has been prepared solely for the purposes of complying with the requirements of the *Commerce Act 1986 and the Electricity Distribution Services Default Price-Quality Path Determination 2010*.

The information disclosed in this compliance statement 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 in this compliance statement 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 : 31st May 2013.

5. Independent Audit Report



Independent Auditor's Report

**To the readers of
the Annual Compliance Statement of
Network Tasman Limited
for the Assessment Period ended on 31 March 2013**

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. We have audited the attached statement, which is an Annual Compliance Statement in respect of the default price-quality path prepared by the company for the Assessment Period ended on 31 March 2013 and dated 31 May 2013 for the purposes of clause 11 of the *Electricity Distribution Services Default Price-Quality Path Determination 2010* ("the Determination").

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 2 to 4 and 8 to 16 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 2013, 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 4 to 5 and 15 to 18 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 assessment as to whether the basis of preparation has been adequately disclosed.

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 External Reporting Board 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.

We believe that the audit evidence provided 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. Also, we did not evaluate the security and controls over the electronic publication of the Disclosure Information.

Our opinion has been formed on the above basis.

Independence

We have complied with the independence requirements in clause 4.1 of the Determination. We have no relationship with, or interests in the company other than auditing the company's disclosure regulation reports and its annual financial statements, which are compatible with those independence requirements.

Opinion

In our opinion, the Annual Compliance Statement of Network Tasman Limited for the Assessment Period ended on 31 March 2013, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 31 May 2013 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 2013: *NR₂₀₁₃*

Notional Revenue for the year ending 31 March 2013		
Term	Description	Value \$
$P_{2013} * Q_{2011}$	Prices at 31 March 2013 multiplied by Base Quantities at 31 March 2011	39,208,568
K_{2013}	Transmission Charges for year ending 31 March 2013	13,861,173
	Avoided Transmission Charges for year ending 31 March 2013	40,706
	Rates for year ending 31 March 2013	33,904
	Electricity Authority Levies for year ending 31 March 2013	107,800
	Commerce Act Levies for year ending 31 March 2013+ 1/5 of Commerce Act Levies for year ending 31 March 2010	68,026
NR_{2013}	Notional Revenue for the year ending 31 March 2013	25,096,959

Maximum Notional Revenue to 31 March 2013: *Max NR₂₀₁₃*

Maximum Notional Revenue for the year ending 31 March 2013		
Term	Description	Value \$
$P_{Max} * Q_{2011}$	Maximum Prices between 1 April 2012 and 31 March 2013 multiplied by 31 March 2011 Base Quantities	39,208,568
K_{2013}	Transmission Charges for year ending 31 March 2013	13,861,173
	Avoided Transmission Charges for year ending 31 March 2013	40,706
	Rates for year ending 31 March 2013	33,904
	Electricity Authority Levies for year ending 31 March 2013	107,800
	Commerce Act Levies for year ending 31 March 2013 + 1/5 of Commerce Act Levies for year ending 31 March 2010	68,026
NR_{Max}	Notional Revenue for the year ending 31 March 2013	25,096,959

Appendix 2.

Clause 8.5:

Allowable Notional Revenue to 31 March 2013: R_{2013}

Allowable Notional Revenue 2013		
Term	Description	Value \$
$P_{2012} * Q_{2011}$	Prices at 31 March 2012 multiplied by 31 March 2011 Base Quantities	37,394,864
K_{2012}	Transmission Charges for year ending 31 March 2012	12,849,896
	Avoided Transmission Charges for 2012	71,952
	Rates for year ending 31 March 2012	30,995
	Electricity Commission 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
R_{2012}	Allowable Notional Revenue last year	25,052,229
NR_{2012}	Notional Revenue during last year	24,755,549
X	X Factor	-
$(1 + \Delta CPI_{2012})$	Average change in Consumer Price Index	1.0459
R_{2013}	Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2013	25,682,815

Appendix 3.

Base Quantities: Q₂₀₁₁

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity Q _{i,2011}	Quantity Unit
VARIABLE CHARGES	1&2	ANY	230,910,442	kWh
		DAY	19,846,762	kWh
		WSR	64,298,548	kWh
		NIT	12,854,605	kWh
		OPK	807,041	kWh
		GENA	0	kWh
	2LLFC	2LANY	103,532	kWh
		2LDAY	7,551	kWh
		2LWSR	20,902	kWh
		2LNIT	2,361	kWh
		2LOPK	0	kWh
	2HLFC	2HANY	1,900	kWh
		2HDAY	0	kWh
		2HWSR	0	kWh
		2HNIT	0	kWh
		2HOPK	0	kWh
	HLF	HLFANY	4,152,528	kWh
		HLFDAY	1,781,247	kWh
		HLFWSR	39,571	kWh
		HLFNIT	720,820	kWh
		HLFOPK	0	kWh
	3.1	Summer Day	4,471,299	kWh
		Summer Night	1,878,502	kWh
		Winter Day	2,988,236	kWh
		Winter Night	1,226,557	kWh
	3.3 & 3.4	Summer Day	42,536,370	kWh
		Summer Night	15,154,604	kWh
		Winter Day	30,815,981	kWh
Winter Night		10,801,046	kWh	
3.5	Summer Day	5,713,529	kWh	
	Summer Night	2,572,062	kWh	
	Winter Day	4,290,609	kWh	
	Winter Night	1,992,727	kWh	
FIXED	0	0UNM	101	icp
		0STL	643,800	W
		0TBX	91	icp
	1	1	33,625	icp
	2	2	111,330	kVA
		2LLFC	24	icp
		2HLFC	1	icp
		HLF	2,310	
	3.1	Anytime	2,334	kVA
	3.3 & 3.5	Anytime	5,482	kVA
	3.4	Anytime	35,830	kVA
	3 All Cats	Winter	15,724	kW
	3 All Cats	Power Factor	58	kVAr
	0	New connection fee	0	ICP
	1	New connection fee	414	ICP
	2	New connection fee	45	ICP
	3	New connection fee	6	ICP
	All Groups	Development Levy	20,165	kVA-km
	G6	G6	1	Annual Fixed Charge
	NEL	NEL	1	Annual Fixed Charge

Appendix 4.

NTL Price Schedule as at 31 March 2013: *Pi* 2013

Fixed / Variable	Group / Category	NTL Code / description	Prices P_i , 2013	Unit
VARIABLE CHARGES	1&2	ANY	8.22	c/kWh
		DAY	9.04	c/kWh
		WSR	3.79	c/kWh
		NIT	2.74	c/kWh
		OPK	6.4	c/kWh
		GENA	0	c/kWh
	2LLFC	2LANY	11.32	c/kWh
		2LDAY	12.14	c/kWh
		2LWSR	6.89	c/kWh
		2LNIT	5.84	c/kWh
		2LOPK	9.5	c/kWh
	2HLFC	2HANY	15.07	c/kWh
		2HDAY	15.89	c/kWh
		2HWSR	10.64	c/kWh
		2HNIT	9.59	c/kWh
		2HOPK	13.25	c/kWh
	HLF	HLFANY	2.22	c/kWh
		HLFDAY	2.42	c/kWh
		HLFWSR	1.00	c/kWh
		HLFNIT	0.70	c/kWh
		HLFOPK	1.73	c/kWh
	3.1	Summer Day	0.42	c/kWh
		Summer Night	0.24	c/kWh
		Winter Day	0.76	c/kWh
		Winter Night	0.24	c/kWh
	3.3 & 3.4	Summer Day	1.31	c/kWh
		Summer Night	0.69	c/kWh
		Winter Day	3.52	c/kWh
Winter Night		0.69	c/kWh	
3.5	Summer Day	0.89	c/kWh	
	Summer Night	0.56	c/kWh	
	Winter Day	3.00	c/kWh	
	Winter Night	0.56	c/kWh	
FIXED CHARGES	0	0UNM	47	c/day
		0STL	0.0104	c/watt/day
		0TBX	121	c/day
	1	1	15	c/day
	2	2	4.13	c/kVA/day
		2LLFC	15.00	c/day
		2LLFC	15.00	c/day
	HLF	HLF	37.81	c/day
	3.1	Anytime	10.90	c/kVA/day
	3.3 & 3.5	Anytime	13.81	c/kVA/day
	3.4	Anytime	14.57	c/kVA/day
	3 All Cats	Winter	27.08	c/kVA/day
	3 All Cats	Power Factor	24.61	c/kVAr/day
	G6	G6	2,488,876	Annual Fixed Charge
	NEL	NEL	2,649,571	Annual Fixed Charge
	0	New connection fee	125	\$/ICP
	1	New connection fee	250	\$/ICP
	2	New connection fee	325	\$/ICP
	3	New connection fee	400	\$/ICP
	All Cats	NW Development Levy	6.356	\$/kVA-km

Appendix 5.

Notional Revenue using 2012-2013 Prices : $P_{2013} \times Q_{2011}$ and $P_{MAX} \times Q_{2011}$

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity $Q_{i,2011}$	$P_{i,2013}$	$P_{i,2013}Q_{i,2011}$	
VARIABLE CHARGES	1&2	ANY	230,910,442	8.22	18,980,838	
		DAY	19,846,762	9.04	1,794,147	
		WSR	64,298,548	3.79	2,436,915	
		NIT	12,854,605	2.74	352,216	
		OPK	807,041	6.40	51,651	
		GENA	0	0.00	0	
	2LLFC	2LANY	103,532	11.32	11,720	
		2LDAY	7,551	12.14	917	
		2LWSR	20,902	6.89	1,440	
		2LNIT	2,361	5.84	138	
		2LOPK	0	9.50	0	
	2HLFC	2HANY	1,900	15.07	286	
		2HDAY	0	15.89	0	
		2HWSR	0	10.64	0	
		2HNIT	0	9.59	0	
		2HOPK	0	13.25	0	
	HLF	HLFANY	4,152,528	2.22	92,186	
		HLFDAY	1,781,247	2.42	43,106	
		HLFWSR	39,571	1.00	396	
		HLFNIT	720,820	0.70	5,046	
		HLFOPK	0	1.73	0	
	3.1	Summer Day	4,471,299	0.42	18,779	
		Summer Night	1,878,502	0.24	4,508	
		Winter Day	2,988,236	0.76	22,711	
		Winter Night	1,226,557	0.24	2,944	
	3.3 & 3.4	Summer Day	42,536,370	1.31	557,226	
		Summer Night	15,154,604	0.69	104,567	
		Winter Day	30,815,981	3.52	1,084,723	
		Winter Night	10,801,046	0.69	74,527	
	3.5	Summer Day	5,713,529	0.89	50,850	
		Summer Night	2,572,062	0.56	14,404	
		Winter Day	4,290,609	3.00	128,718	
		Winter Night	1,992,727	0.56	11,159	
	FIXED	0	0UNM	101	47.00	17,327
			0STL	643,800	0.104	244,386
			0TBX	91	121.00	40,190
		1	1	33,625	15.00	1,840,969
		2	2	111,330	4.13	1,678,244
			2LLFC	24	15.00	1,314
			2HLFC	1	15.00	55
			HLF	2,310	37.81	318,795
		3.1	Anytime	2,334	10.90	92,858
		3.3 & 3.5	Anytime	5,482	13.81	276,328
		3.4	Anytime	35,830	14.57	1,905,457
		3 All Cats	Winter	15,724	27.08	1,554,192
		3 All Cats	Power Factor	58	24.61	5,187
		0	New Connection	0	125	0
1		New Connection	414	250	103,500	
2		New Connection	45	325	14,625	
3		New Connection	6	400	2,400	
All Categories		NW Development Levy	20,165	6.36	128,175	
Group 6 and Nelson Electricity					5,138,447	
$P_{2013} \times Q_{2011}$ and $P_{MAX} \times Q_{2011}$					39,208,568	

Appendix 6.

Notional Revenue using 2011-2012 Prices : $P_{2012} \times Q_{2011}$

Fixed / Variable	Group / Category	NTL Code / description	Quantity $Q_{i,2011}$	$P_{i,2012}$	$P_{i,2012}Q_{i,2011}$	
VARIABLE CHARGES	1&2	ANY	230,910,442	7.9	18,241,925	
		DAY	19,846,762	8.69	1,724,684	
		WSR	64,298,548	3.64	2,340,467	
		NIT	12,854,605	2.64	339,362	
		OPK	807,041	6.15	49,633	
		GENA	0	0	0	
	2LLFC	2LANY	103,532	10.9	11,285	
		2LDAY	7,551	11.69	883	
		2LWSR	20,902	6.64	1,388	
		2LNIT	2,361	5.64	133	
		2LOPK	0	9.15	0	
	2HLFC	2HANY	1,900	14.6	277	
		2HDAY	0	15.39	0	
		2HWSR	0	10.34	0	
		2HNIT	0	9.34	0	
		2HOPK	0	12.85	0	
	1 & 2 (HLF in 2012-13)	ANY	4,152,528	7.9	328,050	
		DAY	1,781,247	8.69	154,790	
		WSR	39,571	3.64	1,440	
		NIT	720,820	2.64	19,030	
		OPK	0	6.15	0	
	3.1	Summer Day	4,471,299	0.40	17,885	
		Summer Night	1,878,502	0.23	4,321	
		Winter Day	2,988,236	0.73	21,814	
		Winter Night	1,226,557	0.23	2,821	
	3.3 & 3.4	Summer Day	42,536,370	1.28	544,466	
		Summer Night	15,154,604	0.67	101,536	
		Winter Day	30,815,981	3.43	1,056,988	
		Winter Night	10,801,046	0.67	72,367	
	3.5	Summer Day	5,713,529	0.87	49,708	
		Summer Night	2,572,062	0.54	13,889	
		Winter Day	4,290,609	2.93	125,715	
		Winter Night	1,992,727	0.54	10,761	
FIXED	0	0UNM	101	45	16,589	
		0STL	643,800	0.100	234,987	
		0TBX	91	116	38,529	
	1	1	33,625	15	1,840,969	
	2	2	111,330	4.05	1,645,736	
		2LLFC	24	15	1,314	
		2HLFC	1	15	55	
		HLF/2	2,310	4.05	34,148	
	3.1	Anytime	2,334	10.18	86,724	
		Anytime	5,482	13.11	262,322	
	3.3 & 3.5	Anytime	35,830	13.85	1,811,296	
	3.4	Anytime	15,724	22.72	1,303,960	
	3 All Cats	Winter	58	24.01	5,061	
	3 All Cats	Power Factor				
	0	New Connection	0	125	0	
	1	New Connection	414	250	103,500	
	2	New Connection	45	325	14,625	
	3	New Connection	6	400	2400	
	All Categories	NW Development Levy	20,165	6.36	128,175	
	Group 6 and Nelson Electricity					4,628,858
	$P_{2012} \times Q_{2011}$					37,394,864

Appendix 7.

Pass Through Costs for the Assessment Date 31 March 2013: *K*₂₀₁₃

Actual and Forecast

Pass Through Costs for year ending March 2013				
K₂₀₁₃	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transmission	13,861,173	13,861,198	(25)	0.0%
Avoided Transmission	40,706	40,706	0	0.0%
Rates	33,904	31,481	2,423	7.1%
Electricity Authority Levies	107,800	130,000	(22,200)	-20.6%
Commerce Act Levies	68,026	60,000	8,026	11.8%
Total Pass Through Costs	14,111,609	14,123,385	(11,776)	-0.1%

Pass-Through Costs for Years ending 31 March 2012 and 2013: *K*₂₀₁₂ & *K*₂₀₁₃

K2013		K2012	
Transmission Charges for year ending 31 March 2013	13,861,173	Transmission Charges for year ending 31 March 2012	12,849,896
Avoided Transmission Charges for year ending 31 March 2013	40,706	Avoided Transmission Charges for year ending 31 March 2012	71,952
Rates for year ending 31 March 2013	33,904	Rates for year ending 31 March 2012	30,995
Electricity Authority Levies for year ending 31 March 2013	107,800	Electricity Authority Levies for year ending 31 March 2012	119,903
Commerce Act Levies for year ending 31 March 2013 + 1/5 of Commerce Act Levies for year ending 31 March 2010	68,026	Commerce Act Levies for year ending 31 March 2012 + 1/5 of Commerce Act Levies for year ending 31 March 2010	63,303
Total	14,111,609		13,136,048

Appendix 8

Reliability Data (Before Normalisation)

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
2005	119.304	28.202	147.506	1.495	0.231	1.726
2006	97.365	25.103	122.468	0.926	0.135	1.061
2007	77.106	33.066	110.172	1.237	0.288	1.525
2008	111.689	45.875	157.565	1.333	0.200	1.534
2009	215.881	30.662	246.543	1.541	0.134	1.675
	Reference Period Total SAIDI		784.254	Reference Period Total SAIFI		7.521
	Reference Period Average SAIDI		156.851	Reference Period Average SAIFI		1.504
2011	129.870	48.170	178.040	1.369	0.267	1.637
2012	107.376	52.013	159.389	1.063	0.317	1.380
2013	93.545	36.734	130.279	1.155	0.334	1.489

Reliability Limit Calculations

SAIDI Boundary Calculations		
α_{SAIDI}	-1.863	The average of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
β_{SAIDI}	1.990	The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
$B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5 * \beta_{SAIDI})}$	22.479	SAIDI Boundary Value

SAIFI Boundary Calculations		
α_{SAIFI}	-6.577	The average of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
β_{SAIFI}	2.011	The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
$B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5 * \beta_{SAIFI})}$	0.213	SAIFI Boundary Value

Event Days exceeding SAIDI Boundary Value within the Reference Dataset				
Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
30/07/2008	80.897	0.318	22.479	0.213
14/08/2008	62.787	0.152	22.479	0.152
			-	-
			-	-

Appendix 8 Continued

SAIDI Limit

μ_{SAIDI}	137.106	The average annual SAIDI Value in the Normalised Reference Dataset
σ_{SAIDI}	25.429	The standard deviation of daily SAIDI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
SAIDI_{Limit} = $\mu_{SAIDI} + \sigma_{SAIDI}$	162.535	SAIDI Limit Value

SAIFI Limit

μ_{SAIFI}	1.483	The average annual SAIFI Value in the Normalised Reference Dataset
σ_{SAIFI}	0.261	The standard deviation of daily SAIFI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
SAIFI_{Limit} = $\mu_{SAIFI} + \sigma_{SAIFI}$	1.744	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

SAIDI₂₀₁₃	130.279	The sum of daily SAIDI Values in the 1 April 2012 - 31 March 2013 Normalised Assessment Dataset
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Assessed SAIFI Value

SAIFI₂₀₁₃	1.489	The sum of daily SAIFI Values in the 1 April 2012 - 31 March 2013 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) 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
- (b) 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.
- (c) both planned and unplanned events are included within high voltage outage statistics
- (d) all high voltage outages are managed through Network Tasman's control room by a qualified Network Tasman System Operator
- (e) 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.
- (f) 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:

- (a) Those within the core fault area (i.e. who won't have supply restored until the necessary line repairs are completed)
- (b) 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:

- (a) Identification, isolation and minimisation of the core fault area.
- (b) Restoration, through switching, of supply to areas not immediately within the core fault area
- (c) 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 reliability targets in NTL's SCI, Information Disclosure Statements and Annual Financial Statements. The SCI targets are negotiated and agreed annually with the Network Tasman Trust.