

## Electricity price changes effective 1 April 2020

Powerco's network prices are decreasing by around 13% from 1 April 2020. This is due to:

- 12.1% decrease in Powerco's distribution costs
- 15.5% decrease in transmission and other third-party costs

The total network charge we pass to your retailer depends on how and when you use the network, as it is based on several components (eg fixed and variable). This network charge reflects the costs of providing distribution and transmission services to you, and can change from year to year.

### Drivers of the changes

The distribution component makes up around 70% of the total network charge, and is decreasing by an average of 12.1%. This reflects a significant change to our allowed revenue, which is regulated by the Commerce Commission, mainly from lower interest rates affecting our Weighted Average Cost of Capital ("WACC").

Transmission and other third-party costs make up around 30% of the total network charge, and are decreasing by an average of 15.5%. The majority of this reduction is from decreases in Transpower's transmission charges, which are similarly affected by lower interest rates.

Table 1: Price Change – Component by Region

| Component    | Eastern       | Western       | Overall       |
|--------------|---------------|---------------|---------------|
| Distribution | -12.6%        | -11.6%        | <b>-12.1%</b> |
| Transmission | -14.6%        | -16.6%        | <b>-15.5%</b> |
| Overall      | <b>-13.2%</b> | <b>-12.9%</b> | <b>-13.1%</b> |

### Average changes by region and consumer group

The price changes can vary between regions and between consumer groups. This reflects the different costs of supply and uses of the network within those regions and groups.

Table 2: Price Change – Consumer Group by Region

| Component   | Eastern       | Western       | Overall       |
|-------------|---------------|---------------|---------------|
| Residential | -13.0%        | -13.8%        | <b>-13.4%</b> |
| Commercial  | -8.7%         | -8.3%         | <b>-8.6%</b>  |
| Industrial  | -15.9%        | -9.4%         | <b>-13.1%</b> |
| Overall     | <b>-13.2%</b> | <b>-12.9%</b> | <b>-13.1%</b> |

### Other changes to our pricing

#### 1. Reduction of 'Boost' period for controlled night meters

From 1 April 2020 we are reducing the 'Boost' period from 60 minutes to 30 minutes. Eventually this will be reduced to zero, as described in our current and previous Pricing Policies.

#### 2. Reduction of minimum On Peak Demand ("OPD") in Western Region

From 1 April 2020 we are reducing the minimum chargeable OPD for the E100 & E300 Price Categories to zero. Currently the minimums are set at 30kW & 100kW respectively.

#### 3. Introduction of minimum Anytime Maximum Demand "AMD" in Eastern Region

From 1 April 2020 we are introducing a minimum chargeable AMD for the T50 and V40 Price Categories. This will be set at 100kW.

### Want to know more?

Further details of our pricing, and the changes implemented this year, can be found in our:

- Pricing Methodology
- Pricing Policy
- Pricing Schedules
- Pricing Roadmap

[www.powerco.co.nz/publications/pricing-documents/](http://www.powerco.co.nz/publications/pricing-documents/)

Any questions? Contact our Pricing team: [pricing@powerco.co.nz](mailto:pricing@powerco.co.nz)

