
Scanpower Limited

Pricing Methodology Disclosure

For Pricing Effective 1 April 2013 to 31 March 2014

Introduction

1. The purpose of this document is to describe the methodology used by Scanpower Limited in setting its distribution charges, as required by Section 2.4.1 of the Electricity Distribution Information Disclosure Determination 2012. This was issued by the Commerce Commission on 1 October 2012.

In setting annual pricing, Scanpower seeks to ensure that the company obtains sufficient revenue to:

- Meet its obligations to Transpower for connection to the national transmission grid.
- Meet its contractual obligations for the delivery of electricity over the company's distribution network, as per the terms of its standard Use of System Agreement.
- Comply with statutory, regulatory and operational requirements in relation to public safety, quality of supply, fault and emergency response, vegetation management and reporting.
- Provide for new investment in the network assets as necessary.
- Produce a rate of return that is acceptable to the owners, the Scanpower Customer Trust.

There have been no material changes to Scanpower's pricing methodology or fundamental tariff structure in the past year. However, sections of this document have been expanded and rewritten to comply with the 2012 Information Disclosure Determination.

2. The objectives of Scanpower Limited's approach to network pricing are:
 - To establish a fair range of charges.
 - To allocate costs fairly between user groups.
 - To appropriately recover pass through costs such as transmission charges.
 - To achieve a rate of return acceptable to owners (Scanpower Customer Trust), including the payment of an annual network discount to customers.

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- To provide appropriate demand based pricing signals where possible.
 - To avoid price shocks where possible by maintaining consistency with historic pricing structures.
 - To offer pricing that, when annual discounts are taken into account, is competitive relative to other distribution companies.
 - To be consistent with the Pricing Principles issued by the Electricity Authority.
3. In setting annual network pricing, it should be noted that Scanpower is subject to certain limitations including:
- The need to comply with regulatory requirements relating to fixed daily charges and low user rates.
 - A requirement (specified by the owners, the Scanpower Customer Trust) to offer uniform (i.e. non-differentiated pricing) to urban, rural and remote consumers within the supply area.
 - A lack of ability to control how network charges are passed on to consumers by their respective electricity retailers. Implications of this include dilution or removal of network pricing signals in final retail pricing, or retailers in acquisition mode skewing pricing to attract / cherry pick higher usage / higher value customers (for example by setting retail pricing that has a higher fixed component and a lower variable component).
4. The components of this disclosure, which in total describe the Scanpower pricing methodology and aim to meet the requirements of the Electricity Distribution Information Disclosure Determination 2012, include:
- A description of the methodology used to calculate the network prices payable, including:
 - The total target revenue expected to be collected for the disclosure year.
 - A break down of the target revenue into its components.
 - A description of how Scanpower has established consumer pricing groups.
 - How Scanpower allocates individual consumers to one of these groups.
 - How costs and revenues are allocated to each consumer group.
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- The proportion of target revenue derived from each pricing component.
 - A discussion of consistency (or otherwise) with the Pricing Principles.
 - An explanation of the longer term pricing strategy (5 years) and any expected, significant changes.
 - A description of Scanpower's approach to non-standard contracts and pricing relating to distributed generation.
 - A disclosure of Scanpower's capital contribution policy.

Network Pricing Methodology

Calculation of Annual Revenue Requirement 2013-2014

4. Provided in the Table One below is a summary of the calculation of Scanpower's annual network revenue requirement. This totals \$8,420,385. The summary provides the breakdown of known / budgeted costs for the coming year. The costs are described as follows:
- Operations & Maintenance is a direct cost and relates to network asset maintenance, outage response, asset management, vegetation management, engineering design, planning, fault response, control room operation and customer / public liaison. The value of \$2,103,439 is equal to the budgeted Operations & Maintenance expenditure for the financial year 1 April 2013 to 31 March 2014.
 - Administration & Corporate is an indirect cost and relates to overheads such as Board and Executive costs, audit fees, insurances, office facilities, community sponsorship activities, call centre operation, and similar items. The value of \$1,469,358 is equal to the budgeted Corporate & Overhead expenditure for the financial year 1 April 2013 to 31 March 2014.
 - Depreciation Charges reflect the annual charge to the accounts for depreciation on network system assets and related fixed assets such as communications equipment and network related software. The value of \$1,115,080 is equal to the budgeted depreciation charges in respect of the Network business unit for the financial year 1 April 2013 to 31 March 2014.
 - Cost of capital / return to customer owners represents the anticipated annual distribution of returns to customers by way of the annual network discount mechanism. The amount is established through consultation with, and the approval of, the Scanpower Customer Trust and is recorded in the annual Statement of Corporate Intent. For the financial year 1 April 2013 to 31 March 2014 this has been set at \$1,500,000.

- Transpower charges are the contracted transmission costs applied by the national grid operator for the year 2013/14. They are stated here net of loss rental rebates which are offset as a credit against total budgeted transmission costs for the purposes of calculating the annual revenue requirement. For the financial year 1 April 2013 to 31 March 2014 net transmission costs are forecast to be \$2,198,309.
- Regulatory costs / levies include amounts charged by the Electricity Commission, Commerce Commission, Ministry of Economic Development, and the Electricity & Gas Complaints Commission Scheme. For the financial year 1 April 2013 to 31 March 2014 these costs are budgeted to be \$34,200.

Table One – Calculation of Annual Revenue Requirement 2013-2014

Description	Amount
Operations & Maintenance Costs	\$2,103,439
Administration & Corporate Costs	\$1,469,358
Depreciation Charges	\$1,115,080
Cost of Capital / Return to Owners	\$1,500,000
Transpower Charges (net of LRR)	\$2,198,309
Regulatory Costs / Levies (including EC)	\$34,200
Total Revenue Requirement	\$8,420,385

5. Scanpower has used this annual revenue requirement to form the basis of its pricing methodology, and broadly this forms the revenue target for the year.

Target Revenue 2013 - 2014

6. In its operating budgets for the financial year 1 April 2013 to 31 March 2014, Scanpower has forecast network revenue to be \$8,336,416. This is within 1% of the revenue requirement, and given natural fluctuations in variable charge income is considered to be within an acceptable margin (on the conservative side).
7. The breakdown (including numerical values) of the target revenue, by component and customer grouping, is provided in Tables 2 to 16 below.

Table Two – Target Revenue Summary by Major Customer / Customer Group

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	TOTAL
Cold Stores (C6 Customer Group)	\$12,677	\$12,996	\$16,695	\$13,915	\$14,969	\$12,819	\$12,328	\$14,150	\$15,781	\$14,250	\$12,996	\$12,351	\$165,927
Freezing Works (C6 Customer Group)	\$24,008	\$26,406	\$33,229	\$26,962	\$24,078	\$26,248	\$23,637	\$25,837	\$24,156	\$24,753	\$23,778	\$22,862	\$305,953
Wool Spinners (C5 Customer Group)	\$14,642	\$16,720	\$21,108	\$23,236	\$23,507	\$19,350	\$18,204	\$18,124	\$13,799	\$10,541	\$15,373	\$17,278	\$211,882
Regional Transmitter Site (C5 Customer Group)	\$12,709	\$12,998	\$15,215	\$14,297	\$15,443	\$12,083	\$11,499	\$12,702	\$13,256	\$12,931	\$11,923	\$13,180	\$158,237
Lumber Mill (C4 Customer Group)	\$15,748	\$14,888	\$22,738	\$22,768	\$23,128	\$18,098	\$17,383	\$18,831	\$18,184	\$11,730	\$15,939	\$18,057	\$217,492
Supermarket (C4 Customer Group)	\$5,371	\$5,429	\$6,163	\$6,483	\$6,639	\$5,299	\$5,436	\$5,356	\$5,514	\$5,746	\$5,303	\$5,659	\$68,397
Fast Food Restaurant (C4 Customer Group)	\$1,741	\$1,792	\$2,269	\$2,196	\$2,143	\$1,710	\$1,731	\$1,705	\$1,812	\$1,903	\$1,764	\$1,873	\$22,639
Milk Depot (C4 Customer Group)	\$3,222	\$1,722	\$1,147	\$1,179	\$3,907	\$3,785	\$4,001	\$3,681	\$3,580	\$3,680	\$3,323	\$3,767	\$36,996
Homewares Retailer (C4 Customer Group)	\$2,775	\$3,278	\$4,327	\$4,216	\$3,750	\$2,816	\$2,897	\$3,011	\$3,682	\$3,107	\$2,972	\$2,963	\$39,793
Swimming Pool (C4 Customer Group)	\$3,178	\$3,494	\$4,919	\$4,711	\$4,226	\$3,410	\$3,386	\$3,095	\$3,632	\$3,039	\$2,796	\$3,109	\$42,996
Fast Food Restaurant (C4 Customer Group)	\$2,908	\$2,908	\$3,538	\$3,786	\$3,704	\$2,991	\$3,032	\$2,971	\$3,158	\$2,908	\$2,801	\$2,908	\$37,615
C3 Customers	\$21,807	\$21,316	\$23,664	\$22,287	\$21,345	\$21,290	\$20,639	\$20,721	\$20,319	\$18,920	\$19,287	\$21,210	\$252,804
NHH Customers (D1, C1, C1.2, C1.5)	\$526,635	\$577,005	\$579,509	\$606,307	\$625,138	\$590,428	\$598,012	\$544,330	\$552,133	\$545,307	\$481,916	\$528,927	\$6,755,646
Street Lights	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595	\$19,140
Other	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$900
MONTHLY TOTAL	\$649,090	\$702,624	\$736,191	\$754,014	\$773,647	\$721,997	\$723,856	\$676,184	\$680,675	\$660,484	\$601,840	\$655,813	\$8,336,416

Table Three – Target Revenue Breakdown for Major Customer – Cold Stores Business (C6 pricing category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	229,998	240,956	240,882	191,877	209,005	234,866	218,014	280,593	336,598	284,020	240,969	218,819
Loss Factor	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025	1.025
Total Billable Units	235,748	246,980	246,904	196,674	214,230	240,738	223,464	287,608	345,013	291,121	246,993	224,289
Day Units	162,666	170,416	170,364	135,705	147,819	166,109	154,190	198,449	238,059	200,873	170,425	154,760
Night Units	73,082	76,564	76,540	60,969	66,411	74,629	69,274	89,158	106,954	90,247	76,568	69,530
Day Price	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360
Night Price	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115
KWH Revenue	\$6,696.42	\$7,015.46	\$7,013.31	\$5,586.53	\$6,085.21	\$6,838.15	\$6,347.50	\$8,169.50	\$9,800.09	\$8,269.28	\$7,015.84	\$6,370.94
Peak Demand	0	0	640	406	502	0	0	0	0	0	0	0
Price per KVA	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833	\$5.7833
MD Revenue	\$0.00	\$0.00	\$3,701.31	\$2,348.02	\$2,903.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Price per KVA	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805
Fixed Revenue	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50	\$5,980.50
TOTAL REVENUE	\$12,677	\$12,996	\$16,695	\$13,915	\$14,969	\$12,819	\$12,328	\$14,150	\$15,781	\$14,250	\$12,996	\$12,351

ANNUAL TOTAL	\$165,927
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Table Four – Target Revenue Breakdown for Major Customer – Freezing Works (C6 pricing category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	481,419	558,194	537,840	340,330	279,114	553,121	469,526	539,960	486,152	505,254	474,042	444,713
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	520,414	603,408	581,405	367,897	301,722	597,924	507,558	583,697	525,530	546,180	512,439	480,735
Day Units	369,494	428,419	412,798	261,207	214,223	424,526	360,366	414,425	373,127	387,787	363,832	341,322
Night Units	150,920	174,988	168,607	106,690	87,499	173,398	147,192	169,272	152,404	158,392	148,607	139,413
Day Price	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360	\$0.0360
Night Price	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115	\$0.0115
KWH Revenue	\$15,037.36	\$17,435.47	\$16,799.70	\$10,630.38	\$8,718.26	\$17,277.01	\$14,665.88	\$16,865.92	\$15,185.20	\$15,781.86	\$14,806.94	\$13,890.83
Peak Demand	0	0	1,290	1,273	1,105	0	0	0	0	0	0	0
Price per KVA	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822	\$5.7822
MD Revenue	\$0.00	\$0.00	\$7,459.04	\$7,360.74	\$6,389.33	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Price per KVA	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805	\$5.9805
Fixed Revenue	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75	\$8,970.75
TOTAL REVENUE	\$24,008	\$26,406	\$33,229	\$26,962	\$24,078	\$26,248	\$23,637	\$25,837	\$24,156	\$24,753	\$23,778	\$22,862

ANNUAL TOTAL	\$305,953
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Table Five – Target Revenue Breakdown for Major Customer – Wool Spinners (C5 pricing category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	198,725	236,742	235,340	271,621	275,774	284,832	263,871	262,420	183,306	123,723	212,106	246,942
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	214,822	255,918	254,403	293,622	298,112	307,903	285,245	283,676	198,154	133,745	229,287	266,944
Day Units	161,116	191,939	190,802	220,217	223,584	230,928	213,933	212,757	148,615	100,308	171,965	200,208
Night Units	53,705	63,980	63,601	73,406	74,528	76,976	71,311	70,919	49,538	33,436	57,322	66,736
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$10,864.61	\$12,943.06	\$12,866.41	\$14,849.95	\$15,077.00	\$15,572.21	\$14,426.24	\$14,346.91	\$10,021.63	\$6,764.13	\$11,596.17	\$13,500.71
Peak Demand	0	0	709	732	739	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$4,463.86	\$4,608.67	\$4,652.74	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30	\$3,777.30
TOTAL REVENUE	\$14,642	\$16,720	\$21,108	\$23,236	\$23,507	\$19,350	\$18,204	\$18,124	\$13,799	\$10,541	\$15,373	\$17,278

ANNUAL TOTAL	\$211,882
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Table Six – Target Revenue Breakdown for Major Customer – Regional Transmitter Site (C5 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	222,078	227,716	228,236	210,576	233,162	209,882	198,492	221,958	232,752	226,418	206,746	231,273
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	240,066	246,161	246,723	227,633	252,048	226,882	214,570	239,937	251,605	244,758	223,492	250,006
Day Units	160,844	164,928	165,304	152,514	168,872	152,011	143,762	160,758	168,575	163,988	149,740	167,504
Night Units	79,222	81,233	81,419	75,119	83,176	74,871	70,808	79,179	83,030	80,770	73,753	82,502
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$11,386.59	\$11,675.66	\$11,702.32	\$10,796.84	\$11,954.89	\$10,761.26	\$10,177.26	\$11,380.43	\$11,933.87	\$11,609.11	\$10,600.47	\$11,858.04
Peak Demand	0	0	348	346	344	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$2,191.01	\$2,178.42	\$2,165.82	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	350	350	350	350	350	350	350	350	350	350	350	350
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06	\$1,322.06
TOTAL REVENUE	\$12,709	\$12,998	\$15,215	\$14,297	\$15,443	\$12,083	\$11,499	\$12,702	\$13,256	\$12,931	\$11,923	\$13,180

ANNUAL TOTAL	\$158,237
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Table Seven – Target Revenue Breakdown for Major Customer – Lumber Mill (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	213,666	197,820	226,347	230,845	237,470	256,986	243,808	270,488	258,557	139,611	217,193	256,219
Loss Factor	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728	1.0728
Total Billable Units	229,221	212,221	242,825	247,650	254,758	275,695	261,557	290,180	277,380	149,775	233,005	274,872
Day Units	171,916	159,166	182,119	185,738	191,068	206,771	196,168	217,635	208,035	112,331	174,753	206,154
Night Units	57,305	53,055	60,706	61,913	63,689	68,924	65,389	72,545	69,345	37,444	58,251	68,718
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$11,592.86	\$10,733.09	\$12,280.88	\$12,524.92	\$12,884.38	\$13,943.25	\$13,228.26	\$14,675.83	\$14,028.49	\$7,574.85	\$11,784.21	\$13,901.64
Peak Demand	0	0	1001	967	967	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$6,302.30	\$6,088.23	\$6,088.23	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03	\$4,155.03
TOTAL REVENUE	\$15,748	\$14,888	\$22,738	\$22,768	\$23,128	\$18,098	\$17,383	\$18,831	\$18,184	\$11,730	\$15,939	\$18,057

ANNUAL TOTAL	\$217,492
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Table Eight – Target Revenue Breakdown for Major Customer – Supermarket (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	84,416	85,484	80,826	85,192	87,464	83,113	85,616	84,150	87,030	91,277	83,173	89,686
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	91,254	92,408	87,373	92,093	94,549	89,845	92,551	90,966	94,079	98,670	89,910	96,951
Day Units	68,440	69,306	65,530	69,069	70,911	67,384	69,413	68,225	70,560	74,003	67,433	72,713
Night Units	22,813	23,102	21,843	23,023	23,637	22,461	23,138	22,742	23,520	24,668	22,478	24,238
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$4,615.16	\$4,673.54	\$4,418.88	\$4,657.58	\$4,781.79	\$4,543.92	\$4,680.76	\$4,600.61	\$4,758.07	\$4,990.26	\$4,547.20	\$4,903.27
Peak Demand	0	0	157	170	175	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$988.47	\$1,070.32	\$1,101.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	200	200	200	200	200	200	200	200	200	200	200	200
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46
TOTAL REVENUE	\$5,371	\$5,429	\$6,163	\$6,483	\$6,639	\$5,299	\$5,436	\$5,356	\$5,514	\$5,746	\$5,303	\$5,659

ANNUAL TOTAL	\$68,397
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Table Nine – Target Revenue Breakdown for Major Customer – Fast Food Restaurant (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	20,656	21,486	21,149	20,891	20,340	20,166	20,508	20,090	21,804	23,268	21,040	22,775
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	22,329	23,226	22,862	22,583	21,988	21,799	22,169	21,717	23,570	25,153	22,744	24,620
Day Units	20,766	21,601	21,262	21,002	20,448	20,273	20,617	20,197	21,920	23,392	21,152	22,896
Night Units	1,563	1,626	1,600	1,581	1,539	1,526	1,552	1,520	1,650	1,761	1,592	1,723
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$1,287.25	\$1,338.98	\$1,317.98	\$1,301.90	\$1,267.56	\$1,256.72	\$1,278.03	\$1,251.98	\$1,358.79	\$1,450.03	\$1,311.18	\$1,419.31
Peak Demand	0	0	79	70	67	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$497.38	\$440.72	\$421.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	120	120	120	120	120	120	120	120	120	120	120	120
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28	\$453.28
TOTAL REVENUE	\$1,741	\$1,792	\$2,269	\$2,196	\$2,143	\$1,710	\$1,731	\$1,705	\$1,812	\$1,903	\$1,764	\$1,873

ANNUAL TOTAL	\$22,639
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Table Ten – Target Revenue Breakdown for Major Customer – Milk Depot (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	42,318	14,451	2,951	3,433	37,973	52,787	56,787	50,853	48,977	50,832	44,200	52,446
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	45,746	15,622	3,190	3,711	41,049	57,063	61,387	54,972	52,944	54,949	47,780	56,694
Day Units	33,394	11,404	2,329	2,709	29,966	41,656	44,812	40,130	38,649	40,113	34,880	41,387
Night Units	12,351	4,218	861	1,002	11,083	15,407	16,574	14,842	14,295	14,836	12,901	15,307
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$2,277.64	\$777.78	\$158.83	\$184.77	\$2,043.78	\$2,841.10	\$3,056.38	\$2,737.01	\$2,636.04	\$2,735.88	\$2,378.93	\$2,822.74
Peak Demand	0	0	7	8	146	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$44.07	\$50.37	\$919.22	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	250	250	250	250	250	250	250	250	250	250	250	250
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33	\$944.33
TOTAL REVENUE	\$3,222	\$1,722	\$1,147	\$1,179	\$3,907	\$3,785	\$4,001	\$3,681	\$3,580	\$3,680	\$3,323	\$3,767

ANNUAL TOTAL	\$36,996
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Table Eleven – Target Revenue Breakdown for Major Customer – Homewares Retailer (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	33,785	42,208	46,799	45,368	38,823	34,470	35,838	37,730	48,958	39,336	37,078	36,938
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	36,522	45,627	50,590	49,043	41,968	37,262	38,741	40,786	52,924	42,522	40,081	39,930
Day Units	31,774	39,695	44,013	42,667	36,512	32,418	33,705	35,484	46,044	36,994	34,871	34,739
Night Units	4,748	5,931	6,577	6,376	5,456	4,844	5,036	5,302	6,880	5,528	5,211	5,191
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$2,019.31	\$2,522.75	\$2,797.16	\$2,711.63	\$2,320.43	\$2,060.26	\$2,142.02	\$2,255.11	\$2,926.20	\$2,351.10	\$2,216.14	\$2,207.77
Peak Demand	0	0	123	119	107	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$774.41	\$749.22	\$673.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	200	200	200	200	200	200	200	200	200	200	200	200
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46
TOTAL REVENUE	\$2,775	\$3,278	\$4,327	\$4,216	\$3,750	\$2,816	\$2,897	\$3,011	\$3,682	\$3,107	\$2,972	\$2,963

ANNUAL TOTAL	\$39,793
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Table Twelve – Target Revenue Breakdown for Major Customer – Swimming Pool (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	48,038	54,317	58,227	56,853	53,339	52,648	52,171	46,394	57,055	45,290	40,468	46,672
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	51,929	58,717	62,943	61,458	57,659	56,912	56,397	50,152	61,676	48,958	43,746	50,452
Day Units	33,754	38,166	40,913	39,948	37,479	36,993	36,658	32,599	40,090	31,823	28,435	32,794
Night Units	18,175	20,551	22,030	21,510	20,181	19,919	19,739	17,553	21,587	17,135	15,311	17,658
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$2,422.23	\$2,738.84	\$2,935.99	\$2,866.71	\$2,689.53	\$2,654.68	\$2,630.63	\$2,339.34	\$2,876.90	\$2,283.67	\$2,040.53	\$2,353.35
Peak Demand	0	0	195	173	124	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$1,227.72	\$1,089.21	\$780.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	200	200	200	200	200	200	200	200	200	200	200	200
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46
TOTAL REVENUE	\$3,178	\$3,494	\$4,919	\$4,711	\$4,226	\$3,410	\$3,386	\$3,095	\$3,632	\$3,039	\$2,796	\$3,109

ANNUAL TOTAL	\$42,996
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Table Thirteen – Target Revenue Breakdown for Major Customer – Fast Food Restaurant (C4 category customer)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	40,000	40,000	40,000	44,847	43,556	41,545	42,296	41,163	44,640	40,000	38,000	40,000
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	43,240	43,240	43,240	48,480	47,084	44,910	45,722	44,497	48,256	43,240	41,078	43,240
Day Units	31,565	31,565	31,565	35,390	34,371	32,784	33,377	32,483	35,227	31,565	29,987	31,565
Night Units	11,675	11,675	11,675	13,089	12,713	12,126	12,345	12,014	13,029	11,675	11,091	11,675
Day Price	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604	\$0.0604
Night Price	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211	\$0.0211
KWH Revenue	\$2,152.88	\$2,152.88	\$2,152.88	\$2,413.75	\$2,344.27	\$2,236.03	\$2,276.45	\$2,215.47	\$2,402.61	\$2,152.88	\$2,045.23	\$2,152.88
Peak Demand	0	0	100	98	96	0	0	0	0	0	0	0
Price per KVA	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960	\$6.2960
MD Revenue	\$0.00	\$0.00	\$629.60	\$617.01	\$604.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Monthly Capacity	200	200	200	200	200	200	200	200	200	200	200	200
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46	\$755.46
TOTAL REVENUE	\$2,908	\$2,908	\$3,538	\$3,786	\$3,704	\$2,991	\$3,032	\$2,971	\$3,158	\$2,908	\$2,801	\$2,908

ANNUAL TOTAL	\$37,615
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Table Fourteen – Target Revenue Breakdown for C3 Customer Grouping (C3 category customers comprising 14 medium sized commercial sites)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
Consumption	243,514	238,894	277,627	259,482	247,992	250,030	242,984	247,110	243,870	225,387	233,873	266,111
Loss Factor	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081	1.081
Total Billable Units	263,239	258,244	300,115	280,500	268,079	270,282	262,666	267,126	263,623	243,643	252,817	287,666
Day Units	197,429	193,683	225,086	210,375	201,060	202,712	196,999	200,344	197,718	182,733	189,613	215,749
Night Units	65,810	64,561	75,029	70,125	67,020	67,571	65,666	66,781	65,906	60,911	63,204	71,916
Day Price	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661	\$0.0661
Night Price	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441	\$0.0441
KWH Revenue	\$15,952.26	\$15,649.61	\$18,186.96	\$16,998.30	\$16,245.61	\$16,379.12	\$15,917.54	\$16,187.83	\$15,975.58	\$14,764.79	\$15,320.69	\$17,432.56
Monthly Capacity	1,550	1,500	1,450	1,400	1,350	1,300	1,250	1,200	1,150	1,100	1,050	1,000
Price per KVA	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773	\$3.7773
Fixed Revenue	\$5,854.82	\$5,665.95	\$5,477.09	\$5,288.22	\$5,099.36	\$4,910.49	\$4,721.63	\$4,532.76	\$4,343.90	\$4,155.03	\$3,966.17	\$3,777.30
TOTAL REVENUE	\$21,807	\$21,316	\$23,664	\$22,287	\$21,345	\$21,290	\$20,639	\$20,721	\$20,319	\$18,920	\$19,287	\$21,210

ANNUAL TOTAL	\$252,804
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Table Fifteen – Target Revenue Breakdown for D1, C1, C1.2, C1.5 Customer Groups (domestic and commercial non-half hourly metered customers)

DESCRIPTION	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH
GXP Day Units	3,746,775	4,155,745	4,191,568	4,390,871	4,537,901	4,278,184	4,330,065	3,892,083	3,911,902	3,837,935	3,397,611	3,737,410
GXP Night Units	1,124,438	1,232,492	1,256,724	1,322,148	1,385,640	1,291,578	1,288,499	1,173,810	1,220,019	1,226,732	1,052,082	1,132,163
Day Price	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985	\$0.0985
Night Price	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685	\$0.0685
KWH Revenue	\$446,081.36	\$493,766.65	\$498,955.06	\$523,067.95	\$541,899.63	\$509,874.22	\$514,773.58	\$463,776.17	\$468,893.69	\$462,067.73	\$406,732.26	\$445,688.05
D1 Days On	140,430	145,111	140,430	145,111	145,111	140,430	145,111	140,430	145,111	145,111	131,068	145,111
C1 Days On	38,392	39,672	38,392	39,672	39,672	38,392	39,672	38,392	39,672	39,672	35,833	39,672
C1.2 Days On	12,990	13,423	12,990	13,423	13,423	12,990	13,423	12,990	13,423	13,423	12,124	13,423
C1.5 Days On	11,070	11,439	11,070	11,439	11,439	11,070	11,439	11,070	11,439	11,439	10,332	11,439
D1 Price per Day	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500	\$0.1500
C1 Price per Day	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018	\$1.1018
C1.2 Price per Day	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218	\$0.6218
C1.5 Price per Day	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231	\$0.8231
Fixed Revenue	\$80,553.70	\$83,238.83	\$80,553.70	\$83,238.83	\$83,238.83	\$80,553.70	\$83,238.83	\$80,553.70	\$83,238.83	\$83,238.83	\$75,183.46	\$83,238.83
TOTAL REVENUE	\$526,635	\$577,005	\$579,509	\$606,307	\$625,138	\$590,428	\$598,012	\$544,330	\$552,133	\$545,307	\$481,916	\$528,927

ANNUAL TOTAL	\$6,755,646
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Table Sixteen – Target Revenue Breakdown for Customer Group and By Fixed / Variable Charge Components

Class	Fixed Revenue	Fixed %	Variable Revenue	Variable %	Total Revenue
D1	\$256,285	6.9%	\$3,476,141	93.1%	\$3,732,426
C1	\$514,654	20.4%	\$2,007,957	79.6%	\$2,522,611
C1.2	\$98,272	39.4%	\$151,137	60.6%	\$249,409
C1.5	\$110,859	44.1%	\$140,341	55.9%	\$251,200
C3	\$57,793	22.9%	\$195,011	77.1%	\$252,804
C4	\$102,894	22.1%	\$363,034	77.9%	\$465,927
C5	\$61,192	16.5%	\$308,926	83.5%	\$370,119
C6	\$179,415	38.0%	\$292,465	62.0%	\$471,880
STREETLIGHTS	\$19,140	100.0%	\$0	0.0%	\$19,140
OTHER / MISC*	\$900	100.0%	\$0	0.0%	\$900
TOTAL	\$1,401,404	16.8%	\$6,935,012	83.2%	\$8,336,416

** Other / Misc. charges relates to minor income associated with the provision of builders' temporary supplies.*

Consumer Grouping for Pricing Purposes

8. For pricing purposes, consumer groups have been split into domestic and commercial categories. Domestic consumers are deemed to be permanent places of residence as opposed to business premises. This enables identification of residential supplies for the purposes of complying with Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.
9. In regard to residential low user tariffs, the decision was made to apply a low fixed daily charge component to all domestic supplies; i.e. not greater than 15 cents per day. Ease of understanding and reduced billing complexity were the underlying drivers behind this.
10. For commercial customers, consumer categories have been established on the basis of installed capacity and annual consumption. Both these measures correlate with the amount of asset used for each consumer group.
11. The table below summarises the consumer groupings for pricing purposes.

Table Seventeen – Consumer Grouping for Network Pricing Purposes

Pricing Group	Quantity	Description
D1	4,720	Standard Domestic (0-15kVA)
C1	1,245	Standard Commercial (>8kVA)
C1.2	433	<2kVA Commercial (pumps, railway bells etc)
C1.5	320	2-8kVA Commercial (small sheds etc)
C3	14	Large Commercial (100,000 – 500,000 kwh pa)
C4	7	Large Commercial (500,000 – 2,000,000 kwh pa)
C5	2	Large Commercial (2,000,000 – 3,500,000 kwh pa)
C6	2	Large Commercial (3,500,000 + kwh pa)

12. The quantity of installations in each category is stated as at 31 March 2013 and is derived from the National Registry and cross referenced to Scanpower's billing system.
13. Therefore, the load / consumption characteristics shown in the table above prescribe the method / criteria for determining which pricing category a consumer is in.

Allocation of Costs to Customer Groups

14. Costs are allocated to customer groups on the basis of installed distribution transformer capacity. Given the relative simplicity of the Scanpower network design (no zone substations), this is used as a correspondingly straightforward, yet appropriate and fair, allocation basis.
15. The table below summarises the allocation of costs, by type, to the consumer groupings identified in the pricing structure. Included are the installed capacity ratings for each group based on actual installed transformer size.

Table Eighteen – Allocation of Costs / Revenue Requirements to Consumer Pricing Groups

Group	Capacity (MVA)	O&M Costs	Admin	Depreciation	Cost of Capital	Transpower	EC Costs	Rev. Req.
D1	29.8	\$956,984	\$668,502	\$507,319	\$682,443	\$1,000,147	\$15,560	\$3,830,954
C1	19.5	\$626,215	\$437,442	\$331,970	\$446,565	\$654,458	\$10,182	\$2,506,832
C1.2	2.0	\$62,621	\$43,744	\$33,197	\$44,656	\$65,446	\$1,018	\$250,683
C1.5	2.0	\$62,621	\$43,744	\$33,197	\$44,656	\$65,446	\$1,018	\$250,683
C3	2.0	\$64,227	\$44,866	\$34,048	\$45,802	\$67,124	\$1,044	\$257,111
C4	3.6	\$115,609	\$80,759	\$61,287	\$82,443	\$120,823	\$1,880	\$462,800
C5	3.0	\$96,341	\$67,299	\$51,072	\$68,702	\$100,686	\$1,566	\$385,667
C6	3.7	\$118,820	\$83,002	\$62,989	\$84,733	\$124,179	\$1,932	\$475,655
	65.5	\$2,103,439	\$1,469,358	\$1,115,080	\$1,500,000	\$2,198,309	\$34,200	\$8,420,386

16. Table 19 below compares the revenue requirement by customer group to forecast / budgeted revenue.

Table Nineteen – Comparison of Revenue Required to Forecast Revenue by Customer Group 2013-2014

Group	Revenue Required	Forecast Revenue	Variance	% Variance to Rev.Req.
D1	\$3,830,954	\$3,752,466	-\$78,488	-2.05%
C1	\$2,506,832	\$2,522,611	\$15,779	0.63%
C1.2	\$250,683	\$249,409	-\$1,274	-0.51%
C1.5	\$250,683	\$251,200	\$517	0.21%
C3	\$257,111	\$252,804	-\$4,307	-1.68%
C4	\$462,800	\$465,927	\$3,127	0.68%
C5	\$385,667	\$370,119	-\$15,548	-4.03%
C6	\$475,655	\$471,880	-\$3,776	-0.79%
TOTAL	\$8,420,386	\$8,336,416	-\$83,970	-1.00%

17. As is evident from the comparison above of required revenue to budgeted revenue, there are variances, both positive and negative. This is expected for the following reasons:

- Differences in actual and budgeted electricity consumption impacting on variable charge recoveries.
- Conversion of commercial installations to domestic, and vice versa.
- Estimates inherent in the allocation of installed capacity to consumer groups, for example where both domestic and commercial installations are supplied from a single transformer.

With these factors in mind, and given the relatively minor discrepancies between required revenue and budgeted revenue (both in dollar and percentage terms), Scanpower believes that the allocation of costs is materially correct.

Tariff Structure (Fixed vs Variable Pricing)

18. In terms of the structure of fixed and variable pricing, as previously noted domestic (D1) pricing has been set such that all customers have a fixed daily charge of 15 cents, so as to comply with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004. With successive increases in variable tariff pricing since this policy was adopted, as shown in the Table 16, the fixed / variable split revenue split for domestic consumers is now 6.9% / 93.1%.

Outside of the domestic tariff category, the aggregated split between fixed and variable charges is 24.9% / 75.1%.

Consistency with Electricity Authority Pricing Principles

19. Provided below is a description of the Pricing Principles established by the Electricity Authority, and (as per requirement 2.4.3 (2)) supporting comments from Scanpower in relation to each point. Scanpower believes that its pricing methodology is materially consistent with these principles, given that no points of significant inconsistency have been observed.

Electricity Authority Pricing Principle	Scanpower Comments
<p>a) Prices are to signal the economic costs of service provision, by:</p> <ul style="list-style-type: none"> i. being subsidy free (equal to or greater than incremental costs, and less than or equal to stand alone costs) , except where subsidies arise from compliance with legislation and/or other regulation; ii. having regard, to the extent practicable, to the level of available service capacity; and iii. signaling, to the extent practicable, the impact of additional usage on future investment costs 	<p>All customers supplied by the Scanpower network are connected on the basis of a standard terms and conditions of supply. That is to say, there are no non-standard contracts currently in place with any customers connected to the network.</p> <p>As is evident from the pricing methodology described in this document, Scanpower uses installed transformer capacity as the basis for allocating customers to particular pricing groups. The rationale for dividing customers into groups according to installed capacity is that it is reflective of the underlying cost drivers associated with incrementally supply each load group.</p> <p>In regard to being subsidy free, Scanpower interprets this to mean that the revenue requirement of any particular customer group is materially the same as the revenue actually recovered from that customer group (i.e. no particular customer group is subject to over or under recovery at the expense / benefit of another customer group). As per Table 19 in the document, Scanpower believes that required vs budgeted revenues for each customer group are materially consistent, and that there is no indication of any subsidy from any one group to another.</p>
<p>b) Where prices based on "efficient" incremental costs would under recover allowed revenues, the shortfall should be made up by setting prices in a manner that has regard to consumers' demand responsiveness, to the extent practicable.</p>	<p>Scanpower understands that this relates to the economic principle of "Ramsey Pricing" that asserts that it is economically efficient to charge more to those consumers that have a higher willingness to pay and less to those with a lower willingness to pay (i.e. if differential prices are appropriate, then higher prices should be borne by those consumers with the most inelastic demand for the product / service).</p> <p>In practice, in the case of Scanpower's network business, it is not possible to accurately determine the price elasticity of demand of different consumers, or to differentiate between consumer groups. Furthermore, as Scanpower uses an interposed arrangement for contracting with retailers, network price signals are often diluted or destroyed by tariff rebundling.</p> <p>However, given that all of Scanpower's customers are on standard terms and conditions of supply, and given the significant bias towards variable charges (particularly in the domestic customer group), it is to some extent discriminating between differences in consumers' willingness to pay.</p>
<p>c) Provided that prices satisfy a) above, prices should be responsive to the requirements and circumstances of stakeholders in order to:</p> <ul style="list-style-type: none"> i) discourage uneconomic bypass; ii) allow for negotiation to better reflect the economic value of services and enable stakeholders to make price/quality trade offs or non-standard arrangements for services; and iii) where network economics warrant, and to the extent practicable, encourage investment in transmission and distribution alternatives (e.g. distributed generation or demand response) and technology innovation. 	<p>Scanpower believes that its pricing methodology, being consistent with the requirements of a) above, is consistent with this principle (as it relates to discouraging uneconomic bypass) for the majority of customers.</p> <p>Scanpower is 100% owned by the Scanpower Customer Trust. The Trustees of this trust act as consumer advocates and representatives of all connected customers. On a structured basis (via the annual Statement of Corporate Intent process) the Trustees have ultimate approval as to the company's pricing and quality targets; that is to say they, on behalf of their customer electorate, have direct input into the price / quality trade off decisions.</p> <p>In relation to non-network solutions such as distributed generation and demand response, Scanpower is actively involved in a range of developments, including the recent deployment of a 12kW photovoltaic solar system at its head office and the development of its own solar water heating products (branded Skyreach Solar). Scanpower does not currently levy any annual charges for the connection of small scale distributed generation, providing no disincentive for customers to adopt such technologies. Scanpower is also currently investigating stand alone DG systems for remote installations.</p>

d) Development of prices should be transparent, promote price stability and certainty for stakeholders, and changes to prices should have regard to the impact of stakeholders.	<p>This principle requires networks to consider the potential for price shocks and / or customer uncertainty caused by sudden or frequent changes in network pricing (to the extent that they are pass on by retailers). Scanpower's fundamental pricing structure has remained materially the same since 1998, resulting in a stable pricing framework over that time.</p> <p>In relation to transparency, Scanpower believes this document (which is published in the public domain and available via the Internet or in person at Scanpower's two customer service locations) provides a relatively detailed source of information for stakeholders. In addition to this, the management of Scanpower meets with the Trustees of the Customer Trust on a monthly basis to ensure that they are fully aware of pricing developments and the potential impact they will have on customers.</p>
e) Development of prices should have regard to the impact of transaction costs on retailers, consumers, and other stakeholders and should be economically equivalent across retailers.	<p>Scanpower's network charges are homogenous across all retailers supplying across the network; that is to say they are the same for everyone with no discrimination in tariff structures, prices or customer discount payments.</p> <p>Relative to other network pricing methodologies, Scanpower believes its methodology is relatively simple in design and straightforward for retailers to implement (rebundled or otherwise).</p>

2013-2014 Changes in Pricing and Target Revenue

20. The table below shows the movement in target revenue between the 2012-2103 year and the 2013-2014 year.

Table Twenty – Comparison of Year on Year Revenue Requirement 2012/13 – 2013/14

Description	2013/14 Target	2012/13 Target	Movement
Operations & Maintenance Costs	\$2,103,439	\$1,472,398	+\$631,041
Administration & Corporate Costs	\$1,469,358	\$1,344,934	+\$124,424
Depreciation Charges	\$1,115,080	\$1,030,200	+\$84,880
Cost of Capital / Return to Owners	\$1,500,000	\$1,450,000	+\$50,000
Transpower Charges (net of LRR)	\$2,198,309	\$2,276,746	-\$78,437
Regulatory Costs / Levies (including EC)	\$34,200	\$24,000	+\$10,200
Total Revenue Requirement	\$8,420,385	\$7,598,278	+\$822,107

21. As is evident the annual revenue requirement has increased year on year by \$822,107 representing a movement of \$822,107 or 10.8%. In addition to general inflationary movements in the majority of cost categories, the most significant increase is in the area of Operations & Maintenance Costs. As can be referenced in Scanpower's Asset Management Plan 2013-2023, the company is entering a 5 year phase of relatively intensive network development work to build additional capacity and ameliorate foreseeable voltage constraints, hence the increased revenue requirement in this area.

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22. In light of this movement in the annual revenue requirement, Scanpower increased its published prices by 10% (on aggregate) as of 1 April 2013.
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5 Year Pricing Strategy

23. As noted previously in this document, Scanpower's general approach has been to retain consistency in the structure of its network pricing regime for the purposes of minimising price shocks and providing certainty to customers (to the extent possible given retailer rebundling of tariffs). All other things remaining equal, Scanpower intends to follow a similar approach over the coming 5 year period.
24. However, Scanpower is also mindful of a number of industry changes that may cause the company to revisit the fundamental structure of its network charging practices. These include:
- The expected deployment of smart meters into ICPs on the Scanpower network. From discussions with various retail and metering parties, this is anticipated to be complete by April 2015. Smart meters should provide half hourly consumption data at an ICP level, and therefore create the opportunity for more cost reflective tariffs and other innovations in the area of pricing particularly in terms of demand side response / load control etc.
 - An emerging trend of retailers disclosing network charges separately on customer bills (one retailer on the network has adopted this practice). From Scanpower's perspective, this is a positive as it means network price signals are transparent to customers and therefore have a greater chance of driving particular customer behaviours.
 - An increase in the deployment of distributed generation across the network in the form of photovoltaic solar, solar water heating and other sources of microgeneration. In addition to this, Scanpower is also reviewing alternative means of supply (where lines solutions are considered uneconomic).

In each case, Scanpower will monitor these areas development and consider the implications for network pricing structure on a cost / benefit basis.

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25. Notwithstanding significant changes in underlying costs that are beyond the control of Scanpower, the company does not anticipate any substantial increases in the annual revenue requirement, and correspondingly pricing, over the coming 5 year period.
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Non Standard Contracts and Distributed Generation

26. Scanpower currently has no customers / ICPs supplied under non-standard contract terms and conditions. This is largely a function of the nature of the ICPs supplied by Scanpower (i.e. relatively small number, no very large single ICPs in terms of consumption, or ICPs with uniquely defined asset usage arrangements). It is also relevant to note that Scanpower has never received an approach from a customer wishing to discuss non-standard terms and condition of supply or pricing.
27. In relation to distributed generation, Scanpower does not currently levy any charges for the connection of DG to the network. To date, the company has only received one application for connection of DG, on a feed in basis, and that was only operated on a trial basis for a limited period of time. At this stage, the company has no plans to introduce charges for the connection of DG. Scanpower publishes its policies relating to the connection of DG on its website.
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Customer Consultation and the Price / Quality Trade Off

28. Scanpower consults formally on an annual basis on matters of price and quality with the Trustees of the Scanpower Customer Trust, via the annual Statement of Corporate Intent process. This involves the Trust approving specific pricing and reliability performance targets that the company is expected to achieve.
29. Scanpower considers the Scanpower Customer Trust to be an effective advocacy body for representing the expectations and preferences of customers in relation to matters of pricing and reliability / quality. The Trustees are elected on a triennial basis with all connected customers entitled to vote in those elections. The Trustees are highly accessible to customers within the network supply area.
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30. In addition to this, Scanpower has periodically engaged Utility Consultants Limited to undertake targeted research surveys of customer preferences as they relate to price and quality, including engaging with local interest groups / stakeholders such as:
- Federated Farmers
 - Tararua District Council
 - Greypower
 - Electricity retailers
31. Both through ongoing engagement with the Trust and these periodic surveys, the feedback Scanpower has received is that customers are satisfied with the status quo in terms of network pricing and reliability. Formal benchmarking studies undertaken as part of 5 yearly ownership reviews indicate that Scanpower is consistently in the top quartile of SAIDI reliability performance, whilst network pricing is low relative to peer group companies when the annual network discount is taken into account.

Capital Contributions

32. Scanpower does not levy capital contributions, and there are currently no specified circumstances under which the company would require a capital contribution. Whilst consumers are required to fund their own service lines, the ownership of these service lines remains with the customer. Customers may utilise the services of any suitably qualified contractors to build such service lines, and provided they meet Scanpower's prescribed standards will be permitted connection to the network.

Other Explanatory Comments

33. Scanpower calculates variable kWh charges based on grid exit point volumes. Therefore, end use consumption data should be adjusted by the appropriate loss factor (disclosed in the schedule of prices) to arrive at billable volumes. This is to reduce complexity in monthly billing as individual ICP level data and consumption calculations are not necessary. Furthermore, GXP volumes are reconciled independently and therefore appropriate for billing purposes.

Appendix A – Breakdown of Revenue by Publicly Disclosed Pricing Component

D1 Standard Domestic Option (4,720 customers)

Code	Description	Revenue
10	Fixed daily supply charge (per day)	\$256,285
23	Variable network charge (day units per kwh)	\$2,607,106
24	Variable network charge (night units per kwh)	\$869,035

C1 Standard Commercial Option (1,245 customers)

Code	Description	Revenue
40	Fixed daily supply charge (per day)	\$514,654
28	Variable network charge (day units per kwh)	\$1,505,968
29	Variable network charge (night units per kwh)	\$501,989

C1.2 2 kVA Commercial Option (433 customers)

Code	Description	Revenue
11	Fixed daily supply charge (per day)	\$98,272
46	Variable network charge (day units per kwh)	\$113,352
47	Variable network charge (night units per kwh)	\$37,784

C1.5 5 kVA Commercial Option (320 customers)

Code	Description	Revenue
13	Fixed daily supply charge (per day)	\$110,859
51	Variable network charge (day units per kwh)	\$105,256
52	Variable network charge (night units per kwh)	\$35,085

C3 Large Commercial Option (14 customers)

Code	Description	Revenue
50	Fixed daily supply charge (\$ / kva / month)	\$57,793
57	Variable network charge (day units per kwh)	\$159,532
58	Variable network charge (night units per kwh)	\$35,478

C4 Large Commercial Option (7 customers)

Code	Description	Revenue
60	Fixed daily supply charge (\$ / kva / month)	\$102,894
73	Variable network charge (day units per kwh)	\$297,881
74	Variable network charge (night units per kwh)	\$33,994
65	Maximum demand charge (June, July, August – peak kva)	\$31,159

C5 Medium Industrial Option (2 customers)

Code	Description	Revenue
70	Fixed daily supply charge (\$ / kva / month)	\$61,192
78	Variable network charge (day units per kwh)	\$252,784
79	Variable network charge (night units per kwh)	\$35,881
75	Maximum demand charge (June, July, August – peak kva)	\$20,261

C6 Large Industrial Option (2 customers)

Code	Description	Revenue
71	Fixed daily supply charge (\$ / kva / month)	\$179,415
82	Variable network charge (day units per kwh)	\$231,169
83	Variable network charge (night units per kwh)	\$31,134
85	Maximum demand charge (June, July, August - peak kva)	\$30,162

MISC Miscellaneous Charges

Code	Description	Revenue
12	Public Lighting Network Supply Charge (per fitting per month)	\$19,140
18	Telecom Boxes (per month per box)	\$180
19	Electric Fences (monthly charge - no 400V distribution line)	\$180
98	Electric Fences (monthly charge - feed from distribution line)	\$180
BS1	Building Services Temporary Supplies (3 months)	\$180
BS2	Building Services Temporary Supplies (per month > 3 months)	\$180

APPENDIX B – Directors' Certification

CERTIFICATE FOR YEAR-BEGINNING DISCLOSURES

Pursuant to Clause 2.9.1 of section 2.9

We, Allan Leslie Benbow and Christine Donald, being Directors of Scanpower Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The following attached information of Scanpower Limited prepared for the purposes of clause 2.4.1 of the Electricity Information Disclosure Determination 2012 in all material respects complies with that determination; and
- b) The prospective financial or non-financial information included in the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.



Allan Benbow



Christine Donald

Dated: 2 April 2013