

Electricity price changes effective 1 April 2019

Powerco's network charges are increasing by around 0.2% across all regions from 1 April 2019. This comprises:

- A 1.7% increase in Powerco's distribution charges
- A 3.1% decrease in transmission charges and other costs from other parties

The total network charge we pass to your retailer is based on several prices (eg fixed or variable prices) and how you use the network. These prices reflect the costs of providing distribution and transmission services to you and can change from year to year.

Average changes by region and consumer group

The table below shows the changes in network charges between regions and consumer groups, which are mainly due to re-balancing of our charges. Changes reflect the use of the network and the costs associated with their supply.

Table 1: Average change in network charges by region and customer type

Consumer Group	Region			
	Tauranga	Valley	Western	Overall
Mass Market	-1.3%	1.6%	-1.8%	-0.9%
Commercial	-0.1%	1.8%	-0.3%	0.4%
Industrial	9.3%	4.3%	3.1%	5.0%
Overall	0.8%	2.2%	-0.9%	0.2%

Drivers of the changes

Distribution charges make up around 70% of network charges and are increasing by an average of 1.7%. This increase reflects the annual change to our allowed revenue, which is regulated by the Commerce Commission. Powerco is carrying out a significant programme of investment over the next four years to maintain the safety, reliability and resilience of our network. More information about this plan is here: <http://www.yourenergyfuture.co.nz/>

Transmission charges and other costs make up around 25% of network charges and are decreasing by around 3.1%. The majority of this reduction is from decreases in Transpower's transmission charges. This decrease partially offsets the increase to our distribution charges, as noted at the beginning of this document.

Other changes to our pricing

1. Time of Use (TOU) pricing for mass market connections

From 1 April 2019 we are introducing Time of Use (TOU) pricing options for mass market (residential and small commercial) consumers across our networks. TOU pricing better reflects the costs associated with the transmission and distribution of electricity, which are heavily influenced by the peak loads on the networks. The 'Peak' times are 7am-11am and 5pm-9pm on weekdays.

The introduction follows a two-year trial of TOU pricing in the Eastern region, of up to 500 customers. The trial provided valuable information and insights into customers' use of these types of tariffs. Although the new TOU prices may look quite different from previous pricing, rates have been structured to minimise the overall impact on network charges.



2. Power Factor charge in the Western Region

On 1 April 2017 Powerco introduced a power factor charge for large commercial and industrial consumers in our Western Region (E100/E300 price categories). It was set at an initial rate of \$1/kVAr/month, although we signalled our intention to increase this charge to \$7/kVAr/month over the next three years.

On 1 April 2018 the charge was increased to \$3/kVAr/month, and from 1 April 2019 it will increase to \$7/kVAr/month.

Want to know more?

Further details of our pricing structures and the 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 our Pricing and Revenue Manager (Tristan Davison) on 06 759 6721 or via email Tristan.Davison@Powerco.co.nz