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**Commencement Period  
Compliance Statement  
2009**

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**Statement prepared as at  
16 February 2009**

**Disclaimer:** This document has been prepared to comply with the Commerce Act (Powerco Natural Gas Services) Authorisation 2008. The information in this document has been prepared with all care and diligence, in good faith. Any reliance on the information contained in this document, actual or purported, is at the user's own risk.



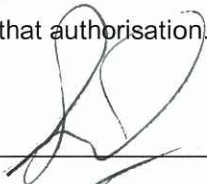
### DIRECTORS' CERTIFICATE


Directors' Certification for the Annual Compliance Statement (Commencement Period)  
For the period 1 January 2009 to 30 September 2009

We, *Ebanga Ekanayake*

and *Nigel Dickson Barbour*

being directors of Powerco Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Commencement Period Compliance Statement, and related information, prepared for the purposes of the Commerce Act (Powerco Natural Gas Services) Authorisation 2008 complies with the requirements of that authorisation.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

*16/2/2009*  
\_\_\_\_\_  
Date

*16/02/2009*  
\_\_\_\_\_  
Date

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## 1. INTRODUCTION

This document contains information relating to the price threshold required to be disclosed under clause 9 of the *Commerce Act (Powerco Natural Gas Services) Authorisation 2008* (the "Authorisation").

Powerco Limited ("Powerco") has complied with the price threshold as set out in clause 6.2.1 of the Authorisation as at 1 January 2009. That is, Powerco's annualised 2009 revenue is to be equal or less than \$44,972,865.

Inline with clause 10.5(a) of the Authorisation, this Commencement Period Compliance Statement confirms that there has been no breach of any of the provisions of this authorisation.

Powerco will assist the Commerce Commission with its review of this compliance statement and will provide any additional information that may be required.

A public version of this annual compliance statement is submitted to the Commission alongside this statement, in line with clause 10.6 of the Authorisation. The approved public version of this statement will be made available at its principal office (Powerco, Level 2, 84 Liardet Street, New Plymouth), provided on request and published to Powerco's website ([www.powerco.co.nz](http://www.powerco.co.nz)) within 5 working days of the Commission's approval of the public version.

## 2. PRICE THRESHOLD

### 2.1 THRESHOLD COMPLIANCE

Powerco has complied with requirements of clause 6.2.1 of the Authorisation as measured at 1 January 2009.

Clause 6.2.1 of the Authorisation requires that:

*Prices during the commencement period must be such that the total notional revenue of Powerco calculated in accordance with the left-hand side of the following expression does not exceed the allowable notional revenue of Powerco calculated in accordance with the right-hand side of the following expression:*

$$\sum P_{ij,t} Q_{ij,ref} \leq R_{2009}$$

Where

- $P_{ij,t}$  is the price of component j of service i during the commencement period
- $Q_{ij,ref}$  is reference quantity of component j of service i used for setting the quantity weights, which is to be the audited quantity for each component of price for the year ending 30 September 2008; and
- $R_{2009}$  is the relevant amount specified in Schedule 1 of the Authorisation.

#### Summary of revenue

Service	Revenue
Distribution Standard	[ ]
Distribution Non Standard	[ ]
Metering Standard	[ ]
Metering Non Standard	[ ]
<b>Total</b>	<b>\$44,864,700</b>

### 2.2 ANALYSIS

The Authorisation requires Powerco's annualised 2009 revenue to be equal or less than \$44,972,865. In the Decisions Paper accompanying the Authorisation, the Commission stated that for these pricing terms to be met Powerco would be required to reduce its prices by 11.1% on average when using volume for the 12 months ended 30 September 2008.

Powerco's analysis indicates that a price reduction of 11.4% is required to ensure compliance with the Authorisation.

Powerco has applied an across the board price reduction of 11.4% to meet the Commission's requirement. This shares the benefits of the price reduction equally between Powerco's gas consumers. Details of the price reduction are contained in Attachment One – Pricing Compliance (Form 4, Schedule 7).

### 3. ATTACHMENT ONE – PRICING COMPLIANCE (FORM 4, SCHEDULE 7)

#### 3.1 SUMMARY PRICING COMPLIANCE INFORMATION

Definition	Variable	Amount
Current Year Notional Revenue	$\sum P_{ij} Q_{ij,ref}$	\$44,864,700
Compliance with Pricing Term met?		Yes



## **3.2 PRICE AND QUANTITY INFORMATION**

### **3.2.1 Distribution – Standard Services**

[ ]

### **3.2.2 Distribution – Non-Standard Services**

[ ]

### **3.2.3 Metering – Standard Services**

[ ]

### **3.2.4 Metering – Non-standard services**

[ ]