networktasman
Your consumer-owned electricity distributor

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NETWORK TASMAN LIMITED

DEFAULT PRICE-QUALITY PATH COMPLIANCE STATEMENT

Assessment for Year ended 31 March 2019 (Assessment Period Four)

Pursuant to the Commerce Act
Electricity Distribution Services Default Price-Quality Path Determination 2015

Dated 31 May 2019

INDEX

Supporting Information:

networktasman
Your consumer-owned electricity distributor

1 Directors' Certification

Default Price-Quality Path Compliance Statement

Year Ended 31 March 2019

We, Michael John McCliskie and Sarah-Jane Weir, being directors of Network Tasman Limited, certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of Network Tasman Limited, and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2015 are true and accurate.

Director

Director

Dated: 31 May 2019

2 Default Price-Quality Path Compliance Statement

a). Background

Network Tasman Limited (**NTL**) is a Non Exempt Electricity Distribution Business as defined in section 54G of the Commerce Act 1986 and consequently is subject to Default Price-Quality Regulation. This statement provides an assessment of NTL's compliance with the requirements of the Electricity Distribution Services Default Price-Quality Path Determination 2015 (the **DPP Determination 2015**) for the year ended 31 March 2019.

b). Information

The audited information NTL has included in this statement has been prepared specifically to comply with the requirements of Clauses 8-11 of the DPP Determination 2015. This audited information includes:

- NTL's schedule of DPP prices for 2018/2019 (Appendix 1)
- Calculation of the maximum allowable notional revenue compared with notional revenue distribution prices and quantities (Appendix 2)
- Pass through revenue calculations (Appendix 3)
- Calculation of pass-through balance (Appendix 4)
- Applicability of recoverable costs for 2018/19 DPP compliance (Appendix 5)
- Pass-through and recoverable costs used to set prices (Appendix 6)
- Reliability data and assessment (Appendix 7)
- Reliability recording policies and procedures (Appendix 8)
- Pass-through prices and quantities for 2017/18 (Appendix 9)

c). Price Path Compliance

Network Tasman Limited ***fully complies with the default price pathway*** requirements specified in Clause 8 of the DPP Determination 2015 for the year to 31 March 2019. The following test confirms NTL's compliance.

Test: Clause 8.3 of the DPP Determination 2015

The Notional Revenue for a Non-exempt EDB (NTL) in the Assessment Period for the year to 31 March 2019 must not exceed the allowable notional revenue for the Assessment Period:

Test per Clause 8.3:	**NR < ANR**
Where:	NR = Notional Revenue
	ANR = Allowable Notional Revenue
$ANR_{2018/19}$	$29,841,236
$NR_{2018/19}$	$17,632,420
Result:	**NR does not exceed ANR**

This test confirms NTL's compliance with the Default Price Path. Actual Notional Revenue $NR_{2018/19}$ was *$12,208,816 less* than the Allowable Notional Revenue for the Assessment Period ended 31 March 2019. The supporting evidence for the test above is provided in Appendices 1 and 2. NTL's schedule of distribution prices is contained in Appendix 1. Calculation of the allowable notional revenue and notional revenue is in Appendix 2.

Notional Revenue in the DPP compliance assessment includes all revenue NTL has derived from supply of the following controlled, non-contestable line function services:

- Electricity conveyance services provided under Use of Systems Agreements with electricity retailers
- Electricity conveyance services provided under Direct Connection Agreements with major electricity consumers and embedded electricity generators
- Network development levies and connection fees charged to new electrical loads at the time of their connection to Network Tasman Limited's distribution network.
- Application fees for Small Scale Distributed Generation (SSDG)

The Allowable Notional Revenue for the year to 31 March 2019 was calculated using the following formula set out in Schedule 3B of the DPP Determination 2015:

$$ANR_{2018/19} = (\sum DP_{2017/18}Q_{2016/17} + (ANR_{2017/18}\text{-}NR_{2017/18})) \times (1+\Delta CPI) \times (1\text{-}X)$$

d). Quality Standard Compliance

Network Tasman Limited ***complies with the default quality standard*** in Clause 9 of the DPP Determination 2015 for the assessment period ended 31 March 2019.

Under Clause 9 of the DPP Determination 2015, to comply for Assessment Four, NTL must either:

- Under 9.1a, comply with the annual reliability assessment; or
- Under 9.1b, have complied with the annual reliability assessments in each of the two preceding Assessment periods.

Network Tasman complies with the default quality standard set out in the DPP Determination 2015 by complying with Clause 9.1b. The following test confirms NTL's compliance under 9.1b.

Figure 1: Quality standards compliance with clause 9.1b of the DPP Determination 2015

Test per 9.1b:

Quality Standard Compliance – Regulatory Period Four

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	160.25
SAIDI Limit	148.31

SAIDI does not comply with assessment

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	1.125
SAIFI Limit	1.565

SAIFI complies with assessment

Quality Standard Compliance – Regulatory Period Three

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	120.74

SAIDI Limit	148.31

SAIDI complies with assessment

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	0.971
SAIFI Limit	1.565

SAIFI complies with assessment

Quality Standard Compliance – Regulatory Period Two

SAIDI Assessed Value ≤ SAIDI Limit recalculated in accordance with Schedule 4B

Assessed Value	131.84
SAIDI Limit	148.31

SAIDI complies with assessment

SAIFI Assessed Value ≤ SAIFI Limit recalculated in accordance with Schedule 4B

Assessed Value	1.234
SAIFI Limit	1.565

SAIFI complies with assessment

Clause 11.5(a) of the DPP Determination 2015 requires Network Tasman to explain the reasons it has not achieved the annual reliability assessment set out in Clause 9.2 of the DPP Determination 2015. Failure to meet the annual reliability assessment was due to the following factors:

- Three incidences of traffic interference with Network Tasman's network. These three events triggered all three of Network Tasman's major event days for 2018/19 and occurred on the same stretch of road (Appleby highway). These three events accounted for 34 SAIDI minutes.
- Network Tasman is undertaking a 10 year programme to replace 210km of light copper conductors that are reaching the end of their useful life. The first year of this programme occurred in the 2018/19 regulatory period and increased our planned regulatory SAIDI by 11 minutes.

Clause 11.5(b) of the DPP Determination 2015 requires Network Tasman outline the actions it is taking to mitigate any non-compliance and to prevent similar future non-compliance in the future.

- The three major event days for 2018/19 were triggered by vehicle interference with Network Tasman's 33kV overhead line along the Appleby highway. This stretch of line is the sole line feeding the Mapua substation. Network Tasman is building a network extension that will provide a second route to the Mapua substation that bypasses that Appleby highway. This extension is expected to be completed in the 2019/20 regulatory year.
- Network Tasman's light copper conductor replacement programme requires Network Tasman to balance short-term network quality and reliability against medium-to-long

term network quality, reliability and safety. Failure to replace the conductor in a prudent manner will result in equipment failure, reducing network quality, reliability and safety. However, given the nature of conductor replacement work replacing conductor will also lower network quality and reliability, for the duration of the replacement programme. Network safety is expected to be unaffected by the reconductoring work.
This means that any course of action will ultimately result in Network Tasman incurring higher SAIDI minutes. The implications of the trade-offs discussed here and the incentives created by the regulatory regime have been raised with the Commerce Commission.
On balance, Network Tasman considers it is acting prudently to proactively undertake this replacement programme. Where it is practical, Network Tasman has and will continue to deploy portable diesel generators to minimise the impact of these works.

e). Transactions compliance

On 1 December 2014, NTL acquired from Transpower the 66kV transmission line to the Cobb hydro-electric power station and connection assets at Motueka and Golden Bay. As per clause 10.6 of the DPP Determination 2015 relating to the purchase of system fixed assets from Transpower, NTL has recalculated the SAIDI and SAIFI limits, boundary values, caps and collars contained in Schedule 4A, according to the methodology specified in Schedule 4B in the annual reliability assessment. These values were recalculated in the preparation of Assessment One. Details of the recalculations are set out in Appendix 7. NTL has not undertaken any other transmission acquisition in the relevant period.

NTL has not undertaken an Amalgamation, Merger or Major Transaction (as defined in the Determination 2015) in the assessment period for the year ended 31 March 2019.

f). Restructure of Prices Compliance

NTL is required to disclose any restructuring of prices in the year to 31 March 2019 that requires specific disclosure and assessment in terms of Clause 11.7 and 11.8 of the DPP Determination 2015.

Until 31 March 2018, NTL had an *Off Peak* kWh meter price. The price code was OPK, prefixed by the price category of the ICP. OPK was a controlled price with few ICPs.

As at 1 April 2018, NTL closed the OPK price code and migrated all ICPs on the price code to NTL's *controlled water* price code (WSR).
There is a mismatch in calculating notional revenue ($DP_{2018/19}$*$Q_{2016/17}$) where $Q_{2016/17}$ contains volumes for both OPK and WSR price category, but $DP_{2018/19}$ contains no OPK price category. As consumers that were on the OPK price category were migrated to the WSR price category. The quantities attributed to $WSR_{2018/19}$ price category are equal to the combined 2016/17 quantities for the WSR and OKK price categories. This is consistent with the methodology set out in Clause 8.9 of the DPP Determination 2015.

Table 1 below illustrates Network Tasman's forecast quantities for the restructured price and the actual quantities.

Table 1: Restructured Controlled Water price category – forecast and actual quantities

Price category code	Forecast	Actual
1WSR	63,381,631	61,049,006
2WSR	4,720,281	3,523,850
2LWSR	0	38,681
2HWSR	0	8,633
HLFWSR	34,067	30,296

The forecast for the price category codes above are primarily based on the actual volumes from the previous two years available at the time the budget is set.

The variation for between the forecast and actual quantities for 1WSR and HLFWSR are within the normal bounds of year-on-year variation.

The variation between forecast and actual volumes for 2WSR was due to a budgeting error.

Network Tasman does not forecast quantities for price categories 2LLFC and 2HLFC which include 2LWSR and 2HWSR, as the number of ICPs on these price categories are not material (they account for approximately 0.1% of all ICPs).

g). Recoverable Costs and Pass-Through Costs

In accordance with the DPP Determination 2015 the recoverable and pass-through cost categories described below have been included in NTL's Default Price Path calculations.

i) **Recoverable Costs** $V_{2018/19}$ include the following cost categories:

- Charges billed by Transpower
  - i. Connection charges
  - ii. Interconnection charges
  - iii. New Investment charges
- Avoided transmission charges paid to embedded generators
- Avoided Transpower charge liability as a result of a transmission asset acquisition
- Quality incentive adjustment
- Capex wash-up adjustment

A list of the recoverable costs described in the Electricity Distribution Services Input Methodologies Determination 2012 (as amended at December 2015), and their applicability to NTL's DPP assessment for the year ended March 2019 is set out in Appendix 5.

ii) **Pass Through Costs** $K_{2018/19}$ include the following costs categories:

- Local Authority *Rates* levied on NTL's systems fixed assets including lines, cables, electrical equipment and substation land and buildings.
- Electricity Authority *Levies* for the regulatory costs allocated to all EDBs under an industry levy formula determined by government.
- Commerce Act *Levies* for the funding of Commerce Commission EDB regulatory activities that are allocated to all EDBs under an industry levy formula determined by government.

- Utilities Disputes *Levies* for funding the contribution all EDBs make towards the independent electricity and gas industry complaints resolution scheme.

A comparison of actual pass through and recoverable costs with those used to set prices is set out in Appendix 6.

h). Methodology used to set prices for 2018/19

Network Tasman set its posted prices for the 12 months commencing 1 April 2018 by determining the revenue requirement that would not fully take up the allowable notional distribution revenue, recover cash transmission costs and a portion of the incentive provided under the recoverable cost described in clause 3.1.3(1) of the Input Methodologies Determination. The way in which the revenue requirement is allocated to different customer groups in setting prices is discussed in detailed in Network Tasman's Pricing Methodology disclosure. The resulting total delivery prices are contained in Appendix 1.

For the purposes of the DPP, pass-through prices were calculated by using a multiplier applied to the total delivery price to ensure that total pass-through revenue is as close as possible to the sum of pass-through costs, recoverable costs and the (recalculated) pass-through balance from Assessment One. Distribution prices, for the purposes of the DPP, were calculated as the portion of prices excluding pass-through prices. The resulting pass-through prices and distribution prices are set out in Appendix 1.

It is noted that the Distribution and Pass-through price components calculated for the purposes of the DPP differ from the Distribution and Transmission price components contained in our pricing schedule disclosure, as they are prepared on a separate basis. Network Tasman was granted an exemption by the Commerce Commission in relation to its pricing disclosures. This means that published transmission charges do not need to fully recover the incentive associated with the avoided Transpower liability that arises from the purchase of 66kV assets. In comparison the Pass-Through prices prepared for the purposes of the DPP are required to fully recover the incentive, and Distribution prices are lowered accordingly. However, the total delivery price applied in the DPP is the same as in price schedule disclosures.

i). Pass-through balance for 2018/19

The pass-through balance for 2018/19 is -$7,202 (see Appendix 4 for details as to how this was calculated). This means that the pass-through prices for 2018/19 under-recover recoverable and pass-through costs by approximately $7,202.

The pass-through balance has been calculated as the Pass-through Revenue for 2018/19 minus Pass-through Costs for 2018/19 minus Recoverable Costs for 2018/19 plus the Pass-through Balance for 2017/18 adjusted for the cost of debt.

j). Network Tasman SAIDI & SAIFI Policies and Procedures

NTL is required under Clause 11.5 (e) of the Determination 2015 to describe the policies and procedures used to record the SAIDI and SAIFI statistics for the Assessment Period ended 31 March 2019. This information is provided in Appendix 8.

k). New Investment Contracts (NIC)

For the 2018/19 year, Transpower NIC charges to Network Tasman totalled $192,306 (excluding GST). In August 2017, Network Tasman signed a new NIC with Transpower in relation connecting a generation plant to Transpower's Murchison GXP, which was commissioned in May 2018.

3 Disclaimer

The information disclosed by Network Tasman Limited in this Default Price-Quality Path Compliance Statement 2019 has been prepared solely for the purposes of complying with the requirements of the *Commerce Act 1986* and the DPP Determination 2015.

The information in this compliance statement relates only to the lines business activities covered by the DDP Determination 2015. NTL is involved in other activities that are not required to be reported on under the Determination.

The information in this compliance statement has not been prepared for any other purpose than that required by the DPP Determination 2015 and Network Tasman Limited expressly disclaims any liability to any party who may rely on this information for any other purpose.

Appendix 1: Schedule of DPP prices for 2018/19

The following table sets out for each price during the year ended 31 March 2019, the total price, the distribution portion of the price and the pass-through portion of the price, as required by clause 11.4(d) of the DPP Determination 2015.

Price Code/description	Units	Distribution Prices	Pass Through Price	Total Price
Streetlights (Watts)	$/W/day	0.00057	0.00062	0.00119
0UNM count	$/day	0.3318	0.2811	0.6129
0	$/day	0.0000	0.0000	0.0000
1	$/day	0.0719	0.0781	0.1500
2LLFC	$/day	0.0719	0.0781	0.1500
2HLFC	$/day	0.0719	0.0781	0.1500
2	$/kVA/day	0.0255	0.0276	0.0531
HLF	$/kVA/day	0.1496	0.1623	0.3119
1ANY	$/kWh	0.0323	0.0351	0.0674
1DAY	$/kWh	0.0368	0.0400	0.0768
1NIT	$/kWh	0.0024	0.0027	0.0051
1WSR	$/kWh	0.0082	0.0089	0.0171
2ANY	$/kWh	0.0269	0.0291	0.0560
2DAY	$/kWh	0.0309	0.0335	0.0644
2NIT	$/kWh	0.0006	0.0006	0.0012
2WSR	$/kWh	0.0057	0.0062	0.0119
2LANY	$/kWh	0.0468	0.0508	0.0976
2LDAY	$/kWh	0.0508	0.0552	0.1060
2LNIT	$/kWh	0.0204	0.0221	0.0425
2LWSR	$/kWh	0.0256	0.0277	0.0533
2HANY	$/kWh	0.0700	0.0759	0.1459
2HDAY	$/kWh	0.0740	0.0803	0.1543
2HNIT	$/kWh	0.0435	0.0472	0.0907
2HWSR	$/kWh	0.0487	0.0529	0.1016
HLFANY	$/kWh	0.0076	0.0083	0.0159
HLFDAY	$/kWh	0.0086	0.0093	0.0179
HLFNIT	$/kWh	0.0000	0.0000	0.0000
HLFWSR	$/kWh	0.0015	0.0017	0.0032
GENA	$/kWh	0.0000	0.0000	0.0000
Cat 3.1 Summer Day	$/kWh	0.0027	0.0000	0.0027
Cat 3.1 Summer Night	$/kWh	0.0014	0.0000	0.0014
Cat 3.1 Winter Day	$/kWh	0.0049	0.0000	0.0049
Cat 3.1 Winter Night	$/kWh	0.0014	0.0000	0.0014
Cat 3.1 RCPD $/kW/day	$/kW/day	0.1968	0.1317	0.3285
Cat 3.1 Anytime $/kVA day	$/kVA/day	0.0675	0.0466	0.1141
Cat 3.3 Summer Day	$/kWh	0.0082	0.0000	0.0082
Cat 3.3 Summer Night	$/kWh	0.0043	0.0000	0.0043
Cat 3.3 Winter Day	$/kWh	0.0210	0.0000	0.0210
Cat 3.3 Winter Night	$/kWh	0.0043	0.0000	0.0043
Cat 3.3 RCPD $/kW/day	$/kW/day	0.1968	0.1317	0.3285
Cat 3.3 Anytime $/kVA day	$/kVA/day	0.0811	0.0565	0.1376

Price Code/description	Units	Distribution Prices	Pass Through Price	Total Price
Cat 3.4 Summer Day	$/kWh	0.0082	0.0000	0.0082
Cat 3.4 Summer Night	$/kWh	0.0043	0.0000	0.0043
Cat 3.4 Winter Day	$/kWh	0.0210	0.0000	0.0210
Cat 3.4 Winter Night	$/kWh	0.0043	0.0000	0.0043
Cat 3.4 RCPD $/kW/day	$/kW/day	0.1968	0.1317	0.3285
Cat 3.4 Anytime $/kVA day	$/kVA/day	0.0851	0.0594	0.1445
Cat 3.5 Summer Day	$/kWh	0.0056	0.0000	0.0056
Cat 3.5 Summer Night	$/kWh	0.0034	0.0000	0.0034
Cat 3.5 Winter Day	$/kWh	0.0179	0.0000	0.0179
Cat 3.5 Winter Night	$/kWh	0.0034	0.0000	0.0034
Cat 3.5 RCPD $/kW/day	$/kW/day	0.1968	0.1317	0.3285
Cat 3.5 Anytime $/kVA day	$/kVA/day	0.0811	0.0565	0.1376
G3 Reactive Charge	$/kVAr/day	0.2610	0.0000	0.2610
Cat 6.2	$/year	194,910	332,757	527,667
Cat 6.1	$/year	73,823	1,911,716	1,985,539
Large Embedded Generator	$/year	1,347,770	340,452	1,688,222
Nelson Electricity	$/year	0	2,103,589	2,103,589
Pioneer (Matiri)	$/year	0	192,306	192,306
NCA Admin G0	$/ICP	125	n/a	125
NCA Admin G1	$/ICP	250	n/a	250
NCA Admin G2	$/ICP	325	n/a	325
NCA Admin G3	$/ICP	400	n/a	400
SSDG < 10kW	$/SSDG	0	0.00	0
Part 1	$/SSDG	200	n/a	200
Part 1a	$/SSDG	100	n/a	100
SSDG > 10kW and < 100kW	$/SSDG	500	n/a	500
SSDG > 100kW and <1000kW	$/SSDG	1,000	n/a	1,000
SSDG > 1000kW	$/SSDG	5,000	n/a	5,000
NDL - Group 1 uncapped	$/kVA*km	7.44	n/a	7.44
NDL - Group 1 Capped	$/ICP	3,250.00	n/a	3,250.00
NDL - Group 2	$/kVA*km	18.32	n/a	18.32
NDL Subdivision	$/ICP	2,170.75	n/a	2,170.75
Generator Pupu Ntw Charge	$/ICP	684	0	684
Generator Onekaka Ntw Charge	$/ICP	5,580	0	5,580
Generator Brooklyn Ntw Charge	$/ICP	360	0	360

Appendix 2: Allowable notional revenue and notional revenue for year to 31 March 2019

Allowable Notional Revenue for Assessment Four	
$\sum DP_{2017/18}Q_{2016/17}$ =	$27,970,848
$ANR_{2017/18}$-$NR_{2017/18}$ =	$1,347,512
ΔCPI =	1.78%
X=	0
ANR = $(\sum DP_{2017/18}Q_{2016/17} + (ANR_{2017/18}-NR_{2017/18}))(1+\Delta CPI)(1-X)$ =	**$29,841,236**

Table 2: Calculation of Notional Revenue (2018/19)

Price Code/ description	Quantity Units	Price Units	Q2016/17	DP2018/19	Notional Revenue
Streetlights (Watts)	Watts	$/W/day	558,976	0.001	116,295
0UNM count	ICPs	$/day	85	0.33	10,293
1	ICPs	$/day	35,749	0.07	938,179
2LLFC	ICPs	$/day	37	0.07	971
2HLFC	ICPs	$/day	2	0.07	52
2	kVA	$/kVA/day	120,518	0.03	1,121,721
HLF	kVA	$/kVA/day	3,218	0.15	175,716
1ANY	kWh	$/kWh	177,450,736	0.03	5,731,659
1DAY	kWh	$/kWh	1,907,057	0.04	70,180
1NIT	kWh	$/kWh	4,419,404	0.00	10,607
1WSR	kWh	$/kWh	62,222,491	0.01	510,224
2ANY	kWh	$/kWh	65,013,710	0.03	1,748,869
2DAY	kWh	$/kWh	16,787,597	0.03	518,737
2NIT	kWh	$/kWh	7,921,016	0.00	4,753
2WSR	kWh	$/kWh	3,936,510	0.01	22,438
2LANY	kWh	$/kWh	197,206	0.05	9,229
2LDAY	kWh	$/kWh	17,709	0.05	900
2LNIT	kWh	$/kWh	13,274	0.02	271
2LWSR	kWh	$/kWh	42,882	0.03	1,098
2HANY	kWh	$/kWh	6,243	0.07	437
2HDAY	kWh	$/kWh	0	0.07	0
2HNIT	kWh	$/kWh	0	0.04	0
2HWSR	kWh	$/kWh	1,016	0.05	49
HLFANY	kWh	$/kWh	5,060,318	0.01	38,458
HLFDAY	kWh	$/kWh	4,044,475	0.01	34,782
HLFNIT	kWh	$/kWh	1,666,851	0.00	0
HLFWSR	kWh	$/kWh	34,536	0.00	52
GENA	kWh	$/kWh	2,828,885	0.00	0
Cat 3.1 Summer Day	kWh	$/kWh	4,359,894	0.00	11,772
Cat 3.1 Summer Night	kWh	$/kWh	1,809,313	0.00	2,533
Cat 3.1 Winter Day	kWh	$/kWh	3,007,389	0.00	14,736

Price Code/ description	Quantity Units	Price Units	Q2016/17	DP2018/19	Notional Revenue
Cat 3.1 Winter Night	kWh	$/kWh	1,295,466	0.00	1,814
Cat 3.1 RCPD $/kW/day	kW	$/kW/day	1,450	0.1968	104,164
Cat 3.1 Anytime $/kVA day	kVA	$/kVA/day	2,412	0.0675	59,425
Cat 3.3 Summer Day	kWh	$/kWh	3,888,798	0.01	31,888
Cat 3.3 Summer Night	kWh	$/kWh	1,725,422	0.00	7,419
Cat 3.3 Winter Day	kWh	$/kWh	2,089,711	0.02	43,884
Cat 3.3 Winter Night	kWh	$/kWh	843,363	0.00	3,626
Cat 3.3 RCPD $/kW/day	kW	$/kW/day	993	0.1968	71,334
Cat 3.3 Anytime $/kVA day	kVA	$/kVA/day	2,319	0.0811	68,636
Cat 3.4 Summer Day	kWh	$/kWh	45,108,939	0.01	369,893
Cat 3.4 Summer Night	kWh	$/kWh	15,810,534	0.00	67,985
Cat 3.4 Winter Day	kWh	$/kWh	35,109,862	0.02	737,307
Cat 3.4 Winter Night	kWh	$/kWh	12,605,606	0.00	54,204
Cat 3.4 RCPD $/kW/day	kW	$/kW/day	17,313	0.1968	1,243,720
Cat 3.4 Anytime $/kVA day	kVA	$/kVA/day	41,326	0.0851	1,283,216
Cat 3.5 Summer Day	kWh	$/kWh	5,164,171	0.01	28,919
Cat 3.5 Summer Night	kWh	$/kWh	2,256,059	0.00	7,671
Cat 3.5 Winter Day	kWh	$/kWh	4,431,814	0.02	79,329
Cat 3.5 Winter Night	kWh	$/kWh	1,975,078	0.00	6,715
Cat 3.5 RCPD $/kW/day	kW	$/kW/day	1,866	0.1968	134,048
Cat 3.5 Anytime $/kVA day	kVA	$/kVA/day	3,702	0.0811	109,569
G3 Reactive Charge	kVAr	c/kVAr/day	168	0.2610	16,005
Cat 6.2	ICP	$/year	1	194,910.00	194,910
Cat 6.1	ICP	$/year	1	73,823.00	73,823
Large Embedded Generator	ICP	$/year	1	1,347,770	1,347,770
Nelson Electricity	Connection	$/year	1	0	0
Pioneer (Matiri)	Connection	$/year	0	0	0
NCA Admin G0	ICP	$/ICP	3	125.00	375
NCA Admin G1	ICP	$/ICP	585	250.00	146,250
NCA Admin G2	ICP	$/ICP	62	325.00	20,150
NCA Admin G3	ICP	$/ICP	11	400.00	4,400
SSDG < 10kW					
Part 1	SSDG	$/SSDG	132	200.00	26,400
Part 1a	SSDG	$/SSDG	3	100.00	300
SSDG > 10kW and < 100kW	SSDG	$/SSDG	1	500.00	500
SSDG > 100kW and <1000kW	SSDG	$/SSDG	0	1,000.00	0
SSDG > 1000kW	SSDG	$/SSDG	0	5,000.00	0
NDL - Group 1 uncapped	kVA*km	$/kVA*km	6,480	7.44	48,230
NDL - Group 1 Capped	ICP	$/ICP	0	3,250.00	0
NDL - Group 2	kVA*km	$/kVA*km	6,170	18.32	113,024
NDL Subdivision	ICP	$/ICP	11	2,170.75	23,878
Generator Pupu Ntw Charge	ICP	$/ICP	1	684.00	684
Generator Onekaka Ntw Charge	ICP	$/ICP	1	5,580.00	5,580
Generator Brooklyn Ntw Charge	ICP	$/ICP	1	360.00	360

Price Code/ description	Quantity Units	Price Units	Q2016/17	DP2018/19	Notional Revenue
Total Notional Revenue NR					17,632,420

Appendix 3: Pass-through revenue calculations

The calculation of pass-through revenue is contained in the following table in which 2018/19 pass-through prices ($PTP_{2018/19}$) are multiplied by 2018/19 quantities ($Q_{2018/19}$).

Table 3: Calculation of Pass-through revenue

PriceCode/description	Quantity Units	Price Units	$Q_{2018/19}$	$PTP_{2018/19}$	$PTP_{2018/19}Q_{2018/19}$
Streetlights (Watts)	Watts	c/W/day	482,759	0.00062	109,248.36
0UNM count	ICPs	c/day	76	0.2811	7,797.71
1	ICPs	c/day	36,743	0.0781	1,047,414.33
2LLFC	ICPs	c/day	42	0.0781	1,197.27
2HLFC	ICPs	c/day	3	0.0781	85.52
2	kVA	c/kVA/day	123,027	0.0276	1,239,374.00
HLF	kVA	c/kVA/day	3,271	0.1623	193,772.40
1ANY	kWh	c/kWh	186,734,522	0.0351	6,228,520.84
1DAY	kWh	c/kWh	2,443,944	0.0400	76,282.29
1NIT	kWh	c/kWh	4,353,472	0.0027	11,932.39
1WSR	kWh	c/kWh	61,049,006	0.0089	553,780.17
2ANY	kWh	c/kWh	70,539,858	0.0291	1,891,898.96
2DAY	kWh	c/kWh	18,489,393	0.0335	562,384.50
2NIT	kWh	c/kWh	8,295,338	0.0006	4,752.61
2WSR	kWh	c/kWh	3,523,850	0.0062	24,406.36
2LANY	kWh	c/kWh	214,627	0.0508	10,018.06
2LDAY	kWh	c/kWh	20,317	0.0552	977.54
2LNIT	kWh	c/kWh	12,496	0.0221	293.36
2LWSR	kWh	c/kWh	38,681	0.0277	1,187.83
2HANY	kWh	c/kWh	17,430	0.0759	473.84
2HDAY	kWh	c/kWh	0	0.0803	0.00
2HNIT	kWh	c/kWh	1,667	0.0472	0.00
2HWSR	kWh	c/kWh	8,633	0.0529	53.75
HLFANY	kWh	c/kWh	4,566,466	0.0083	42,000.64
HLFDAY	kWh	c/kWh	3,949,083	0.0093	37,613.62
HLFNIT	kWh	c/kWh	1,493,736	0.0000	0.00
HLFWSR	kWh	c/kWh	30,296	0.0017	58.71
GENA	kWh	c/kWh	3,721,795	0.00	0.00
Cat 3.1 Summer Day	kWh	c/kWh	4,197,968	0.00	0.00
Cat 3.1 Summer Night	kWh	c/kWh	1,723,077	0.00	0.00
Cat 3.1 Winter Day	kWh	c/kWh	2,817,503	0.00	0.00
Cat 3.1 Winter Night	kWh	c/kWh	1,209,066	0.00	0.00
Cat 3.1 RCPD $/kW/day	kW	$/kW/day	1,519	0.1317	73,010.99
Cat 3.1 Anytime $/kVA day	kVA	$/kVA/day	2,222	0.0466	37,794.32
Cat 3.3 Summer Day	kWh	c/kWh	4,112,157	0.00	0.00
Cat 3.3 Summer Night	kWh	c/kWh	1,834,068	0.00	0.00
Cat 3.3 Winter Day	kWh	c/kWh	2,305,575	0.00	0.00
Cat 3.3 Winter Night	kWh	c/kWh	920,149	0.00	0.00
Cat 3.3 RCPD $/kW/day	kW	$/kW/day	936	0.1317	44,989.00

PriceCode/description	Quantity Units	Price Units	$Q_{2018/19}$	$PTP_{2018/19}$	$PTP_{2018/19}Q_{2018/19}$
Cat 3.3 Anytime $/kVA day	kVA	$/kVA/day	2,310	0.0565	47,647.59
Cat 3.4 Summer Day	kWh	c/kWh	48,718,022	0.00	0.00
Cat 3.4 Summer Night	kWh	c/kWh	17,351,628	0.00	0.00
Cat 3.4 Winter Day	kWh	c/kWh	36,947,803	0.00	0.00
Cat 3.4 Winter Night	kWh	c/kWh	13,492,919	0.00	0.00
Cat 3.4 RCPD $/kW/day	kW	$/kW/day	17,993	0.1317	864,836.62
Cat 3.4 Anytime $/kVA day	kVA	$/kVA/day	45,177	0.0594	979,954.14
Cat 3.5 Summer Day	kWh	c/kWh	5,430,149	0.00	0.00
Cat 3.5 Summer Night	kWh	c/kWh	2,454,319	0.00	0.00
Cat 3.5 Winter Day	kWh	c/kWh	4,958,976	0.00	0.00
Cat 3.5 Winter Night	kWh	c/kWh	2,212,690	0.00	0.00
Cat 3.5 RCPD $/kW/day	kW	$/kW/day	1,687	0.1317	81,085.94
Cat 3.5 Anytime $/kVA day	kVA	$/kVA/day	3,713	0.0565	76,586.79
G3 Reactive Charge	kVAr	c/kVAr/day	190	0.0000	0.0000
Cat 6.2	ICP	$/year	1	332,757.00	332,757.00
Cat 6.1	ICP	$/year	1	1,911,716.00	1,911,716.00
Large Embedded Generator	ICP	$/year	1	340,452	340,452
Nelson Electricity	Connection	$/year	1	2,103,589	2,103,589
Pioneer (Matiri)	Connection	$/year	1	192,306	192,306
NCA Admin G0	ICP	$/ICP	0.00	n/a	0
NCA Admin G1	ICP	$/ICP	0.00	n/a	0
NCA Admin G2	ICP	$/ICP	0.00	n/a	0
NCA Admin G3	ICP	$/ICP	0.00	n/a	0
SSDG < 10kW					
Part 1	SSDG	$/SSDG	0.00	n/a	0
Part 1a	SSDG	$/SSDG	0.00	n/a	0
SSDG > 100kW and <1000kW	SSDG	$/SSDG	0.00	n/a	0
SSDG > 10kW and < 100kW	SSDG	$/SSDG	0	n/a	0
SSDG > 1000 kW	SSDG	$/SSDG	0	n/a	0
NDL - Group 1 uncapped	kVA*km	$/kVA*km	0.00	n/a	0
NDL - Group 1 Capped	ICP	$/ICP	0.00	n/a	0
NDL - Group 2	kVA*km	$/kVA*km	0.00	n/a	0
NDL Subdivision	ICP	$/ICP	0.00	n/a	0
Generator Pupu Network Charge	ICP	$/ICP	1	0	0
Generator Onekaka Network Charge	ICP	$/ICP	1	0	0
Generator Brooklyn Network Charge	ICP	$/ICP	1	0	0
$PTP_{2018/19}Q_{2018/19}$					19,132,251

Appendix 4: Calculation of Pass-through Balance

$$PTB_{2018/19} = \sum PTP_{2018/19}Q_{2018/19} - K_{2018/19} - V_{2018/19} + PTB_{2017/18}(1+r)$$

$$PTB = \sum PTP_{2018/19}Q_{2018/19} - K_{2018/19} - V_{2018/19} + PTB_{2017/18}(1+r)$$

∑PTP2019Q2019	$19,132,251
K2019	$366,411
V2019	$18,859,609
PTBt-1	$81,598
r=	6.09%
Pass Through Balance	($7,202)

Reconciliation

The Pass-Through Balance has reduced from $81,598 in 2017/18 to -$7,202 in 2018/19.

Table 4: Pass-through Balance Reconciliation

Pass-through Balance Reconciliation	
$PTB_{2017/18}$ adjusted for the cost of debt	$86,568
Forecast 2019 pass-through & recoverable costs	$19,050,039
Actual 2019 pass-through & recoverable costs	$19,226,020
Variance in cost estimation	$175,981
Forecast 2019 pass-through & recoverable costs	$19,050,039
Actual 2019 pass-through & recoverable revenue	$19,132,251
Variance in revenue estimation	$82,212
$PTB_{2018/19}$	($7,202)

Appendix 5: Applicability of recoverable costs for 2018/19 DPP compliance

The recoverable costs that may be claimed under the DPP are set out in 3.1.3(1) of *Electricity Distribution Services Input Methodologies Determination 2012* as amended and consolidated as of 15 December 2015. An assessment of which of these are relevant to NTL's DPP calculation for the year ended 31 March 2019 is set out in the table below.

Subclause of 3.1.3(1)	Recoverable cost	Applicability to NTL for Assessment Four
(a)(i)	IRIS incentive adjustment	Not applicable in the current assessment period.
(a)(ii)	CPP transition	Not applicable.
(b)	Charges payable to Transpower for electricity lines services in respect of the transmission system	Applicable - connection and interconnection charges billed by Transpower.
(c)	Transpower NIA charge	Applicable.
(d)	Charges for System Operator services	Not applicable.
(e)	Transpower charges for transmission and NIA that have been avoided as a result of an acquisition of transmission assets	Applicable as a result of December 2014 acquisition by NTL of transmission assets from Transpower.
(f)	Distributed generation allowance	Applicable – Avoided Cost of Transmission (ACOT) payments.
(g)	Claw-back applied by the Commission.	Not applicable.
(h)-(l)	Relevant to CPP	Not applicable.
(m)	Energy efficiency and demand side management incentive allowance	Not applicable.
(n)	Catastrophic allowance	Not applicable.
(o)	Extended reserves allowance	Not applicable.
(p)	Quality incentive adjustment	Applicable.
(q)	Capex wash-up adjustment	Applicable – source from Commerce Commission capex wash-up adjustment calculator.
(r)	Transmission asset wash-up adjustment	Not relevant because transmission asset acquisition by NTL was completed prior to the commencement of the regulatory period.
(s)	2013-15 NPV wash-up allowance	Not applicable – only relevant to Alpine, Centralines and Top Energy.
(t)	A reconsideration event allowance	Not applicable.

Appendix 6: Pass-through and recoverable costs used to set prices

Pass-through costs used to set prices are those contained in the Budget column of Table 5 below. Variation between actual and amount used to set prices is minor for the pass-through costs, aside from an over-estimate of the Local Body Rates as a result of an unforeseen reduction in Utility Rates from the Tasman District Council.

Network Tasman budgeted for Electricity Authority levies of $156,000 for 2018/19. However, $30,000 of this is passed through to Nelson Electricity. As this $30,000 cost is not a pass-through cost for regulatory purposes, Network Tasman has reduced the budgeted Electricity Authority Levy by $30,000 to account for this.

Table 5: Pass-through costs used to set prices

Pass Through Costs ($K_{2018/19}$)	Budget	Actual	% Difference
Commerce Commission Levy	$56,400	$60,843	8%
Electricity Authority	$126,000	$110,959	-12%
Electricity Gas Complaints Commission	$22,000	$21,476	-2%
Local Body Rates	$218,060	$173,133	-21%
	$422,460	**$366,411**	**-13%**

Recoverable costs used to set prices are those contained in the Budget column of Table 6 below. The differences in Transmission charges and Avoided Transmission Charges. The variance in transmission charges is due to the new generation interconnection asset at Murchison. The actual cost could not be known until commissioning.

The variance in the Avoided Transmission Charges is due a minor inconsistency between the formula used to budget for avoided cost of transmission charges and the formula used to calculate the contracted payments to an embedded generator.

Table 6: Recoverable costs used to set prices

Recoverable Costs ($V_{2018/19}$)	Budget	Actual	% Difference
Transpower Transmission Charges for YE March 2019	$12,619,443	$12,811,750	1.5%
Avoided Transmission Charges (Embedded Generators)	$1,886,386	$1,926,110	2.1%
Avoided Transmission Allowance (per Schedule 5E)	$4,377,513	$4,377,513	0.0%
Capex Wash-up Adjustment	($288,451)	($288,451)	0.0%
Quality Incentive Adjustment	$32,687	$32,687	0.0%
Total Recoverable Costs	**$18,627,579**	**$18,859,609**	**1.2%**

Appendix 7: Reliability data and assessment – 2018/19

Annual reliability assessment (Compliance test)		
a. SAIDI. Assessed value =< SAIDI Limit		
	Assessed Value	160.25
	SAIDI Limit	148.31
	Test	1.08
b. SAIFI. Assessed value =< SAIFI Limit		
	Assessed Value	1.125
	SAIFI Limit	1.565
	Test	0.719

1 Recalculation of Assessed values for test

Recalculation of Boundary Values		**Recalculation**
SAIDI Unplanned Boundary Value		7.26
SAIFI Unplanned Boundary Value		0.082
a boundary is the 23rd largest value in reference dataset		
$SAIDI_B$	∑daily $SAIDI_B$ values during assessment four	133.99
$SAIDI_C$	∑daily $SAIDI_C$ values during assessment four(1)	93.25
$SAIFI_B$	∑daily $SAIFI_B$ values during assessment four	0.433
$SAIFI_C$	∑daily $SAIFI_C$ values during assessment four(1)	0.909
	Note 1. where any daily value > boundary value, use boundary value	
	B = Planned, C = Unplanned	
SAIDI Assessed Value	recalculation=$SAIDI_B \times 0.5 + SAIDI_C$	160.248
SAIFI Assessed Value	recalculation=$SAIFI_B \times 0.5 + SAIFI_C$	1.125

2 Recalculation of Limits

Based on new reference dataset with acquired fixed asset outages included

2.1 Recalculate Targets.				-
$Daily_{planned}$				623.82
$Daily_{unplanned}$				949.14
SAIDITarget				**126.10**
$Daily_{planned}$				3.094
$Daily_{unplanned}$				11.932
SAIFITarget				**1.348**
Daily planned/unplanned is sum of all values in Reference Dataset				
Recalculated Targets are (DailyPlanned×0.5+DailyUnplanned)/10				
2.2 Recalculate Deviation per 4B				
SAIDIdeviation				1.162
SAIFIdeviation				0.011
2.3 New limits				
SAIDI Limit	*Recalculation=(Target+(Sdeviation×√365)*			148.31
SAIFI Limit	*Recalculation=(Target+(Sdeviation×√365)*			1.565
3 Recalculation for Quality Incentive Adjustment				
For information only in Assessment Four				
SAIDI Collar	*Recalculation=(Target-(Sdeviation×√365)*			103.90
SAIFI Collar	*Recalculation=(Target-(Sdeviation×√365)* *= SAIDI*			1.131
SAIDI Cap	*Limit* *= SAIFI*			148.31
SAIFI Cap	*Limit*			1.565
a) Find S_{SAIDI}				
$SAIDI_{IR}$				6,325
SAIDItarget				126.105
SAIDIassess				148.313
S_{SAIDI}= (SAIDIIR×(SAIDItarget-SAIDIassess)				**($140,460)**
b) Find $SAIDI_{IR}$				
SAIDIcap				148.313
SAIDItarget				126.105
REVrisk		1%	28,092,000	280,920
$SAIDI_{IR}$=(0.5×Rev_{Risk})/(SAIDIcap=SAIDItarget)				**$6,325**

c) Find S_{SAIFI}			
$SAIFI_{IR}$			646,590
SAIFItarget			1.348
SAIFIassess			1.131
S_{SAIFI}= ($SAIFI_{IR}$×(SAIFItarget-SAIFIassess)			**$140,460**
			-
d) Find $SAIFI_{IR}$			
SAIFIcap			1.565
SAIFItarget			1.348
REVrisk	1%	28,092,000	280,920
$SAIFI_{IR}$=(0.5×Rev_{Risk})/(SAIFIcap=SAIFItarget)			**$646,590**
e) Calculate incentive			
SSAIDI			($140,460)
SSAIFI			$140,460
S_{TOTAL} = SSAIDI + SSAIFI			**$0**

Note: Recalculated on 10yr reference dataset as per Schedule 4B

Quality Incentives

As per the calculations above, the quality incentive for use in Assessment One of the new regulatory period (2020/21) is $0.

Major Event Days

There were 3 major event days during the year ending March 2019, all relating to traffic interference with the network.

Date	Event
4-Oct-2018	Vehicle crashed into an NTL power pole
3-Jan-2019	Vehicles crashed into a NTL power poles
14-Jan-2019	Sheet metal dislodged from passing vehicle and landed on line

Appendix 8: Reliability Recording Policies and Procedures

For the purposes of compiling annual SAIDI and SAIFI data:

1) A high voltage outage on the distribution network is defined as an event resulting in loss of supply to any number of consumers for a duration of more than one minute
2) Only those outages resulting in de-energisation of a high voltage feeder or conductor (6.6kV and above on NTL's network) are included in SAIDI & SAIFI statistics. Outages stemming from low voltage (400V) equipment are excluded.
3) Both planned (Class B) and unplanned (Class C) events are included within high voltage outage statistics
4) All high voltage outages are managed through Network Tasman's control room by a qualified NTL System Operator
5) The Faults and Maintenance Contract between NTL and its faults contractor, Delta, obligates both parties to manage all outage events centrally through the System Operator located in NTL's control room.
6) All HV fault switching operations are recorded by the System Operator in the Control Room Log at the time the activity takes place. This provides a detailed record of the switching events for future reference and record keeping.

Under fault conditions, customers affected by operation of a distribution system high voltage protection device can be divided into:

(a) Those within the core fault area (i.e. who won't have supply restored until the necessary line repairs are completed)
(b) Those outside the immediate fault area (i.e. who can have power restored through co-ordinated switching activity)

To calculate the customer minutes lost under each fault event, each event is approximated as a maximum two step restoration process. This is in keeping with the philosophy of fault restoration that relies on the following sequential process for supply restoration:

(a) Identification, isolation and minimisation of the core fault area.
(b) Restoration, through switching, of supply to areas not immediately within the core fault area
(c) Making repairs and restoration of the core fault area.

The switching and recording process is managed by a NTL System Operator using NTL's Geographical Information System (GIS). To record outage data the operator draws geographical selection polygons around all sections of the high voltage line affected by the fault event. The software is then used to select and identify all the distribution transformers within the fault area. A query is then made into NTL's customer connection database to find and list all customers (ICPs) connected to those transformers affected by the fault event.

This data is then used in the following formula to calculate the total customer minutes for a fault event:

Total No. of customers initially affected **x** (Time Unfaulted Area restored – Time of Initial Interruption)
+
No. of Fault area customers **x** (Time Fault Area restored – Time Unfaulted Area restored)

Planned and unplanned events rely on essentially the same recording process however by nature, planned interruptions can be identified down to a predetermined set of consumers within a known area in advance.
The total customer minutes for a planned interruption are thus calculated using the following formula:

> Total No. of customers interrupted **x** (Time Interrupted Area restored – Time of Initial Interruption)

The system operator records details of all outage events in the NTL Outage Database. This is an access database that remains on line in the control room. Each planned or unplanned event forms a one record entry into the database. The Outages Database is subject to NTL's normal electronic file backup and security protocols.

The Outage Database records the following data fields for each event:

- Date
- ID number of the protective device that has operated (allows identification of the HV feeder and area affected)
- Area: (Text description of area affected)
- Description; (Text description of fault cause and type – recorded once known)
- Outage type (Planned Shutdown or Fault)
- Area Class (Urban or Rural)
- Fault Class (Overhead or Underground)
- Fault Voltage (6.6kV, 11kV, 33kV, 66kV)
- Outage Region (Stoke, Motueka, Golden Bay, Kikiwa, Murchison)
- Time of Initial Interruption
- Time Unfaulted Area Restored
- Time Fault area restored
- Customers (ICPs) in Total Area (recorded post event)
- Customers (ICPs) in Fault area (recorded post event)

Unless otherwise stated all data is recorded on line by the NTL System Operator at the time of the event.

The outage database supports the following NTL activities:

1) Queries on an as needed basis by NTL's Network and Operations Managers
2) Summary outage statistics are prepared and provided to NTL's CEO and Board of Directors on a monthly basis and are compared against expected values.
3) Annual outage statistics are prepared and independently audited for regulatory and financial reporting purposes.
4) Summary statistics are recorded on a cumulative basis and are used for comparative analysis and form a key input into NTL's annual Asset Management Planning process.
5) Annual data is also reported against reliability targets in NTL's SCI, Information Disclosure Statements and Annual Financial Statements.
6) The SCI targets are negotiated and agreed annually with the Network Tasman Trust.

Appendix 9: 2017/18 quantities and pass-through prices

As required under the clause 11.4(f) of the DPP Determination, 2017/18 quantities and pass-through prices are in the following table.

PriceCode/description	Quantity Units	Price Units	$Q_{2017/18}$	$PTP_{2017/18}$
Streetlights (Watts)	Watts	c/W/day	559,645	0.04
0UNM count	ICPs	c/day	84	19.82
1	ICPs	c/day	36,254	5.61
2LLFC	ICPs	c/day	40	5.61
2HLFC	ICPs	c/day	2	5.61
2	kVA	c/kVA/day	122,008	1.95
HLF	kVA	c/kVA/day	3,391	14.97
1ANY	kWh	c/kWh	178,237,629	3.44
1DAY	kWh	c/kWh	2,165,517	3.79
1NIT	kWh	c/kWh	4,026,405	1.15
1OPK	kWh	c/kWh	696,177	2.68
1WSR	kWh	c/kWh	59,510,862	1.59
2ANY	kWh	c/kWh	67,411,254	3.03
2DAY	kWh	c/kWh	17,044,395	3.34
2NIT	kWh	c/kWh	7,576,020	1.01
2OPK	kWh	c/kWh	289,319	2.37
2WSR	kWh	c/kWh	3,333,436	1.40
2LANY	kWh	c/kWh	206,365	4.55
2LDAY	kWh	c/kWh	21,811	4.86
2LNIT	kWh	c/kWh	13,503	2.52
2LOPK	kWh	c/kWh	215	3.89
2LWSR	kWh	c/kWh	48,624	2.92
2HANY	kWh	c/kWh	8,674	6.33
2HDAY	kWh	c/kWh	0	6.64
2HNIT	kWh	c/kWh	0	4.30
2HOPK	kWh	c/kWh	0	5.67
2HWSR	kWh	c/kWh	4,276	4.70
HLFANY	kWh	c/kWh	4,524,751	0.85
HLFDAY	kWh	c/kWh	4,546,638	0.93
HLFNIT	kWh	c/kWh	1,520,012	0.27
HLFOPK	kWh	c/kWh	0	0.67
HLFWSR	kWh	c/kWh	34,367	0.39
GENA	kWh	c/kWh	3,685,502	0.00
Cat 3.1 Summer Day	kWh	c/kWh	3,969,303	0.00
Cat 3.1 Summer Night	kWh	c/kWh	1,666,679	0.00
Cat 3.1 Winter Day	kWh	c/kWh	3,106,876	0.00
Cat 3.1 Winter Night	kWh	c/kWh	1,340,967	0.00
Cat 3.1 RCPD $/kW/day	kW	$/kW/day	1,483	0.1317
Cat 3.1 Anytime $/kVA day	kVA	$/kVA/day	2,419	0.0466
Cat 3.3 Summer Day	kWh	c/kWh	4,034,545	0.00
Cat 3.3 Summer Night	kWh	c/kWh	1,777,139	0.00
Cat 3.3 Winter Day	kWh	c/kWh	2,127,360	0.00

PriceCode/description	Quantity Units	Price Units	$Q_{2017/18}$	$PTP_{2017/18}$
Cat 3.3 Winter Night	kWh	c/kWh	789,663	0.00
Cat 3.3 RCPD	kW	$/kW/day	1,168	0.1317
Cat 3.3 Anytime	kVA	$/kVA/day	2,325	0.0565
Cat 3.4 Summer Day	kWh	c/kWh	46,999,551	0.00
Cat 3.4 Summer Night	kWh	c/kWh	16,763,407	0.00
Cat 3.4 Winter Day	kWh	c/kWh	36,468,965	0.00
Cat 3.4 Winter Night	kWh	c/kWh	13,066,669	0.00
Cat 3.4 RCPD	kW	$/kW/day	17,156	0.1317
Cat 3.4 Anytime	kVA	$/kVA/day	43,243	0.0594
Cat 3.5 Summer Day	kWh	c/kWh	5,112,408	0.00
Cat 3.5 Summer Night	kWh	c/kWh	2,246,150	0.00
Cat 3.5 Winter Day	kWh	c/kWh	4,050,491	0.00
Cat 3.5 Winter Night	kWh	c/kWh	1,784,429	0.00
Cat 3.5 RCPD	kW	$/kW/day	1,793	0.1317
Cat 3.5 Anytime	kVA	$/kVA/day	3,713	0.0565
G3 Reactive Charge	kVAr	c/kVAr/day	188	0.0000
Cat 6.2	ICP	$/year	1	332,757
Cat 6.1	ICP	$/year	1	1,911,716
Large Embedded Generator	ICP	$/year	1	327,492
Nelson Electricity	Connection	$/year	1	1,921,576
NCA Admin G0	ICP	$/ICP	0.00	n/a
NCA Admin G1	ICP	$/ICP	0.00	n/a
NCA Admin G2	ICP	$/ICP	0.00	n/a
NCA Admin G3	ICP	$/ICP	0.00	n/a
SSDG < 10kW	0	0	0.00	n/a
Part 1	SSDG	$/SSDG	0.00	n/a
Part 1a	SSDG	$/SSDG	0.00	n/a
SSDG > 100kW and <1000kW	SSDG	$/SSDG	0.00	n/a
SSDG > 10kW and < 100kW	SSDG	$/SSDG	0	n/a
SSDG > 1000 kW	SSDG	$/SSDG	0	n/a
NDL - Group 1 uncapped	kVA*km	$/kVA*km	0.00	n/a
NDL - Group 1 Capped	ICP	$/ICP	0.00	n/a
NDL - Group 2	kVA*km	$/kVA*km	0.00	n/a
NDL Subdivision	ICP	$/ICP	0.00	n/a

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Assurance Report

To the directors of Network Tasman Limited and the Commerce Commission

The Auditor-General is the auditor of Network Tasman Limited (the company). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, to provide an opinion, on his behalf, on whether the Annual Compliance Statement for the year ended on 31 March 2019 on pages 2 to 25 has been prepared, in all material respects, with the Electricity Distribution Services Default Price-Quality Path Determination 2015 (the Determination).

Directors' responsibilities for the Annual Compliance Statement

The directors of the company are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination, and for such internal control as the directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement.

Our responsibility for the Annual Compliance Statement

Our responsibility is to express an opinion on whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination.

Basis of opinion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Standard on Assurance Engagements 3100: Compliance Engagements issued by the External Reporting Board. Copies of these standards are available on the External Reporting Board's website.

These standards require that we comply with ethical requirements and plan and perform our assurance engagement to provide reasonable assurance about whether the Annual Compliance Statement has been prepared in all material respects in accordance with the Determination.

We have performed procedures to obtain evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error or non-compliance with the Determination. In making those risk assessments, we considered internal control relevant to the company's preparation of the Annual Compliance Statement in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

In assessing the disclosures about compliance with the price path in clause 8 of the Determination for the assessment period ended on 31 March 2019, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 to 8 (excluding references to Quality Standards Compliance) and pages 9 to 18 and pages 24 to 25 of the Annual Compliance Statement.

In assessing the disclosures about compliance with the quality standards in clause 9 of the Determination for the assessment period ended on 31 March 2019, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 to 5 (excluding references to Price Path Compliance) and pages 19 to 23 of the Annual Compliance Statement.

Our assurance engagement also included assessment of the significant estimates and judgements, if any, made by the company in the preparation of the Annual Compliance Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of this report

This independent assurance report has been prepared solely for the directors of the company and for the Commerce Commission for the purpose of providing those parties with reasonable assurance about whether the Annual Compliance Statement has been prepared, in all material respects, in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company or the Commerce Commission, or for any other purpose than that for which it was prepared.

Scope and inherent limitations

Because of the inherent limitations of a reasonable assurance engagement, and the test basis of the procedures performed, it is possible that fraud, error or non-compliance may occur and not be detected.

We did not examine every transaction, adjustment or event underlying the Annual Compliance Statement nor do we guarantee complete accuracy of the Annual Compliance Statement. Also we did not evaluate the security and controls over the electronic publication of the Annual Compliance Statement.

The opinion expressed in this independent assurance report has been formed on the above basis.

Independence and quality control

When carrying out the engagement, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board; and

- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

We also complied with the independent auditor requirements specified in the Determination.

The Auditor-General, and his employees, and Audit New Zealand and its employees may deal with the company and its subsidiaries on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of business, this engagement for the company which are compatible with those independence requirements:

- the annual audit of the company and its subsidiary financial statements; and

- an assurance engagement in connection with the company's compliance with the Electricity Distribution (Information Disclosure) Requirements 2012 for the regulatory year ended 31 March 2019.

We have no relationship with or interests in the company and its subsidiaries.

Opinion

In our opinion:

- as far as appears from an examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, and has been sourced, where appropriate, from its financial and non-financial systems; and

- the Annual Compliance Statement of company for the year ended on 31 March 2019, has been prepared, in all material respects, in accordance with the Determination.

In forming our opinion, we have obtained sufficient recorded evidence and all the information and explanations we have required.

John Mackey
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
31 May 2019