

## Impact on households, 3<sup>rd</sup> September 2012

Baseline assumptions 2010/11<sup>1</sup>

Sector		Household	Non-household	Total
Demand per sector	MWh pa	13,060,289	25,805,627	38,865,916
Number of connections	Number	1,683,089		
Average demand per connection	kWh pa	7,760		

Household sector costs	Sector total \$m pa	Unit costs c/kWh	\$ per household pa	Percentage of total bill
Energy (All sectors = \$4.0b)	1,947	14.9	1,157	66%
Line (All sectors = \$1.9b)	1,003	7.7	596	34%
Total (All sectors = \$5.9b)	2,950	22.6	1,753	100%

Impact of different merit review outcomes assessed using a lower and upper bound:

- Lower bound assumes change allocated pro rata across household and non-household sectors
- Upper bound assumes total change in costs allocated to households

Examples of Merit Review outcome scenarios ranked by change in line charges pa	Change in line charges \$m pa	Unit line cost change		Percent change in line costs	
		Lower c/kWh	Upper c/kWh	Lower	Upper
Transpower 90 <sup>th</sup> percentile	808	2.1	6.2	27%	81%
EDBs upper range (eg Powerco)	648	1.7	5.0	22%	65%
Transpower 75 <sup>th</sup> percentile	597	1.5	4.6	20%	59%
EDBs lower range (eg Powerco)	519	1.3	4.0	17%	52%
MEUG asset beta = 0.33	-14	-0.0	-0.1	-0%	-1%
MEUG positive debt beta	-62	-0.2	-0.5	-2%	-6%
MEUG asset beta = 0.28	-84	-0.2	-0.6	-3%	-8%
MEUG leverage = 0	-132	-0.3	-1.0	-4%	-13%

Merit Review outcomes ranked as above	Change in annual line costs per household		New total annual costs per household and percentage change from baseline of \$1,753/household/year			
	Lower \$/house pa	Upper \$/house pa	Lower \$/house pa	Upper \$/house pa	Lower	Upper
Transpower 90 <sup>th</sup> percentile	161	480	1,914	2,233	9%	27%
EDB's upper range	129	385	1,882	2,138	7%	22%
Transpower 75 <sup>th</sup> percentile	119	355	1,872	2,108	7%	20%
EDBs lower range	104	308	1,857	2,061	6%	18%
MEUG asset beta = 0.33	-3	-8	1,750	1,745	-0%	-0%
MEUG positive debt beta	-12	-37	1,741	1,716	-1%	-2%
MEUG asset beta = 0.28	-17	-50	1,736	1,703	-1%	-3%
MEUG leverage = 0	-26	-78	1,727	1,674	-2%	-4%

<sup>1</sup> Ministry of Business, Innovation & Employment, NZ Energy Data File 2012, 2011 Calendar Year Edition, Table G.6a: Electricity Market Snapshot - 2011 March Year, p121, web: <http://www.med.govt.nz/sectors-industries/energy/energy-modelling/publications/energy-data-file/new-zealand-energy-data-file-2012>. All dollar values exclude GST.