

New line pricing from 1 April 2022

Overview

Network Tasman made some changes to its prices from 1 April 2022. Our 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. The cost of using the national transmission grid and the cost of operating and investing in our local distribution network. Our bill for using the national grid has fallen and we have passed this cost reduction through to consumers. Like many businesses, we have seen our costs increase significantly over the past 12 months as inflation and supply chain issues have increased the costs of materials across our business as well as increasing our operating costs. To account for these cost increases Network Tasman has increased its prices by an average of 3.5%.

As part of the Government's phase out of the Low Fixed Charge regulations, Network Tasman has increased the daily charge for the Low Use Residential price plan (1RL) from 15c/day to 30c/day. This higher fixed charge is accompanied by a reduction on our consumption charges for those same consumers. More detail on the Government's phase out of the Low Fixed Charge regulations can be found at <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-consultations-and-reviews/electricity-price/phasing-out-low-fixed-charge-tariff-regulations/>

The significant majority of residential consumers will experience lower network charges from 1 April 2022. However, 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, and of course you own pattern of electricity use and consumption level.

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. All other consumers should be on a standard plan.

FAQs

Will my power bill go up?

Most customers will have a decrease in their network charges. Some customers connected to our network will notice an increase in their fixed daily charge but lower kWh rates.

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

Our total revenue will increase as a result of these changes. However, this is to account for the higher cost of investing in and operating our network.

Will these changes affect the discounts that Network Tasman provides?

Yes, we have increased discount rates across the board. This means the total value of discounts that we give back to our consumers also increases. The discount each individual consumer receives will depend on the price plan they are on and how much electricity is used.

Are Network Tasman's revenues regulated?

Yes. The revenue that Network Tasman can earn from lines charges are capped by the Commerce Commission. We forecast our revenue from 1 April 2022 to be significantly below our price limit.

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 2022-23 year has risen along with some operational and regulatory costs. We are continuing to prudently invest in maintaining and improving the safety, reliability, and capacity of our core electricity network.

More information on the level of our prices can be found on our website:

<https://www.networktasman.co.nz/network-pricing>