

The Power Company Limited Price Discount

Methodology

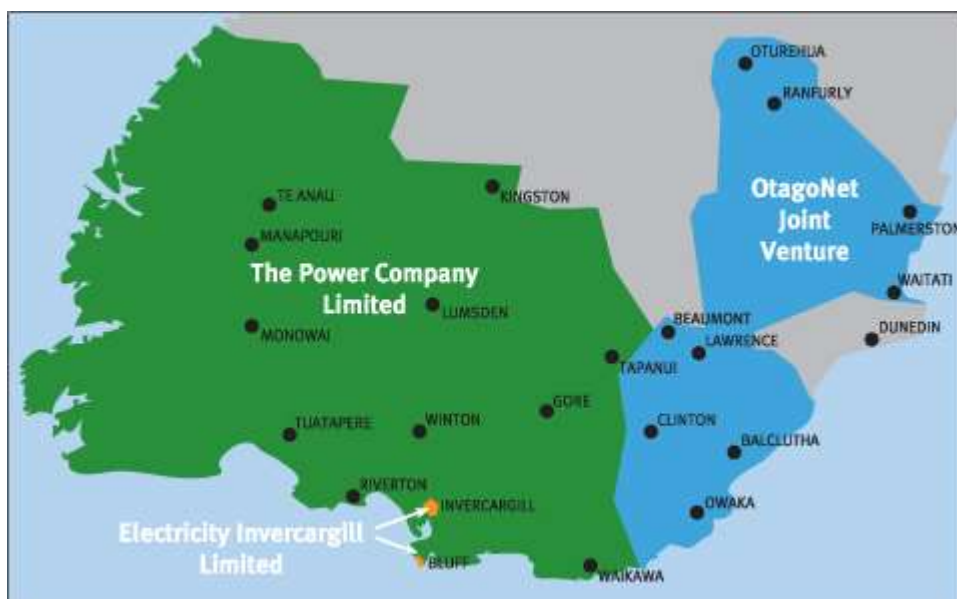
Introduction - Why

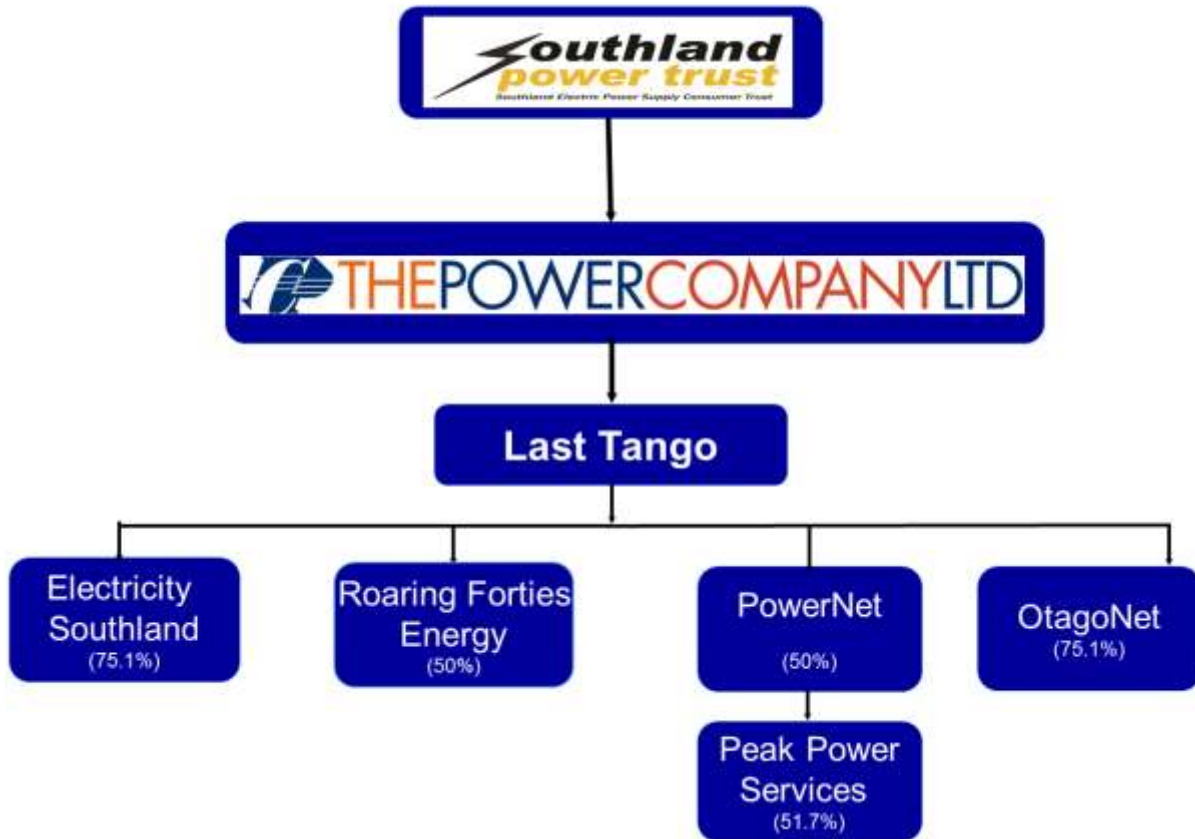
This document seeks to explain the methodology that The Power Company Limited follows for a price discount, if any, to electricity retailers which are passed on to consumers.

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 provides price discounts to retailers with the understanding that these will be passed on 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 price 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 price discounts to electricity retailers. The price discount is typically credited to retailers in or around August each year, when consumers tend to have higher power bills.
2. The Company expects to continue paying price discounts, and for the amount of the price discount for the period ending 31 August 2022 to be set based on the following principles (the amounts referred to exclude GST):
 - (a) The projected total price discount is **\$8,350,000 (excluding GST)**, although the total of the actual price discounts paid may differ from **\$8,350,000** as a result of rounding, and/or of certain connections being ineligible for the price discount although their usage is included in the total usage figures used in the calculations set out below.
 - (b) The total price discount is allocated to customer groups in proportion to the customer group's contribution to total distribution revenue (eg, if the distribution revenue from general customers and residential customers was equal (ie, 50% of the overall total was contributed by each customer group) then 50% of the total price discount would be allocated to each customer group). The price discount for each customer is then calculated for each customer group as follows:

- (c) General customers: the price discount for each general customer will be proportionate to that customer's contribution to total distribution revenue for the general customer group. Eg, if distribution revenue for a given general customer represents 1% of the total distribution revenue for all general customers, then that customer would be credited 1% of the total price discount allocated to general customers.
- (i) *Residential customers*: the price discount for each residential customer will be proportionate to that customer's contribution to total distribution revenue for the residential 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) Price discounts will be credited to customers in their first electricity bill they receive from their retailer on or after 31 August.
- (e) The Power Company Limited reserves the right not to pay any price discount in exceptional circumstances resulting in a significant fall in revenue or a significant increase in costs in the period to which the price discount relates or if The Power Company Limited's financial circumstances are such that paying the price 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 price discounts in 2001, the Company has provided price discounts in all but one year.

The price 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 price 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 price 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 price discount amounts for 2022 are:

TPC Price Discount Schedule 2022			
Contract Capacity Group	Code	Fixed Price Discount	Variable Price Discount
Prices effective from 1 April 2022			per annual kWh
Including GST			
TPC Urban Residential			
Small Residential (8kVA 1 Phase) - All Peak	UD08P		\$0.0200
Small Residential (8kVA 1 Phase) - With Off Peak	UD08Q		\$0.0200
Standard Residential (20kVA 1 Phase) - All Peak	UD20P		\$0.0200
Standard Residential (20kVA 1 Phase) - With Off Peak	UD20Q		\$0.0200
Low User (8kVA 1 Phase) - All Peak	UDL08P		\$0.0200
Low User (8kVA 1 Phase) - With Off Peak	UDL08Q		\$0.0200
Low User (20kVA 1 Phase) - All Peak	UDL20P		\$0.0200
Low User (20kVA 1 Phase) - With Off Peak	UDL20Q		\$0.0200
General Single Phase			
8 kVA 1 Phase - All Peak	US008P	\$ 55.7470	\$ 0.0113
8 kVA 1 Phase - With Off Peak	US008Q	\$ 36.4649	\$ 0.0113
20 kVA 1 Phase - All Peak	US020P	\$ 100.2825	\$ 0.0113
20 kVA 1 Phase - With Off Peak	US020Q	\$ 69.9524	\$ 0.0113
General Three Phase			
15 kVA 3 Phase - All Peak	UT015P	\$ 98.6793	\$0.0113
15 kVA 3 Phase - With Off Peak	UT015Q	\$ 67.0895	\$0.0113
30 kVA 3 Phase - All Peak	UT030P	\$ 157.6709	\$0.0113
30 kVA 3 Phase - With Off Peak	UT030Q	\$ 105.5011	\$0.0113
50 kVA 3 Phase - All Peak	UT050P	\$ 318.6846	\$0.0113
50 kVA 3 Phase - With Off Peak	UT050Q	\$ 216.9788	\$0.0113
75 kVA 3 Phase - All Peak	UT075P	\$ 418.9835	\$0.0113
75 kVA 3 Phase - With Off Peak	UT075Q	\$ 282.3888	\$0.0113
100 kVA 3 Phase - All Peak	UT100P	\$ 616.0640	\$0.0113
100 kVA 3 Phase - With Off Peak	UT100Q	\$ 427.8884	\$0.0113
TPC Rural Residential			
Small Residential (8kVA 1 Phase) - All Peak	RD08P		\$0.0200
Small Residential (8kVA 1 Phase) - With Off Peak	RD08Q		\$0.0200
Standard Residential (20kVA 1 Phase) - All Peak	RD20P		\$0.0200

Standard Residential (20kVA 1 Phase) - With Off Peak	RD20Q		\$0.0200
Low User (8kVA 1 Phase) - All Peak	RDL08P		\$0.0200
Low User (8kVA 1 Phase) - With Off Peak	RDL08Q		\$0.0200
Low User (20kVA 1 Phase) - All Peak	RDL20P		\$0.0200
Low User (20kVA 1 Phase) - With Off Peak	RDL20Q		\$0.0200
General Single Phase			
8 kVA 1 Phase - All Peak	RS008P	\$ 62.8252	\$0.0113
8 kVA 1 Phase - With Off Peak	RS008Q	\$ 42.5560	\$0.0113
20 kVA 1 Phase - All Peak	RS020P	\$ 115.4803	\$0.0113
20 kVA 1 Phase - With Off Peak	RS020Q	\$ 79.0263	\$0.0113
General Three Phase			
15 kVA 3 Phase - All Peak	RT015P	\$ 113.1409	\$0.0113
15 kVA 3 Phase - With Off Peak	RT015Q	\$ 76.8887	\$0.0113
30 kVA 3 Phase - All Peak	RT030P	\$ 180.3504	\$0.0113
30 kVA 3 Phase - With Off Peak	RT030Q	\$ 122.5093	\$0.0113
50 kVA 3 Phase - All Peak	RT050P	\$ 364.6215	\$0.0113
50 kVA 3 Phase - With Off Peak	RT050Q	\$ 249.7520	\$0.0113
75 kVA 3 Phase - All Peak	RT075P	\$ 502.9612	\$0.0113
75 kVA 3 Phase - With Off Peak	RT075Q	\$ 338.7302	\$0.0113
100 kVA 3 Phase - All Peak	RT100P	\$ 740.4383	\$0.0113
100 kVA 3 Phase - With Off Peak	RT100Q	\$ 513.4748	\$0.0113
Individual Line Charge Connections - Individually Assessed			

Appendix 1: 2022 TPC Price Discount

The Power Company Limited Line Charge Price Discount 2022

Frequently Asked Questions (FAQs)

Overview

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

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

Price Discount Schedule for September / October 2022 Price Discount		
Customer Group	Basis of Price Discount Calculation	Price Discount Credited
All Residential Customers	Annual metered units (kWh) consumed x 2.00 c/kWh (GST incl)	September/October 2022
General Consumers	Calculated based on both kWh and fixed line revenue	September/October 2022
Individual Line Charges	Individually calculated	September/October 2022

	Frequently Asked Questions	The Power Company Limited's Answer
1.	How do I know if I am eligible for the price discount?	<p>To be eligible you must have an active, metered connection to The Power Company Limited's electricity distribution network as at midnight 31 August 2022 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 price discounts are provided for unmetered ICP's such as</p>

		phone boxes, temporary boxes, streetlights and electric fence connections.
2.	How will the price discount be paid?	<p>The Power Company Limited provides your price discount to your electricity retailer (Contact, Meridian, TrustPower, Pulse etc) who will credit the amount, in full, onto your power account from September 2022.</p> <p>The price discount will be clearly identified on your power account with the words:</p> <p><i>“THE POWER COMPANY LIMITED LINE CHARGE PRICE DISCOUNT”.</i></p>
3.	As an eligible consumer, how much will my price discount credited be?	<p>Residential consumers will receive a discount of 2.00 cents (GST incl) per kWh of annual consumption.</p> <p>The consumption used to calculate your price discount is the total number of units (kWh) recorded on the electricity meters at your connection (ICP) over the 12 months ending 31 July 2022.</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 \times \\$0.0200$.</p>
	Frequently Asked Questions	The Power Company Limited’s Answer
4.	Compared to previous years, is The Power Company Limited providing a similar overall price discount payout?	The total price discounts credited by The Power Company Limited in September/October 2022 will be over \$9.602 million (GST inclusive). This is up on last year’s price 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 2022.</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 2022. 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 price 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 price 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 price discount?	You will receive a price 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 price discount?	<p>The price discount will always be credited to the person who has their name on the power account as at 31 August 2022 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 price discount?	<p>Yes. It does not matter who your retailer is, or if you have changed retailers, because the price 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 price discount taking into account the consumption history for your ICP supplied by both your previous and your new retailer.</p>

	Frequently Asked Questions	The Power Company Limited's Answer
14.	I have recently moved into my current property, so do I get a price 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 2022; 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 2022, why do I not get a price discount or a portion of the price 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 2022.
16.	My price discount is less than the amount I received in last year. Is this the same for everyone?	<p>Because price 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 price discount than in previous years; however other consumers will receive more. This is a direct consequence of using consumption based price discounts.</p>

Appendix 2: Discount Flowchart

