



GAS DISTRIBUTION PRICING SCHEDULE

1 OCTOBER 2014

Why have prices changed?

Powerco is regulated under the Commerce Commission Gas Distribution Services Default Price-Quality Path Determination 2013 (“the DPP”), which permits its allowable notional revenue, as defined by the DPP, to change in proportion to the movement in the Consumer Price Index (CPI) each year. Prices also include an adjustment for Commerce Commission levies and local body rates applying to network assets as these costs are passed directly through to pricing.

The final prices contained in the pricing schedule reflect an average annual increase in charges, in nominal terms of 1.69%. This increase includes a CPI adjustment of 1.30% and the adjustment for levies and local body rates as permitted under the DPP.

The prices applied to the tariff groups on our distribution network are set in accordance with our pricing methodology, which ensures that the notional revenue does not exceed the allowable notional revenue defined by the DPP.

In the pricing year commencing 1 October 2014, we have continued to restructure pricing inconsistencies and maintain pricing stability for tariff groups across the different regions in our network. The pricing schedule attached shows the prices for each tariff group effective from 1 October 2014. For more information on the method applied to allocate our allowed revenue to the different tariff groups, please see our pricing methodology for the current year. Our pricing methodology can be located on our internet site at the following location and a copy may be requested from Powerco’s head office:

<http://www.powerco.co.nz/Publications-and-Disclosures/Pricing-Schedules/Gas/>

Powerco is responsible for the natural gas network in the Taranaki, Hawke's Bay, Manawatu and Horowhenua and Wellington regions. Last year Powerco constructed around 30km of pipeline to enable more New Zealanders to connect to the gas network and connected over 1,300 customers to the network for free.

As well as spending between \$5-\$6 million maintaining a safe and reliable gas supply for consumers.

Powerco is New Zealand's second largest electricity and gas distribution utility with around 420,000 consumers connected to its networks. Keeping the public safe while continuing to add value for consumers is paramount.

DISCLOSURE OF POWERCO'S NEW GAS DISTRIBUTION CHARGES EFFECTIVE 1 OCTOBER 2014

Powerco is regulated under the Commerce Act 1986 and changes in revenue are controlled by the Commerce Commission relative to the rise in the Consumer Price Index each year. For 1 October 2014 the regulated price increase is 1.69%.

We are required to disclose the charges that make up the distribution part of a natural gas invoice under clause 2.4.19 of the Gas Distribution Information Disclosure Determination 2012. We are not required to publicly disclose distribution charges if the number of estimated consumers by whom the charge is to be paid is less than 10. Other gas network charges or conditions may also apply and this schedule should be read in conjunction with the full Powerco pricing schedule available on our website. All charges exclude GST (Goods and Services Tax).

SCHEDULE OF END-CONSUMER LOAD GROUP CHARGES (excluding GST)

Hawkes Bay						
Load Group	Distribution Charges Effective 1 October 2014			Estimated number of consumers	Previous Charges	
	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$17.3640	\$0.06	1,175	\$0.0000	\$16.5371
G11	\$0.5715	\$4.5965	\$0.02	3,385	\$0.5445	\$4.6615
G12	\$1.1040	\$3.9078	\$0.01	153	\$1.0566	\$3.9630
G14	\$3.2268	\$3.3474	\$0.01	79	\$3.0977	\$3.3948
G16	\$4.0133	\$3.1774	\$0.01	66	\$3.8540	\$3.2119
G18	\$7.3614	\$3.2130	\$0.01	7	\$7.0734	\$3.2371

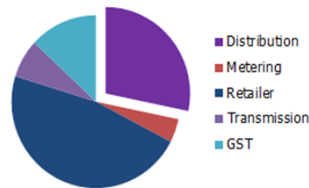
Manawatu & Horowhenua						
Load Group	Distribution Charges Effective 1 October 2014			Estimated number of consumers	Previous Charges	
	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$17.4045	\$0.06	5,498	\$0.0000	\$16.5757
G11	\$0.5715	\$4.6346	\$0.02	15,164	\$0.5445	\$4.7001
G12	\$1.2183	\$3.9419	\$0.01	322	\$1.1665	\$3.9976
G14	\$3.6127	\$3.8297	\$0.01	85	\$3.4688	\$3.8838
G16	\$4.6971	\$3.7810	\$0.01	72	\$4.5115	\$3.8252
G18	\$8.5153	\$3.3550	\$0.01	12	\$8.1828	\$3.3945

Wellington						
Load Group	Distribution Charges Effective 1 October 2014			Estimated number of consumers	Previous Charges	
	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$19.0076	\$0.07	7,705	\$0.0000	\$18.2766
G11	\$0.5767	\$5.9941	\$0.02	21,140	\$0.5495	\$6.0789
G12	\$0.8706	\$5.8865	\$0.02	410	\$0.8321	\$5.9468
G14	\$5.8595	\$5.6432	\$0.02	113	\$5.6291	\$5.7230
G16	\$8.5201	\$5.0412	\$0.02	68	\$8.1874	\$5.1125
G18	\$13.0999	\$4.8727	\$0.02	11	\$12.5911	\$4.9416

Hutt Valley & Porirua						
Load Group	Distribution Charges Effective 1 October 2014			Estimated number of consumers	Previous Charges	
	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$18.7242	\$0.07	5,096	\$0.0000	\$17.8325
G11	\$0.5767	\$5.7680	\$0.02	23,436	\$0.5495	\$5.8496
G12	\$0.8215	\$5.4461	\$0.02	605	\$0.7850	\$5.5231
G14	\$5.1900	\$5.5427	\$0.02	140	\$4.9854	\$5.6210
G16	\$8.5201	\$4.4910	\$0.02	42	\$8.1874	\$4.5370
G18	\$13.0888	\$4.3318	\$0.02	12	\$12.5804	\$4.3930

Taranaki						
Load Group	Distribution Charges Effective 1 October 2014			Estimated number of consumers	Previous Charges	
	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$16.7132	\$0.06	5,266	\$0.0000	\$15.7672
G11	\$0.5715	\$3.8351	\$0.01	12,417	\$0.5445	\$3.8893
G12	\$1.7609	\$3.2827	\$0.01	185	\$1.6882	\$3.3291
G14	\$4.1307	\$1.6931	\$0.01	115	\$3.9669	\$1.7170
G16	\$5.8441	\$1.6278	\$0.01	31	\$5.6144	\$1.6509
G18	\$9.5155	\$1.5834	\$0.01	15	\$9.1445	\$1.6058

Average Residential Household Gas Energy Bill



From The New Zealand Gas Story - 2nd Edition (Gas Industry Company, April 2014)

For an average New Zealand residential household gas distribution prices represent approximately 30% of the final gas energy bill.

TYPICAL CHARACTERISTICS OF DIFFERENT LOAD GROUP CUSTOMERS

Residential / Small Commercial		
G06	Less than or equal to 10 scm/hr and annual gas usage of less than 16GJ *	Low-volume residential customers
G11	Less than or equal to 10 scm/hr and annual gas usage equal to 16GJ or greater *	Standard residential customers Small commercial customers: Small cafes, fish and chip shops, pizza
Commercial		
G12	Greater than 10 scm/hr and less than or equal to 25 scm/hr	Restaurants, small apartment/office buildings, small to mid-size motels
G14	Greater than 25 scm/hr and less than or equal to 60 scm/hr	Hotels, large motels, shopping complexes, swimming pools
G16	Greater than 60 scm/hr and less than or equal to 140 scm/hr	Large office buildings, apartment blocks, commercial kitchens
G18	Greater than 140 scm/hr and less than or equal to 200 scm/hr	Commercial laundries, dry cleaners

* Consumers meeting the criteria can choose which load group G06 or G11 to belong to.
Scm/h = standard cubic meters per hour (gas flow rate) GJ = gigajoules (measure of gas)

To view online please go to www.powerco.co.nz