

New line pricing from 1 April 2019

Overview

Network Tasman made some changes to its prices from 1 April 2019. Network Tasman's prices cover the cost of our local lines network and using the national grid. These prices are used to charge electricity retailers. Electricity retailers determine how to pass on our charges together with their own energy, metering and other retail costs when setting the retail prices that appear in your power account.

There are two components to our price changes. Firstly, our bill for using the national grid has fallen and we are passing these cost savings through to consumers. Secondly, we are improving the fairness of our charges so that the prices consumers pay better reflect the costs of serving them. The effect of our changes is that a greater proportion of our cost savings accrue to those consumers who have previously been paying relatively higher lines charges.

The price changes mean that 99 per cent of residential consumers will see their lines charges fall, provided they are on the right electricity plan. There will be an increase in line charges for some very low use non-residential connections. Higher capacity consumers will, on average, see their lines charges fall.

Although our changes will result in lower lines charges for most consumers, the extent to which our price changes affect you ultimately depends on how your retailer packages our charges together with the other charges that make up your power bill.

We encourage all consumers to call their electricity retailer if they are unsure whether they are on the correct plan for them. Connections that are at a primary place of residence and use less than 8,000kWh per year should be on a low-user plan and all other consumers should be on a standard plan.

FAQs

Will my power bill go up?

Most customers will have a reduction in their network charges, and typically retailers pass on any changes in Network Tasman's charges. Some customers connected to our network will notice an increase in the fixed daily charge, however in most cases this is more than offset by a reduction in kWh charges.

Those who have an overall reduction in charges including all primary residential homes. The effect on other connections depends on how much energy (kWh) is used – typically the higher users will get a decrease and the low-use users such as baches and sheds will have an increase.

Why has Network Tasman changed its prices?

Network Tasman's previous prices were not entirely fair for all consumers. Some consumers were paying too much and others were paying too little. The new prices allow fairer cost sharing between consumers, as well as passing on our reduced National grid costs for 2019-20.

Some residential consumers will notice an increase in the daily charge and a decrease in the Anytime and Controlled kWh charges, and the effect is that the decrease in the kWh charges will offset the increase in the daily charge. Other residential consumers, typically those who use less than 8,000

kWh pa will remain on the 15c/day (excl GST) daily charge and also have a reduction in their kWh prices.

The effect on non-residential connections depends on how much energy (kWh) is used – typically the higher users will get a decrease and the low-use users will have an increase.

These changes help reduce cross-subsidies between consumers.

Will Network Tasman earn more money as a result of these changes?

No.

These changes result in Network Tasman earning less revenue in the 2019/20 year, when these price changes apply from, than the current 2018/19 year. We forecast that our revenue will decrease by around \$2 million from 2018/19 to 2019/20.

Will these changes affect the discounts that Network Tasman provides?

To a degree, yes. Overall, the total value of discounts that we give back to our consumers will remain the same, but the amount each individual consumer will receive may change.

The discount rates now vary depending on which price plans you have, eg Anytime, Controlled or Night plan (previously discounts were the same for all price plans). As a result, some consumers may notice a difference in their discount compared to other years.

Are Network Tasman's prices regulated?

Yes.

The prices that Network Tasman has to earn lines charges are limited by the Commerce Commission. Our prices from 1 April 2019 are forecast to be significantly below our price cap.

Network Tasman is also subject to oversight by the Electricity Authority, which has responsibility for the pricing methodologies used by lines companies to set their prices. The price changes that Network Tasman is making are consistent with recent direction provided by the Electricity Authority about improvements that lines companies should be making to their price structures.

Do these changes remove the cross-subsidies?

No, our changes haven't removed all cross-subsidies between consumers. Doing so could have resulted in some consumers facing considerably higher lines charges. In making changes to our prices we have balanced the dual objectives of establishing fairer prices for all consumers and the desire to limit any hardship that price changes will have on those consumers facing higher prices.

Will these changes mean my electricity supply is less reliable?

No.

We are primarily reducing our prices because the cost of using the national grid for the 2019-20 year has fallen and we are passing these cost savings on to our consumers. We are continuing to prudently invest in maintaining and improving the safety, reliability, and capacity of our core electricity network.

Click [here](#) for information on the level of our prices.