

OtagoNet Joint Venture

DEFAULT PRICE QUALITY PATH COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE 31 MARCH 2013

*Pursuant to the Commerce Act (Electricity Distribution Default Price-
Quality Path) Determination 2010*

11 June 2013

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1) Compliance with the Price Path (Clause 11.1(a))

OtagoNet Joint Venture does comply with the price path at the assessment date, 31 March 2013, as specified in the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

Clause 8.4 - The notional revenue (NR_t) of a Non-exempt EDB at any time during the Assessment Period must not exceed the allowable notional revenue (R_t) for the Assessment Period.

Compliance is demonstrated in the following tables. The first table demonstrates that notional revenue derived using posted prices at the end of the Assessment Period is less than allowable notional revenue. The second table demonstrates that the maximum notional revenue during the Assessment Period does not exceed allowable notional revenue thus illustrating that at no time during the Assessment Period is the price path breached.

| | |
|---------------|-------------------------------------|
| Test: | $\frac{NR_{2013}}{R_{2013}} \leq 1$ |
| NR_{2013} : | \$ 23,406,186 |
| R_{2013} : | \$ 23,597,894 |
| Result: | 0.9919 < 1 |
| Result: | Price Path has not been breached |

| | |
|--------------|------------------------------------|
| Test: | $\frac{NR_{Max}}{R_{2012}} \leq 1$ |
| NR_{Max} : | \$ 23,406,186 |
| R_{2012} : | \$ 23,597,894 |
| Result: | 0.9919 < 1 |
| Result: | Price Path has not been breached |

Supporting evidence is presented in Appendices A, B and C.

2) Compliance with the Quality Standards (Clause 11.1(a))

OtagoNet Joint Venture does comply with all requirements of the quality standards at the assessment date, 31 March 2013, as specified in the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

Clause 9.2 - A Non-exempt EDB's Assessed Values for an Assessment Period must not exceed its Reliability Limits for that Assessment Period.

Compliance is demonstrated in the following tables. The first table demonstrates compliance with the SAIDI Limit and the second table compliance with the SAIFI limit.

| | |
|------------------------------|---|
| Test: | $\frac{SAIDI_{Assess\ 2013}}{SAIDI_{Limit}} \leq 1$ |
| SAIDI _{Assess 2013} | 253.00 |
| SAIDI _{Limit} | 361.08 |
| Result: | 0.7007 < 1 |
| Result: | SAIDI Limit has not been exceeded |

| | |
|------------------------------|---|
| Test: | $\frac{SAIFI_{Assess\ 2013}}{SAIFI_{Limit}} \leq 1$ |
| SAIFI _{Assess 2013} | 2.30 |
| SAIFI _{Limit} | 3.12 |
| Result: | 0.7373 < 1 |
| Result: | SAIFI Limit has not been exceeded |

Supporting evidence is presented in Appendices D and E.

Prior Period Reliability Assessment (9.1(b))

Clause 9.1.(b) requires: compliance with annual reliability assessments for the two immediately preceding extant Assessment Periods

| | | | |
|---------------------------------|------------------------------|---------------------------------|------------------------------|
| SAIDI _{Assess} 2012 | 276.26 | SAIFI _{Assess} 2012 | 2.31 |
| SAIDI _{Limit} | 361.08 | SAIFI _{Limit} | 3.12 |
| | 0.7651 | | 0.7401 |
| | < 1 | | < 1 |
| | <i>Does not Exceed Limit</i> | | <i>Does not Exceed Limit</i> |

| | | | |
|------------------------------|------------------------------|------------------------------|------------------------------|
| SAIDI _{Assess 2011} | 247.08 | SAIFI _{Assess 2011} | 2.26 |
| SAIDI _{Limit} | 361.08 | SAIFI _{Limit} | 3.12 |
| | 0.6843 | | 0.7231 |
| | < 1 | | < 1 |
| | <i>Does not Exceed Limit</i> | | <i>Does not Exceed Limit</i> |

Compliance Summary

Clause 9.1 A Non-exempt EDB must, in respect of each Assessment Period, either:

(a) comply with the annual reliability assessment specified in clause 9.2; or

(b) have complied with those annual reliability assessments for the two immediately preceding extant Assessment Periods

| | SAIDI | SAIFI | Compliance |
|---------------------------|--|-----------------------|-----------------|
| Compliance with 9.1(a) | Does not Exceed Limit | Does not Exceed Limit | <i>Complies</i> |
| or | | | |
| Compliance with 9.1(b) | Did not Exceed Limit | Did not Exceed Limit | <i>Complies</i> |
| Clause 9.1 Result: | <i>Complies with Quality Standard</i> | | |

3) Director Certification (Clause 11.1(c))

We Neil Douglas Boniface and Kenneth John Forrest, being directors of companies which are parties to the OtagoNet Joint Venture certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of OtagoNet Joint Venture, and related information, prepared for the purposes of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* are true and accurate.



Neil Douglas Boniface



Kenneth John Forrest

11 June 2013



Independent Auditors' Report

To the readers of the Annual Compliance Statement of OtagoNet Joint Venture for the assessment period ended on 31 March 2013

The Auditor-General is the auditor of OtagoNet Joint Venture (the Company). The Auditor-General has appointed me, Robert Harris, using the staff and resources of PricewaterhouseCoopers, to provide an opinion, on her behalf, on OtagoNet Joint Venture's Annual Compliance Statement for the assessment period ended on 31 March 2013 on pages 2 to 4 and 9 to 25 regarding compliance with the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010.

We have audited the Annual Compliance Statement in respect of the default price-quality path prepared by OtagoNet Joint Venture for the assessment period ended on 31 March 2013 and dated 11 June 2013 for the purposes of clause 11 of the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010 ("the Determination").

Directors' Responsibilities

The Directors of OtagoNet Joint Venture 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, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our audit. We conducted our audit in accordance with the New Zealand Institute of Chartered Accountants Standard on Assurance Engagements 3100: *Compliance Engagements*. This standard requires that we comply with ethical and quality control requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement has been prepared in accordance with the Determination and is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

In relation to the price path set out in clause 8 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 and 9 to 20 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2013, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 and 21 to 25 of the Annual Compliance Statement.



Independent Auditors' Report **OtagoNet Joint Venture**

Our audit also included assessment of the significant estimates and judgments, if any, made by the Company in the preparation of the Annual Compliance Statement and whether adequate information has been disclosed in accordance with clause 11.1(b) of the Determination.

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

Limitations and Use of this Independent Auditor's Report

This independent auditor's report has been prepared solely for the Directors of OtagoNet Joint Venture and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of OtagoNet Joint Venture and the Commissioners, or for any purpose other than that for which it was prepared.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the assessment period and the procedures performed in respect of the Company's compliance with the Determination are undertaken on a test basis, our engagement cannot be relied on to detect all instances where the Company may not have complied with the Determination. Our opinion has been formed on the above basis.

Independence

We have no relationship with, or interests in the Company, other than the provision of other professional advisory services. We are not aware of any relationships between our firm and OtagoNet Joint Venture that, in our professional judgment, may reasonably be thought to impair our independence.

Opinion

In our opinion, the Annual Compliance Statement of OtagoNet Joint Venture for the Assessment Period ended on 31 March 2013, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 11 June 2013 and our opinion is expressed as at that date.

A handwritten signature in black ink, appearing to read 'Robert Harris', is written over a light blue horizontal line.

Robert Harris
On behalf of the Auditor-General
Christchurch, New Zealand

PricewaterhouseCoopers

Appendix A – Price Path Compliance Calculations (Clause 11.1(b)(i))

Clause 8.4

| Notional Revenue for the year ending March 2013 | | |
|---|--|------------|
| Term | Description | Value \$ |
| $P_{2013} * Q_{2011}$ | Prices at 31 March 2013 multiplied by 31 March 2011 Base Quantities | 30,707,158 |
| K_{2013} | Transmission Charges for year ending 31 March 2013 | 6,187,271 |
| | Avoided Transmission Charges for year ending 31 March 2013 | 933,955 |
| | Rates for year ending 31 March 2013 | 64,396 |
| | Electricity Authority Levies for year ending 31 March 2013 | 55,343 |
| | Commerce Act Levies for year ending 31 March 2013 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 60,008 |
| NR_{2013} | Notional Revenue for the year ending 31 March 2013 | 23,406,186 |

| Maximum Notional Revenue for the year ending March 2013 | | |
|---|--|------------|
| Term | Description | Value \$ |
| $P_{Max} * Q_{2011}$ | Maximum Prices between 1 April 2012 and 31 March 2013 multiplied by 31 March 2011 Base Quantities | 30,707,158 |
| K_{2013} | Transmission Charges for year ending 31 March 2013 | 6,187,271 |
| | Avoided Transmission Charges for year ending 31 March 2013 | 933,955 |
| | Rates for year ending 31 March 2013 | 64,396 |
| | Electricity Authority Levies for year ending 31 March 2013 | 55,343 |
| | Commerce Act Levies for year ending 31 March 2013 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 60,008 |
| NR_{Max} | Notional Revenue for the year ending 31 March 2013 | 23,406,186 |

Clause 8.5

| Allowable Notional Revenue 2013 | | |
|---------------------------------|--|------------|
| Term | Description | Value \$ |
| $P_{2012} * Q_{2011}$ | Maximum Prices between 1 April 2011 and 31 March 2012 multiplied by 31 March 2011 Base Quantities | 28,881,680 |
| K_{2012} | Transmission Charges for year ending 31 March 2012 | 5,667,775 |
| | Avoided Transmission Charges for 2012 | 573,666 |
| | Rates for year ending 31 March 2012 | 59,538 |
| | Electricity Commission Levies for year ending 31 March 2012 | 58,383 |
| | Commerce Act Levies for year ending 31 March 2012 + 1/5 of Commerce Act Levies for year ending 31 March 2010 | 59,650 |
| $R_{2012} - NR_{2012}$ | Revenue Differential for year ending 31 March 2012 | 99,421 |
| X | X Factor | 0 |
| $(1 + \Delta CPI_{2013})$ | Average change in Consumer Price Index | 1.0459 |
| R_{2013} | Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2013 | 23,597,894 |

Supported by P*Q schedules presented in Appendix B

| ΔCPI_{2013} | | | |
|---------------------|-------|-----------------|------|
| Numerator | | Denominator | |
| $CPI_{Dec2010}$ | 1137 | $CPI_{Dec2009}$ | 1093 |
| $CPI_{Mar2011}$ | 1146 | $CPI_{Mar2010}$ | 1097 |
| $CPI_{Jun2011}$ | 1157 | $CPI_{Jun2010}$ | 1099 |
| $CPI_{Sep2011}$ | 1162 | $CPI_{Sep2010}$ | 1111 |
| Total | 4602 | Total | 4400 |
| ΔCPI_{2013} | 4.59% | | |

| Revenue Differential 2012 | | |
|---------------------------|---|------------|
| Term | Description | Value \$ |
| R_{2012} | Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2012 | 22,828,605 |
| NR_{2012} | Notional Revenue for the year ending 31 March 2012 | 22,729,184 |
| $R_{2012} - NR_{2012}$ | Allowable Notional Revenue less Notional Revenue for the year ending 31 March 2012 | 99,421 |

Appendix B – Price and Quantity Schedules (Clause 11.1(b)(i))

NR₂₀₁₃

Notional Revenue at Assessment Date (31 March 2013):

| | Q = 31-03-11 | | P= 31-3-13 | | Rate | Total Fixed Charge |
|----------------------------------|--------------|------------|------------|-------------|---------------|--------------------|
| | Number | Average | kVA | Rate | | |
| Domestic | 9,130 | 10 | | \$ 53.58 | \$ 4,891,854 | |
| | | | | \$/day | | |
| 10% Fixed Charge Option Off Peak | 1,423 | 1 | | \$ - | \$ - | |
| 10% Fixed Charge Option Peak | 691 | 1 | | \$ 0.068 | \$ 17,151 | |
| | | | | | | |
| | | | | Rate \$/kVA | | |
| Commercial | 3,417 | 16.84 | | \$ 89.31 | \$ 5,138,808 | |
| Unmetered | 91 | 1 | | \$ 220.21 | \$ 20,039 | |
| | | | | Watts | | |
| Streetlights | 9 | 256,600.00 | | 0.412 | \$ 105,719 | |
| Total | 14,761 | | | | \$ 10,173,571 | |

| Variable Charges | Annual Day | Annual Night | Day | Night | Total Day | Total Night | Total |
|--------------------------|------------|---------------|------------|------------|---------------|-------------|---------------|
| | kWHs | kWHs | \$/kWH | \$/kwh | \$ | \$ | Variable |
| Domestic, Commercial, | | | | | | | |
| Unmetered & Streetlights | 99,043,898 | 37,339,545.33 | \$ 0.11893 | \$ 0.01380 | \$ 11,779,291 | \$ 515,286 | |
| 10% Fixed Charge Option | 8,144,949 | 2,714,983.00 | \$ 0.20117 | \$ 0.02197 | \$ 1,638,519 | \$ 59,648 | |
| | | | | | \$ 13,417,810 | \$ 574,934 | \$13,992,744 |
| Total Fixed & Variable | | | | | | | \$ 24,166,315 |

| <u>Maximum Demand Customers</u> | | Number | Total Capacity | Rate | Total | Total Fixed |
|-----------------------------------|------------|------------|----------------|------------|----------------|--------------|
| <u>Fixed Charges</u> | | | | | | |
| | | 46 | kVA | \$/kVA | | |
| | | | 14941.66667 | \$ 43.41 | \$ 648,618 | |
| | | | Annual | Rate | | |
| | | | Maximum Demand | \$/kVA | | |
| | | 46 | 9369.1 | \$ 36.74 | \$ 344,219.02 | \$ 992,837 |
| Variable Charges | | | | | | |
| | | kWh | \$/kWh | Total | Total Variable | |
| | Summer Day | 11,100,089 | 0.0380 | \$ 421,803 | | |
| | Winter Day | 8,280,968 | 0.0725 | \$ 600,370 | | |
| | All Nights | 6,869,829 | 0.0057 | \$ 39,158 | | \$ 1,061,332 |
| Total Fixed & Variable | | | | | | |
| | | | | | \$ 2,054,168 | |

| <u>Bulk & Generator</u> | Units | Fixed | Total Annual Line Charge | Variable | Fixed | Variable | Units | Fixed | Variable | Total |
|-------------------------------------|---------|-------|--------------------------|----------|--------------|-----------|----------|--------------|-------------|--------------|
| Bulk Customers | | | | | | | | | | |
| 0001995995TGE58 | | | \$2,383,815.47 | | | | | | | |
| 0001990133TG0E5 | | | \$ 286,041.39 | | | | | | | |
| 0001990220TG58B | | | \$ 532,292.01 | | | | | | | |
| Generator | | | | | | | | | | |
| Half Hour Metered Individual | | | \$ 295,417.04 | | | | | | | |
| 0001700063TGC3B | No ICPs | 1 | Annual MWh | 41.84 | \$670,217.76 | \$ - | \$/annum | \$670,217.76 | \$ - | \$670,217.76 |
| 0001090833TG6F1 | No ICPs | 1 | Annual MWh | 229.21 | \$ 5,711.25 | \$ 133.21 | \$/annum | \$ 5,711.25 | \$ 5,572.71 | \$ 11,283.96 |
| 0001230615TG210 | No ICPs | 1 | Annual MWh | | \$ 7,574.76 | \$ 29.43 | \$/annum | \$ 7,574.76 | \$ 6,745.74 | \$ 14,320.50 |

| Half Hour Metered Individual | Units | Fixed | Units | Variable | Units | Fixed | Units | Variable | Fixed | Units | Variable | Fixed | Variable | Total |
|--|---------|-------|------------|----------|----------|--------------|--------|----------|--------------|--------|----------|--------------|--------------|-----------------------|
| 0001230990TG51A | No ICPs | 1 | Annual MWh | 936.09 | \$/annum | \$ 38,519.32 | \$/MWh | \$ 43.40 | \$ 38,519.32 | \$/MWh | \$ 43.40 | \$ 38,519.32 | \$ 40,627.41 | \$ 79,146.73 |
| 0001370610TG0A6 | No ICPs | 1 | Annual MWh | 81.34 | \$/annum | \$ 6,950.25 | \$/MWh | \$ 82.66 | \$ 6,950.25 | \$/MWh | \$ 82.66 | \$ 6,950.25 | \$ 6,723.25 | \$ 13,673.49 |
| 0001230785TG4F3 | No ICPs | 1 | Annual MWh | 147.87 | \$/annum | \$ 5,944.88 | \$/MWh | \$ 34.16 | \$ 5,944.88 | \$/MWh | \$ 34.16 | \$ 5,944.88 | \$ 5,051.60 | \$ 10,996.48 |
| 0001940095TG20 | No ICPs | 1 | Annual MWh | 95.62 | \$/annum | \$ 14,539.09 | \$/MWh | \$ 69.81 | \$ 14,539.09 | \$/MWh | \$ 69.81 | \$ 14,539.09 | \$ 6,675.05 | \$ 21,214.14 |
| 0001231172TGE88 | No ICPs | 1 | Annual MWh | 1,748.50 | \$/annum | \$ 62,200.49 | \$/MWh | \$ 37.85 | \$ 62,200.49 | \$/MWh | \$ 37.85 | \$ 62,200.49 | \$ 66,182.74 | \$ 128,383.23 |
| 0001240297TG167 | | 1 | | - | | \$ - | | \$ - | \$ - | | \$ - | \$ - | \$ - | \$ - |
| 0001731161TG536 | No ICPs | 1 | Annual MWh | 142.73 | \$/annum | \$ 18,487.32 | \$/MWh | \$ - | \$ 18,487.32 | \$/MWh | \$ - | \$ 18,487.32 | \$ - | \$ 18,487.32 |
| 0001731175TGE91 | No ICPs | 1 | Annual MWh | 74.30 | \$/annum | \$ 21,385.35 | \$/MWh | \$ - | \$ 21,385.35 | \$/MWh | \$ - | \$ 21,385.35 | \$ - | \$ 21,385.35 |
| 0001491270TGA81 | No ICPs | 0 | Annual MWh | | \$/annum | \$ 3,843.45 | \$/MWh | \$ 61.99 | | \$/MWh | \$ 61.99 | | | \$ - |
| 0001231005TGF1B | No ICPs | 0 | Annual MWh | | \$/annum | \$ 88,793.55 | \$/MWh | \$ 91.92 | | \$/MWh | \$ 91.92 | | | \$ - |
| Total Bulk & Generator | | | | | | | | | | | | | | \$4,486,674.88 |
| P2013*Q2011 | | | | | | | | | | | | | | \$ 30,707,158 |
| K 2012 | | | | | | | | | | | | | | |
| Transmission (31 March 2013) | | | | | | | | | | | | | | \$6,187,271 |
| Avoided Transmission Charges (31 March 2013) | | | | | | | | | | | | | | \$933,955 |
| Rates (31 March 2013) | | | | | | | | | | | | | | \$64,396 |
| Electricity Authority Levies (31 March 2013) | | | | | | | | | | | | | | \$55,343 |
| CA Levies (31 March 2013) | | | | | | | | | | | | | | \$60,008 |

NR_{max}

Maximum Notional Revenue at Assessment Date (31 March 2013):

As no prices have changed over the assessment period, Maximum Notional Revenue is the same as Notional Revenue at the Assessment Date (included in the NR 2013 table above).

R₂₀₁₃

Allowable Notional Revenue at Assessment Date (31 March 2013):

| Fixed Charges | Q = 31-03-11 | | P = 31-3-12 | | Total Fixed Charge | | |
|---|--------------------|----------------------|---------------|-----------------|---------------------|-------------------|----------------------|
| | Number | Average kVA | Average kVA | Rate \$/kVA | | | |
| Domestic | 9,130 | | 10 | \$ 50.96 | \$ 4,652,648 | | |
| 10% Fixed Charge Option Off Peak | 1,423 | | 1 | \$ /day | \$ - | | |
| 10% Fixed Charge Option Peak | 691 | | 1 | \$ 0.068 | \$ 17,151 | | |
| Commercial | 3,417 | | 16.84 | Rate \$/kVA | \$ 4,887,363 | | |
| Unmetered | 91 | | 1 | \$ 209.44 | \$ 19,059 | | |
| Streetlights | 9 | | 256,600.00 | Watts | \$ 100,587 | | |
| Total | 14,761 | | | | \$ 9,676,808 | | |
| Variable Charges | Annual Day kWHs | Annual Night kWHs | Day \$/kWH | Night \$/kWH | Total Day \$ | Total Night \$ | Total Variable |
| Domestic, Commercial, Unmetered & Streetlights | 99,043,898 | 37,339,545.33 | \$ 0.11312 | \$ 0.01310 | \$ 11,203,846 | \$ 489,148 | |
| 10% Fixed Charge Option | 8,144,949 | 2,714,983.00 | \$ 0.19110 | \$ 0.02090 | \$ 1,556,500 | \$ 56,743 | |
| Total Fixed & Variable | | | | | \$ 12,760,346 | \$ 545,891 | \$ 13,306,237 |
| | | | | | | | \$22,983,044 |

| Maximum Demand Customers | | | | | | |
|-----------------------------------|---------------|-------------------------------|--------------------|---------------|-----------------------|--|
| Fixed Charges | Number | Total Capacity kVA | Rate \$/kVA | Total | Total Fixed | |
| | 46 | 14941.66667 | \$ 41.29 | \$ 616,941 | | |
| | | Annual Maximum Demand | Rate \$/kVA | | | |
| | 46 | 9369.053429 | \$ 34.94 | \$ 327,354.73 | \$ 944,296 | |
| Variable Charges | kWh | \$/kWh | Total | | Total Variable | |
| Summer Day | 11,100,089 | 0.0361 | \$ 400,713 | | | |
| Winter Day | 8,280,968 | 0.0690 | \$ 571,387 | | | |
| All Nights | 6,869,829 | 0.0054 | \$ 37,097 | | \$ 1,009,197 | |
| Total Fixed & Variable | | | | | \$ 1,953,493 | |

| Bulk & Generator | Total Annual Line Charge | Units | Fixed | Variable | Units | Fixed | Variable | Units | Fixed | Variable | Total |
|-------------------------------------|-------------------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|--------------|--------------|-----------------|---------------|
| Bulk Customers | | | | | | | | | | | |
| 0001995995TGE58 | \$ 2,063,717.30 | | | | | | | | | | |
| 0001990133TG0E5 | \$ 307,359.80 | | | | | | | | | | |
| 0001990220TG58B | \$ 386,336.43 | | | | | | | | | | |
| Generator | | | | | | | | | | | |
| Half Hour Metered Individual | | | | | | | | | | | |
| 0001700063TGC3B | No ICPs | 1 | Annual MWh | 588,615.55 | \$/annum | 588,615.55 | - | \$/MWh | 588,615.55 | \$ - | \$ 588,615.55 |
| 0001090833TG6F1 | No ICPs | 1 | Annual MWh | 5,161.10 | \$/annum | 5,161.10 | 120.00 | \$/MWh | 5,161.10 | \$ 5,020.20 | \$ 10,181.30 |
| 0001230615TG210 | No ICPs | 1 | Annual MWh | 6,000.60 | \$/annum | 6,000.60 | 26.90 | \$/MWh | 6,000.60 | \$ 6,165.64 | \$ 12,166.24 |
| 0001230990TG51A | No ICPs | 1 | Annual MWh | 37,602.30 | \$/annum | 37,602.30 | 39.79 | \$/MWh | 37,602.30 | \$ 37,247.14 | \$ 74,849.44 |
| 0001370610TG0A6 | No ICPs | 1 | Annual MWh | 7,705.15 | \$/annum | 7,705.15 | 95.16 | \$/MWh | 7,705.15 | \$ 7,740.41 | \$ 15,445.56 |

| Half Hour Metered Individual | Units | Fixed | Units | Variable | Units | Fixed | Units | Variable | Fixed | Variable | Total |
|---|---------|-------|------------|----------|----------|--------------|--------|-----------|--------------|---------------|-----------------|
| 0001230785TG4F3 | No ICPs | 1 | Annual MWh | 147.87 | \$/annum | \$ 5,314.40 | \$/MWh | \$ 29.29 | \$ 5,314.40 | \$ 4,331.02 | \$ 9,645.42 |
| 0001940095TGC20 | No ICPs | 1 | Annual MWh | 95.62 | \$/annum | \$ 29,429.95 | \$/MWh | \$ 101.48 | \$ 29,429.95 | \$ 9,703.52 | \$ 39,133.47 |
| 0001231172TGE88 | No ICPs | 1 | Annual MWh | 1,748.50 | \$/annum | \$ 56,520.25 | \$/MWh | \$ 33.19 | \$ 56,520.25 | \$ 58,032.72 | \$ 114,552.97 |
| 0001240297TG167 | No ICPs | 1 | Annual MWh | - | \$/annum | \$ - | \$/MWh | \$ - | \$ - | \$ - | \$ - |
| 0001731161TG536 | No ICPs | 1 | Annual MWh | 142.73 | \$/annum | \$ 15,724.20 | \$/MWh | \$ - | \$ 15,724.20 | \$ - | \$ 15,724.20 |
| 0001731175TGE91 | | 1 | | - | | \$ 11,997.55 | | \$ - | \$ 11,997.55 | \$ - | \$ 11,997.55 |
| 0001491270TGA81 | No ICPs | 0 | Annual MWh | | \$/annum | \$ 3,358.00 | \$/MWh | \$ 98.79 | | | \$ - |
| 0001231005TGF1B | No ICPs | 0 | Annual MWh | | \$/annum | \$ 32,244.10 | \$/MWh | \$ 47.63 | | | \$ - |
| Total Bulk & Generator | | | | | | | | | | | \$ 3,945,142.26 |
| P2012*Q2011 | | | | | | | | | | \$ 28,881,680 | |
| K 2012 | | | | | | | | | | | |
| Transmission (31 March 2012) | | | | | | | | | | \$ 5,667,775 | |
| Avoided Transmission Charges (31 March 2012) | | | | | | | | | | \$ 573,666 | |
| Rates (31 March 2012) | | | | | | | | | | \$ 59,538 | |
| Electricity Commission Levies (31 March 2012) | | | | | | | | | | \$ 58,383 | |
| CA Levies (31 March 2012) | | | | | | | | | | \$ 59,650 | |
| F 2012*Q 2011 - K 2012 | | | | | | | | | | \$ 22,462,668 | |

| ΔCPI_{2013} | | Denominator | |
|---------------------------|--|---------------------|---------------|
| Numerator | | | |
| <i>CPI Dec 2010</i> | 1137 | <i>CPI Dec 2008</i> | 1093 |
| <i>CPI Mar 2011</i> | 1146 | <i>CPI Mar 2009</i> | 1097 |
| <i>CPI Jun 2011</i> | 1157 | <i>CPI Jun 2009</i> | 1099 |
| <i>CPI Sep 2011</i> | 1162 | <i>CPI Sep 2009</i> | 1111 |
| Total | 4602 | Total | 4400 |
| ΔCPI_{2013} | | 4.59% | |
| $R_{2012} - NR_{2012}$ | | | \$ 99,421 |
| $(1 + \Delta CPI_{2013})$ | Average change in Consumer Price Index over 2013 | | |
| $(1 - X)$ | 1-X Factor | | 1.0459 |
| R_{2013} | Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2013 | | \$ 23,597,894 |
| NR_{2013} / R_{2013} | Expression must be less than or equal to 1 to avoid breaching 5(1)(a) | | 0.9919 |
| $R_{2013} - NR_{2013}$ | Value of Compliance or (Breach) | | \$ 191,708 |

| Revenue Differential 2012 | | |
|---------------------------|---|---------------|
| Term | Description | Value \$ |
| R_{2012} | Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2012 | \$ 22,828,605 |
| NR_{2012} | Notional Revenue for the year ending 31 March 2012 | \$22,729,184 |
| $R_{2012} - NR_{2012}$ | Allowable Notional Revenue less Notional Revenue for the year ending 31 March 2012 | \$99,421 |

Appendix C – Pass Through Costs (Clause 11.1(b)(ii))

| Pass Through Costs for year ending March 2013 | | | | |
|---|-------------|---------------|---------------|--------------|
| K ₂₀₁₃ | Actual (\$) | Forecast (\$) | Variance (\$) | Variance (%) |
| Transmission | 6,187,271 | 6,187,271 | (0) | (0.0%) |
| Avoided Transmission | 933,955 | 933,955 | (0) | (0.0%) |
| Rates | 64,396 | 56,400 | 7,996 | 12.4% |
| Electricity Authority Levies | 55,343 | 60,000 | (4,657) | (8.4%) |
| Commerce Act Levies | 60,008 | 65,485 | (5,477) | (9.1%) |
| Total Pass Through Costs | 7,300,972 | 7,303,111 | (2,139) | (0.0%) |

Rates were above forecast due to higher than expected increases from the local councils.

Appendix D – Quality Standard Compliance Calculations (Clause 11.1(b)(iv))

Reliability Data (Before Normalisation)

| Year | SAIDI (Interruption Duration) | | | SAIFI (Interruption Frequency) | | |
|------|--------------------------------|---------|-----------------|--------------------------------|---------|--------------|
| | Class B | Class C | Total | Class B | Class C | Total |
| 2005 | 76.41 | 98.00 | 174.41 | 0.45 | 1.27 | 1.73 |
| 2006 | 174.09 | 133.07 | 307.16 | 0.76 | 1.98 | 2.74 |
| 2007 | 293.64 | 176.82 | 470.46 | 1.31 | 2.21 | 3.53 |
| 2008 | 187.57 | 315.83 | 503.40 | 0.81 | 2.29 | 3.10 |
| 2009 | 163.62 | 106.70 | 270.32 | 0.72 | 2.09 | 2.81 |
| | Reference Period Total SAIDI | | 1,725.75 | Reference Period Total SAIFI | | 13.91 |
| | Reference Period Average SAIDI | | 345.15 | Reference Period Average SAIFI | | 2.78 |
| 2011 | 114.59 | 132.49 | 247.08 | 0.48 | 1.77 | 2.26 |
| 2012 | 99.87 | 220.91 | 320.78 | 0.46 | 1.90 | 2.37 |
| 2013 | 130.52 | 122.49 | 253.00 | 0.55 | 1.75 | 2.30 |

Reliability Limit Calculations

SAIDI Boundary Calculations

| | | |
|--|---------|---|
| α_{SAIDI} | -0.6442 | The average of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set |
| β_{SAIDI} | 1.4527 | The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set |
| $B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5 \cdot \beta_{SAIDI})}$ | 19.8376 | SAIDI Boundary Value |

SAIFI Boundary Calculations

| | | |
|--|---------|---|
| α_{SAIFI} | -5.5381 | The average of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set |
| β_{SAIFI} | 1.4201 | The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set |
| $B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5 \cdot \beta_{SAIFI})}$ | 0.1370 | SAIFI Boundary Value |

Event Days exceeding SAIDI Boundary Value within the Reference Dataset

| Date | Pre-Normalised SAIDI | Pre-Normalised SAIFI | Normalised SAIDI | Normalised SAIFI |
|----------|----------------------|----------------------|------------------|------------------|
| 29.06.05 | 21.0942 | 0.0736 | 19.8376 | 0.0736 |
| 04.04.06 | 32.7176 | 0.1715 | 19.8376 | 0.1370 |
| 26.04.06 | 28.0307 | 0.2249 | 19.8376 | 0.1370 |
| 02.09.06 | 28.7310 | 0.1124 | 19.8376 | 0.1124 |
| 23.06.07 | 22.7035 | 0.0406 | 19.8376 | 0.0406 |
| 23.10.07 | 78.0372 | 0.2305 | 19.8376 | 0.1370 |
| 21.11.07 | 48.4461 | 0.1583 | 19.8376 | 0.1370 |

SAIDI Limit

| | |
|------------------|----------|
| μ_{SAIDI} | 320.9701 |
| σ_{SAIDI} | 40.1053 |

The average annual SAIDI Value in the Normalised Reference Dataset
 The standard deviation of daily SAIDI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$

| | |
|--|----------|
| $SAIDI_{Limit} = \mu_{SAIDI} + \sigma_{SAIDI}$ | 361.0754 |
|--|----------|

SAIDI Limit Value

SAIFI Limit

| | |
|------------------|--------|
| μ_{SAIFI} | 2.7349 |
| σ_{SAIFI} | 0.3848 |

The average annual SAIFI Value in the Normalised Reference Dataset
 The standard deviation of daily SAIFI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$

| | |
|--|--------|
| $SAIFI_{Limit} = \mu_{SAIFI} + \sigma_{SAIFI}$ | 3.1197 |
|--|--------|

SAIFI Limit Value

Event Days exceeding SAIDI Boundary Value within the 2013 Assessment Dataset

| Date | Pre-Normalised SAIDI | Pre-Normalised SAIFI | Normalised SAIDI | Normalised SAIFI |
|------|----------------------|----------------------|------------------|------------------|
| | | | | |
| | | | | |
| | | | | |

Assessed SAIDI Value 2013

| | |
|-----------------------|--------|
| SAIDI ₂₀₁₃ | 253.00 |
|-----------------------|--------|

The sum of daily SAIDI Values in the 1 April 2012 - 31 March 2013 Normalised Assessment Dataset

Assessed SAIFI Value 2013

| | |
|-----------------------|------|
| SAIFI ₂₀₁₃ | 2.30 |
|-----------------------|------|

The sum of daily SAIFI Values in the 1 April 2012 - 31 March 2013 Normalised Assessment Dataset

Prior Period Assessed Values

Assessed SAIDI Value 2011

| | |
|-----------------------|----------|
| SAIDI ₂₀₁₁ | 247.0837 |
|-----------------------|----------|

The sum of daily SAIDI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset

Assessed SAIFI Value 2011

| | |
|-----------------------|--------|
| SAIFI ₂₀₁₁ | 2.2559 |
|-----------------------|--------|

The sum of daily SAIFI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset

Assessed SAIDI Value 2012

SAIDI₂₀₁₂

276.26

The sum of daily SAIDI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

Assessed SAIFI Value 2012

SAIFI₂₀₁₂

2.31

The sum of daily SAIFI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

Appendix E – Policies and Procedures for Recording SAIDI and SAIFI (Clause 11.1(b)(v))

OJV contracts PowerNet to manage its network via an Outsourcing Agreement.

PowerNet has a number of ISO 9002 procedures that govern the operational processes that surround the interruption, restoration and quality of supply to its customers. These procedures document the process by which managing, recording and reporting of outages is performed by PowerNet. This is carried out by following a series of flow charts, documents, forms and instructions contained within the following procedures:

PNM 65 – Planned Outages

PNM 69 – Network Faults, Defects and Supply Complaints

PNM 71 – Use of Operating Orders

Key items within these procedures that relate to the recording and reporting of SAIDI and SAIFI statistics include:

- Responsibilities for recording faults and outages at the system control operator level through to reviewing and reporting of faults and outages daily by management, weekly at operations meetings and monthly at board meetings.
- Methods by which notification of planned and unplanned outages are identified and captured from various sources such as customers, network equipment, contractors, Transpower, the public or emergency services.
- The use of Operating Orders for planned maintenance and unplanned fault restoration and how the information from these orders flow through to the Outage Reporting System in the form of duration of outages and number of customers affected.
- The recording of all faults and outages, however for the reporting of SAIDI and SAIFI only the inclusion of outages of a duration exceeding one minute or affecting more than three customers is recorded.
- The method of calculating SAIDI and SAIFI for outages which are progressively restored.
- The preparation, retention and archiving of supporting records and data.

