

# Powerco distribution pricing

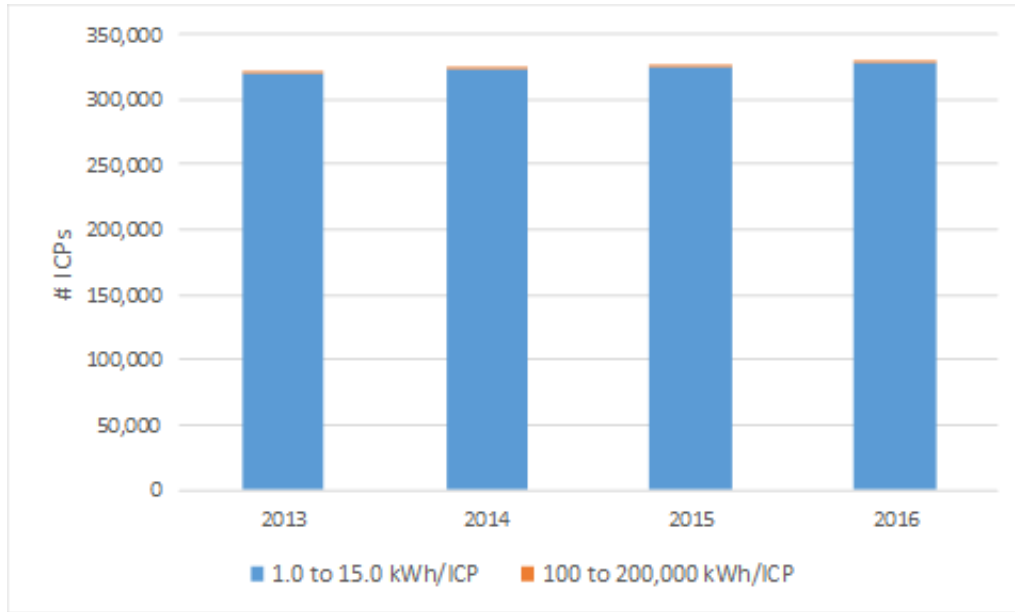
## Structure and recent trends

Name of presenter	Mike Hensen
Venue or event	MEUG
Date of presentation	23 August 2017

# Purpose – simple summary of pricing

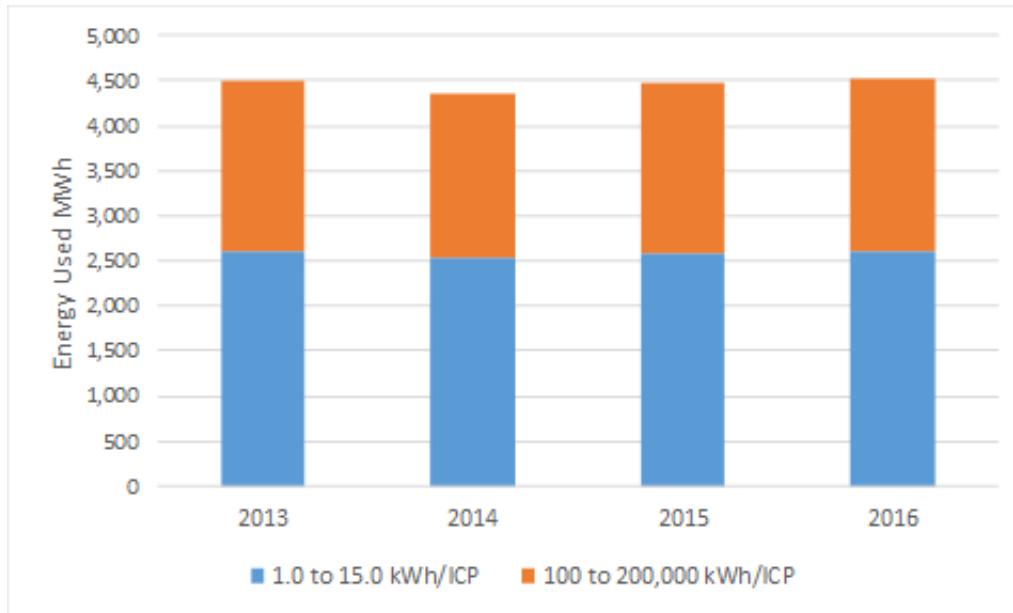
- **Structure - multiple networks**
  - Eastern; Tauranga and Thames Coromandel (ICP pricing)
  - Western; Taranaki, Wanganui, Manawatu, Wairarapa (GXP pricing)
- **Residential pricing**
  - Eastern – fixed daily charge and energy delivered
  - Western – capacity and energy delivered
  - Transmission costs recovered from energy delivered charges
- **Data sources**
  - Commerce Commission Information disclosure Schedule 8 (charts)
  - Pricing methodology and schedules (individual network comments)
  - Similar trends but slight differences between the two data sources

# Customer base – almost all residential



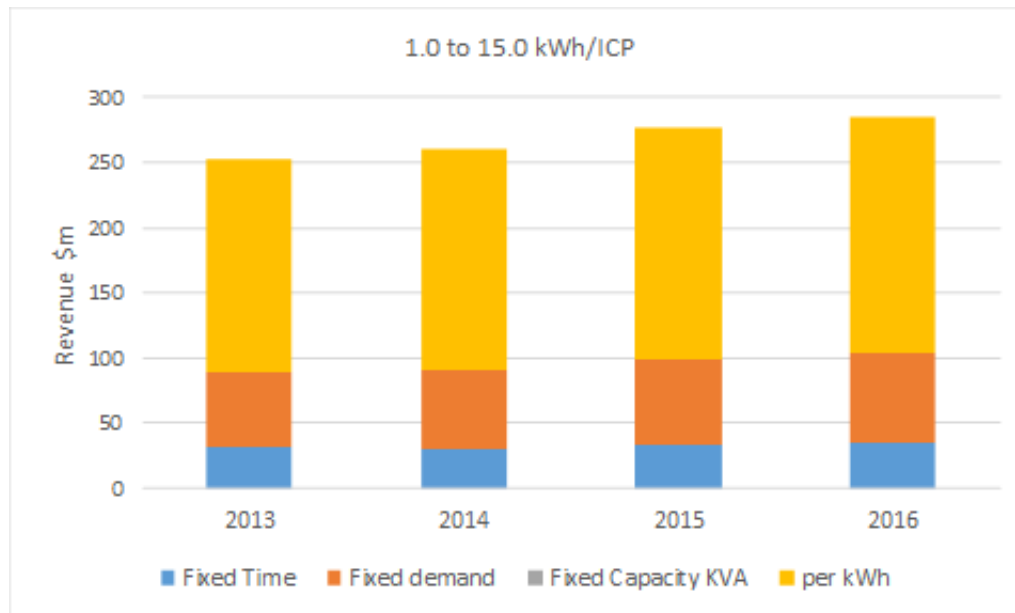
- About 328,000 residential customers up about 3% since 2013
- 1,950 commercial and industrial customers up about 19 percent since 2013
- Western network has about 25,000 more ICPs than Eastern network
- Eastern network growing slightly faster than Western

# Energy delivered – flat-lining



- Residential energy delivered in 2016 was slightly below 2013 levels
- Average energy use per residential customer has fallen
- Similar change in Eastern and Western networks

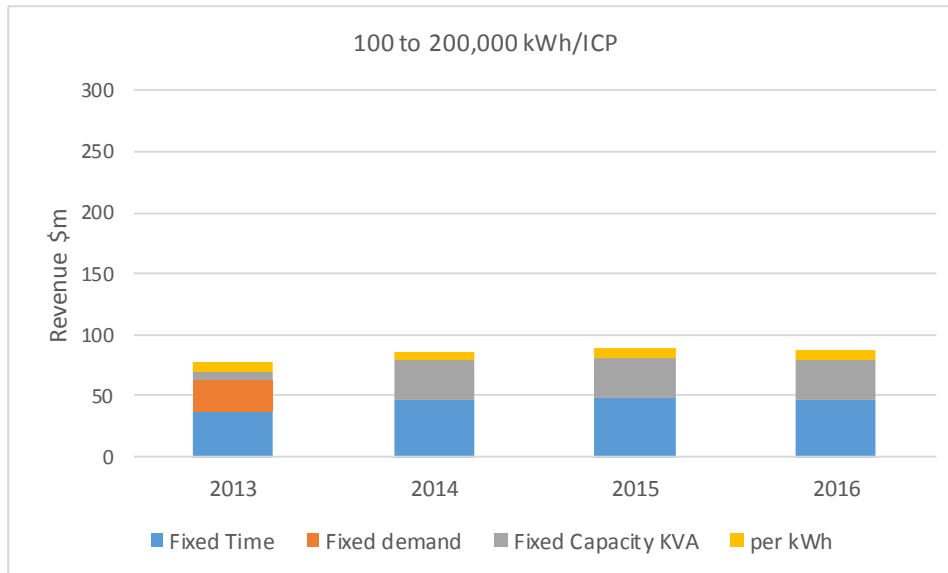
# Total residential consumer charges



- More than 60% of residential customer revenue is from energy delivered (c/kWh) charges
- Western network revenue shares about:
  - 45% demand (\$/kW)
  - 2% fixed daily (\$/day)
  - 53% energy delivered
- Eastern network<sup>1</sup> revenue shares roughly:
  - 20% fixed daily (\$/day)
  - 80% energy delivered

1. Eastern network revenue shares vary between 'Standard' (about 27% fixed daily) and 'Low Fixed Charge (about 11% fixed daily). Low Fixed Charge ICP share of residential customers is increasing.

# Commercial & industrial charges



- Almost all revenue from industrial customers is based on fixed charges split about evenly between
  - connection (c/day)
  - capacity (\$/kVA/month)
- Transmission charges<sup>1</sup> recovered using fixed charges based on share of peak of peak demand

1. Transmission charges are allocated between all customer groups on the basis of share of regional coincident peak demand (80% weighting) and share of the number of ICPs (20% weighting) .