

networktasman

Your consumer-owned electricity distributor

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NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

Fifth Assessment Period

Assessment for Year ending 31 March 2015

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

Dated 5th June 2015

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1. Directors' Certification

Default Price-Quality Path Compliance Statement

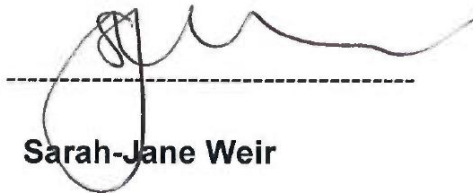
Year Ending 31 March 2015

We, Michael J McCliskie 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 2015, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2012* are true and accurate.



Michael J McCliskie

Chairman of Directors



Sarah-Jane Weir

Director

Dated: 5th June 2015.

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 2015.

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 2015.

The following test confirms NTL's compliance:

Test: Clause 8.4

The Notional Revenue (NR₂₀₁₅) for a Non-exempt EDB (NTL) during the Assessment Period in the year to 31 March 2015 must not exceed the Allowable Notional Revenue (R₂₀₁₅) permitted under the default price pathway for the Assessment Period ending 31 March 2015:

| | |
|----------------------|-------------------------------------|
| Test: | $\frac{NR_{2015}}{R_{2015}} \leq 1$ |
| NR ₂₀₁₅ : | \$25,399,070 |
| R ₂₀₁₅ : | \$ 29,160,302 |
| Result: | 0.871 < 1 |
| Result: | Price Path has not been breached |

This test confirms NTL compliance with the Default Price Path; actual Notional Revenue *NR₂₀₁₅* was \$3,761,232 less than the Allowable Notional Revenue *R₂₀₁₅* for the Assessment Period ending 31 March 2015.

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

d). Notional Revenue NR_{2015}

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_{2015}

The Allowable Notional Revenue for the 5th Assessment Period has been determined in accordance with *Equation 2 in Schedule 1D 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 3 is:

$$R_{2014/15} = \left(\sum_i P_{i,2013/14} Q_{i,2012/13} - K_{2013/14} - V_{2013/14} + (R_{2013/14} - NR_{2013/14}) \right) (1 + \Delta CPI_{2014/15}) (1 - X)$$

Where X has been directly specified to be zero in Schedule 1D by the Commerce Commission. V_{2014} & K_{2014} are defined in section (h) below and are detailed in Appendix 7.

f). Prices P_{2015}

Following an acquisition of grid assets from Transpower by NTL, the Cobb hydroelectric generator has been embedded on the NTL network from 1 December 2014. Consequently NTL has a new tariff for the 66kV connection supplied to that generator. NTL has included revenue relating to that connection earned during the year ending 31 March 2015 in its notional revenue. The inclusion of the tariff for the Cobb hydroelectric scheme does not impact on NTL's allowable revenue because all of the terms in Equation 3 set out in (e) above that relate to NTL's prices and quantities are historic. NTL has not undertaken any other restructuring of Prices in the 5th 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 5th 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 5th Assessment Period:

i) Recoverable Costs V_{2015}

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_{2015}

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) Transfer of Fixed System Assets from Transpower to NTL

On 1 December 2014, NTL acquired from Transpower the 66kV transmission line to the Cobb hydro-electric power station and connection assets at Motueka and Golden Bay. The assets remained under the operational control of Transpower until 1 February 2015. No network outages relating to the acquired assets occurred during the period that NTL had operational control (1 February 2015 to 31 March 2015).

c) Quality Compliance Assessment

Annual Reliability Assessment

The quality standards assessments for SAIDI and SAIFI below demonstrate that for the Assessment Period ending 31 March 2015, 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: | $\frac{SAIDI_{Assessed\ 2015}}{SAIDI_{Limit}} \leq 1$ |
| SAIDI _{Assess 2015} | 157.8 |
| SAIDI _{Limit} | 162.5 |
| Result: | 0.9708 < 1 |
| Result: | SAIDI Limit has not been exceeded |

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

| | | |
|--------------------------------|---|------------|
| Test: | $\frac{SAIFI_{Assessed\ 2015}}{SAIFI_{Limit}} \leq 1$ | |
| SAIFI _{Assessed 2015} | | 1.40 |
| SAIFI _{Limit} | | 1.74 |
| Result: | | 0.8021 < 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 five years to 31 March 2015 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 2015.

| 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 |
| 2015 | Did not exceed limit | Did not exceed limit |

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

d) 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 2015. This information is provided in Appendix 9.

4. Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement 2015 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: 5th June 2015.

5. Independent Audit Report

Independent Auditor's Report To the Directors of Network Tasman Limited and to the Commerce Commission

The Auditor-General is the auditor of Network Tasman Limited (the company). The Auditor-General has appointed me, Ian Lothian, using the staff and resources of Audit New Zealand, to provide an opinion, on her behalf, on whether the Annual Compliance Statement for the year ended on 31 March 2015 on pages 2 to 6 and 8 to 18 complies, in all material respects, with the Electricity Distribution Services Default Price-Quality Path Determination 2012 NZCC 35 (the Determination).

Directors' responsibilities for the Annual Compliance Statement

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.

Auditor's responsibility for the Annual Compliance Statement

Our responsibility is to express an opinion on whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination.

Basis of opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the External Reporting Board and the Standard on Assurance Engagements 3100: Compliance Engagements issued by the External Reporting Board.

These standards require that we comply with ethical requirements and plan and perform our audit to provide reasonable assurance (which is also referred to as 'audit' assurance) about whether the Annual Compliance Statement has been prepared in all material respects in accordance with the Determination.

An audit involves performing procedures to obtain 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 or non-compliance with the Determination. In making those risk assessments, the auditor considers internal control relevant to the company'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 company'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 2 to 4 and 8 to 14 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 2015, 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 6 and 15 to 18 of the Annual Compliance Statement.

Our audit also included assessment of the significant estimates and judgements, if any, made by the company in the preparation of the Annual Compliance Statement.

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

Use of this report

This independent auditor's report has been prepared for the directors of the company and for the Commerce Commission for the purpose of providing those parties with independent audit assurance about whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company or the Commerce Commission, or for any other purpose than that for which it was prepared.

Scope and inherent limitations

Because of the inherent limitations of an audit engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Annual Compliance Statement nor do we guarantee complete accuracy of the Annual Compliance Statement. Also we did not evaluate the security and controls over the electronic publication of the Annual Compliance Statement.

The opinion expressed in this independent auditor's report has been formed on the above basis.

Independence

When carrying out the engagement we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. We also complied with the independent auditor requirements specified in the Determination.

The Auditor-General, and her employees, and Audit New Zealand employees may deal with the company and its subsidiaries on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of business, this engagement, the annual audit of the company's financial statements, and the audit of the company's disclosure regulation statements we have no relationship with or interests in the company and its subsidiaries.

Opinion

In our opinion, the Annual Compliance Statement of Network Tasman Limited for the year ended on 31 March 2015, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 5 June 2015 and our opinion is expressed as at that date.



Ian Lothian
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 2015 (NR₂₀₁₅)

| Notional Revenue (NR_t) for the year ending 31 March 2015 (Assessment Period 5) | | $P_{2015} \times Q_{2013} - K_{2015} - V_{2015}$ |
|--|--|--|
| $P_{2015} \times Q_{2013}$ | Prices as at 31 March 2015 multiplied by 31 March 2013 Base Quantities | 45,843,664 |
| K₂₀₁₅ | Rates for year ending 31 March 2015 | 38,705 |
| | Electricity Authority Levies for year ending 31 March 2015 | 131,370 |
| | EGCC levies to YE March 2015 | 13,827 |
| | Commerce Act Levies for year ending 31 March 2015 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 92,063 |
| | Total | 275,965 |
| V₂₀₁₅ | Transmission Charges for year ending 31 March 2015 | 16,442,571 |
| | Clawback (2014/15) | 2,792,685 |
| | Avoided Transmission Charges for year ending 31 March 2015 | 933,373 |
| | Total | 20,168,629 |
| NR₂₀₁₅ | Notional Revenue for the year ending 31 March 2015 | \$25,399,070 |

Appendix 2: NTL Allowable Notional Revenue for year to 31 March 2015 (R_{2015})

| Allowable Notional Revenue : R_t | | |
|--|--|---------------------|
| as per Equation 3, schedule 1D, page22 | | |
| $R_{2014/15} = (\sum P_{2013/14} Q_{2012/13} - K_{2013/14} - V_{2013/14} + (R_{2013/14} - NR_{2013/14}))(1 + \Delta CPI_{2014-15})(1-X)$ | | |
| $P_{2013/14} Q_{2012/13}$ | Prices as at 31 March 2014 multiplied by 31 March 2013 Base Quantities | 43,625,693 |
| $K_{2013/14}$ | Pass-Through Costs during the 4 th Assessment Period | 235,656 |
| $V_{2013/14}$ | Recoverable Costs and Indirect Transmission Costs during the 4 th Assessment Period | 17,044,780 |
| $R_{2013/14}$ | Allowable notional revenue for the 4 th Assessment Period | 28,390,943 |
| $NR_{2013/14}$ | Notional Revenue for the 4 th Assessment Period | 25,854,737 |
| $\Delta CPI_{2014-15}$ | Derived change is the CPI according to the formula set out in Schedule 1D of the Determination 2012. | 0.0097 |
| X | Rate of change for the 5 th Assessment Period as specified in Table 2 in Schedule 1B. | 0 |
| Allowable Revenue $R_{2014/15} =$ | | \$29,160,302 |

Appendix 3: NTL Base Quantities: $Q_{i,2013}$

| Fixed/ Variable | Group/Category | NTL Code/ description | Quantity $Q_{i,2013}$ | Unit | | | |
|-------------------------|----------------|--------------------------|-----------------------|---------------------|--------------|-----------|-------|
| VARIABLE CHARGES | 1 | 1ANY | 170,675,533 | c/kWh | | | |
| | | 1DAY | 1,598,771 | c/kWh | | | |
| | | 1NIT | 4,986,876 | c/kWh | | | |
| | | 1OPK | 847,606 | c/kWh | | | |
| | | 1WSR | 61,223,870 | c/kWh | | | |
| | 2 | 2 | 2ANY | 67,623,765 | c/kWh | | |
| | | | 2DAY | 18,172,031 | c/kWh | | |
| | | | 2NIT | 8,226,748 | c/kWh | | |
| | | | 2OPK | 537,186 | c/kWh | | |
| | | | 2WSR | 3,919,525 | c/kWh | | |
| | | 2LLFC | 2LANY | 85,940 | c/kWh | | |
| | | | 2LDAY | 11,222 | c/kWh | | |
| | | | 2LNIT | 11,817 | c/kWh | | |
| | | | 2LOPK | 144 | c/kWh | | |
| | | | 2LWSR | 16,469 | c/kWh | | |
| | 2HLFC | 2 | 2HANY | 3,794 | c/kWh | | |
| | | | 2HDAY | 0 | c/kWh | | |
| | | | 2HNIT | 0 | c/kWh | | |
| | | | 2HOPK | 0 | c/kWh | | |
| | | | 2HWSR | 0 | c/kWh | | |
| | HLF | HLF | HLFANY | 3,242,763 | c/kWh | | |
| | | | HLFDAY | 2,671,885 | c/kWh | | |
| | | | HLFNIT | 1,124,300 | c/kWh | | |
| | | | HLFOPK | 1,983 | c/kWh | | |
| | All | GENA | HLFWSR | 30,890 | c/kWh | | |
| | | | GENA | 159,513 | c/kWh | | |
| | | | 3.1 | Summer Day | Summer Day | 4,319,562 | c/kWh |
| | | | | | Summer Night | 1,830,529 | c/kWh |
| | | | | | Winter Day | 3,204,792 | c/kWh |
| | Winter Night | 1,356,503 | | | c/kWh | | |
| | 3.3 & 3.4 | Summer Day | Summer Day | 44,097,078 | c/kWh | | |
| | | | Summer Night | 15,659,649 | c/kWh | | |
| | | | Winter Day | 33,495,464 | c/kWh | | |
| | | | Winter Night | 11,777,394 | c/kWh | | |
| | 3.5 | Summer Day | Summer Day | 5,906,920 | c/kWh | | |
| | | | Summer Night | 2,724,839 | c/kWh | | |
| | | | Winter Day | 4,538,675 | c/kWh | | |
| | | | Winter Night | 2,014,008 | c/kWh | | |
| | FIXED | 0 | 0UNM | 97 | c/day | | |
| | | | 0STL | 710,171 | c/day | | |
| | | | 0TBS | 111 | c/day | | |
| | | 1 | 1 | 1 | 34,332 | c/day | |
| | | | | 2 | 115,650 | c/kVA/day | |
| | | HLF | HLF | HLF | 2,575 | c/kVA/day | |
| | | | | 2LLFC | 19 | c/day | |
| | | | | 2HLFC | 1 | c/day | |
| | | 3.1 | Anytime | 2,391 | c/kVA/day | | |
| 3.3 & 3.5 | | Anytime | 5,384 | c/kVA/day | | | |
| 3.4 | | Anytime | 35,866 | c/kVA/day | | | |
| 3 All Cats | | Winter | 17,430 | c/kVA/day | | | |
| 3 All Cats | | Power Factor | 52 | c/kVAr/day | | | |
| 0 | | NCA Admin Fee | 11 | \$/ICP | | | |
| 1 | | NCA Admin Fee | 444 | \$/ICP | | | |
| 2 | | NCA Admin Fee | 80 | \$/ICP | | | |
| 3 | | NCA Admin Fee | 3 | \$/ICP | | | |
| New Connections | | Network Dev Levy | 13,680 | \$/kVA-km | | | |
| 6.1 | | Annual Charge | 1 | Annual Fixed Charge | | | |
| 6.2 | | Annual Charge | 1 | Annual Fixed Charge | | | |
| NEL | | Annual Charge | 1 | Annual Fixed Charge | | | |
| Trustpower -Cobb | | Annual Charge | 1 | Annual Fixed Charge | | | |

Appendix 4: NTL Price Schedule as at 31 March 2015 ($P_{i,2015}$)

| Fixed/ Variable | Group/Category | NTL Code/ description | Prices: $P_{i,2015}$ | Unit | |
|-------------------------|----------------|-----------------------|----------------------|---------------------|-----------|
| VARIABLE CHARGES | 1 | 1ANY | 9.42 | c/kWh | |
| | | 1DAY | 10.36 | c/kWh | |
| | | 1NIT | 3.14 | c/kWh | |
| | | 1OPK | 7.32 | c/kWh | |
| | | 1WSR | 4.34 | c/kWh | |
| | 2 | 2ANY | 8.40 | c/kWh | |
| | | 2DAY | 9.25 | c/kWh | |
| | | 2NIT | 2.79 | c/kWh | |
| | | 2OPK | 6.55 | c/kWh | |
| | | 2WSR | 3.88 | c/kWh | |
| | 2LLFC | 2LANY | 12.30 | c/kWh | |
| | | 2LDAY | 13.15 | c/kWh | |
| | | 2LNIT | 6.69 | c/kWh | |
| | | 2LOPK | 10.45 | c/kWh | |
| | | 2LWSR | 7.78 | c/kWh | |
| | 2HLFC | 2HANY | 16.87 | c/kWh | |
| | | 2HDAY | 17.72 | c/kWh | |
| | | 2HNIT | 11.26 | c/kWh | |
| | | 2HOPK | 15.02 | c/kWh | |
| | | 2HWSR | 12.35 | c/kWh | |
| | HLF | HLFANY | 2.30 | c/kWh | |
| | | HLFDAY | 2.50 | c/kWh | |
| | | HLFNIT | 0.72 | c/kWh | |
| | | HLFOPK | 1.79 | c/kWh | |
| | | HLFWSR | 1.03 | c/kWh | |
| | All | GENA | 0.00 | c/kWh | |
| | 3.1 | Summer Day | 0.44 | c/kWh | |
| | | Summer Night | 0.24 | c/kWh | |
| | | Winter Day | 0.79 | c/kWh | |
| | | Winter Night | 0.24 | c/kWh | |
| | 3.3 & 3.4 | Summer Day | 1.35 | c/kWh | |
| | | Summer Night | 0.71 | c/kWh | |
| | | Winter Day | 3.63 | c/kWh | |
| | | Winter Night | 0.71 | c/kWh | |
| | 3.5 | Summer Day | 0.91 | c/kWh | |
| | | Summer Night | 0.57 | c/kWh | |
| | | Winter Day | 3.10 | c/kWh | |
| | | Winter Night | 0.57 | c/kWh | |
| | FIXED | 0 | 0UNM | 54 | c/day |
| | | | 0STL | 0.1180 | c/day |
| | | | 0TBS | 135 | c/day |
| | | 1 | 1 | 15.00 | c/day |
| | | 2 | 2 | 5.07 | c/kVA/day |
| HLF | | | HLF | 40.82 | c/kVA/day |
| | | 2LLFC | 15.00 | c/day | |
| | | 2HLFC | 15.00 | c/day | |
| 3.1 | | Anytime | 12.48 | c/kVA/day | |
| 3.3 & 3.5 | | Anytime | 15.31 | c/kVA/day | |
| 3.4 | | Anytime | 16.10 | c/kVA/day | |
| 3 All Cats | | Winter | 33.98 | c/kVA/day | |
| 3 All Cats | | Power Factor | 25.45 | c/kVAr/day | |
| 0 | | NCA Admin Fee | 125 | \$/ICP | |
| 1 | | NCA Admin Fee | 250 | \$/ICP | |
| 2 | | NCA Admin Fee | 325 | \$/ICP | |
| 3 | | NCA Admin Fee | 400 | \$/ICP | |
| New Connections | | Network Dev Levy | 6.356 | \$/kVA-km | |
| 6.1 | | Annual Charge | 2,078,805 | Annual Fixed Charge | |
| 6.2 | | Annual Charge | 548,993 | Annual Fixed Charge | |
| NEL | | Annual Charge | 3,643,033 | Annual Fixed Charge | |
| Trustpower-Cobb | | Annual Charge | 536,847 | Annual Fixed Charge | |

Appendix 5: Notional Revenue (P₂₀₁₅ x Q₂₀₁₃)

| Fixed/ Variable | Group/Category | NTL Code/ description | Quantity Q _{i,2013} | P _{i,2015} | P _{i,2015} Q _{i,2013} | |
|---|----------------|--------------------------|---------------------------------|---------------------|---|-----------|
| VARIABLE CHARGES | 1 | 1ANY | 170,675,533 | 9.42 | 16,077,635 | |
| | | 1DAY | 1,598,771 | 10.36 | 165,633 | |
| | | 1NIT | 4,986,876 | 3.14 | 156,588 | |
| | | 1OPK | 847,606 | 7.32 | 62,045 | |
| | | 1WSR | 61,223,870 | 4.34 | 2,657,116 | |
| | 2 | 2ANY | 67,623,765 | 8.40 | 5,680,396 | |
| | | 2DAY | 18,172,031 | 9.25 | 1,680,913 | |
| | | 2NIT | 8,226,748 | 2.79 | 229,526 | |
| | | 2OPK | 537,186 | 6.55 | 35,186 | |
| | | 2WSR | 3,919,525 | 3.88 | 152,078 | |
| | 2LLFC | 2LANY | 85,940 | 12.30 | 10,571 | |
| | | 2LDAY | 11,222 | 13.15 | 1,476 | |
| | | 2LNIT | 11,817 | 6.69 | 791 | |
| | | 2LOPK | 144 | 10.45 | 15 | |
| | | 2LWSR | 16,469 | 7.78 | 1,281 | |
| | 2HLFC | 2HANY | 3,794 | 16.87 | 640 | |
| | | 2HDAY | 0 | 17.72 | 0 | |
| | | 2HNIT | 0 | 11.26 | 0 | |
| | | 2HOPK | 0 | 15.02 | 0 | |
| | | 2HWSR | 0 | 12.35 | 0 | |
| | HLF | HLFANY | 3,242,763 | 2.30 | 74,584 | |
| | | HLFDAY | 2,671,885 | 2.50 | 66,797 | |
| | | HLFNIT | 1,124,300 | 0.72 | 8,095 | |
| | | HLFOPK | 1,983 | 1.79 | 35 | |
| | | HLFWSR | 30,890 | 1.03 | 318 | |
| | All | GENA | 159,513 | 0.00 | 0 | |
| | 3.1 | Summer Day | 4,319,562 | 0.44 | 19,006 | |
| | | Summer Night | 1,830,529 | 0.24 | 4,393 | |
| | | Winter Day | 3,204,792 | 0.79 | 25,318 | |
| | | Winter Night | 1,356,503 | 0.24 | 3,256 | |
| | | 3.3 & 3.4 | Summer Day | 44,097,078 | 1.35 | 595,311 |
| | Summer Night | | 15,659,649 | 0.71 | 111,184 | |
| | Winter Day | | 33,495,464 | 3.63 | 1,215,885 | |
| | Winter Night | | 11,777,394 | 0.71 | 83,619 | |
| | 3.5 | Summer Day | 5,906,920 | 0.91 | 53,753 | |
| | | Summer Night | 2,724,839 | 0.57 | 15,532 | |
| | | Winter Day | 4,538,675 | 3.10 | 140,699 | |
| | | Winter Night | 2,014,008 | 0.57 | 11,480 | |
| | FIXED | 0 | 0UNM | 97 | 54 | 19,119 |
| | | | 0STL | 710,171 | 0.1180 | 305,871 |
| | | | 0TBS | 111 | 135 | 54,695 |
| | | 1 | 1 | 34,332 | 15.00 | 1,879,677 |
| | | 2 | 2 | 115,650 | 5.07 | 2,140,161 |
| | | HLF | HLF | 2,575 | 40.82 | 383,657 |
| | | | 2LLFC | 19 | 15.00 | 1,040 |
| | | | 2HLFC | 1 | 15.00 | 55 |
| | | 3.1 | Anytime | 2,391 | 12.48 | 108,915 |
| 3.3 & 3.5 | | Anytime | 5,384 | 15.31 | 300,866 | |
| 3.4 | | Anytime | 35,866 | 16.10 | 2,107,665 | |
| 3 All Cats | | Winter | 17,430 | 33.98 | 2,161,791 | |
| 3 All Cats | | Power Factor | 52 | 25.45 | 4,792 | |
| 0 | | NCA Admin Fee | 11 | 125 | 1,375 | |
| 1 | | NCA Admin Fee | 444 | 250 | 111,000 | |
| 2 | | NCA Admin Fee | 80 | 325 | 26,000 | |
| 3 | | NCA Admin Fee | 3 | 400 | 1,200 | |
| New Connections | | Network Dev Levy | 13,680 | 6.356 | 86,954 | |
| | | 6.1 | Annual Charge | 1 | 2,078,805 | 2,078,805 |
| | | 6.2 | Annual Charge | 1 | 548,993 | 548,993 |
| | | NEL | Annual Charge | 1 | 3,643,033 | 3,643,033 |
| | | Trustpower -Cobb | Annual Charge | 1 | 536,847 | 536,847 |
| Prices April 2014-15 x 31 March 2013 Base Quantities for NRT | | | | | 45,843,664 | |

Appendix 6: $\Sigma(P_{i,2014} \times Q_{i,2013})$

| NTL Code / description | Quantity $Q_{i,2013}$ | Prices $P_{i,2013/14}$ | $P_{i,2014}Q_{i,2013}$ |
|---|-----------------------|------------------------|------------------------|
| 1ANY | 170,675,533 | 9.12 | 15,565,609 |
| 1DAY | 1,598,771 | 10.03 | 160,357 |
| 1NIT | 4,986,876 | 3.04 | 151,601 |
| 1OPK | 847,606 | 7.09 | 60,095 |
| 1WSR | 61,223,870 | 4.20 | 2,571,403 |
| 2ANY | 67,623,765 | 8.27 | 5,592,485 |
| 2DAY | 18,172,031 | 9.10 | 1,653,655 |
| 2NIT | 8,226,748 | 2.75 | 226,236 |
| 2OPK | 537,186 | 6.44 | 34,595 |
| 2WSR | 3,919,525 | 3.82 | 149,726 |
| 2LANY | 85,940 | 12.02 | 10,330 |
| 2LDAY | 11,222 | 12.85 | 1,442 |
| 2LNIT | 11,817 | 6.50 | 768 |
| 2LOPK | 144 | 10.19 | 15 |
| 2LWSR | 16,469 | 7.57 | 1,247 |
| 2HANY | 3,794 | 16.47 | 625 |
| 2HDAY | 0 | 17.30 | 0 |
| 2HNIT | 0 | 10.95 | 0 |
| 2HOPK | 0 | 14.64 | 0 |
| 2HWSR | 0 | 12.02 | 0 |
| HLFANY | 3,242,763 | 2.26 | 73,286 |
| HLFDAY | 2,671,885 | 2.46 | 65,728 |
| HLFNIT | 1,124,300 | 0.71 | 7,983 |
| HLFOPK | 1,983 | 1.76 | 35 |
| HLFWSR | 30,890 | 1.02 | 315 |
| GENA | 159,513 | 0.00 | 0 |
| Summer Day | 4,319,562 | 0.43 | 18,574 |
| Summer Night | 1,830,529 | 0.24 | 4,393 |
| Winter Day | 3,204,792 | 0.77 | 24,677 |
| Winter Night | 1,356,503 | 0.24 | 3,256 |
| Summer Day | 44,097,078 | 1.33 | 586,491 |
| Summer Night | 15,659,649 | 0.70 | 109,618 |
| Winter Day | 33,495,464 | 3.57 | 1,195,788 |
| Winter Night | 11,777,394 | 0.70 | 82,442 |
| Summer Day | 5,906,920 | 0.90 | 53,162 |
| Summer Night | 2,724,839 | 0.56 | 15,259 |
| Winter Day | 4,538,675 | 3.05 | 138,430 |
| Winter Night | 2,014,008 | 0.56 | 11,278 |
| OUNM | 97 | 53 | 18,765 |
| OSTL | 710,171 | 0.1160 | 300,686 |
| OTBS | 111 | 134 | 54,290 |
| 1 | 34,332 | 15.00 | 1,879,677 |
| 2 | 115,650 | 4.87 | 2,055,737 |
| HLF | 2,575 | 39.14 | 367,867 |
| 2LLFC | 19 | 15.00 | 1,040 |
| 2HLFC | 1 | 15.00 | 55 |
| Anytime | 2,391 | 11.980 | 104,551 |
| Anytime | 5,384 | 14.840 | 291,630 |
| Anytime | 35,866 | 15.620 | 2,044,828 |
| Winter | 17,430 | 30.770 | 1,957,572 |
| Power Factor | 52 | 25.050 | 4,716 |
| NCA Admin Fee | 11 | 125 | 1,375 |
| NCA Admin Fee | 444 | 250 | 111,000 |
| NCA Admin Fee | 80 | 325 | 26,000 |
| NCA Admin Fee | 3 | 400 | 1,200 |
| Network Dev Levy | 13,680 | 6.356 | 86,954 |
| 6.1 | Annual Charge | 2,019,498 | 2,019,498 |
| 6.2 | Annual Charge | 546,084 | 546,084 |
| NEL | Annual Charge | 3,181,266 | 3,181,266 |
| - | - | 0 | 0 |
| Prices April 2013-14 x Q2013 for NRT | | | 43,625,693 |

Appendix 7: Pass-Through and Recoverable Costs

| Pass Through and Recoverable Costs for year ending March 2015 | | | | |
|--|--------------------|----------------------|----------------------|---------------------|
| | Actual (\$) | Forecast (\$) | Variance (\$) | Variance (%) |
| Recoverable Costs (V2015) | | | | |
| Transmission | 16,442,571 | 18,034,647 | (1,592,076) | (9.68)% |
| Avoided Transmission | 933,373 | 126,260 | 807,113 | 86.47% |
| Pass Through Costs (K2015) | | | | |
| Rates | 38,705 | 37,037 | 1,669 | 4.31% |
| Electricity Authority Levies | 131,370 | 115,000 | 16,370 | 12.46% |
| Commerce Act Levies | 92,063 | 76,000 | 16,063 | 17.45% |
| EGCC | 13,827 | 16,800 | (2,973) | (21.5)% |
| Total Pass Through & Recoverable Costs | 17,651,909 | 18,405,745 | (753,835) | (4.27)% |

Note: A key driver of the variations between Actual and Forecast for Transmission and Avoided Transmission was the embedding of the Cobb Hydro Power Station in NTL's network from 1 December 2014.

Recoverable and Pass-Through Costs for YE 31 March 2014 and 2015:

| Recoverable Costs | | | |
|--|-------------------------|--|-------------------------|
| | V₂₀₁₅ | | V₂₀₁₄ |
| Transpower Charges for year ending 31 March 2015 | 16,442,571 | Transpower Charges for year ending 31 March 2014 | 16,939,771 |
| Avoided Transmission Charges | 933,373 | Avoided Transmission Charges for year ending 31 March 2014 | 105,009 |
| Total recoverable to Mar 15 | 17,375,944 | Total recoverable to Mar 15 | 17,044,780 |
| Pass-Through Costs | | | |
| | K₂₀₁₅ | | K₂₀₁₄ |
| Rates for year ending 31 March 2015 | 38,705 | Rates for year ending 31 March 2014 | 34,274 |
| Electricity Authority Levies for year ending 31 March 2015 | 131,370 | Electricity Authority Levies for year ending 31 March 2014 | 94,451 |
| EGCC levies | 13,827 | EGCC levies | 18,380 |
| Commerce Act Levies for year ending 31 March 2015 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 92,063 | Commerce Act Levies for year ending 31 March 2014 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 88,551 |
| Total Pass thru costs to YE Mar 15 | 275,965 | Total Pass thru costs to YE Mar 14 | 235,656 |
| Total V+K | 17,651,909 | | 17,280,436 |

Appendix 8: Reliability data and assessment

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 |
| 2015 | 100.209 | 57.587 | 157.796 | 1.176 | 0.223 | 1.399 |

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 |

| 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 Reliability 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 Reliability 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 |
| 17-Apr-14 | 44.68 | 0.0025 | 22.48 | 0.0025 |
| Nil | | | - | - |

| Assessed SAIDI Value | | |
|-----------------------------|---------------|--|
| SAIDI₂₀₁₅ | 157.79 | The sum of daily SAIDI values in the Normalised Assessment Dataset for Assessment Period 5 |

| Assessed SAIFI Value | | |
|-----------------------------|-------------|--|
| SAIFI₂₀₁₅ | 1.40 | The sum of daily SAIFI values in the Normalised Assessment Dataset for Assessment Period 5 |

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:

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

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, 66kV)
- 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.