

# The Power Company Limited Discount

## Methodology

### Introduction – Why

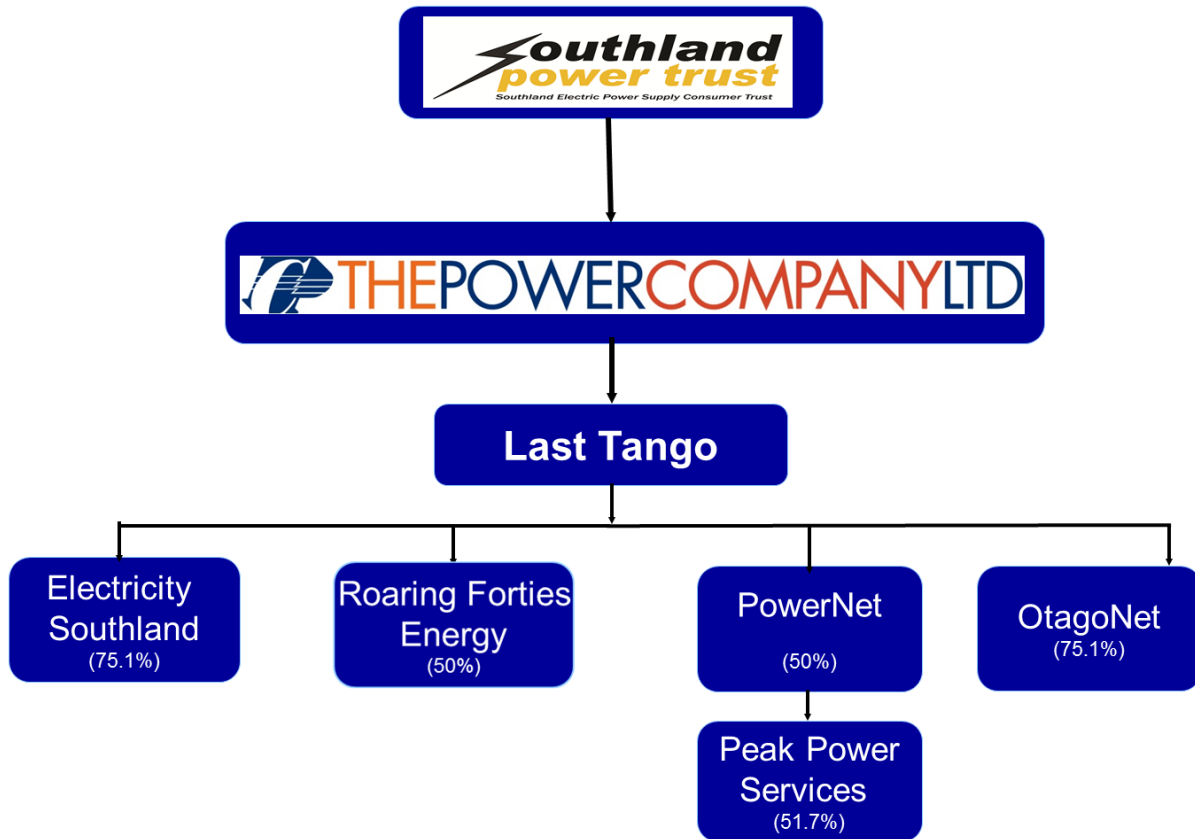
This document seeks to explain the methodology that The Power Company Limited follows to credit a discount, if any, to consumers.

The Power Company is an electricity network asset company that was formed in 1991. The company owns the electricity network assets in the Southland and West Otago area, excluding parts of Invercargill City and the Bluff township area. The Power Company is owned by the consumers connected to the network and the Southland Power Trust exercises the ownership rights on behalf of those consumers.

The Power Company credits discounts to consumers as an incentive for new consumers to take supply, for existing consumers to remain connected to the network and not change to an alternative energy supply such as gas.

The Trustees of the Southland Power Trust fully support The Power Company’s decision to credit discretionary discounts on the line charges. The Power Company has over 34,700 consumers and has contracted PowerNet to manage the assets on its behalf.





## Methodology

1. Since 2001, the Company has provided a discount to consumers. The discount is typically credited to consumers in or around August each year, when consumers tend to have higher power bills.
2. The Company expects to continue paying consumer discounts, and for the amount of the discount for the period ending 31 August 2018 to be set based on the following principles (the amounts referred to exclude GST):
  - (a) The projected total discount is **\$7,500,000 (excluding GST)**, although the total of the actual discounts paid may differ from **\$7,500,000** as a result of rounding, and/or of certain connections being ineligible for the discount although their usage is included in the total usage figures used in the calculations set out below.
  - (b) The total discount is allocated to customer groups in proportion to the customer group's contribution to total distribution revenue (eg, if the distribution revenue from non-domestic customers and domestic customers was equal (ie, 50% of the overall total was contributed by each customer group) then 50% of the total discount would be allocated to each customer group). The discount for each customer is then calculated for each customer group as follows:

- (c) Non-domestic customers: the discount for each non-domestic customer will be proportionate to that customer's contribution to total distribution revenue for the non-domestic customer group. Eg, if distribution revenue for a given non-domestic customer represents 1% of the total distribution revenue for all non-domestic customers, then that customer would be credited 1% of the total discount allocated to non-domestic customers.
- (i) *Domestic customers*: the discount for each domestic customer will be proportionate to that customer's contribution to total distribution revenue for the domestic customer group, but taking into account only the variable component of distribution revenue (ie, the fixed component of distribution charges will not be taken into account).
- (d) Discounts will be credited to customers in their first electricity bill they receive from their retailer on or after 31 August.
- (e) The Company reserves the right not to pay any discount in exceptional circumstances resulting in a significant fall in revenue or a significant increase in costs in the period to which the discount relates or if the Company's financial circumstances are such that paying the discount would be inconsistent with the Company's legal obligations. Exceptional circumstances could include circumstances such as natural disasters, law changes or significant changes in the demand for, or supply of, electricity. Since introducing consumer discounts in 2001, the Company has provided discounts in all but one year.

The discount to be credited is advertised in advance of the qualifying date (usually 31 August) based on the ICP's price code on the Electricity Authority Registry at 12.00am on the qualifying date; the ICP must also be a live connection at this time.

## Eligibility

The key eligibility criteria for the discount is that the consumer has an active, metered connection to the network and is responsible for paying the line charge as at **midnight, on the qualifying date**.

### Exclusions

Any of the following circumstances will exclude an ICP from being eligible to be credited the discount:

- the meters have been removed prior to midnight on the qualifying date.
- an ICP has been disconnected, or is vacant or inactive on the registry prior to midnight on the qualifying date
- temporary boxes
- streetlights
- electric fences

- consumers who have had a final reading or requested a final reading to be taken on or before midnight on the qualifying date.

### The discount amounts for 2018 are:

<b>TPC Discount Schedule 2018</b>			
<b>Contract Capacity Group</b> Prices effective from 1 April 2018	<b>Code</b>	<b>Fixed Discount</b>	<b>Variable Discount</b> per annual kWh
<b>TPC Urban Residential</b>			
Small Residential (8kVA 1 Phase) - All Peak	UD08P		\$0.0201
Small Residential (8kVA 1 Phase) - With Off Peak	UD08Q		\$0.0201
Standard Residential (20kVA 1 Phase) - All Peak	UD20P		\$0.0201
Standard Residential (20kVA 1 Phase) - With Off Peak	UD20Q		\$0.0201
Low User (8kVA 1 Phase) - All Peak	UDL08P		\$0.0201
Low User (8kVA 1 Phase) - With Off Peak	UDL08Q		\$0.0201
Low User (20kVA 1 Phase) - All Peak	UDL20P		\$0.0201
Low User (20kVA 1 Phase) - With Off Peak	UDL20Q		\$0.0201
<b>General Single Phase</b>			
8 kVA 1 Phase - All Peak	US008P	\$ 54.71	\$0.0113
8 kVA 1 Phase - With Off Peak	US008Q	\$ 35.78	\$0.0113
20 kVA 1 Phase - All Peak	US020P	\$ 98.41	\$0.0113
20 kVA 1 Phase - With Off Peak	US020Q	\$ 68.65	\$0.0113
<b>General Three Phase</b>			
15 kVA 3 Phase - All Peak	UT015P	\$ 81.53	\$0.0113
15 kVA 3 Phase - With Off Peak	UT015Q	\$ 53.69	\$0.0113
30 kVA 3 Phase - All Peak	UT030P	\$ 138.18	\$0.0113
30 kVA 3 Phase - With Off Peak	UT030Q	\$ 92.46	\$0.0113
50 kVA 3 Phase - All Peak	UT050P	\$ 280.35	\$0.0113
50 kVA 3 Phase - With Off Peak	UT050Q	\$ 190.87	\$0.0113
75 kVA 3 Phase - All Peak	UT075P	\$ 679.99	\$0.0113
75 kVA 3 Phase - With Off Peak	UT075Q	\$ 458.30	\$0.0113
100 kVA 3 Phase - All Peak	UT100P	\$ 1259.55	\$0.0113
100 kVA 3 Phase - With Off Peak	UT100Q	\$ 874.83	\$0.0113
<b>TPC Rural Residential</b>			
Small Residential (8kVA 1 Phase) - All Peak	RD08P		\$0.0201
Small Residential (8kVA 1 Phase) - With Off Peak	RD08Q		\$0.0201
Standard Residential (20kVA 1 Phase) - All Peak	RD20P		\$0.0201

Standard Residential (20kVA 1 Phase) - With Off Peak	RD20Q		\$0.0201
Low User (8kVA 1 Phase) - All Peak	RDL08P		\$0.0201
Low User (8kVA 1 Phase) - With Off Peak	RDL08Q		\$0.0201
Low User (20kVA 1 Phase) - All Peak	RDL20P		\$0.0201
Low User (20kVA 1 Phase) - With Off Peak	RDL20Q		\$0.0201
<b>General Single Phase</b>			
8 kVA 1 Phase - All Peak	RS008P	\$ 61.65	\$0.0113
8 kVA 1 Phase - With Off Peak	RS008Q	\$ 41.77	\$0.0113
20 kVA 1 Phase - All Peak	RS020P	\$ 113.33	\$0.0113
20 kVA 1 Phase - With Off Peak	RS020Q	\$ 77.55	\$0.0113
<b>General Three Phase</b>			
15 kVA 3 Phase - All Peak	RT015P	\$ 92.46	\$0.0113
15 kVA 3 Phase - With Off Peak	RT015Q	\$ 62.64	\$0.0113
30 kVA 3 Phase - All Peak	RT030P	\$ 158.06	\$0.0113
30 kVA 3 Phase - With Off Peak	RT030Q	\$ 107.36	\$0.0113
50 kVA 3 Phase - All Peak	RT050P	\$ 321.11	\$0.0113
50 kVA 3 Phase - With Off Peak	RT050Q	\$ 219.70	\$0.0113
75 kVA 3 Phase - All Peak	RT075P	\$ 816.16	\$0.0113
75 kVA 3 Phase - With Off Peak	RT075Q	\$ 549.75	\$0.0113
100 kVA 3 Phase - All Peak	RT100P	\$ 1,513.05	\$0.0113
100 kVA 3 Phase - With Off Peak	RT100Q	\$ 1,049.79	\$0.0113
<b>Individual Line Charge Connections - Individually Assessed</b>			

## Appendix 1: 2018 TPC Discount Call Centre Paper

### The Power Company Limited Line Charge Discount 2018

## Frequently Asked Questions (FAQs)

### Overview

The Power Company Limited (TPCL), as a consumer owned electricity distributor, has credited line charge discounts onto its consumers' power bills every year since 2001.

Under existing contractual arrangements, electricity retailers are obliged to pass through the line charge discounts onto consumer power bills in full, on behalf of The Power Company Limited.

Sales Discount Schedule for September / October 2018 Discount		
Customer Group	Basis of Discount Calculation	Discount Credited
All Residential Customers	Annual metered units (kWh) consumed x <b>2.01</b> c/kWh (GST incl)	September/October 2018
General Consumers	Calculated based on both kWh and fixed line revenue	September/October 2018
Individual Line Charges	Individually calculated	September/October 2018

	Frequently Asked Questions	The Power Company Limited's Answer
1.	How do I know if I am eligible for the discount?	<p>To be eligible you must have an active, metered connection to The Power Company Limited's electricity distribution network as at midnight <b>31 August 2018</b> and you must be the account holder responsible for paying the line charge for that connection.</p> <p>Your network connection (ICP) must be metered; no discounts are provided for unmetered ICP's such as</p>

		phone boxes, temporary boxes, streetlights and electric fence connections.
2.	How will the discount be paid?	<p>The Power Company Limited provides your discount to your electricity retailer (Contact, Meridian, TrustPower, Pulse etc) who will credit the amount, in full, onto your power account from September 2018.</p> <p>The discount will be clearly identified on your power account with the words:</p> <p><i>“THE POWER COMPANY LIMITED LINE CHARGE DISCOUNT”.</i></p>
3.	As an eligible consumer, how much will my discount credited be?	<p>Residential consumers will receive a discount of <b>2.01</b> cents (GST incl) per kWh of annual consumption.</p> <p>The consumption used to calculate your discount is the total number of units (kWh) recorded on the electricity meters at your connection (ICP) over the 12 months ending 31 July 2018.</p> <p>For example if your connection has been estimated to use 8,000 kWh over the 12 month period, then your discount will be \$160.80 (GST inclusive). ie 8,000 × \$0.0201.</p>
	<b>Frequently Asked Questions</b>	<b>The Power Company Limited’s Answer</b>
4.	Compared to previous years, is The Power Company Limited providing a similar overall discount payout?	The total discounts credited by The Power Company Limited in September/October 2018 will be over \$8.625 million (GST inclusive). This is in line with last year’s discount
5.	How does The Power Company Limited determine my annual electricity consumption?	<p>Your electricity retailer supplies The Power Company Limited with the consumption data (kWh usage) recorded on your meters and billed to your ICP for the 12 months to 31 July 2018.</p> <p>This information is used as the basis for calculating your discount credit.</p>

7.	Is there a maximum or a minimum discount amount for any consumer?	There is no maximum or cap on the discount amount that an individual consumer may receive.
8.	I know I am eligible for a discount, but when will I receive it?	The discounts will appear as a credit on your power account sometime between the end of September and early October 2018. The exact date will depend on when your account is scheduled for delivery from your retailer's monthly billing cycle.
9.	Can I have a cheque instead of a credit on my power account?	<p>No, the discount is a credit applied against the line charge component of your power account and it is not a cash distribution.</p> <p>The Power Company Limited does not pay discounts out by cheque.</p>
10.	What shall I do if the discount credit does not appear on my August or September power account and I think I am eligible?	Contact your electricity retailer.
11.	If I own multiple properties or have more than one connection to my property - will they each receive a discount?	You will receive a discount for each <i>separate eligible supply point (ICP)</i> for your property (or properties) provided you are the person responsible for the power bills at each connection point. ie, if you receive separate power billings for each connection (ICP) then you should also receive a separate discount for each of those ICP's.
12.	I am a landlord and currently have tenants in my property, but I haven't received the discount?	<p>The discount will always be credited to the person who has their name on the power account as at 31 August 2018 for the particular ICP concerned.</p> <p>Normally this will be the tenant of the property if they are the party responsible for paying the monthly power bills.</p>
13.	If I have switched retailers during the year, will I still receive a discount?	<p>Yes. It does not matter who your retailer is, or if you have changed retailers, because the discount comes from your local distributor, The Power Company Limited, and it must be passed on to you by your current retailer.</p> <p>The Power Company Limited will calculate your discount taking into account the consumption history for your ICP supplied by both your previous and your new retailer.</p>



	<b>Frequently Asked Questions</b>	<b>The Power Company Limited's Answer</b>
14.	I have recently moved into my current property, so do I get a discount based on the consumption (kWh) I have been billed since I have been here as well as at my previous address?	Where a consumer has no consumption history with TPCL and moves into an existing property connected to TPCL's network during the year ending 31 August 2018; their discount may be based, in some part, on the kWh usage of whoever may have been billed at that connection prior to them moving in.
15.	I have just recently sold my property in the The Power Company Limited area and have been staying with family until my new home is finished. I have been a TPCL consumer for several years and will be again shortly. I moved out prior to 31 August 2018, why do I not get a discount or a portion of the discount?	To meet the eligibility criteria, you must have an active, metered connection (ICP) to our network and be responsible for paying a line charge at the cut-off date, which this year is 31 August 2018.
16.	My discount is less than the amount I received in last year. Is this the same for everyone?	<p>Because discounts are calculated on the annual consumption / kWh usage recorded at each connection point, there will be noticeable variability between different consumers and levels will differ from year to year for a given consumer.</p> <p>The Power Company Limited acknowledges that some consumers may receive a lower discount than in previous years; however other consumers will receive more. This is a direct consequence of using consumption based discounts.</p>

## Appendix 2: Discount Flowchart

