

## Electricity price change effective 1 April 2018

Powerco's distribution prices are increasing by 1.1% (on average) across all regions from 1 April 2018. Our prices reflect the cost of providing distribution and transmission services to you and change from year to year. The main reasons behind this year's increase are:

- An increase in our distribution charges of 4.4%. This reflects the impact of our proposed 'Customised Price-quality Path' (CPP) application, which is focused on us carrying out a significant programme of investment over the next five years to maintain the safety and reliability of our network
- A decrease in the transmission, and other costs, that we pass through of 6%.

### Average price changes vary by region and consumer group

The variations between regions and consumer groups are the result of minor re-balancing of our charges to ensure consistency between regions and alignment with our underlying costs.

This helps to ensure that all consumers across our various regions and consumer groups pay a fair amount that reflects their use of the network and the costs associated with their supply.

Table 1. Average mass market movement in network charges by region.

Consumer Group	Region			
	Tauranga	Valley	Western	Overall
Mass Market	1.0%	1.5%	1.7%	1.5%
Commercial/Industrial	-0.6%	-0.9%	1.1%	0.0%
<b>Overall</b>	<b>0.5%</b>	<b>0.8%</b>	<b>1.6%</b>	<b>1.1%</b>

### Distribution Charges

In November 2017 the Commerce Commission made a draft determination on Powerco's CPP proposal for the regulatory period 1 April 2018 to 31 March 2023. This draft determination proposed an increase in Powerco's maximum allowable distribution revenue of 4.4%.

This means that from 1 April 2018 our Distribution charges will increase from 2017 charges by an average of 4.4%, which has been partially offset by a similar reduction in forecasted transmission charges (and other pass-through costs).

### Transmission Charges

Transpower have decreased their charges to Powerco by approximately 6% from last year. The decrease in transmission and other pass through costs (such as rates and levies) partially offset the increase to our Distribution charges (as detailed above).

### Incorporate pricing zones into E1 price category codes

From 1 April 2018 we will change the price category codes for all Western region mass market customers on the E1 price category to incorporate the pricing zone.

As such the price category E1UC becomes E1UCA for connections in zone A & E1UCB for connections in zone B. Similarly the price category E1C becomes E1CA for connections in zone A and E1CB for connections in zone B.

We have notified all retailers of the new price categories which will be updated on the registry in due course.

**Continuation of TOU charge trial in the Eastern Region**

We are continuing with the TOU charge trial in the Eastern region which we started last year. This trial is for all mass market consumers on the T05/T06 and V05/V06 price categories with advanced metering. We anticipate that the trial will provide us with valuable insights into customer's preferences for these types of tariffs in advance of us rolling out our new price strategy over the coming years. As such the tariffs and the differentials are subject to change.

This trial will be initially limited to 500 customers. We have asked all retailers to contact us if they wish to be part of the trial.

**Closure of All Inclusive tariff option to new connections**

The All Inclusive Tariff (AICO) continues to be closed for all new connections. It will still be available for those connections with a meter installed before 1 April 2017. It will however, not be available for any subsequent meter replacements after this date.

**Increase to Power Factor Charge for large commercial/industrial customers in the Western region**

The power factor charge for the E100/E300 price categories was introduced from 1 April 2017 at an initial rate of \$1/kVAr /month. At the time we signalled that we intended to increase this charge to \$7/kVAr/month over the next three years.

From 1 April 2018 we will be increasing this power factor charge from \$1/kVAr/month to \$3/kVAr/month.

**Further details**

Further details of our pricing structures and changes implemented this year can be found in our Pricing Methodology Disclosure and our Pricing Schedule at:

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

If you have any questions about this information please contact Michael Warren (Electricity Revenue Manager) on 06 759 6235 or via email [Michael.Warren@powerco.co.nz](mailto:Michael.Warren@powerco.co.nz)