



OtagoNet Joint Venture

Default Price-Quality Path

Annual Price Setting Compliance Statement

1 April 2021 – 31 March 2022 Assessment Period

24 March 2021

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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 second assessment period, commencing 1 April 2021 and ending 31 March 2022.

2. Date prepared

This statement was prepared on 24 March 2021.

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 RY22		
Forecast revenue from prices must not exceed the lesser of:		
(a) The forecast allowable revenue for that assessment period, and		
(b) The amount determined in accordance with the following formula:		
the forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices)		
Term	Description	Value (\$000)
Forecast revenue from prices (\$000)	Forecast prices between 1 April 2021 and 31 March 2022 multiplied by forecast quantities for the period ending 31 March 2022	33,285
Forecast allowable revenue (\$000)	The sum of forecast net allowable revenue, forecast pass-through and recoverable costs, opening wash-up account balance and the passthrough balance allowance	33,297
Maximum allowable forecast revenue from prices (\$000)	Forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices)	36,742
Maximum allowable forecast revenue (\$000)	The lesser of the forecast allowable revenue and maximum allowable forecast revenue from prices	33,297
Compliance Result	Forecast revenue from prices ≤ forecast allowable revenue and maximum allowable forecast revenue from prices	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	<i>Forecast net allowable revenue as set out in Table 1.4.1 in Schedule 1.4 for the period ending 31 March 2022</i>	26,282
Forecast pass through costs	<i>Forecast pass-through costs and forecast recoverable costs</i>	364
Forecast recoverable costs	<i>Forecast recoverable costs, excluding any recoverable cost that is a revenue wash-up drawn down amount</i>	6,662
Opening wash-up account balance	<i>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)</i>	-
Pass-through balance allowance	<i>(ePTB – pass-through balance) x (1+ 67th percentile post-tax WACC)²</i>	(11)
Total		33,297

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 RY22		
Term	Description	Value (\$000)
$\Sigma P_{2021/22} * Q_{2021/22}$	<i>Forecast prices between 1 April 2021 and 31 March 2022 multiplied by forecast quantities for the period ending 31 March 2021</i>	33,285

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.

7. Maximum Allowable Forecast revenue from prices

Summary Table 4 shows the maximum allowable forecast revenue from prices, consistent with the requirements of clause 8.4 of the 2020 DPP Determination.

Table 4

Maximum Allowable Forecast revenue from Prices RY22		
Term	Description	Value (\$000)
Forecast revenue from prices from previous assessment period	Forecast prices between 1 April 2020 and 31 March 2021 multiplied by forecast quantities for the period ending 31 March 2021	33,402
Limit on annual percentage increase in forecast revenue from prices		10%
Maximum allowable forecast revenue from prices	Forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices)	36,742

Appendix A – Pass-through and recoverable costs

Forecast pass-through costs

Table 5

Forecast Pass-through Costs RY22		
Forecast pass-through costs	\$000	Forecasting methodology
Rates on system fixed assets	167	OJV Three Year Business Plan 2020 -2023
Commerce Act levies	107	OJV Three Year Business Plan 2020 -2023
Electricity Authority levies	80	OJV Three Year Business Plan 2020 -2023
Utilities Disputes levies	10	OJV Three Year Business Plan 2020 -2023
Total forecast pass-through costs	364	

The forecasting method used to determine the pass-through costs for RY22 is to use the amounts published for 2021 -22 in the 2020 – 2023 OJV three year business plans.

Forecast recoverable costs

Table 6

Forecast Recoverable Costs RY22		
Forecast recoverable costs	\$000	Forecasting methodology
IRIS incentive adjustment	(1,457)	Commerce Commission calculation of IRIS spreadsheet
Transpower transmission charges	6,804	Transpower pricing notification for 2021-22
New investment contract charges	275	Transpower pricing notification for 2021-22
Capex wash-up adjustment	(222)	Commerce Commission calculation of Capex wash-up spreadsheet
System operator services charges		
Avoided transmission charges - purchased assets		
Distributed generation allowance	1,233	
Claw-back		
Catastrophic event allowance		
Extended reserves allowance		
Quality incentive adjustment	7	2020 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	6,662	

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 2021-22 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 2021-2022 year.

The Quantity incentive adjustment is forecast using the amount calculated in the OJV 2020 DPP compliance statement.

The Capex wash-up adjustment is forecast using the value determined by the Commerce Commission in its “capex wash-up guidance calculation spreadsheet for the 2020–2025 EDB DPP”.

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

Pass-through balance allowance

Table 7

Pass-through balance allowance RY22		
Term	Description	Value (\$000)
ePTB	<i>An estimate of the pass-through balance as at 31 March 2020</i>	(18)
pass-through balance 31 March 2020	<i>Actual pass-through balance at 31 March 2020</i>	(8)
67th percentile estimate of post-tax WACC	<i>As per Clause 4.2</i>	4.23%
Pass-through balance allowance	<i>(ePTB - pass-through balance) x (1 + WACC)²</i>	(11)

The pass-through balance allowance has been calculated by taking the estimated pass-through balance as at 31 March 2020 and deducting the actual pass-through balance as calculated in the 31 March 2020 DPP compliance statement and multiplying this by one plus the WACC rate squared.

Appendix B – Forecast prices and quantities

Table 8 shows the forecast prices and quantities for the forecast revenue from prices for the first assessment period.

Table 8

Forecast revenue from prices RY22					
Price Category	Unit	Unit price	Forecast quantity	Forecast kVA	Forecast revenue (\$000)
Otago Region					
Residential Standard - Fixed Price	\$/kVA/yr	\$ 56.78	6528	10.00	\$ 3,706.19
Residential Low Fixed Charge - Fixed Price	\$/day	\$ 0.15	3907		\$ 213.89
Residential Low Fixed Charge - Fixed Price	\$/day	\$ 0.15	1395		\$ 76.37
General Connection Group - Fixed Price per kVA	\$/kVA/yr	\$ 56.78	3316	18.02	\$ 3,392.56
Unmetered Loads up to 1 kVA - Fixed Charge per connection	\$/yr	\$ 224.52	77		\$ 17.29
Street Lights Fixed Price per lamp watt per annum	\$/watts/yr	\$ 0.42	155900		\$ 65.48
Variable Prices					
Residential and General - variable price	\$/day/kWh	\$ 0.12125	78,443,871		\$ 9,511.32
Residential and General - variable price	\$/night/kWh	\$ 0.01400	29,612,405		\$ 414.57
Residential Low Fixed Charge - variable price	\$/day/kWh	\$ 0.20280	21,567,415		\$ 4,373.92
Residential Low Fixed Charge - variable price	\$/night/kWh	\$ 0.02567	7,189,139		\$ 184.51
Total					\$ 21,956.09

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	\$ 8,172.21	1	\$ 2,982.86	\$/MWh	\$ -		\$ -	\$ 2,982.86
0001990133TGoE5	\$/day	\$ 1,184.20	1	\$ 432.23	\$/MWh	\$ -		\$ -	\$ 432.23
0001990220TG58B	\$/day	\$ 1,686.79	1	\$ 615.68	\$/MWh	\$ -		\$ -	\$ 615.68
0001090833TG6F1	\$/day	\$ 10.72	1	\$ 3.91	\$/MWh	\$ 158.89	24.63	\$ 3.91	\$ 7.83
0001120438TGE4C	\$/day	\$ 17.08	1	\$ 6.23	\$/MWh	\$ -	117.51	\$ -	\$ 6.23
0001230615TG210	\$/day	\$ 16.50	1	\$ 6.02	\$/MWh	\$ 26.32	228.80	\$ 6.02	\$ 12.04
0001230783TG57C	\$/day	\$ 84.50	1	\$ 30.84	\$/MWh	\$ 44.50	693.06	\$ 30.84	\$ 61.68

0001230785TG4F3	\$/day	\$ 20.39	1	\$ 7.44	\$/MWh	\$ 32.90	226.23	\$ 7.44	\$ 14.89
0001230940TG858	\$/day	\$ 103.22	1	\$ 37.68	\$/MWh	\$ 66.59	565.84	\$ 37.68	\$ 75.35
0001230990TG51A	\$/day	\$ 11.79	1	\$ 4.30	\$/MWh	\$ 185.74	23.16	\$ 4.30	\$ 8.60
0001231005TGF1B	\$/day	\$ 386.80	1	\$ 141.18	\$/MWh	\$ 42.47	3,324.01	\$ 141.18	\$ 282.37
0001231172TGE88	\$/day	\$ 198.12	1	\$ 72.31	\$/MWh	\$ 32.89	2,198.67	\$ 72.31	\$ 144.63
0001250655TG2ED	\$/day	\$ 15.92	1	\$ 5.81	\$/MWh	\$ -	91.46	\$ -	\$ 5.81
0001320515TGD9E	\$/day	\$ 7.14	1	\$ 2.61	\$/MWh	\$ 41.51	62.81	\$ 2.61	\$ 5.21
0001321124TGB82	\$/day	\$ 7.83	1	\$ 2.86	\$/MWh	\$ -	8.85	\$ -	\$ 2.86
0001370505TG447	\$/day	\$ 22.72	1	\$ 8.29	\$/MWh	\$ -	142.12	\$ -	\$ 8.29
0001370610TGoA6	\$/day	\$ 15.10	1	\$ 5.51	\$/MWh	\$ 102.71	53.64	\$ 5.51	\$ 11.02
0001401195TG9B3	\$/day	\$ 22.92	1	\$ 8.37	\$/MWh	\$ -	188.28	\$ -	\$ 8.37
0001450225TGAD6	\$/day	\$ 22.89	1	\$ 8.35	\$/MWh	\$ 22.25	375.51	\$ 8.35	\$ 16.71
0001450400TGCCA	\$/day	\$ 15.61	1	\$ 5.70	\$/MWh	\$ 18.31	311.16	\$ 5.70	\$ 11.39
0001452050TGB83	\$/day	\$ 11.42	1	\$ 4.17	\$/MWh	\$ 20.63	202.04	\$ 4.17	\$ 8.34
0001491270TGA81	\$/day	\$ 9.67	1	\$ 3.53	\$/MWh	\$ 52.74	66.91	\$ 3.53	\$ 7.06
0001520870TGB4E	\$/day	\$ 13.25	1	\$ 4.84	\$/MWh	\$ 38.65	125.15	\$ 4.84	\$ 9.67
0001580380TGEBF	\$/day	\$ 10.97	1	\$ 4.00	\$/MWh	\$ 125.72	31.85	\$ 4.00	\$ 8.01
0001640675TGE6E	\$/day	\$ 90.51	1	\$ 33.03	\$/MWh	\$ -	267.09	\$ -	\$ 33.03
0001690827TGC31	\$/day	\$ 10.56	1	\$ 3.85	\$/MWh	\$ -	0.01	\$ -	\$ 3.85
0001700063TGC3B	\$/day	\$ 450.65	1	\$ 164.49	\$/MWh	\$ -	75.16	\$ -	\$ 164.49
0001710106TGF61	\$/day	\$ 51.22	1	\$ 18.70	\$/MWh	\$ -	81.57	\$ -	\$ 18.70
0001710108TGCFA	\$/day	\$ 100.20	1	\$ 36.57	\$/MWh	\$ -	198.15	\$ -	\$ 36.57
0001730075TG635	\$/day	\$ 18.43	1	\$ 6.73	\$/MWh	\$ -	87.27	\$ -	\$ 6.73
0001730798TGCD6	\$/day	\$ 6.07	1	\$ 2.22	\$/MWh	\$ -	0.15	\$ -	\$ 2.22
0001730830TG9D2	\$/day	\$ 116.85	1	\$ 42.65	\$/MWh	\$ -	748.58	\$ -	\$ 42.65
0001730849TG2DE	\$/day	\$ 28.07	1	\$ 10.25	\$/MWh	\$ -	61.20	\$ -	\$ 10.25
0001731355TG9C3	\$/day	\$ 53.87	1	\$ 19.66	\$/MWh	\$ -	177.59	\$ -	\$ 19.66
0001730881TG725	\$/day	\$ 28.74	1	\$ 10.49	\$/MWh	\$ -	149.41	\$ -	\$ 10.49

0001731161TG536	\$/day	\$ 45.29	1	\$ 16.53	\$/MWh	\$ -	204.34	\$ -	\$ 16.53
0001731175TGE91	\$/day	\$ 63.78	1	\$ 23.28	\$/MWh	\$ -	299.88	\$ -	\$ 23.28
0001731255TGoC7	\$/day	\$ 39.95	1	\$ 14.58	\$/MWh	\$ 35.45	411.32	\$ 14.58	\$ 29.17
0001760225TG74E	\$/day	\$ 20.08	1	\$ 7.33	\$/MWh	\$ 19.88	368.77	\$ 7.33	\$ 14.66
0001760343TG035	\$/day	\$ 21.84	1	\$ 7.97	\$/MWh	\$ 32.03	248.86	\$ 7.97	\$ 15.94
0001772060TG902	\$/day	\$ 64.22	1	\$ 23.44	\$/MWh	\$ -	500.46	\$ -	\$ 23.44
0001772165TGD49	\$/day	\$ 26.56	1	\$ 9.69	\$/MWh	\$ -	96.97	\$ -	\$ 9.69
0001780560TGADB	\$/day	\$ 26.88	1	\$ 9.81	\$/MWh	\$ -	188.07	\$ -	\$ 9.81
0001811005TG57F	\$/day	\$ 19.42	1	\$ 7.09	\$/MWh	\$ 142.57	49.72	\$ 7.09	\$ 14.18
0001820703TGB7E	\$/day	\$ 33.20	1	\$ 12.12	\$/MWh	\$ 33.24	364.53	\$ 12.12	\$ 24.24
0001830031TGBE0	\$/day	\$ 16.95	1	\$ 6.19	\$/MWh	\$ -	20.19	\$ -	\$ 6.19
0001830497TGE71	\$/day	\$ 27.32	1	\$ 9.97	\$/MWh	\$ 72.21	138.12	\$ 9.97	\$ 19.95
0001830541TGBB8	\$/day	\$ 1,197.48	1	\$ 437.08	\$/MWh	\$ -	8,396.50	\$ -	\$ 437.08
0001830828TGF11	\$/day	\$ 9.13	1	\$ 3.33	\$/MWh	\$ -	17.84	\$ -	\$ 3.33
0001830903TG594	\$/day	\$ 8.66	1	\$ 3.16	\$/MWh	\$ -	6.71	\$ -	\$ 3.16
0001840612TG6CA	\$/day	\$ 33.85	1	\$ 12.36	\$/MWh	\$ 26.62	464.17	\$ 12.36	\$ 24.71
0001930200TGE36	\$/day	\$ 24.47	1	\$ 8.93	\$/MWh	\$ 57.18	156.18	\$ 8.93	\$ 17.86
0001940050TG680	\$/day	\$ 36.83	1	\$ 13.44	\$/MWh	\$ 34.37	391.05	\$ 13.44	\$ 26.88
0001940060TG178	\$/day	\$ 138.69	1	\$ 50.62	\$/MWh	\$ 33.76	1,499.52	\$ 50.62	\$ 101.25
0001940090TG16F	\$/day	\$ 13.86	1	\$ 5.06	\$/MWh	\$ 39.21	129.01	\$ 5.06	\$ 10.12
0001940095TGC20	\$/day	\$ 35.69	1	\$ 13.03	\$/MWh	\$ 62.33	209.02	\$ 13.03	\$ 26.06
0001940100TG78C	\$/day	\$ 67.00	1	\$ 24.45	\$/MWh	\$ 42.63	573.65	\$ 24.45	\$ 48.91
0001940110TGD21	\$/day	\$ 30.08	1	\$ 10.98	\$/MWh	\$ 54.94	199.81	\$ 10.98	\$ 21.96
0001940350TG583	\$/day	\$ 13.98	1	\$ 5.10	\$/MWh	\$ 32.00	159.48	\$ 5.10	\$ 10.21
0001940650TG086	\$/day	\$ 42.09	1	\$ 15.36	\$/MWh	\$ 51.76	296.75	\$ 15.36	\$ 30.72
0001940905TGACE	\$/day	\$ 17.57	1	\$ 6.41	\$/MWh	\$ 32.94	194.73	\$ 6.41	\$ 12.83
0001940907TGA4B	\$/day	\$ 72.61	1	\$ 26.50	\$/MWh	\$ 50.40	525.82	\$ 26.50	\$ 53.01
0001940910TGD2C	\$/day	\$ 115.35	1	\$ 42.10	\$/MWh	\$ 33.99	1,238.68	\$ 42.10	\$ 84.21

0001941000TGF28	\$/day	\$ 33.60	1	\$ 12.26	\$/MWh	\$ 33.45	366.64	\$ 12.26	\$ 24.53
0001950500TG36C	\$/day	\$ 23.67	1	\$ 8.64	\$/MWh	\$ 27.63	312.75	\$ 8.64	\$ 17.28
0001950550TGB64	\$/day	\$ 27.09	1	\$ 9.89	\$/MWh	\$ 30.18	327.60	\$ 9.89	\$ 19.77
0001950800TG664	\$/day	\$ 7.63	1	\$ 2.79	\$/MWh	\$ 68.57	40.62	\$ 2.79	\$ 5.57
0001950850TGE6C	\$/day	\$ 6.55	1	\$ 2.39	\$/MWh	\$ 299.07	7.99	\$ 2.39	\$ 4.78
0001950900TGF60	\$/day	\$ 26.88	1	\$ 9.81	\$/MWh	\$ 27.42	357.74	\$ 9.81	\$ 19.62
0001951100TGECD	\$/day	\$ 32.50	1	\$ 11.86	\$/MWh	\$ 29.58	401.00	\$ 11.86	\$ 23.72
0001951200TGDCE	\$/day	\$ 27.68	1	\$ 10.10	\$/MWh	\$ 124.31	81.28	\$ 10.10	\$ 20.21
0001951320TG99F	\$/day	\$ 24.26	1	\$ 8.85	\$/MWh	\$ -	60.20	\$ -	\$ 8.85
0001951350TGCC2	\$/day	\$ 4.94	1	\$ 1.80	\$/MWh	\$ 64.98	27.76	\$ 1.80	\$ 3.61
0001951500TG2CC	\$/day	\$ 54.15	1	\$ 19.76	\$/MWh	\$ 22.80	866.74	\$ 19.76	\$ 39.53
0001951600TG1CF	\$/day	\$ 15.16	1	\$ 5.53	\$/MWh	\$ 44.30	124.87	\$ 5.53	\$ 11.06
0001951750TG0C3	\$/day	\$ 21.57	1	\$ 7.87	\$/MWh	\$ 25.69	306.49	\$ 7.87	\$ 15.74
0001951790TG72C	\$/day	\$ 37.05	1	\$ 13.52	\$/MWh	\$ 48.42	279.31	\$ 13.52	\$ 27.05
0001952100TGC2D	\$/day	\$ 72.69	1	\$ 26.53	\$/MWh	\$ 56.00	473.79	\$ 26.53	\$ 53.06
0001952400TG928	\$/day	\$ 16.50	1	\$ 6.02	\$/MWh	\$ 49.66	121.28	\$ 6.02	\$ 12.04
0001952500TG02C	\$/day	\$ 61.46	1	\$ 22.43	\$/MWh	\$ 33.80	663.79	\$ 22.43	\$ 44.87
0001952510TGA81	\$/day	\$ 4.85	1	\$ 1.77	\$/MWh	\$ -	-	\$ -	\$ 1.77
0002011523TGC1A	\$/day	\$ 70.65	1	\$ 25.79	\$/MWh	\$ -	352.74	\$ -	\$ 25.79
0002110863TGE7B	\$/day	\$ 33.10	1	\$ 12.08	\$/MWh	\$ 29.67	407.19	\$ 12.08	\$ 24.16
0002381026TGF20	\$/day	\$ 95.41	1	\$ 34.82	\$/MWh	\$ 48.18	722.77	\$ 34.82	\$ 69.65
0002641192TG CFF	\$/day	\$ 74.98	1	\$ 27.37	\$/MWh	\$ -	150.55	\$ -	\$ 27.37
0002700906TGC46	\$/day	\$ 16.47	1	\$ 6.01	\$/MWh	\$ -	44.18	\$ -	\$ 6.01
0002751750TG11E	\$/day	\$ 48.22	1	\$ 17.60	\$/MWh	\$ -	206.47	\$ -	\$ 17.60
0002751765TGBA9	\$/day	\$ 14.13	1	\$ 5.16	\$/MWh	\$ -	2.00	\$ -	\$ 5.16
0002751767TGB2C	\$/day	\$ 47.53	1	\$ 17.35	\$/MWh	\$ -	135.83	\$ -	\$ 17.35
0002751838TG3F5	\$/day	\$ 28.45	1	\$ 10.38	\$/MWh	\$ -	113.88	\$ -	\$ 10.38
0002751847TG976	\$/day	\$ 36.53	1	\$ 13.33	\$/MWh	\$ -	184.70	\$ -	\$ 13.33

0002751848TG6A8	\$/day	\$ 39.92	1	\$ 14.57	\$/MWh	\$ -	196.43	\$ -	\$ 14.57
0002751858TGC05	\$/day	\$ 23.77	1	\$ 8.68	\$/MWh	\$ -	54.79	\$ -	\$ 8.68
0002781189TG85A	\$/day	\$ 13.85	1	\$ 5.06	\$/MWh	\$ -	52.26	\$ -	\$ 5.06
0002841699TG73F	\$/day	\$ 12.23	1	\$ 4.46	\$/MWh	\$ -	35.14	\$ -	\$ 4.46
0002842004TG365	\$/day	\$ 38.18	1	\$ 13.94	\$/MWh	\$ -	233.12	\$ -	\$ 13.94
0002871188TGFF9	\$/day	\$ 8.05	1	\$ 2.94	\$/MWh	\$ -	64.78	\$ -	\$ 2.94
0003752355TG409	\$/day	\$ 82.55	1	\$ 30.13	\$/MWh	\$ -	615.26	\$ -	\$ 30.13
0003752365TG3F1	\$/day	\$ 17.61	1	\$ 6.43	\$/MWh	\$ 37.73	170.35	\$ 6.43	\$ 12.85
0003752367TG374	\$/day	\$ 11.99	1	\$ 4.38	\$/MWh	\$ -	68.28	\$ -	\$ 4.38
0003752380TG404	\$/day	\$ 26.39	1	\$ 9.63	\$/MWh	\$ -	150.96	\$ -	\$ 9.63
0002841739TG624	\$/day	\$ 13.96	1	\$ 5.10	\$/MWh	\$ -	30.01	\$ -	\$ 5.10
0001730339TG48D	\$/day	\$ 22.03	1	\$ 8.04	\$/MWh	\$ -	50.91	\$ -	\$ 8.04
0002742401TGC51	\$/day	\$ 8.17	1	\$ 2.98	\$/MWh	\$ 30.28	98.50	\$ 2.98	\$ 5.97
0001731183TGF09	\$/day	\$ 30.89	1	\$ 11.28	\$/MWh	\$ -	110.00	\$ -	\$ 11.28
0001731193TG5A4	\$/day	\$ 31.30	1	\$ 11.43	\$/MWh	\$ -	99.00	\$ -	\$ 11.43
0001731110TGC2E	\$/day	\$ 24.20	1	\$ 8.83	\$/MWh	\$ -	85.43	\$ -	\$ 8.83
0002841432TGBF3	\$/day	\$ 31.91	1	\$ 11.65	\$/MWh	\$ -	155.00	\$ -	\$ 11.65
Generators	\$/day	\$ 936.15	1	\$ 341.69	\$/MWh	\$ -	-	\$ -	\$ 341.69
Total									\$ 7,295.62

Price Category	Unit	Unit price	Forecast quantity	Forecast kW	Forecast revenue (\$000)
Lakeland Region					
Residential Fixed Charges					
LD15	\$/day	\$ 0.1500	2714.72		\$ 148.63
LM15	\$/day	\$ 0.1500	3		\$ 0.16
LD08	\$/day	\$ 0.0432	16.18		\$ 0.25
Standard Domestic Variable Charges					
LD24S	\$/MWh	\$ 108.4000	5472.28		\$ 593.20
LD24W	\$/MWh	\$ 163.1000	8515.53		\$ 1,388.88

LD20C	<i>\$/MWh</i>	\$ 74.1000	98.05		\$ 7.27
LD16C	<i>\$/MWh</i>	\$ 45.7000	4622.79		\$ 211.26
LD13C	<i>\$/MWh</i>	\$ 54.4000	1.8		\$ 0.10
LD11C	<i>\$/MWh</i>	\$ 31.3000	3.56591		\$ 0.11
LD08C	<i>\$/MWh</i>	\$ 13.7000	3.6		\$ 0.05
General Fixed Charges					
LS001	<i>\$/day</i>	\$ 0.6432	4.55		\$ 1.07
LS002	<i>\$/day</i>	\$ 1.2731	6.55		\$ 3.04
LS008	<i>\$/day</i>	\$ 0.7324	48.64		\$ 13.00
LS015	<i>\$/day</i>	\$ 1.2644	115.00		\$ 53.07
LS023	<i>\$/day</i>	\$ 1.5958	16.73		\$ 9.74
LT028	<i>\$/day</i>	\$ 1.9302	1.55		\$ 1.09
LT015	<i>\$/day</i>	\$ 1.2644	9.00		\$ 4.15
LT024	<i>\$/day</i>	\$ 1.6627	20.55		\$ 12.47
LT041	<i>\$/day</i>	\$ 2.7996	105.91		\$ 108.22
LT069	<i>\$/day</i>	\$ 4.6723	39.45		\$ 67.29
LT103	<i>\$/day</i>	\$ 6.9463	12.00		\$ 30.42
LT138	<i>\$/day</i>	\$ 9.2871	4.00		\$ 13.56
LT172	<i>\$/day</i>	\$ 24.9974	2.55		\$ 23.22
LT207	<i>\$/day</i>	\$ 29.8583	3.55		\$ 38.64
LT276	<i>\$/day</i>	\$ 37.2742	13.09		\$ 178.10
General Control Period Demand Charges					
LS001	<i>\$/kW/day</i>		4.55		
LS002	<i>\$/kW/day</i>		6.55		
LS008	<i>\$/kW/day</i>	\$ 0.5829	48.64	1.26	\$ 13.01
LS015	<i>\$/kW/day</i>	\$ 0.5829	115.00	2.26	\$ 55.29
LS023	<i>\$/kW/day</i>	\$ 0.6354	16.73	3.70	\$ 14.35

LT028	\$/kW/day	\$ 0.6354	1.55	5.50	\$ 1.97
LT015	\$/kW/day	\$ 0.5829	9.00	1.92	\$ 3.68
LT024	\$/kW/day	\$ 0.6354	20.55	4.83	\$ 23.04
LT041	\$/kW/day	\$ 0.6354	105.91	5.67	\$ 139.17
LT069	\$/kW/day	\$ 0.6354	39.45	8.08	\$ 73.91
LT103	\$/kW/day	\$ 0.6354	12.00	16.74	\$ 46.58
LT138	\$/kW/day	\$ 0.6354	4.00	23.69	\$ 21.98
LT172	\$/kW/day	\$ 0.4312	2.55	40.19	\$ 16.10
LT207	\$/kW/day	\$ 0.4312	3.55	58.66	\$ 32.73
LT276	\$/kW/day	\$ 0.4312	13.09	62.34	\$ 128.42
Total					\$ 3,497.12

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)
950315LN40D	\$/day	\$ 34.45	1	\$ 12.57	\$/MWh	\$ -		\$ -	\$ 12.573
950320LNEBA	\$/day	\$ 35.59	1	\$ 12.99	\$/MWh	\$ -		\$ -	\$ 12.991
950325LN3F5	\$/day	\$ 326.21	1	\$ 119.07	\$/MWh	\$ -		\$ -	\$ 119.065
950330LN417	\$/day	\$ 99.24	1	\$ 36.22	\$/MWh	\$ -		\$ -	\$ 36.224
950335LN958	\$/day	\$ 79.65	1	\$ 29.07	\$/MWh	\$ -		\$ -	\$ 29.072
950934LNF17	\$/day	\$ 103.16	1	\$ 37.65	\$/MWh	\$ -		\$ -	\$ 37.653
959005LN103	\$/day	\$ 106.22	1	\$ 38.77	\$/MWh	\$ -		\$ -	\$ 38.769
952081LNAA3	\$/day	\$ 228.62	1	\$ 83.45	\$/MWh	\$ -		\$ -	\$ 83.446
959018LN4F5	\$/day	\$ 288.70	1	\$ 105.38	\$/MWh	\$ -		\$ -	\$ 105.375
HIN	\$/day	\$ 95.79	0.92	\$ 32.05	\$/MWh	\$ -		\$ -	\$ 32.051
TE	\$/day	\$ 161.80	0.83	\$ 49.21	\$/MWh	\$ -		\$ -	\$ 49.214
Total									\$ 556.43
ΣP₂₀₂₁ /22*Q_{2021/22}									\$ 33,285.39

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

- **Fixed charges for residential and general**- residential and general quantities in the Otago region are calculated by taking the reforecast October 2020 quantities and adjusting these by a change factor based on the change in the number of ICP's from the reforecast at November 2019 and the numbers at October 2020 period. This total figure is then taken away from the October 2020 figure to find the difference between the actual November 2019 number and the total figure, which is then averaged and added to the October 2020 forecast figure to represent the average number of connections for the forecast year.

The forecast quantities for the unmetered and streetlight tariffs are forecast using the actual October values.

Lakeland region residential and general quantities are forecast by calculating the average monthly increase or decrease in each price category connection numbers for the period February 2020 to December 2020, this monthly average is then annualised to establish an annual growth number, this growth number is then added to the actual December 2020 number to create a total number, the total number is then averaged with the December 2020 actual number to calculate 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 0.5% 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.
- The Lakeland region residential energy quantities are forecast by taking the reforecast April 2020 to March 2021 consumption figures and multiplying these by the growth factor from the April 2019 to March 2020 and the April 2020 to March 2021 forecast figures then adjusting in line with the estimated number of ICPs in residential subdivisions 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 2019 to November 2020, are used as the forecast quantity for the 2021 - 2022 forecast period. We have forecast 2 new Lakeland individual line charge customers to be connected later in the year based on current construction projects.

Appendix C – Directors certificate

I, Duncan Varnham Fea, being a director of a company which is a party 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

24 March 2021