

NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

Fourth Assessment Period

Assessment for Year ending 31 March 2014

*Pursuant to the Commerce Act
Electricity Distribution Services Default Price-Quality Path
Determination 2012 - NZCC #35*

Dated 9th June 2014

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1. Directors Certification

Default Price-Quality Path Compliance Statement

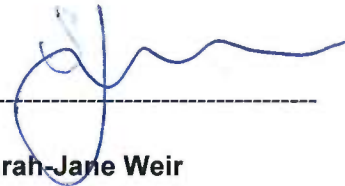
Year Ending 31 March 2014

We, Christopher I. M. Turner and Sarah-Jane Weir, 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 2014, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2012* are true and accurate.



Christopher IM Turner

Director



Sarah-Jane Weir

Director

Dated: 9th Day of June 2014

2. Default Price Path Compliance Statement

a). Background

Network Tasman Limited (NTL) 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 NTL's compliance with the requirements of the *Electricity Distribution Services Default Price-Quality Path Determination 2012 (the Determination 2012)* for the year ending 31 March 2014.

b). Information

The audited information NTL has included 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)
- recoverable and pass-through cost information (Appendix 7)

has been prepared specifically to comply with the requirements of *Clause 8 of the Determination 2012*.

c). Price Path Compliance

Network Tasman Limited **fully complies with the default price pathway** requirements specified in *Clause 8 of the Determination 2012* for the year to 31 March 2014.

The following test confirms NTL's compliance:

Test : Clause 8.4

The Notional Revenue (NR_{2014}) for a Non-exempt EDB (NTL) during the Assessment Period in the year to 31 March 2014 must not exceed the Allowable Notional Revenue (R_{2014}) permitted under the default price pathway for the Assessment Period ending 31 March 2014:

Test:	$\frac{NR_{2014}}{R_{2014}} \leq 1$
NR_{2014} :	\$ 25,854,737
R_{2014} :	\$ 28,390,943
Result:	0.9107 < 1
Result:	Price Path has not been breached

This test confirms NTL compliance with the Default Price Path; actual Notional Revenue NR_{2014} was \$2,536,207 less than the Allowable Notional Revenue R_{2014} for the Assessment Period ending 31 March 2014.

The supporting evidence for the Test above is provided in Appendices 1-6

d). Notional Revenue NR_{2014}

Notional Revenue in the DPP compliance assessment includes all revenue NTL has derived 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 fees charged to new electrical loads at the time of their connection to Network Tasman Limited's distribution network.

e). Allowable Notional Revenue R_{2014}

The Allowable Notional Revenue for the 4th Assessment Period has been determined in accordance with *Equation 2 in Schedule 1C of the Determination 2012* which effectively resets (Po reset) the EDB's maximum allowable revenue for the DPP in the 4th and 5th Assessments.

Equation 2 is:

$$R_{2013/14} = \frac{MAR_{2013/14} + K_{2013/14} + V_{2013/14}}{\Delta D} - K_{2013/14} - V_{2013/14}$$

Where the following terms have been directly specified in Schedule 1C by the Commerce Commission:

$MAR_{2013/14} = \$ 28,939,000$

$\Delta D = 1.012$

AND V_{2014} & K_{2014} are defined in section (h) below and are detailed in Appendix 7.

f). Prices P_{2014}

NTL has not undertaken any restructuring of Prices in the 4th Assessment Period that requires specific disclosure and assessment in terms of *Clause 8.5 and 8.6 of the Determination 2012*.

g). Transactions involving Non Exempt EDBs

NTL has not undertaken any transactions involving other non-exempt or exempt EDBs in the 4th Assessment Period that require specific disclosure and assessment in accordance with *Clause 10 of the Determination 2012*.

h). Recoverable Costs and Pass-Through Costs

In accordance with *the Determination 2012* the following cost categories have been included in NTL's Default Price Path calculations for the 4th Assessment Period:

i) Recoverable Costs V_{2014}

Include the following transmission cost categories:

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

ii) Pass Through Costs K_{2014}

Include the following costs categories:

- Local Authority *Rates* levied on NTL's systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Authority *Levies* for the regulatory costs allocated to all 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 all EDB's under an industry levy formula determined by government.
- Electricity and Gas Complaints Commission *Levies* for funding the contribution all EDB's make towards the independent electricity and gas industry complaints resolution scheme.

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 Determination 2012*.

b) Quality Compliance Assessment

Annual Reliability Assessment

The quality standards assessments for SAIDI and SAIFI below demonstrate that for the Assessment Period ending 31 March 2014, 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 Determination 2012*.

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

Test:	$\frac{SAIDI_{Assessed\ 2014}}{SAIDI_{Limit}} \leq 1$	
SAIDI _{Assessed 2014}	129.48	
SAIDI _{Limit}	162.53	
Result:	0.7966	< 1
Result:	SAIDI Limit has not been exceeded	

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

Test:	$\frac{SAIFI_{Assessed\ 2014}}{SAIFI_{Limit}} \leq 1$	
SAIFI _{Assessed 2014}	1.34	
SAIFI _{Limit}	1.74	
Result:	0.7670	< 1
Result:	SAIFI Limit has not been exceeded	

Default Quality Standards Assessment

Under Clause 9.1 of the *Determination 2012*, an ELB complies with the default quality standards provided it *does not record more than one non-compliance outcome in any three consecutive compliance assessments for SAIDI and for SAIFI*.

NTL's annual quality assessment history for the four years to 31 March 2014 is shown in the table below and confirms **Network Tasman has fully complied with the quality standards** specified in *Clause 9.2 of the Determination 2012* for the three years ending 31 March 2014.

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
2014	Did not exceed limit	Did not exceed limit

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

c) Network Tasman SAIDI & SAIFI Policies and Procedures

NTL is required under *Clause 11.3 (i) of the Determination 2012* to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the Assessment Period ending 31 March 2014. This information is provided in Appendix 9.

4. Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement 2014 has been prepared solely for the purposes of complying with the requirements of the *Commerce Act 1986* and *the Determination 2012*.

The information in this compliance statement relates only to the 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 2012* and Network Tasman Limited expressly disclaims any liability to any party who may rely on this information for any other purpose.

Dated : 9th June 2014.

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 2014**

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 2014 and dated 6 June 2014 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 5 and 8 to 17 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 2014, 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 14 to 17 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 2014, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 9 June 2014 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: NTL Notional Revenue for year to 31 March 2014: NR_{2014}

NR_t Notional Revenue for the year ending 31 March 2014 (Assessment Period 4)		
Term	Description	Value \$
$P_{2014} * Q_{2012}$	Prices at 31 March 2014 multiplied by 31 March 2012 Base Quantities	43,135,173
K_{2014}	Rates for year ending 31 March 2014	34,274
	Electricity Authority Levies for year ending 31 March 2014	94,451
	EGCC Levies to YE March 2014	18,380
	Commerce Act Levies for year ending 31 March 2014 + 1/5 of Commerce Act Levies for year ending 31 March 2010	88,551
V_{2014}	Transmission Charges for year ending 31 March 2014	16,939,771
	Avoided Transmission Charges for year ending 31 March 2014	105,009
$NR_{2013/14}$	Notional Revenue for the year ending 31 March 2014	25,854,737

Appendix 2.

NTL Allowable Notional Revenue for year to 31 March 2014: R_{2014}

R_t Allowable Notional Revenue 2014		
Term	Description	Value \$
$MAR_{2013/14}$	Maximum Allowable Revenue 4th Assessment, Table 4 NZCC #35	28,939,000
$V_{2013/14}$	Transmission Charges for year ending 31 March 2014	16,939,771
	Avoided Transmission Charges for year ending 31 March 2014	105,009
	Recoverable costs during Assessment Period (4)	17,044,780
$K_{2013/14}$	Rates for year ending 31 March 2014	34,274
	Electricity Authority Levies for year ending 31 March 2014	94,451
	EGCC Levies for year to March 2014	18,380
	Commerce Act Levies for year ending 31 March 2014 + 1/5 of Commerce Act Levies for year ending 31 March 2010	88,551
	Pass Through costs during Assessment Period 4	235,656
ΔD	Change in Constant Price Revenue (Table 4 NZCC #35)	1.012
$R_{2013/14}$	Allowable Notional Revenue for Assessment Period 4	28,390,943

Appendix 3.

NTL Base Quantities: Q₂₀₁₂

Fixed / Variable	Group / Category	NTL Code/ description	Quantity Q _{i,2012}	Quantity Unit
VARIABLE CHARGES	1	1ANY	170,237,865	kWh
		1DAY	1,467,312	kWh
		1WSR	62,160,840	kWh
		1NIT	4,892,025	kWh
		1OPK	275,598	kWh
	2	2ANY	64,769,666	kWh
		2DAY	15,785,791	kWh
		2WSR	3,899,143	kWh
		2NIT	6,732,201	kWh
		2OPK	485,422	kWh
	2LLFC	2LANY	69,521	kWh
		2LDAY	8,971	kWh
		2LWSR	12,274	kWh
		2LNIT	3,097	kWh
		2LOPK	0	kWh
	2HLFC	2HANY	4,417	kWh
		2HDAY	0	kWh
		2HWSR	0	kWh
		2HNIT	0	kWh
		2HOPK	0	kWh
	HLF	HLFANY	4,266,988	kWh
		HLFDAY	2,314,460	kWh
		HLFWSR	38,076	kWh
		HLFNIT	998,791	kWh
		HLFOPK	734	kWh
	All	GENA	0	kWh
	3.1	Summer Day	4,298,240	kWh
		Summer Night	1,860,319	kWh
		Winter Day	3,132,582	kWh
		Winter Night	1,300,916	kWh
	3.3 & 3.4	Summer Day	43,799,545	kWh
		Summer Night	15,642,757	kWh
		Winter Day	32,229,590	kWh
		Winter Night	11,457,461	kWh
	3.5	Summer Day	5,699,462	kWh
		Summer Night	2,598,898	kWh
		Winter Day	4,482,695	kWh
		Winter Night	1,956,537	kWh
FIXED	0	OUNM	98	icp
		OSTL	694,185	W
		OTBX	72	icp
	1	1	34,094	icp
	2 HLF	2	116,630	kVA
		HLF	2,310	kVA
		2LLFC	16	icp
		2HLFC	1	icp
	3.1	Anytime	2,327	kVA
	3.3 & 3.5	Anytime	5,572	kVA
	3.4	Anytime	36,194	kVA
	3 All Cats	Winter	18,651	kW
	3 All	Power Factor	56	kVAr
	0	New connection fee	2	ICP
	1	New connection fee	363	ICP
	2	New connection fee	58	ICP
	3	New connection fee	3	ICP
	All Groups	Development Levy	19,280	\$/kVA-km
	G6	G6	1	Annual Fixed Charge
	NEL	NEL	1	Annual Fixed Charge

Appendix 4.

NTL Price Schedule as at 31 March 2014: *Pi* 2014

Fixed / Variable	Group / Category	NTL Code / description	Prices <i>Pi</i> 2014	Unit
VARIABLE CHARGES	1	1ANY	9.12	c/kWh
		1DAY	10.03	c/kWh
		1WSR	4.20	c/kWh
		1NIT	3.04	c/kWh
		1OPK	7.09	c/kWh
	2	2ANY	8.27	c/kWh
		2DAY	9.10	c/kWh
		2WSR	3.82	c/kWh
		2NIT	2.75	c/kWh
		2OPK	6.44	c/kWh
	2LLFC	2LANY	12.02	c/kWh
		2LDAY	12.85	c/kWh
		2LWSR	7.57	c/kWh
		2LNIT	6.50	c/kWh
		2LOPK	10.19	c/kWh
	2HLFC	2HANY	16.47	c/kWh
		2HDAY	17.30	c/kWh
		2HWSR	12.02	c/kWh
		2HNIT	10.95	c/kWh
		2HOPK	14.64	c/kWh
	HLF	HLFANY	2.26	c/kWh
		HLFDAY	2.46	c/kWh
		HLFWSR	1.02	c/kWh
		HLFNIT	0.71	c/kWh
		HLFOPK	1.76	c/kWh
	All	GENA	0.00	c/kWh
	3.1	Summer Day	0.43	c/kWh
		Summer Night	0.24	c/kWh
		Winter Day	0.77	c/kWh
		Winter Night	0.24	c/kWh
	3.3 & 3.4	Summer Day	1.33	c/kWh
		Summer Night	0.70	c/kWh
		Winter Day	3.57	c/kWh
		Winter Night	0.70	c/kWh
	3.5	Summer Day	0.90	c/kWh
		Summer Night	0.56	c/kWh
		Winter Day	3.05	c/kWh
		Winter Night	0.56	c/kWh
FIXED	0	0UNM	53.0	c/day
		0STL	0.116	c/day
		0TBX	134.0	c/day
	1	1	15	c/day
	2	2	4.87	c/kVA/day
		HLF	39.14	c/kVA/day
		2LLFC	15	c/day
		2HLFC	15	c/day
	3.1	Anytime	11.98	c/kVA/day
	3.3 & 3.5	Anytime	14.84	c/kVA/day
	3.4	Anytime	15.62	c/kVA/day
	3 All Cats	Winter	30.77	c/kVA/day
	3 All Cats	Power Factor	25.05	c/kVAr/day
	0	New connection fee	125	\$/ICP
	1	New connection fee	250	\$/ICP
	2	New connection fee	325	\$/ICP
	3	New connection fee	400	\$/ICP
	New Connections	Development Levy	6.356	\$/kVA-km
	G6	G6	2,565,582	Annual Fixed Charge
	NEL	NEL	3,181,266	Annual Fixed Charge

Appendix 5.

Notional Revenue: $P_{2014} \times Q_{2012}$

Fixed/ Variable	Group/Category	NTL Code/ description	Quantity Qi,2012	Pi,2014	
VARIABLE CHARGES	1	1ANY	170,237,865	9.12	
		1DAY	1,467,312	10.03	
		1WSR	62,160,840	4.20	
		1NIT	4,892,025	3.04	
		1OPK	275,598	7.09	
	2	2ANY	64,769,666	8.27	
		2DAY	15,785,791	9.10	
		2WSR	3,899,143	3.82	
		2NIT	6,732,201	2.75	
		2OPK	485,422	6.44	
	2LLFC	2LANY	69,521	12.02	
		2LDAY	8,971	12.85	
		2LWSR	12,274	7.57	
		2LNIT	3,097	6.50	
		2LOPK	0	10.19	
	2HLFC	2HANY	4,417	16.47	
		2HDAY	0	17.30	
		2HWSR	0	12.02	
		2HNIT	0	10.95	
		2HOPK	0	14.64	
	HLF	HLFANY	4,266,988	2.26	
		HLFDAY	2,314,460	2.46	
		HLFWSR	38,076	1.02	
		HLFNIT	998,791	0.71	
		HLFOPK	734	1.76	
	All	GENA	0	0.00	
	3.1	Summer Day	4,298,240	0.43	
		Summer Night	1,860,319	0.24	
		Winter Day	3,132,582	0.77	
		Winter Night	1,300,916	0.24	
	3.3 & 3.4	Summer Day	43,799,545	1.33	
		Summer Night	15,642,757	0.70	
		Winter Day	32,229,590	3.57	
		Winter Night	11,457,461	0.70	
	3.5	Summer Day	5,699,462	0.90	
		Summer Night	2,598,898	0.56	
		Winter Day	4,482,695	3.05	
		Winter Night	1,956,537	0.56	
	FIXED	0	0UNM	98	53
			0STL	694,185	0.116
0TBX			72	134	
1		1	34,094	15	
2 HLF		2	116,630	4.87	
		HLF	2,310	39.14	
		2LLFC	16	15	
		2HLFC	1	15	
3.1		Anytime	2,327	11.98	
3.3 & 3.5		Anytime	5,572	14.84	
3.4		Anytime	36,194	15.62	
3 All Cats		Winter	18,651	30.77	
3 All Cats		Power Factor	56	25.05	
0		New connection fee	2	125	
1		New connection fee	363	250	
2		New connection fee	58	325	
3		New connection fee	3	400	
New Connection		Dev Levy	19,280	6.356	
Group 6 and Nelson Electricity					
Prices for 2013-14 multiplied by 31 March 2012 Base Quantities					

Appendix 6.

Notional Revenue : $P_{2013} \times Q_{2012}$ using NTL Prices at 1 April 2012

Fixed / Variable	Group / Category	NTL Code / description	Quantity $Q_{i,2012}$	$P_{i,2013}$	$P_{i,2013} Q_{i,2012}$
VARIABLE CHARGES	1	1ANY	170,237,865	8.22	13,993,553
		1DAY	1,467,312	9.04	132,645
		1WSR	62,160,840	3.79	2,355,896
		1NIT	4,892,025	2.74	134,041
		1OPK	275,598	6.40	17,638
	2	2ANY	64,769,666	8.22	5,324,067
		2DAY	15,785,791	9.04	1,427,036
		2WSR	3,899,143	3.79	147,778
		2NIT	6,732,201	2.74	184,462
		2OPK	485,422	6.40	31,067
	2LLFC	2LANY	69,521	11.32	7,870
		2LDAY	8,971	12.14	1,089
		2LWSR	12,274	6.89	846
		2LNIT	3,097	5.84	181
		2LOPK	0	9.50	0
	2HLFC	2HANY	4,417	15.07	666
		2HDAY	0	15.89	0
		2HWSR	0	10.64	0
		2HNIT	0	9.59	0
		2HOPK	0	13.25	0
	HLF	HLFANY	4,266,988	2.22	94,727
		HLFDAY	2,314,460	2.42	56,010
		HLFWSR	38,076	1.00	381
		HLFNIT	998,791	0.70	6,992
		HLFOPK	734	1.73	13
	All	GENA	0	0.00	
	3.1	Summer Day	4,298,240	0.42	18,053
		Summer Night	1,860,319	0.24	4,465
		Winter Day	3,132,582	0.76	23,808
		Winter Night	1,300,916	0.24	3,122
	3.3 & 3.4	Summer Day	43,799,545	1.31	573,774
		Summer Night	15,642,757	0.69	107,935
		Winter Day	32,229,590	3.52	1,134,482
		Winter Night	11,457,461	0.69	79,056
	3.5	Summer Day	5,699,462	0.89	50,725
		Summer Night	2,598,898	0.56	14,554
		Winter Day	4,482,695	3.00	134,481
		Winter Night	1,956,537	0.56	10,957
FIXED	0	0UNM	98	47.00	16,812
		0STL	694,185	0.104	263,513
		0TBX	72	121.00	31,799
	1	1	34,094	15.00	1,866,647
	2 HLF	2	116,630	4.13	1,758,139
		HLF	2,310	37.81	318,795
		2LLFC	16	15.00	876
		2HLFC	1	15.00	55
	3.1	Anytime	2,327	10.90	92,580
	3.3 & 3.5	Anytime	5,572	13.81	280,865
	3.4	Anytime	36,194	14.57	1,924,815
	3 All Cats	Winter	18,651	27.08	1,843,502
	3 All Cats	Power Factor	56	24.61	5,045
	0	New connection fee	2	125	250
	1	New connection fee	363	250	90,750
	2	New connection fee	58	325	18,850
	3	New connection fee	3	400	1,200
	New Connections	Dev Levy	19,280	6.356	122,549
	Group 6 and Nelson Electricity				5,141,026
	Prices for 2012-2013 multiplied by 31 March 2012 Base Quantities				39,850,433

Appendix 7.

Pass-Through and Recoverable Costs for year to 31 March 2014

Actual and Forecast

Recoverable Costs V ₂₀₁₄	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transmission	16,939,771	16,949,970	(10,199)	(.06)%
Avoided Transmission	105,009	105,009	-	.%
Pass Through Costs K₂₀₁₄				
Rates	34,274	36,977	(2,703)	(7.89)%
Electricity Authority Levies	94,451	115,000	(20,549)	(21.76)%
EGCC Levies	18,380	21,000	(2,620)	(14.25)%
Commerce Act Levies	88,551	63,000	25,551	28.85%
Total Pass-Through & Recoverable Costs	17,280,436	17,290,956	(10,520)	(.06)%

Recoverable and Pass-Through Costs for YE 31 March 2013 and 2014:

Recoverable Costs	V ₂₀₁₄	V ₂₀₁₃
Transpower Charges for year ending 31 March 2014	16,939,771	Transpower Charges for year ending 31 March 2013 13,861,173
Avoided Transmission Charges YE 31 March 2014 incl above	105,009	Avoided Transmission Charges for year ending 31 March 2013 inc above 40,706
Total V₂₀₁₄	17,044,780	13,901,879
Pass-Through Costs	K ₂₀₁₄	K ₂₀₁₃
Rates for year ending 31 March 2014	34,274	Rates for year ending 31 March 2013 33,904
Electricity Authority Levies for year ending 31 March 2014	94,451	Electricity Authority Levies for year ending 31 March 2013 107,800
EGCC levies	18,380	EGCC levies 20,246
Commerce Act Levies for year ending 31 March 2014 + 1/5 of Commerce Act Levies for year ending 31 March 2010	88,551	Commerce Act Levies for year ending 31 March 2013 + 1/5 of Commerce Act Levies for year ending 31 March 2010 68,026
Total K₂₀₁₄	235,656	229,976
Total Costs V+K	17,280,436	14,131,855

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
2014	75.878	53.600	129.478	1.056	0.282	1.338

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

SAIDI₂₀₁₄	129.48	The sum of daily SAIDI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset
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Assessed SAIFI Value

SAIFI₂₀₁₃	1.34	The sum of daily SAIFI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset
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Appendix 9.

RELIABILITY RECORDING POLICIES and PROCEDURES

For the purposes of compiling annual SAIDI and SAIFI data:

- 1) 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
- 2) Only those outages resulting in de-energisation of a high voltage feeder or conductor (6.6kV and above on NTL's network) are included in SAIDI & SAIFI statistics. Outages stemming from low voltage (400V) equipment are excluded.
- 3) Both planned (Class B) and unplanned (Class C) events are included within high voltage outage statistics
- 4) All high voltage outages are managed through Network Tasman's control room by a qualified NTL System Operator
- 5) The Faults and Maintenance Contract between NTL and its faults contractor, Delta, obligates both parties to manage all outage events centrally through the System Operator located in NTL's control room.
- 6) 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 and record keeping.

Under fault conditions, 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 that relies on the following 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 (ICPs) 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 rely on essentially the same recording process however by nature, planned interruptions can be identified down to a predetermined set of consumers within 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:

- Date
- ID number of the protective device that has operated (allows identification of the HV feeder and area affected)
- Area: (Text description of area affected)
- Description; (Text description of fault cause and type – recorded once known)
- Outage type (Planned Shutdown or Fault)
- Area Class (Urban or Rural)
- Fault Class (Overhead or Underground)
- Fault Voltage (6.6kV, 11kV, 33kV)
- Outage Region (Stoke, Motueka, Golden Bay, Kikiwa, Murchison)
- Time of Initial Interruption
- Time Unfaulted Area Restored
- Time Fault area restored
- Customers (ICP's) in Total Area (recorded post event)
- 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 supports the following NTL activities:

- 1) Queries on an as needed basis by NTL's Network and Operations Managers
- 2) Summary outage statistics are prepared and provided to NTL's CEO and Board of Directors on a monthly basis and are compared against expected values .
- 3) Annual outage statistics are prepared and independently audited for regulatory and financial reporting purposes.
- 4) Summary statistics are recorded on a cumulative basis and are used for comparative analysis and form a key input into NTL's annual Asset Management Planning process.
- 5) Annual data is also reported against reliability targets in NTL's SCI, Information Disclosure Statements and Annual Financial Statements.
- 6) The SCI targets are negotiated and agreed annually with the Network Tasman Trust.