

OtagoNet Joint Venture

DEFAULT PRICE QUALITY PATH ANNUAL COMPLIANCE STATEMENT

1 April 2020 – 31 March 2021 Assessment Period

*Pursuant to the Electricity Distribution Services Default Price-Quality Path
Determination 2020*

23 June 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 annual compliance statement is published in accordance with clause 11.4 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 23 June 2021.

3. Wash-up amount

3.1 Statement of compliance

As demonstrated in Table 1 in Section 3.2, and consistent with clause 8.6 of the 2020 DPP Determination OtagoNet Joint Venture has complied with the wash-up amount calculation for the first assessment period.

3.2 Wash-up amount calculation

Table 1

Wash-up amount RY21		
Term	Description	Value (\$000)
Actual allowable revenue (AAR)	<i>Sum of actual net allowable revenue, actual pass-through and recoverable costs, pass-through balance and revenue wash-up draw down amount</i>	33,421
Actual revenue (AR)	<i>Sum of actual revenue from prices plus other regulated income</i>	33,949
Revenue foregone (RV)	<i>Actual net allowable revenue x (revenue reduction percentage - 20%) when revenue reduction percentage is greater than 20%, otherwise nil</i>	-
Wash-up amount	AAR - AR - RV	(528)

Further information supporting actual allowable revenue is included in Section 3.2.1.

Further information supporting actual revenue is included in Section 3.2.2.

Further information supporting revenue foregone is included in Section 3.2.3.

3.2.1 Actual allowable revenue

Table 2 below shows the actual allowable revenue for the assessment period consistent with Schedule 1.6 of the 2020 DPP Determination.

Table 2

Actual allowable revenue RY21		
Term	Description	Value (\$000)
Actual net allowable revenue (ANAR)	<i>Amount specified as forecast net allowable revenue for the first assessment period</i>	25,779
Actual pass-through costs	<i>Sum of all pass-through costs that were incurred or approved by the Commission in the assessment period</i>	308
Actual recoverable costs	<i>Sum of all recoverable costs that were incurred or approved by the Commission in the assessment period</i>	7,326
Pass-through balance	<i>The amount calculated for the assessment period ending 31 March 2020 under clause 8.6 of the 2015 DPP Determination</i>	(8)
Total actual allowable revenue (AAR)	<i>Actual net allowable revenue + actual pass-through costs and actual recoverable costs – (pass-through balance x (1 + 67th percentile estimate of post-tax WACC))</i>	33,421

Further information supporting actual pass-through costs, actual recoverable costs and the pass-through balance is included in Appendix A.

3.2.2 Actual revenue

Table 3 below shows actual revenue for the assessment period consistent with clause 4.2 of the 2020 DPP Determination.

Table 3

Actual revenue RY21		
Term	Description	Value (\$000)
Actual revenue from prices	<i>Actual prices between 1 April 2020 and 31 March 2021 multiplied by actual quantities for the assessment period</i>	33,949
Other regulated income	<i>Other income associated with supply of electricity distribution services</i>	-
Total actual revenue (AR)	<i>Sum of actual revenue from prices plus other regulated income</i>	33,949

Further information supporting actual revenue from prices is included in Appendix B.

3.2.3 Revenue foregone

Table 4 below shows the revenue foregone consistent with clause 4.2 of the 2020 DPP Determination.

Table 4

Revenue foregone RY21		
Term	Description	Value (\$000)
Actual net allowable revenue (ANAR)	<i>Amount specified as forecast net allowable revenue for the first assessment period</i>	25,779
Revenue reduction percentage (RRP)	<i>1 - (actual revenue from prices / forecast revenue from prices)</i>	-1.64%
Revenue foregone (RV)	<i>Actual net allowable revenue x (RRP- 20%) when RRP is greater than 20%, otherwise nil</i>	-

4. Quality standards

4.1 Statement of compliance with planned interruptions quality standards

OtagoNet Joint Venture is subject to a planned accumulated SAIDI limit and a planned accumulated SAIFI limit which are assessed for the DPP regulatory period as stated in clause 9.2 of the 2020 DPP Determination.

Table 5 and Table 6 below show the planned accumulated SAIDI and SAIFI limits for OtagoNet Joint Venture for the DPP regulatory period and the planned SAIDI and SAIFI assessed values for the first assessment period.

Table 5

Planned interruptions quality standard - SAIDI	
Sum of planned SAIDI assessed values \leq Planned accumulated SAIDI limit	
Planned accumulated SAIDI limit	2,114.43
Planned SAIDI assessed value for the first assessment period	189.11
Compliance result	Compliant

Table 6

Planned interruptions quality standard - SAIFI	
Sum of planned SAIFI assessed values \leq Planned accumulated SAIFI limit	
Planned accumulated SAIFI limit	9.6212
Planned SAIFI assessed value for the first assessment period	0.7200
Compliance result	Compliant

Further information supporting planned SAIDI and SAIFI assessed values is included in Section 4.1.1.

4.1.1 Planned SAIDI and SAIFI assessed values

Table 7 and Table 8 below show OtagoNet Joint Venture's planned SAIDI and SAIFI assessed values for the assessment period.

Table 7

Planned SAIDI assessed value RY21		
Term	Description	Value
Class B non-notified interruptions		183.71
Class B notified interruptions falling outside window		0.65
SAIDI _B	<i>Sum of Class B non-notified interruptions</i>	184.36
Class B notified interruptions falling inside window		8.49
Class B intended interruptions cancelled without notice		1.01
Class B intended interruptions cancelled with notice		0
SAIDI _N	<i>Sum of Class B notified interruptions</i>	9.50
Planned SAIDI assessed value	<i>SAIDI_B + (SAIDI_N/2)</i>	189.11

Table 8

Planned SAIFI assessed value RY21		
Term	Description	Value
Planned SAIFI assessed value	<i>Sum of Class B interruptions commencing within the assessment period</i>	0.7200

4.2 Statement of compliance with unplanned interruptions quality standards

As demonstrated in Table 9 and Table 10 below, and consistent with clause 9.7 of the 2020 DPP Determination, OtagoNet Joint Venture has complied with the unplanned interruptions quality standard.

Table 9

Unplanned interruptions quality standard RY21 - SAIDI		
Unplanned SAIDI assessed value ≤ Unplanned SAIDI limit		
Unplanned SAIDI limit		160.35
Unplanned SAIDI assessed value	<i>Sum of normalised SAIDI values for Class C interruptions commencing within the assessment period</i>	133.20
Compliance result		Compliant

Table 10

Unplanned interruptions quality standard RY21 - SAIFI		
Unplanned SAIFI assessed value ≤ Unplanned SAIFI limit		
Unplanned SAIFI limit		2.4172
Unplanned SAIFI assessed value	<i>Sum of normalised SAIFI values for Class C interruptions commencing within the assessment period</i>	1.9435
Compliance result		Compliant

Information about policies, procedures and calculations for measuring planned and unplanned interruptions during the assessment period is in Appendix C.

4.2.1 Major events

OtagoNet Joint Venture did not have any major events during the assessment period.

4.3 Statement of compliance with extreme event standard

As demonstrated in Table 11 below, and consistent with clause 9.9 of the 2020 DPP Determination OtagoNet Joint Venture has complied with the extreme event standard.

Table 11

Extreme event standard RY21	
<i>Unplanned SAIDI value ≤ 120 minutes, and customer interruption minutes ≤ six million during any 24-hour period, excluding unplanned interruptions from major external factors</i>	
Number of extreme events	Compliance result
0	Compliant

4.4 Quality Incentive Adjustment

Table 12 below shows OtagoNet Joint Venture’s quality incentive adjustment for the assessment period.

Table 12

Quality Incentive Adjustment RY21		
Term	Description	Value (\$000)
SAIDI planned adjustment	$(SAIDI_{planned, target} - SAIDI_{planned, assessed}) \times 0.5 \times IR$	(104.47)
SAIDI unplanned adjustment	$(SAIDI_{unplanned, target} - SAIDI_{unplanned, assessed}) \times IR$	(57.19)
Total adjustment	$SAIDI_{planned adjustment} + SAIDI_{unplanned adjustment}$	(161.65)
Revenue at risk	$0.02 * ANAR$	515.58
Total penalty/reward		(161.65)
67th percentile estimate of post-tax WACC		4.23%
Quality incentive adjustment		(175.62)

Table 13 below shows OtagoNet Joint Venture’s quality incentive adjustment inputs consistent with Schedule 4 of the 2020 DPP Determination.

Table 13

Quality Incentive Adjustment Inputs RY21					
Term	Units	Value	Term	Units	Value
SAIDI planned interruption cap	minutes	422.89	SAIDI unplanned interruption cap	minutes	160.35
SAIDI planned interruption collar	minutes	0	SAIDI unplanned interruption collar	minutes	0
SAIDI planned interruption target	minutes	140.96	SAIDI unplanned interruption target	minutes	120.02
Planned SAIDI assessed value	minutes	189.11	Unplanned SAIDI assessed value	minutes	133.20
Incentive rate		4,339			
Actual net allowable revenue (ANAR)	\$000	25,779			
SAIDI planned interruption target	minutes	140.96	SAIDI unplanned interruption target	minutes	120.02
Minimum of the planned SAIDI cap and assessed value	minutes	189.11	Minimum of the unplanned SAIDI cap and assessed value	minutes	133.20
Planned SAIDI subject to incentive	minutes	(48.15)	Unplanned SAIDI subject to incentive	minutes	(13.18)
Adjustment (IR x 0.5)	\$	2,170	Adjustment (IR)	\$	4,339
SAIDI planned adjustment	\$000	(104.47)	SAIDI unplanned adjustment	\$000	(57.19)

5. Transactions

OtagoNet Joint Venture has not entered into any agreements with another EDB or Transpower for an amalgamation, merger, major transaction or transfer in the assessment period.

6. Director's certification

A Director's certificate in the form set out in Schedule 7 of the 2020 DPP Determination is included as Appendix E.

7. Assurance report

An assurance report meeting the requirements of Schedule 8 of the 2020 DPP Determination is included in Appendix F.

Appendix A – Pass-through and recoverable costs

Pass-through costs

Table 14

Actual and forecast pass-through costs RY21				
Actual pass-through costs	Actual (\$000)	Forecast (\$000)	Forecast variance (\$000)	Explanation for variances
Rates on system fixed assets	152	152	(0)	
Commerce Act levies	67	96	(29)	Variance due to a reduction in the electricity price quality regulation levy
Electricity Authority levies	80	77	3	
Utilities Disputes levies	9	10	(1)	
Total actual pass-through costs	308	335	(27)	

Recoverable costs

Table 15

Actual and forecast recoverable costs RY21				
Actual recoverable costs	Actual (\$000)	Forecast (\$000)	Forecast variance (\$000)	Explanation for variances
IRIS incentive adjustment	(527)	(527)	-	
Transmission charges	6,379	6,374	5	Connection charge at Halfway Bush GXP increased due to upgrade.
New investment contract charges	267	220	47	An unbudgeted Transpower project was carried out at Halfway Bush GXP.
System operator services charges	-	-	-	
Avoided transmission charges		-	-	
Distributed generation allowance	1,259	1,259	-	
Claw-back	-	-	-	
Catastrophic event allowance	-	-	-	
Extended reserves allowance	-	-	-	
Quality incentive adjustment	(73)	(71)	(3)	Forecast amount did not include the time value of money adjustment.
Capex wash-up adjustment	-	-	-	
Reconsideration event allowance	-	-	-	
Quality standard variation engineers fee	-	-	-	
Urgent project allowance	-	-	-	
Fire and Emergency NZ levies	22	22	0	
Innovation project allowance	-	-	-	
Total actual recoverable costs	7,326	7,277	49	

Pass-through balance

Table 16

Pass-through balance RY21		
Term	Description	Value (\$000)
Pass-through balance	<i>Pass-through balance for the assessment period ending 31 March 2020</i>	(8)
67th percentile estimate of post-tax WACC		4.23%
Pass-through balance	<i>Pass-through balance x (1 + 67th percentile post-tax WACC)</i>	(8)

Appendix B – Prices and quantities

Table 17 shows the actual prices and quantities for actual revenue from prices for the first assessment period.

Table 17

Actual revenue from prices RY21					
Price Category	Unit	Unit price	Actual quantity	Actual kVA	Actual revenue (\$000)
Otago Region					
Residential Standard - Fixed Price	\$/kVA/yr	\$ 60.63	6,485.47	10.0	3,930
Residential Low Fixed Charge - Fixed Price	\$/day	\$ 0.150	3,902.01	1	214
Residential Low Fixed Charge - Fixed Price	\$/day	\$ 0.150	1,396.90	1	76
General Connection Group - Fixed Price per kVA	\$/kVA/yr	\$ 60.632	3,305.79	17.98	3,604
Unmetered Loads up to 1 kVA - Fixed Charge per connection	\$/yr	\$ 239.770	77.33	1	19
Street Lights Fixed Price per lamp watt per annum	\$/watts/yr	\$ 0.448	155,483.33	1	70
Variable Prices					
Residential and General - variable price	\$/day/kWh	\$ 0.12949	80,749,222.21		10,456
Residential and General - variable price	\$/night/kWh	\$ 0.01490	30,290,267.71		451
Residential Low Fixed Charge - variable price	\$/day/kWh	\$ 0.21770	21,434,886.63		4,666
Residential Low Fixed Charge - variable price	\$/night/kWh	\$ 0.02567	7,144,962.27		183
Total					23,669

Price Category Individual line charge	Unit	Unit price	Forecast quantity	Forecast revenue (\$000)	Unit	Unit price	Actual quantity (MWh)	Actual revenue (\$000)	Actual Total revenue (\$000)
0001995995TGE58	\$/day	\$ 8,233.29	1	3,005	\$/MWh				3005
0001990133TG0E5	\$/day	\$ 885.75	1	323	\$/MWh				323
0001990220TG58B	\$/day	\$ 1,756.91	1	641	\$/MWh				641
0001090833TG6F1	\$/day	\$ 10.04	1	4	\$/MWh	\$ 121.07	25.64	3	7
0001120438TGE4C	\$/day	\$ 10.33	1	4	\$/MWh	\$ -	114.28	0	4
0001230615TG210	\$/day	\$ 20.60	1	8	\$/MWh	\$ 27.21	241.08	7	14
0001230783TG57C	\$/day	\$ 71.77	1	26	\$/MWh	\$ 38.93	676.29	26	53
0001230785TG4F3	\$/day	\$ 21.39	1	8	\$/MWh	\$ 33.09	223.62	7	15
0001230940TG858	\$/day	\$ 87.02	1	32	\$/MWh	\$ 59.02	563.29	33	65
0001230990TG51A	\$/day	\$ 62.98	1	23	\$/MWh	\$ 64.23	35.96	2	25
0001231005TGF1B	\$/day	\$ 380.61	1	139	\$/MWh	\$ 44.09	3338.18	147	286
0001231172TGE88	\$/day	\$ 202.78	1	74	\$/MWh	\$ 33.52	2210.11	74	148
0001250655TG2ED	\$/day	\$ 11.19	1	4	\$/MWh	\$ -	99.13	0	4
0001320515TGD9E	\$/day	\$ 6.69	1	2	\$/MWh	\$ 56.92	70.02	4	6
0001321124TGB82	\$/day	\$ 11.51	1	4	\$/MWh	\$ -	36.02	0	4
0001370505TG447	\$/day	\$ 25.23	1	9	\$/MWh	\$ -	144.40	0	9
0001370610TG0A6	\$/day	\$ 13.34	1	5	\$/MWh	\$ 91.97	53.50	5	10
0001401195TG9B3	\$/day	\$ 21.70	1	8	\$/MWh	\$ -	188.36	0	8
0001450225TGAD6	\$/day	\$ 22.62	1	8	\$/MWh	\$ 19.88	376.33	7	16
0001450400TGCCA	\$/day	\$ 14.94	1	5	\$/MWh	\$ 18.37	311.87	6	11

0001452050TGB83	\$/day	\$ 11.58	1	4	\$/MWh	\$ 20.64	204.25	4	8
0001491270TGA81	\$/day	\$ 10.47	1	4	\$/MWh	\$ 47.26	67.26	3	7
0001520870TGB4E	\$/day	\$ 14.61	1	5	\$/MWh	\$ 35.41	131.18	5	10
0001580380TGEBF	\$/day	\$ 10.07	1	4	\$/MWh	\$ 138.16	31.13	4	8
0001640675TGEE6	\$/day	\$ 90.98	1	33	\$/MWh	\$ -	263.34	0	33
0001690827TGC31	\$/day	\$ 10.71	1	4	\$/MWh	\$ -	0.01	0	4
0001700063TGC3B	\$/day	\$ 197.24	1	72	\$/MWh	\$ -	80.50	0	72
0001710106TGF61	\$/day	\$ 45.23	1	17	\$/MWh	\$ -	69.48	0	17
0001710108TGCFA	\$/day	\$ 77.55	1	28	\$/MWh	\$ -	169.44	0	28
0001730075TG635	\$/day	\$ 17.79	1	6	\$/MWh	\$ -	70.11	0	6
0001730798TGCD6	\$/day	\$ 6.01	1	2	\$/MWh	\$ -	0.14	0	2
0001730830TG9D2	\$/day	\$ 113.89	1	42	\$/MWh	\$ -	682.19	0	42
0001730849TG2DE	\$/day	\$ 39.18	1	14	\$/MWh	\$ -	73.81	0	14
0001731355TG9C3	\$/day	\$ 38.91	1	14	\$/MWh	\$ -	146.19	0	14
0001730881TG725	\$/day	\$ 19.17	1	7	\$/MWh	\$ -	143.91	0	7
0001731161TG536	\$/day	\$ 43.00	1	16	\$/MWh	\$ -	198.42	0	16
0001731175TGE91	\$/day	\$ 62.10	1	23	\$/MWh	\$ -	297.26	0	23
0001731255TG0C7	\$/day	\$ 38.96	1	14	\$/MWh	\$ 37.92	401.30	15	29
0001760225TG74E	\$/day	\$ 49.48	1	18	\$/MWh	\$ 44.16	391.36	17	35
0001760343TG035	\$/day	\$ 30.51	1	11	\$/MWh	\$ 35.51	248.84	9	20
0001772060TG902	\$/day	\$ 69.88	1	26	\$/MWh	\$ -	430.92	0	26
0001772165TGD49	\$/day	\$ 23.79	1	9	\$/MWh	\$ -	87.06	0	9
0001780560TGADB	\$/day	\$ 23.80	1	9	\$/MWh	\$ -	143.37	0	9
0001811005TG57F	\$/day	\$ 13.19	1	5	\$/MWh	\$ 115.89	47.95	6	10
0001820703TGB7E	\$/day	\$ 36.80	1	13	\$/MWh	\$ 35.04	357.71	13	26
0001830031TGBE0	\$/day	\$ 22.32	1	8	\$/MWh	\$ -	116.04	0	8
0001830497TGE71	\$/day	\$ 32.37	1	12	\$/MWh	\$ 60.02	219.38	13	25
0001830541TGBB8	\$/day	\$ 1,167.05	1	426	\$/MWh	\$ -	7811.89	0	426
0001830828TGF11	\$/day	\$ 10.76	1	4	\$/MWh	\$ -	57.77	0	4
0001830903TG594	\$/day	\$ 7.17	1	3	\$/MWh	\$ -	27.76	0	3
0001840612TG6CA	\$/day	\$ 37.35	1	14	\$/MWh	\$ 27.96	461.96	13	27
0001930500TG134	\$/day	\$ -	1	0	\$/MWh	\$ 40.84	0.00	0	0
0001940050TG680	\$/day	\$ 31.94	1	12	\$/MWh	\$ 40.58	358.88	15	26
0001940060TG178	\$/day	\$ 119.58	1	44	\$/MWh	\$ 41.16	1274.15	52	96
0001940090TG16F	\$/day	\$ 11.75	1	4	\$/MWh	\$ 63.92	100.07	6	11
0001940095TGC20	\$/day	\$ 31.34	1	11	\$/MWh	\$ 58.60	191.61	11	23
0001940100TG78C	\$/day	\$ 71.53	1	26	\$/MWh	\$ 40.64	563.99	23	49
0001940110TGD21	\$/day	\$ 30.79	1	11	\$/MWh	\$ 59.98	197.44	12	23
0001940350TG583	\$/day	\$ 16.11	1	6	\$/MWh	\$ 33.02	160.34	5	11
0001940650TG086	\$/day	\$ 42.43	1	15	\$/MWh	\$ 44.03	288.74	13	28
0001940905TGACE	\$/day	\$ 19.40	1	7	\$/MWh	\$ 32.22	230.76	7	15
0001940907TGA4B	\$/day	\$ 65.53	1	24	\$/MWh	\$ 48.71	538.03	26	50
0001940910TGD2C	\$/day	\$ 100.58	1	37	\$/MWh	\$ 29.01	1253.87	36	73
0001941000TGF28	\$/day	\$ 38.04	1	14	\$/MWh	\$ 34.07	354.33	12	26
0001950500TG36C	\$/day	\$ 23.31	1	9	\$/MWh	\$ 27.72	304.53	8	17
0001950550TGB64	\$/day	\$ 26.44	1	10	\$/MWh	\$ 30.58	326.14	10	20
0001950800TG664	\$/day	\$ 7.51	1	3	\$/MWh	\$ 62.61	44.23	3	6

0001950850TGE6C	\$/day	\$ 5.08	1	2	\$/MWh	\$ 364.97	10.35	4	6
0001950900TGF60	\$/day	\$ 23.60	1	9	\$/MWh	\$ 25.23	356.90	9	18
0001951100TGEC	\$/day	\$ 27.32	1	10	\$/MWh	\$ 34.43	407.67	14	24
0001951200TGDCE	\$/day	\$ 24.58	1	9	\$/MWh	\$ 108.48	79.02	9	18
0001951320TG99F	\$/day	\$ 25.79	1	9	\$/MWh	\$ -	64.04	0	9
0001951350TGCC2	\$/day	\$ 4.78	1	2	\$/MWh	\$ 54.68	21.23	1	3
0001951500TG2CC	\$/day	\$ 52.52	1	19	\$/MWh	\$ 19.69	857.12	17	36
0001951600TG1CF	\$/day	\$ 13.40	1	5	\$/MWh	\$ 39.36	126.07	5	10
0001951750TG0C3	\$/day	\$ 23.65	1	9	\$/MWh	\$ 25.99	299.56	8	16
0001951790TG72C	\$/day	\$ 40.12	1	15	\$/MWh	\$ 31.61	305.16	10	24
0001952100TGC2D	\$/day	\$ 71.22	1	26	\$/MWh	\$ 56.38	527.30	30	56
0001952400TG928	\$/day	\$ 15.13	1	6	\$/MWh	\$ 43.46	128.66	6	11
0001952500TG02C	\$/day	\$ 63.18	1	23	\$/MWh	\$ 30.75	698.78	21	45
0001952510TGA81	\$/day	\$ 4.95	1	2	\$/MWh	\$ -	0.00	0	2
0002011523TGC1A	\$/day	\$ 56.80	1	21	\$/MWh	\$ -	338.80	0	21
0002110863TGE7B	\$/day	\$ 30.49	1	11	\$/MWh	\$ 32.72	434.46	14	25
0002381026TGF20	\$/day	\$ 89.47	1	33	\$/MWh	\$ 42.23	687.22	29	62
0002641192TGCF	\$/day	\$ 87.75	1	32	\$/MWh	\$ -	182.52	0	32
0002700906TGC46	\$/day	\$ 14.34	1	5	\$/MWh	\$ -	69.65	0	5
0002751750TG11E	\$/day	\$ 41.28	1	15	\$/MWh	\$ -	213.44	0	15
0002751765TGBA9	\$/day	\$ 14.24	1	5	\$/MWh	\$ -	0.00	0	5
0002751767TGB2C	\$/day	\$ 47.14	1	17	\$/MWh	\$ -	112.61	0	17
0002751838TG3F5	\$/day	\$ 26.17	1	10	\$/MWh	\$ -	101.49	0	10
0002751847TG976	\$/day	\$ 36.33	1	13	\$/MWh	\$ -	163.21	0	13
0002751848TG6A8	\$/day	\$ 40.40	1	15	\$/MWh	\$ -	176.60	0	15
0002751858TGC05	\$/day	\$ 24.26	1	9	\$/MWh	\$ -	58.47	0	9
0002781189TG85A	\$/day	\$ 14.19	1	5	\$/MWh	\$ -	127.18	0	5
0002841699TG73F	\$/day	\$ 13.19	1	5	\$/MWh	\$ -	95.53	0	5
0002842004TG365	\$/day	\$ 40.11	1	15	\$/MWh	\$ -	228.22	0	15
0002871188TGFF9	\$/day	\$ 11.78	1	4	\$/MWh	\$ -	122.08	0	4
0003752355TG409	\$/day	\$ 77.98	1	28	\$/MWh	\$ -	576.79	0	28
0003752365TG3F1	\$/day	\$ 16.23	1	6	\$/MWh	\$ 35.38	173.78	6	12
0003752367TG374	\$/day	\$ 14.13	1	5	\$/MWh	\$ -	70.02	0	5
0003752380TG404	\$/day	\$ 28.14	1	10	\$/MWh	\$ -	132.45	0	10
0002841739TG624	\$/day	\$ 14.65	1	5	\$/MWh	\$ -	88.93	0	5
0001730339TG48D	\$/day	\$ 33.22	1	12	\$/MWh	\$ -	41.27	0	12
0002742401TGC51	\$/day	\$ 18.87	1	7	\$/MWh	\$ 44.15	100.77	4	11
0001731110TGC2E	\$/day	\$ 12.13	1	4	\$/MWh	\$ -	87.09	0	4
0001731183TGF09	\$/day	\$ 11.09	1	4	\$/MWh	\$ -	0.00	0	4
0001731193TG5A4	\$/day	\$ 18.66	1	7	\$/MWh	\$ -	0.00	0	7
Generator	\$/day	\$ 934.05	1	341	\$/MWh	0	0	0	341
Total									7071

Price Category	Unit	Unit price	Actual quantity	Actual kW	Actual revenue (\$000)
Lakeland Region					
Residential Fixed Charges					
LD15	\$/day	\$ 0.1500	2178.688		119
LM15	\$/day	\$ 0.1500	3.055		0.2
LD08	\$/day	\$ 0.0411	13.504		0.2
Standard Domestic Variable Charges					
LD24S	\$/MWh	\$ 103.2000	4575.040		472
LD24W	\$/MWh	\$ 155.3000	6445.236		1001
LD20C	\$/MWh	\$ 70.6000	68.822		5
LD16C	\$/MWh	\$ 38.1000	3864.477		147
LD13C	\$/MWh	\$ 51.8000	1.6837		0.1
LD11C	\$/MWh	\$ 29.8000	2.2128		0.1
LD08C	\$/MWh	\$ 13.0000	1.52		0.0
General Fixed Charges					
LS001	\$/day	\$ 0.6126	4.000		1
LS002	\$/day	\$ 1.2125	6.285		3
LS008	\$/day	\$ 0.6975	45.819		12
LS015	\$/day	\$ 1.2042	113.693		50
LS023	\$/day	\$ 1.5198	12.129		7
LT028	\$/day	\$ 1.8383	0.523		0.4
LT015	\$/day	\$ 1.2042	8.945		4
LT024	\$/day	\$ 1.5835	19.477		11
LT041	\$/day	\$ 2.6663	98.652		96
LT069	\$/day	\$ 4.4498	40.438		66
LT103	\$/day	\$ 6.6155	12.000		29
LT138	\$/day	\$ 8.8449	4.000		13
LT172	\$/day	\$ 23.8070	1.482		13
LT207	\$/day	\$ 28.4365	2.553		27
LT276	\$/day	\$ 35.4992	10.860		141
General Control Period Demand Charges					
LS001	\$/kW/day	\$ -	4.00	0.000	0
LS002	\$/kW/day	\$ -	6.28	0.000	0
LS008	\$/kW/day	\$ 0.55516	45.82	1.236	11
LS015	\$/kW/day	\$ 0.55516	113.69	2.267	52
LS023	\$/kW/day	\$ 0.60514	12.13	3.322	9
LT028	\$/kW/day	\$ 0.60514	0.52	5.500	1
LT015	\$/kW/day	\$ 0.55516	8.95	1.955	4
LT024	\$/kW/day	\$ 0.60514	19.48	4.291	18
LT041	\$/kW/day	\$ 0.60514	98.65	5.712	124
LT069	\$/kW/day	\$ 0.60514	40.44	9.299	83
LT103	\$/kW/day	\$ 0.60514	12.00	16.557	44
LT138	\$/kW/day	\$ 0.60514	4.00	26.531	23
LT172	\$/kW/day	\$ 0.41063	1.48	36.503	8

LT207	\$/kW/day	\$ 0.41063	2.55	62.001	24
LT276	\$/kW/day	\$ 0.41063	10.86	57.580	94
Total					2712

Price Category Individual line charge	Unit	Unit price	Actual quantity	Actual revenue (\$000)	Unit	Unit price	Actual quantity	Actual revenue (\$000)	Actual Total revenue (\$000)
950325LN3F5	\$/day	\$ 326.58	1	119	\$/MWh	\$ -	-	0	119
950335LN958	\$/day	\$ 113.46	1	41	\$/MWh	\$ -	-	0	41
950330LN417	\$/day	\$ 109.43	1	40	\$/MWh	\$ -	-	0	40
950315LN40D	\$/day	\$ 41.02	1	15	\$/MWh	\$ -	-	0	15
950320LNEBA	\$/day	\$ 43.72	1	16	\$/MWh	\$ -	-	0	16
950934LNF17	\$/day	\$ 98.19	1	36	\$/MWh	\$ -	-	0	36
959018LN4F5	\$/day	\$ 288.56	1	105	\$/MWh	\$ -	-	0	105
952055LN6EB	\$/day	\$ 48.72	0.4466	8	\$/MWh	\$ -	-	0	8
959005LN103	\$/day	\$ 102.26	1	37	\$/MWh	\$ -	-	0	37
952081LNAA3	\$/day	\$ 215.70	1	79	\$/MWh	\$ -	-	0	79
Total									497

Total actual revenue from prices	33,949
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Table 18 shows the forecast revenue from prices for the first assessment period from the price setting compliance statement.

Table 18

Forecast revenue from prices RY21	
Total forecast revenue from prices	33,402

Appendix C – Policies and procedures for measuring planned and unplanned interruptions

OtagoNet Joint Venture contracts PowerNet to manage its network via a Network Management Agreement. PowerNet has a range of quality controlled documentation that govern the operational processes that surround the interruption, restoration and quality of supply to its customers and by which power interruptions are managed, recorded and reported at PowerNet.

The below processes and documentation are designed to cover the relevant information relating to the recording and reporting of SAIDI and SAIFI.

- OP-SC01 System Control Faults/Defects Processes
- OP-SC02 System Control Outages Processes
- OP-SC04 System Control Reporting Processes
- OP-STD-005 Planned Outages and Operating Orders Standard
- OP-STD-0001 Network Faults, Defects and Supply Complaints Standard
- OP-STD-011 Operating Sequence Standard

Key information includes:

- Responsibilities and critical tasks for preparation, checking, actioning and altering operating sequences.
- Responsibilities for recording faults and unplanned interruptions at the system control operator level, through to reviewing and reporting of faults and interruptions.
- Methods by which notification of unplanned interruptions are identified and captured from various sources such as customers, network equipment, contractors, Transpower, the public or emergency services.
- The use of operating sequences 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 power interruptions and the number of customers affected.
- The method of notifying customers of planned or notified planned interruptions, including where and how this information is stored for future reference.
- The method of calculating raw SAIDI and SAIFI for both planned and unplanned interruptions.
- The process for uploading raw data extracted from the Outage Reporting System to calculate SAIDI and SAIFI assessed values, including the normalisation of unplanned major events.
- The preparation, retention and archiving of supporting records and data.

PowerNet interprets an “Interruption” (as defined in the Default Price-Quality Path Determinations) as the loss of power to a single consumer due to a single root cause. Therefore, cases where a customer receives multiple power cuts during the remediation of a single root cause are considered single interruptions for the purposes of SAIDI/SAIFI calculation. This interpretation maintains consistency with the approach used to calculate the quality limits under which OtagoNet Joint Venture operates.

Appendix D – SAIDI and SAIFI major events

NOT APPLICABLE - no major events occurred on the OtagoNet network during the year, therefore no normalisation occurred.

Appendix E – Director’s certificate

Director Certification (Clause 11.5(d))

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 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.



Duncan Varnham Fea

23 June 2021



Independent Assurance Report

To the Governing Committee of OtagoNet Joint Venture

Assurance report pursuant to the Electricity Distribution Services Default Price-Quality Path Determination 2020

We have completed the reasonable assurance engagement in respect of the compliance of OtagoNet Joint Venture (“the Joint Venture”) with the Electricity Distribution Services Default Price-Quality Path Determination 2020 (“the Determination”) in preparing the Annual Compliance Statement for the assessment period ended 31 March 2021.

Opinion

In our opinion, in all material respects:

- As far as appears from an examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the Joint Venture’s accounting and other records, and has been sourced, where appropriate, from its financial and non-financial systems; and
- The Joint Venture has complied with clauses 11.5 and 11.6 of the Determination in preparing the Annual Compliance Statement for the assessment period ended 31 March 2021.

Basis for Opinion

We have conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the Standard on Assurance Engagements (SAE) 3100 (Revised) *Assurance Engagements on Compliance*, issued by the New Zealand Auditing and Assurance Standards Board.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

Governing Committee Responsibilities

The Governing Committee is responsible on behalf of the Joint Venture for:

- the preparation of the Annual Compliance Statement under clause 11.4 and in accordance with the requirements in clauses 11.5 and 11.6 of the Determination; and
- the identification of risks that may threaten compliance with the Determination and for such internal controls that would mitigate those risks and monitoring the Joint Venture’s ongoing compliance.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)(New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, which include independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



The firm applies Professional and Ethical Standard 3 (Amended) *Quality Control for Firms that Perform Audits and Reviews of Financial Statement and Other Assurance Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of the Joint Venture. Our firm carries out other services for the Joint Venture in the areas of an industry update and compliance with the Electricity Distribution (Information Disclosure) Determination 2012, Electricity Distribution Services Default Price-Quality Path Determination 2020 and other regulatory requirements of the Commerce Act 1986. The provision of these services has not impaired our independence.

Assurance Practitioner's responsibilities

Our responsibilities in terms of clause 11.5(e) and schedule 8(1)(b)(vi) and 8(1)(c) of the Determination, are to express an opinion on whether:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the Joint venture's accounting and other records, sourced from its financial and non-financial systems; and
- the Annual Compliance Statement, for the assessment period ended 31 March 2021, has been prepared, in all material respects, in accordance with the requirements in clauses 11.5 and 11.6 of the Determination.

SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance about whether the Joint Venture has complied, in all material respects, with clauses 11.5 and 11.6 of the Determination, in the preparing the Annual Compliance Statement for the assessment period ended 31 March 2021.

In relation to the wash-up amount set out in clause 8.6 of the Determination, our procedures included recalculation of the wash-up amount in accordance with schedule 1.6 of the Determination and assessing it against the amounts and disclosures contained on pages 4 to 6 and 13 to 20 of the Annual Compliance Statement.

In relation to the quality standards set out in clause 9 of the Determination, our procedures included examination, on a test basis, of evidence relevant to the values and disclosures contained on pages 7 to 11 and 21 to 22 of the Annual Compliance Statement.

An assurance engagement to report on the Joint Venture's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement throughout the specified period does not provide assurance on whether compliance with the Determination will continue in the future.



Use of report

This report has been prepared for the Governing Committee in accordance with clause 11.5 (e) of the Determination and is provided solely to assist you in establishing that compliance requirements have been met. Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Governing Committee of the Joint Venture, or for any purpose other than that for which it was prepared.

A handwritten signature in black ink that reads "PricewaterhouseCoopers." The signature is written in a cursive, flowing style.

Chartered Accountants
24 June 2021

Christchurch, New Zealand