OtagoNet Joint Venture

Default Price-Quality Path

Annual Price Setting Compliance Statement

1 April 2020 – 31 March 2021 Assessment Period

25 March 2020

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1. Introduction

OtagoNet Joint Venture is subject to price-quality regulation under Part 4 of the Commerce Act 1986. The Commerce Commission has set a Default Price-Quality Path (DPP) which applies to OtagoNet Joint Venture from 1 April 2020.

This price-setting compliance statement is published in accordance with clause 11.1 of the 2020 DPP Determination, and applies to the first assessment period, commencing 1 April 2020 and ending 31 March 2021.

2. Date prepared

This statement was prepared on 25 March 2020.

3. Statement of compliance

As demonstrated in Table 1 below, and consistent with clause 8.3 of the 2020 DPP Determination OtagoNet Joint Venture has complied with the price path for the first assessment period.

Table 1

Compliance with price path RY21		
Forecast revenue from prices ≤ Forecast allowable revenue		
Forecast revenue from prices ($000)	Forecast allowable revenue ($000)	Compliance result
33,402	33,409	**Compliant**

Further information supporting forecast allowable revenue is included in Section 5 and Appendix A.

Further information supporting forecast revenue from prices is included in Section 6 and Appendix B.

4. Director's certification

A Director's certificate in the form set out in Schedule 6 of the 2020 DPP Determination is included as Appendix C.

5. Forecast allowable revenue

Table 2 shows the derivation of forecast allowable revenue, consistent with the requirements of Schedule 1.5 of the 2020 DPP Determination.

Table 2

Forecast allowable revenue RY21		
Term	Description	Value ($000)
Forecast net allowable revenue	*Forecast net allowable revenue as set out in Table 1.4.1 in Schedule 1.4 for the period ending 31 March 2021*	25,779
Forecast pass through costs	*Forecast pass-through costs and forecast recoverable costs*	335
Forecast recoverable costs	*Forecast recoverable costs, excluding any recoverable cost that is a revenue wash-up drawn down amount*	7,277
Opening wash-up account balance	*The opening wash-up account balance for the first assessment period of the DPP regulatory period is nil as set out in Schedule 1.7 (1)(a)*	-
Pass-through balance allowance	*(-1) ePTB (1+ 67th percentile post-tax WACC)*	18
Total		33,409

Appendix A shows the components of the forecast pass-through and recoverable costs, and the pass-through balance allowance.

The methodology to derive the forecasts of the pass-through and recoverable costs is documented in Appendix A.

6. Forecast revenue from prices

Table 3 shows forecast revenue from prices.

Table 3

Forecast revenue from prices RY21		
Term	Description	Value ($000)
$\Sigma P_{2020/21}{}^{*}Q_{2020/21}$	*Forecast prices between 1 April 2020 and 31 March 2021 multiplied by forecast quantities for the period ending 31 March 2021*	33,402

Appendix B shows the components of forecast revenue from prices. The methodology to forecast the quantities associated with each price is documented in Appendix B.

Appendix A – Pass-through and recoverable costs

Forecast pass-through costs

Table 4

Forecast Pass-through Costs RY21		
Forecast pass-through costs	$000	Forecasting methodology
Rates on system fixed assets	152	OJV Three Year Business Plan 2019 -2022
Commerce Act levies	96	OJV Three Year Business Plan 2019 -2022
Electricity Authority levies	77	OJV Three Year Business Plan 2019 -2022
Utilities Disputes levies	10	OJV Three Year Business Plan 2019 -2022
Total forecast pass-through costs	**335**	

The forecasting method used to determine the pass-through costs for RY21 is to use the amounts published for 2020 -21 in the 2019 – 2022 OJV three year business plan.

Forecast recoverable costs

Table 5

Forecast Recoverable Costs RY21		
Forecast recoverable costs	$000	Forecasting methodology
IRIS incentive adjustment	(527)	Commerce Commission calculation of IRIS spreadsheet
Transpower transmission charges	6,374	Transpower pricing notification for 2020-21
New investment contract charges	220	Transpower pricing notification for 2020-21
System operator services charges	-	
Avoided transmission charges - purchased assets	-	
Distributed generation allowance	1,259	Actual generation Demand co-incident with Transpower's 100 interconnection peaks for the lower south island
Claw-back	-	
Catastrophic event allowance	-	
Extended reserves allowance	-	
Quality incentive adjustment	(71)	2019 DPP Compliance statement
Transmission asset wash-up adjustment	-	
Reconsideration event allowance	-	
Quality standard variation engineers fee	-	
Urgent project allowance	-	
Fire and emergency NZ levies	22	18 month insurance levy annualised
Innovation project allowance	-	
Total forecast recoverable costs	**7,277**	

The IRIS incentive adjustment is forecast using the value determined by the Commerce Commission in its "calculation of IRIS recoverable costs for DPP3" spreadsheet.

Transpower transmission and new investment contract charges are forecast from Transpower's 2020-21 pricing notification to OJV.

Distributed generation allowance is forecast by averaging the generators actual generation peak demands co-incident with Transpower's 100 highest peaks demands for the lower south island and multiplying the average demand by Transpower's interconnection rate for the 2020-20201 year.

The Quantity incentive adjustment is forecast using the amount calculated in the OJV 2019 DPP compliance statement.

Fire and emergency NZ levies are forecast by annualising the current 18-month levy.

Pass-through balance allowance

Table 6

Pass-through balance allowance RY21		
Term	Description	Value ($000)
ePTB	*An estimate of the pass-through balance as at 31 March 2020*	(18)
67th percentile estimate of post-tax WACC	*As per Clause 4.2*	4.23%
Pass-through balance allowance	*-1 x ePTB x WACC*	**18**

The estimated pass-through balance as at 31 March 2020 has been determined by reforecasting the quantity values for the residential and general consumption and fixed charges.

Energy consumption has been reforecast by taking the actual April 19 to December 19 period and forecasting the remaining January 2020 to March 2020 period based a percentage change from the corresponding period from the previous year energy volumes.

Fixed charge quantities have been reforecast using the average numbers from the April 2019 to December 2019 actual quantities for the residential and general customers.

Individual line charge customers have only been adjusted if they have had a price adjustment during the April 2019 – December 2019 period or added if they are a new ICP during this period.

Pass-through and recoverable costs have not been adjusted from their original estimates used for the setting of prices for 2019 -20.

Appendix B – Forecast prices and quantities

Table 7 shows the forecast prices and quantities for the forecast revenue from prices for the first assessment period.

Table 7

Forecast revenue from prices RY21					
Price Category	Unit	Unit price	Forecast quantity	Forecast kVA	Forecast revenue ($000)
Otago Region					
Residential Standard - Fixed Price	*$/kVA/yr*	$ 60.63	6404	10.00	*$ 3,880.90*
Residential Low Fixed Charge - Fixed Price	*$/day*	$ 0.15	3973		*$ 217.51*
Residential Low Fixed Charge - Fixed Price	*$/day*	$ 0.15	1382		*$ 75.66*
General Connection Group - Fixed Price per kVA	*$/kVA/yr*	$ 60.63	3287	17.90	*$ 3,567.24*
Unmetered Loads up to 1 kVA - Fixed Charge per connection	*$/yr*	$ 239.77	76		*$ 18.22*
Street Lights Fixed Price per lamp watt per annum	*$/watts/yr*	$ 0.45	189778		*$ 85.02*
Variable Prices					*$ -*
Residential and General - variable price	*$/day/kWh*	$ 0.12949	78,150,382		*$ 10,119.69*
Residential and General - variable price	*$/night/kWh*	$ 0.01490	29,561,501		*$ 440.47*
Residential Low Fixed Charge - variable price	*$/day/kWh*	$ 0.21770	20,584,348		*$ 4,481.21*
Residential Low Fixed Charge - variable price	*$/night/kWh*	$ 0.02567	6,861,449		*$ 176.10*
Total					**$ 23,062.03**

Price Category Individual line charge	Unit	Unit price	Forecast quantity	Forecast revenue ($000)	Unit	Unit price	Forecast quantity	Forecast revenue ($000)	Forecast Total revenue ($000)
0001995995TGE58	*$/day*	$ 8,233.29	1	$ 3,005.15	$/MWh	$ -		$ -	$ 3,005.15
0001990133TG0E5	*$/day*	$ 885.75	1	$ 323.30	$/MWh	$ -		$ -	$ 323.30
0001990220TG58B	*$/day*	$ 1,756.91	1	$ 641.27	$/MWh	$ -		$ -	$ 641.27
0001090833TG6F1	*$/day*	$ 10.04	1	$ 3.66	$/MWh	$ 121.07	30.26	$ 3.66	$ 7.33
0001120438TGE4C	*$/day*	$ 10.33	1	$ 3.77	$/MWh	$ -		$ -	$ 3.77
0001230615TG210	*$/day*	$ 20.60	1	$ 7.52	$/MWh	$ 27.21	276.34	$ 7.52	$ 15.04
0001230783TG57C	*$/day*	$ 71.77	1	$ 26.20	$/MWh	$ 38.93	672.93	$ 26.20	$ 52.39
0001230785TG4F3	*$/day*	$ 21.39	1	$ 7.81	$/MWh	$ 33.09	235.95	$ 7.81	$ 15.62
0001230940TG858	*$/day*	$ 87.02	1	$ 31.76	$/MWh	$ 59.02	538.16	$ 31.76	$ 63.53
0001230990TG51A	*$/day*	$ 62.98	1	$ 22.99	$/MWh	$ 64.23	357.92	$ 22.99	$ 45.98
0001231005TGF1B	*$/day*	$ 380.61	1	$ 138.92	$/MWh	$ 44.09	3,150.91	$ 138.92	$ 277.85
0001231172TGE88	*$/day*	$ 202.78	1	$ 74.01	$/MWh	$ 33.52	2,207.95	$ 74.01	$ 148.03
0001250655TG2ED	*$/day*	$ 11.19	1	$ 4.08	$/MWh	$ -		$ -	$ 4.08
0001320515TGD9E	*$/day*	$ 6.69	1	$ 2.44	$/MWh	$ 56.92	42.87	$ 2.44	$ 4.88
0001321124TGB82	*$/day*	$ 11.51	1	$ 4.20	$/MWh	$ -		$ -	$ 4.20
0001370505TG447	*$/day*	$ 25.23	1	$ 9.21	$/MWh	$ -		$ -	$ 9.21
0001370610TG0A6	*$/day*	$ 13.34	1	$ 4.87	$/MWh	$ 91.97	52.96	$ 4.87	$ 9.74
0001401195TG9B3	*$/day*	$ 21.70	1	$ 7.92	$/MWh	$ -		$ -	$ 7.92
0001450225TGAD6	*$/day*	$ 22.62	1	$ 8.26	$/MWh	$ 19.88	415.46	$ 8.26	$ 16.51
0001450400TGCCA	*$/day*	$ 14.94	1	$ 5.45	$/MWh	$ 18.37	296.79	$ 5.45	$ 10.90

0001452050TGB83	$/day	$ 11.58	1	$ 4.23	$/MWh	$ 20.64	204.81	$ 4.23	$ 8.46
0001491270TGA81	$/day	$ 10.47	1	$ 3.82	$/MWh	$ 47.26	80.89	$ 3.82	$ 7.65
0001520870TGB4E	$/day	$ 14.61	1	$ 5.33	$/MWh	$ 35.41	150.56	$ 5.33	$ 10.66
0001580380TGEBF	$/day	$ 10.07	1	$ 3.68	$/MWh	$ 138.16	26.60	$ 3.68	$ 7.35
0001640675TGEE6	$/day	$ 90.98	1	$ 33.21	$/MWh	$ -		$ -	$ 33.21
0001690827TGC31	$/day	$ 10.71	1	$ 3.91	$/MWh	$ -		$ -	$ 3.91
0001700063TGC3B	$/day	$ 197.24	1	$ 71.99	$/MWh	$ -		$ -	$ 71.99
0001710106TGF61	$/day	$ 45.23	1	$ 16.51	$/MWh	$ -		$ -	$ 16.51
0001710108TGCFA	$/day	$ 77.55	1	$ 28.31	$/MWh	$ -		$ -	$ 28.31
0001730075TG635	$/day	$ 17.79	1	$ 6.49	$/MWh	$ -		$ -	$ 6.49
0001730798TGCD6	$/day	$ 6.01	1	$ 2.19	$/MWh	$ -		$ -	$ 2.19
0001730830TG9D2	$/day	$ 113.89	1	$ 41.57	$/MWh	$ -		$ -	$ 41.57
0001730849TG2DE	$/day	$ 39.18	1	$ 14.30	$/MWh	$ -		$ -	$ 14.30
0001731355TG9C3	$/day	$ 38.91	1	$ 14.20	$/MWh	$ -		$ -	$ 14.20
0001730881TG725	$/day	$ 19.17	1	$ 7.00	$/MWh	$ -		$ -	$ 7.00
0001731161TG536	$/day	$ 43.00	1	$ 15.69	$/MWh	$ -		$ -	$ 15.69
0001731175TGE91	$/day	$ 62.10	1	$ 22.67	$/MWh	$ -		$ -	$ 22.67
0001731255TG0C7	$/day	$ 38.96	1	$ 14.22	$/MWh	$ 37.92	375.03	$ 14.22	$ 28.44
0001760225TG74E	$/day	$ 49.48	1	$ 18.06	$/MWh	$ 44.15	409.00	$ 18.06	$ 36.12
0001760343TG035	$/day	$ 30.51	1	$ 11.14	$/MWh	$ 35.51	313.59	$ 11.14	$ 22.27
0001772060TG902	$/day	$ 69.88	1	$ 25.51	$/MWh	$ -		$ -	$ 25.51
0001772165TGD49	$/day	$ 23.79	1	$ 8.68	$/MWh	$ -		$ -	$ 8.68
0001780560TGADB	$/day	$ 18.63	1	$ 6.80	$/MWh	$ -		$ -	$ 6.80
0001811005TG57F	$/day	$ 13.19	1	$ 4.82	$/MWh	$ 115.89	41.55	$ 4.82	$ 9.63
0001820703TGB7E	$/day	$ 36.80	1	$ 13.43	$/MWh	$ 35.04	383.33	$ 13.43	$ 26.86
0001830031TGBE0	$/day	$ 22.32	1	$ 8.15	$/MWh	$ -		$ -	$ 8.15
0001830497TGE71	$/day	$ 32.37	1	$ 11.82	$/MWh	$ 60.02	196.87	$ 11.82	$ 23.63
0001830541TGBB8	$/day	$ 1,167.05	1	$ 425.97	$/MWh	$ -		$ -	$ 425.97
0001830828TGF11	$/day	$ 10.76	1	$ 3.93	$/MWh	$ -		$ -	$ 3.93
0001830903TG594	$/day	$ 7.17	1	$ 2.62	$/MWh	$ -		$ -	$ 2.62
0001840612TG6CA	$/day	$ 37.35	1	$ 13.63	$/MWh	$ 27.96	487.69	$ 13.63	$ 27.27
0001930500TG134	$/day	$ 4.87	1	$ 1.78	$/MWh	$ 40.84	43.51	$ 1.78	$ 3.55
0001940050TG680	$/day	$ 31.94	1	$ 11.66	$/MWh	$ 40.58	287.23	$ 11.66	$ 23.31
0001940060TG178	$/day	$ 119.58	1	$ 43.65	$/MWh	$ 41.16	1,060.57	$ 43.65	$ 87.30
0001940090TG16F	$/day	$ 11.75	1	$ 4.29	$/MWh	$ 63.92	67.08	$ 4.29	$ 8.58
0001940095TGC20	$/day	$ 31.34	1	$ 11.44	$/MWh	$ 58.60	195.23	$ 11.44	$ 22.88
0001940100TG78C	$/day	$ 71.53	1	$ 26.11	$/MWh	$ 40.64	642.36	$ 26.11	$ 52.22
0001940110TGD21	$/day	$ 30.79	1	$ 11.24	$/MWh	$ 59.98	187.36	$ 11.24	$ 22.48
0001940350TG583	$/day	$ 16.11	1	$ 5.88	$/MWh	$ 33.02	178.06	$ 5.88	$ 11.76
0001940650TG086	$/day	$ 42.43	1	$ 15.49	$/MWh	$ 44.03	351.70	$ 15.49	$ 30.97
0001940905TGACE	$/day	$ 19.40	1	$ 7.08	$/MWh	$ 32.22	219.76	$ 7.08	$ 14.16
0001940907TGA4B	$/day	$ 65.53	1	$ 23.92	$/MWh	$ 48.71	491.11	$ 23.92	$ 47.84
0001940910TGD2C	$/day	$ 100.58	1	$ 36.71	$/MWh	$ 29.01	1,265.64	$ 36.71	$ 73.42
0001941000TGF28	$/day	$ 38.04	1	$ 13.89	$/MWh	$ 34.07	407.56	$ 13.89	$ 27.77
0001950500TG36C	$/day	$ 23.31	1	$ 8.51	$/MWh	$ 27.72	306.97	$ 8.51	$ 17.02
0001950550TGB64	$/day	$ 26.44	1	$ 9.65	$/MWh	$ 30.58	315.66	$ 9.65	$ 19.30
0001950800TG664	$/day	$ 7.51	1	$ 2.74	$/MWh	$ 62.61	43.76	$ 2.74	$ 5.48

0001950850TGE6C	*$/day*	$ 5.08	1	$ 1.86	$/MWh	$ 364.97	5.08	$ 1.86	$ 3.71
0001950900TGF60	*$/day*	$ 23.60	1	$ 8.61	$/MWh	$ 25.23	341.33	$ 8.61	$ 17.22
0001951100TGECD	*$/day*	$ 27.32	1	$ 9.97	$/MWh	$ 34.43	289.63	$ 9.97	$ 19.94
0001951200TGDCE	*$/day*	$ 24.58	1	$ 8.97	$/MWh	$ 108.48	82.71	$ 8.97	$ 17.95
0001951320TG99F	*$/day*	$ 25.79	1	$ 9.41	$/MWh	$ -		$ -	$ 9.41
0001951350TGCC2	*$/day*	$ 4.78	1	$ 1.75	$/MWh	$ 54.68	31.92	$ 1.75	$ 3.49
0001951500TG2CC	*$/day*	$ 52.52	1	$ 19.17	$/MWh	$ 19.69	973.46	$ 19.17	$ 38.34
0001951600TG1CF	*$/day*	$ 13.40	1	$ 4.89	$/MWh	$ 39.36	124.23	$ 4.89	$ 9.78
0001951750TG0C3	*$/day*	$ 23.65	1	$ 8.63	$/MWh	$ 25.99	332.13	$ 8.63	$ 17.27
0001951790TG72C	*$/day*	$ 40.12	1	$ 14.64	$/MWh	$ 31.61	463.29	$ 14.64	$ 29.29
0001952100TGC2D	*$/day*	$ 71.22	1	$ 26.00	$/MWh	$ 56.38	461.06	$ 26.00	$ 51.99
0001952400TG928	*$/day*	$ 15.13	1	$ 5.52	$/MWh	$ 43.46	127.10	$ 5.52	$ 11.05
0001952500TG02C	*$/day*	$ 63.18	1	$ 23.06	$/MWh	$ 30.75	749.86	$ 23.06	$ 46.12
0001952510TGA81	*$/day*	$ 4.95	1	$ 1.81	$/MWh	$ -		$ -	$ 1.81
0002011523TGC1A	*$/day*	$ 56.80	1	$ 20.73	$/MWh	$ -		$ -	$ 20.73
0002110863TGE7B	*$/day*	$ 30.49	1	$ 11.13	$/MWh	$ 32.72	340.15	$ 11.13	$ 22.26
0002381026TGF20	*$/day*	$ 89.47	1	$ 32.66	$/MWh	$ 42.23	773.28	$ 32.66	$ 65.32
0002641192TGCFF	*$/day*	$ 87.75	1	$ 32.03	$/MWh	$ -		$ -	$ 32.03
0002700906TGC46	*$/day*	$ 14.34	1	$ 5.23	$/MWh	$ -		$ -	$ 5.23
0002751750TG11E	*$/day*	$ 41.28	1	$ 15.07	$/MWh	$ -		$ -	$ 15.07
0002751765TGBA9	*$/day*	$ 14.24	1	$ 5.20	$/MWh	$ -		$ -	$ 5.20
0002751767TGB2C	*$/day*	$ 47.14	1	$ 17.21	$/MWh	$ -		$ -	$ 17.21
0002751838TG3F5	*$/day*	$ 26.17	1	$ 9.55	$/MWh	$ -		$ -	$ 9.55
0002751847TG976	*$/day*	$ 36.33	1	$ 13.26	$/MWh	$ -		$ -	$ 13.26
0002751848TG6A8	*$/day*	$ 40.40	1	$ 14.75	$/MWh	$ -		$ -	$ 14.75
0002751858TGC05	*$/day*	$ 24.26	1	$ 8.85	$/MWh	$ -		$ -	$ 8.85
0002781189TG85A	*$/day*	$ 14.19	1	$ 5.18	$/MWh	$ -		$ -	$ 5.18
0002841699TG73F	*$/day*	$ 13.19	1	$ 4.82	$/MWh	$ -		$ -	$ 4.82
0002842004TG365	*$/day*	$ 40.11	1	$ 14.64	$/MWh	$ -		$ -	$ 14.64
0002871188TGFF9	*$/day*	$ 11.78	1	$ 4.30	$/MWh	$ -		$ -	$ 4.30
0003752355TG409	*$/day*	$ 77.98	1	$ 28.46	$/MWh	$ -		$ -	$ 28.46
0003752365TG3F1	*$/day*	$ 16.23	1	$ 5.92	$/MWh	$ 35.38	167.44	$ 5.92	$ 11.85
0003752367TG374	*$/day*	$ 14.13	1	$ 5.16	$/MWh	$ -		$ -	$ 5.16
0003752380TG404	*$/day*	$ 28.14	1	$ 10.27	$/MWh	$ -		$ -	$ 10.27
0002841739TG624	*$/day*	$ 14.65	1	$ 5.35	$/MWh	$ -		$ -	$ 5.35
0001730339TG48D	*$/day*	$ 33.22	1	$ 12.13	$/MWh	$ -		$ -	$ 12.13
0002742401TGC51	*$/day*	$ 18.87	1	$ 6.89	$/MWh	$ 44.15	156.00	$ 6.89	$ 13.77
Generators	*$/day*	$ 934.05	1	$ 340.93	$/MWh			$ -	$ 340.93
Total								$ -	**$ 7,066.450**

Price Category	Unit	Unit price	Forecast quantity	Forecast kW	Forecast revenue ($000)
Lakeland Region					
Residential Fixed Charges					
LD15	*$/day*	$ 0.1500	1968		$ 107.75
LM15	*$/day*	$ 0.1500	3		$ 0.16

LD08	*$/day*	$ 0.0411	9.55		$ 0.14
Standard Domestic Variable Charges					
LD24S	*$/MWh*	$ 103.2000	5016.82		$ 517.74
LD24W	*$/MWh*	$ 155.3000	6542.86		$ 1,016.11
LD20C	*$/MWh*	$ 70.6000	19.44		$ 1.37
LD16C	*$/MWh*	$ 38.1000	4202.95		$ 160.13
LD13C	*$/MWh*	$ 51.8000	1.8		$ 0.09
LD11C	*$/MWh*	$ 29.8000	0		$ -
LD08C	*$/MWh*	$ 13.0000	24		$ 0.31
General Fixed Charges					
LS001	*$/day*	$ 0.6126	3.55		$ 0.79
LS002	*$/day*	$ 1.2125	6.64		$ 2.94
LS008	*$/day*	$ 0.6975	46.64		$ 11.87
LS015	*$/day*	$ 1.2042	123.18		$ 54.14
LS023	*$/day*	$ 1.5198	8.45		$ 4.69
LT028	*$/day*	$ 1.8383	0.00		$ -
LT015	*$/day*	$ 1.2042	9.00		$ 3.96
LT024	*$/day*	$ 1.5835	20.10		$ 11.62
LT041	*$/day*	$ 2.6663	94.73		$ 92.19
LT069	*$/day*	$ 4.4498	43.18		$ 70.13
LT103	*$/day*	$ 6.6155	13.09		$ 31.61
LT138	*$/day*	$ 8.8449	5.00		$ 16.14
LT172	*$/day*	$ 23.8070	1.00		$ 8.69
LT207	*$/day*	$ 28.4365	2.00		$ 20.76
LT276	*$/day*	$ 35.4992	9.55		$ 123.68
General Control Period Demand Charges					
LS001	*$/kW/day*		3.55		
LS002	*$/kW/day*		6.64		
LS008	*$/kW/day*	$ 0.5552	46.64	1.24	$ 11.71
LS015	*$/kW/day*	$ 0.5552	123.18	2.24	$ 55.93
LS023	*$/kW/day*	$ 0.6051	8.45	3.22	$ 6.00
LT028	*$/kW/day*	$ 0.6051	0.00	0.00	$ -
LT015	*$/kW/day*	$ 0.5552	9.00	1.96	$ 3.57
LT024	*$/kW/day*	$ 0.6051	20.10	4.30	$ 19.07
LT041	*$/kW/day*	$ 0.6051	94.73	5.61	$ 117.36
LT069	*$/kW/day*	$ 0.6051	43.18	9.15	$ 87.26
LT103	*$/kW/day*	$ 0.6051	13.09	14.69	$ 42.49
LT138	*$/kW/day*	$ 0.6051	5.00	36.27	$ 40.06
LT172	*$/kW/day*	$ 0.4106	1.00	32.95	$ 4.94
LT207	*$/kW/day*	$ 0.4106	2.00	76.83	$ 23.03
LT276	*$/kW/day*	$ 0.4106	9.55	54.62	$ 78.14
Total					**$ 2,746.57**

Price Category Individual line charge	Unit	Unit price	Forecast quantity	Forecast revenue ($000)	Unit	Unit price	Forecast quantity	Forecast revenue ($000)	Forecast Total revenue ($000)
950325LN3F5	$/day	$ 326.58	1	$ 119.20	$/MWh	$ -		$ -	$ 119.200
950335LN958	$/day	$ 113.46	1	$ 41.41	$/MWh	$ -		$ -	$ 41.411
950330LN417	$/day	$ 109.43	1	$ 39.94	$/MWh	$ -		$ -	$ 39.943
950315LN40D	$/day	$ 41.02	1	$ 14.97	$/MWh	$ -		$ -	$ 14.973
950320LNEBA	$/day	$ 43.72	1	$ 15.96	$/MWh	$ -		$ -	$ 15.957
950934LNF17	$/day	$ 98.19	1	$ 35.84	$/MWh	$ -		$ -	$ 35.838
959018LN4F5	$/day	$ 288.56	1	$ 105.32	$/MWh	$ -		$ -	$ 105.323
952055LN6EB	$/day	$ 48.72	1	$ 17.78	$/MWh	$ -		$ -	$ 17.781
959005LN103	$/day	$ 102.26	1	$ 37.33	$/MWh	$ -		$ -	$ 37.325
952081LNAA3	$/day	$ 215.70	1	$ 78.73	$/MWh	$ -		$ -	$ 78.731
RKH	$/day	$ 31.59	0.5	$ 5.76	$/MWh	$ -		$ -	$ 5.764
RKA	$/day	$ 31.59	0.6	$ 6.92	$/MWh	$ -		$ -	$ 6.917
TE	$/day	$ 34.79	0.6	$ 7.62	$/MWh	$ -		$ -	$ 7.619
Total									**$ 526.78**
$\Sigma P_{2020/21} * Q_{2020/21}$									**$ 33,401.83**

The following quantity forecasts methods have been used for the setting of the forecast revenue from prices for the first assessment period:

- **Fixed charges for residential and general**- residential quantities in the Otago region are calculated by taking the reforecast November 2019 quantities and adjusting these by a change factor based on the change in the number of ICP's from the reforecast at Nov 2019 and the average numbers for the April 2018 to March 2019 period. The forecast quantities for the unmetered and streetlight tariffs are forecast using the actual November values.

  Lakeland residential and general quantities are forecast by calculating the average monthly increase or decrease in each price category connection numbers for the period April 2019 to November 2019, this monthly average is then annualised to establish an annual growth number, this growth number is then added to the actual November 2019 number to create a total number, the total number is then averaged with the November 2019 actual number to calculated the final forecast connection quantity numbers.

- **Control period demand for Lakeland general customers** – the control period demand (CPD) for each general ICP greater than 2kVA is individually calculated in December using the Lakeland CPD methodology. The average CPD of all the ICP's in each price code is used as the forecast quantity for each price code.

- **Volume energy quantities for residential and general** – in the Otago region the combined consumption for the residential and general customers including the low user consumption is averaged based on the last 3-years consumption. The current year low user consumption is then multiplied by a 2% growth rate and is used as the forecast quantity for low users. The low user forecast quantity is then deducted from the combined averaged consumption to establish the forecast quantities for the remaining residential and general customer groups.

- Lakeland residential energy quantities are forecast by taking the reforecast April 2019 to March 2020 consumption figures and multiplying these by the growth factor from the April 2018 to March 2019 figures and adjusting in line with the estimated number of residential subdivision to be completed during the year. We are expecting growth in the Lakeland region to remain constant.

- **individual line charge customers** – Individual line charge customers have their line charges reviewed each year in line with the line pricing methodology. Actual day energy volumes recorded from December 2018 to November 2019, are used as the forecast quantity for the 2020 - 2021 forecast period. We have forecast 3 new Lakeland individual line charge customers to be connected later in the year based on current construction projects.

Appendix C – Director's certificate

I, Duncan Varnham Fea, being a director of companies which are parties to the OtagoNet Joint Venture certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached annual price-setting compliance statement of OtagoNet Joint Venture, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all relevant requirements, and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable.

Duncan Varnham Fea

25 March 2020