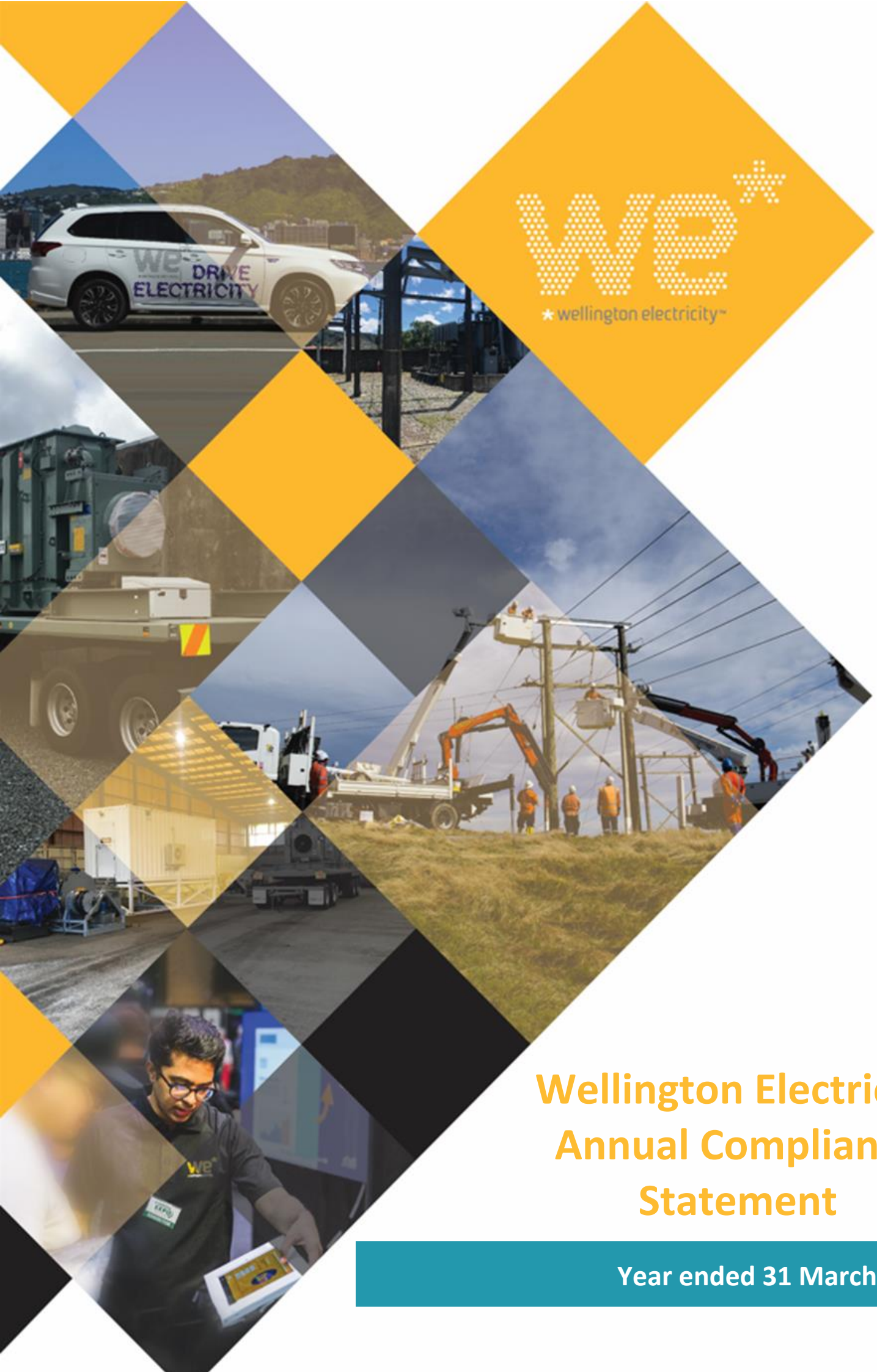

wellington electricity

Wellington Electricity Annual Compliance Statement

Year ended 31 March 2024

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A copy of this Annual Compliance Statement and the Asset Management Plan can be downloaded from www.welectricity.co.nz/disclosures

Any comments or suggestions regarding the Annual Compliance Statement can be made to:

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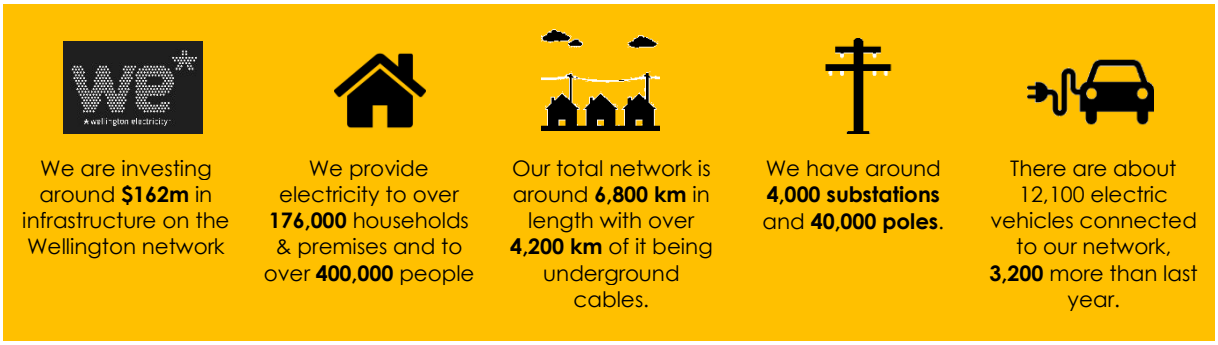
1 Introduction

Wellington Electricity Lines Limited (**WELL**) owns and operates the electricity distribution network in the Wellington region. We manage the poles, wires and equipment that provide electricity to approximately 400,000 consumers in the Wellington, Porirua, Lower Hutt and Upper Hutt areas. We will be investing $162m between April 2021 to March 2025 (the current regulatory period) to maintain a modern network and to build new capacity to meet Wellington's growing electricity use.



Under Part 4 of the Commerce Act 1986, the Commerce Commission (**Commission**) regulates markets where competition is limited, including electricity distribution services. Regulation for electricity distribution services includes regulation of price and quality through a price-quality path to ensure distributors are exposed to incentives and pressures that are like those in a workably competitive market.

The price-quality path set by the Commission includes the allowances WELL has to operate the network, how much revenue WELL can collect from its customers and the quality levels that WELL must perform to. To demonstrate that WELL has met these performance targets, it is required to provide two compliance statements, the *Annual Price-Setting Compliance Statement,* and the *Annual Compliance Statement.*

The *Annual Price-Setting Compliance Statement* confirmed that WELL's forecast prices for the 12-month period ended 31 March 2024 were set at a level to collect the allowances determined by the price-quality path set by the Commission. The Annual Price-Setting Compliance Statement for the year ended 31 March 2024 was submitted to the Commission and provided on WELL's website in March 2023[1].

This document is the *Annual Compliance Statement* (Compliance Statement). The Compliance Statement confirms that WELL has met its revenue and quality expectations determined by the price-quality path set by the Commission. The price-quality path compliance targets and the contents of the Annual Compliance Statement are provided in *Electricity Distribution Services Default Price-Quality Path (Wellington Electricity transition) Amendments Determination 2020* (**2020 DPP Determination or DPP**).

This statement is WELL's Annual Compliance Statement for the fourth DPP assessment period ended 31 March 2024 (**fourth assessment period**).

[1] https://www.welectricity.co.nz/disclosures/price-quality-path-annual-compliance-statements/

1.1 2020 DPP Determination requirements

This Compliance Statement is made in accordance with the requirements of clause 11.5 of the 2020 DPP Determination. The statement includes WELL's compliance with the requirement to calculate the wash-up amount in clause 8.6, WELL's compliance with the quality standards in clause 9 and WELL's compliance to provide the transaction notifications in clause 10.

This Compliance Statement provides supporting information to demonstrate WELL has complied with clauses 8.6, 9,10.1-10.18 and Schedule 4. The supporting information meets the minimal specifications detailed in clause 11.6 of the 2020 DPP Determination.

1.2 Disclaimer

The information contained in the Compliance Statement has been prepared for the express purpose of complying with the requirements of clause 11 of the 2020 DPP Determination. The Compliance Statement has not been prepared for any other purpose. WELL expressly disclaims any liability to any other party who may rely on the Compliance Statement for any other purpose.

Representations in this Compliance Statement made by WELL relate solely to the services offered on the electricity distribution network in the Wellington region.

1.3 Rounding

For presentation purposes some numbers in this document have been rounded. In most cases calculations are based on more detailed numbers (i.e. to more decimal places than shown in this document). This may cause small discrepancies or rounding inconsistencies when aggregating some of the information presented in this document. Any rounding discrepancies do not affect the overall compliance calculations which have been based on the more detailed information.

2 Compliance statements

The following statements are made in accordance with the requirements of clause 11.4 and 11.5 of the 2020 DPP Determination.

2.1 Presentation of the Annual Compliance Statement

The Compliance Statement has been presented in accordance with clause 11.4:

Presentation requirement	Confirmation
Clause 11.4 (a) provide to the Commission 5 months after the end of the assessment period	To be emailed to the Commission before 31 August 2024.
Clause 11.4 (b) makes public available on its website at the same time it provides it to the Commission	To be made publicly available on WELL's website at the same time as its emailed to the Commission.
Clause 11.4 (c) provide prices and actual quantities used to calculate the wash-up amount in Excel to the Commission	To be emailed to the Commission before 31 August 2024.

2.2 Wash-up calculation statement

As per clause 11.5 (a)(i) of the 2020 DPP Determination, WELL confirms that it has complied with the requirement to calculate the wash-up amount in clause 8.6 for the fourth assessment period.

The wash-up amount, as provided by clause 8.6, has been calculated as:

Wash-up amount calculation	Amount $000
Actual allowable revenue	$154,211
less actual revenue	$146,053
less revenue foregone	$0
Wash-up amount	$8,158

The detailed calculation and supporting information are provided in section 3, '*Wash-up amount calculation and supporting information*'.

2.3 Quality standard statement

As per clause 11.5 (a)(ii) of the 2020 DPP Determination, WELL confirms that it has complied with the quality standards provided in clause 9 for the fourth assessment period.

2.3.1 Compliance with the annual reliability assessment

WELL confirms that it has complied with the annual reliability assessment provided in clause 9.7 and 9.9 for the fourth assessment period.

Compliance with clause 9.1 will be assessed at the end of the fifth assessment period in line with the requirements of clause 9.2. WELL's accumulated assessed value at the end of the fourth assessment period is less than the adjusted planned accumulated limit provided below.

Quality standard	Accumulated assessed value	Adjusted planned accumulated limit[2]	Variance
Planned SAIDI	27.72	55.76	(28.04)
Planned SAIFI	0.1982	0.4429	(0.2446)

For the fourth assessment period, the unplanned SAIDI and SAIFI assessed values did not exceed the limits specified in Schedule 3.2 of 2020 DPP Determination:

Quality standard	Assessed value	Limit	Variance
Unplanned SAIDI	34.28	39.81	(5.53)
Unplanned SAIFI	0.4270	0.6135	(0.1865)

WELL did not have an extreme event during the assessment period and therefore complied with the extreme event standard.

The detailed calculation and supporting information are provided in section 4, '*Quality standard calculations and supporting information*'.

2.4 Statement preparation date

As per clause 11.5 (b) of the 2020 DPP Determination, WELL states that this Compliance Statement was prepared and approved on 31 July 2024.

2.5 Transaction statement

As per clause 11.5 (c) of the 2020 DPP Determination, WELL states that it has not entered into any agreement with another EDB or Transpower for an amalgamation, merger, major transaction or transfer for the fourth assessment period.

2.6 Assurance report

As per clause 11.5 (e) of the 2020 DPP Determination and Schedule 8, WELL has provided an assurance report by an independent auditor. The auditor's assurance report is provided in Appendix A. The assurance report confirms that the Annual Compliance Statement has been prepared in accordance with Standard on Assurance Engagements 3100 – Compliance Engagements (SAE 3100) and International Standard on Assurance Engagements (New Zealand) 3000 (ISAE (NZ) 3000).

[2] The adjusted accumulated limits for WELL's four-year DPP regulatory period have been calculated in line with clause 9.6 of the 2020 DPP Determination.

2.7 Director's certification

As per clause 11.5 (d) of the 2020 DPP Determination, WELL has provided a signed director's certificate. The director's certificate is provided in Appendix B. This certificate certifies that the information contained in this Compliance Statement is true and accurate. The attached director's certificate is in the form required by Schedule 7 of the 2020 DPP Determination.

3 Wash-up amount calculation and supporting information

As per clause 11.5 (a)(i) of the 2020 DPP Determination, WELL has calculated the wash-up amount using the methodology provided in clause 8.6 (which refers to schedule 1.6) for the fourth assessment period. The calculations include the supporting information reasonably necessary to demonstrate whether WELL has complied with clause 8.6. At a minimum the supporting information includes the information requested in clause 11.6 (a). The wash-up amount has been calculated as:

Wash-up amount calculation	Definition	Amount $000	Reference to supporting calculation/ information
Actual allowable revenue	Actual net allowable revenue *plus* actual pass-through costs and recoverable costs *plus* revenue wash-up draw-down amount	$154,211	Supporting calculation provided in section 3.1
less actual revenue	This means the sum of actual revenue from prices plus other regulated income for the assessment period 1 April 2023 to 31 March 2024	$146,053	Supporting calculation provided in section 3.2
less revenue foregone	Where the ***revenue reduction percentage*** is greater than 20%, the 'revenue foregone' must be calculated in accordance with the formula: **actual net allowable revenue** X (**revenue reduction percentage** – 20%); where the revenue reduction percentage is not greater than 20%, the 'revenue foregone' is nil. The revenue reduction percentage is 1.0% which is less than 20%. Therefore revenue foregone is nil. _____ ***The revenue reduction percentage*** is 1 minus (actual revenue from prices ÷ forecast revenue from prices); 1 – ($145,046 ÷ $146,584) = 1.0%	$0	The calculation method is provided in clause 4.2 of the 2020 DPP Determination. Actual revenue from prices is provided in section 3.2. Forecast revenue from prices is provided in section 2.1 of WELL's 2023-24 Annual Price Setting Compliance Statement[3].
Wash-up amount		$8,158	

[3] This can be found at: https://www.welectricity.co.nz/disclosures/price-quality-path-annual-compliance-statements/

3.1 Actual allowable revenue calculation

Actual allowable revenue has been calculated using the methodology provided in schedule 1.6 (4).

For the fourth assessment period, actual allowable revenue is calculated as:

Actual allowable revenue calculation	Definition	Amount $000	Reference to supporting calculation/ information
Actual net allowable revenue	For the fourth assessment period, the amount was calculated in accordance with Schedule 1.6 (5).	$102,528	Supporting calculation is provided in section 3.3.
plus actual pass-through costs and recoverable costs	For the fourth assessment period, the sum of all pass-through costs and recoverable costs that were incurred in the assessment period, excluding any recoverable cost that is a revenue wash-up draw-down amount.	$57,282	Supporting calculation is provided in section 3.4.
plus revenue wash-up draw-down amount	The fourth assessment period means the 'opening wash-up account balance' calculated in accordance with Schedule 1.6, including the voluntary undercharging amount foregone.	($5,600)	Supporting calculation is provided in section 3.5.
Actual allowable revenue		$154,211	

3.2 Actual revenue calculation

WELL's actual revenue is equal to the actual revenue from prices plus other regulated income. Actual revenue from prices is equal to the total of each of its prices multiplied by the actual quantities used. A detailed description of WELL's prices and how they are calculated are provided on its website: https://www.welectricity.co.nz/disclosures/pricing/.

Published prices for the fourth assessment period are provided in Appendix C.

Other regulated income comprises of income associated with the supply of electricity distribution services, including gains and losses on disposed assets, but excluding income through prices, investment-related income, capital contributions or vested assets.

A summary of actual revenue is provided in the table below.

Actual revenue calculation	Amount $000
Actual revenue from prices	
Residential (includes low user, standard user and EVB)	$92,695
General Low Voltage	$30,895
General Transformer	$16,824
Unmetered	$2,528
Non-standard consumers (individual contracts) & prior year wash-ups	$2,103
Total actual revenue from prices	**$145,046**
Total other regulated income - as defined in the *Electricity Distribution Services Input Methodologies Determination 2012* consolidated 20 May 2020 **(IMs)**	$1,007
Total actual revenue	**$146,053**

As per clause 11.6, WELL has provided detailed revenue calculations for each price category in Appendix D.

3.3 Actual net allowable revenue calculation

For the fourth assessment period, actual net allowable revenue is calculated as the actual net allowable revenue of the previous assessment period inflated by the derived change in CPI. The table below provides the calculation prescribed in schedule 1.6 (5).

Actual net allowable revenue calculation	Definition	Amount $000[4]	Reference to supporting calculation/ information
Actual net allowable revenue of the previous assessment period	For the fourth assessment period, the actual net allowable revenue for the previous assessment period.	$97,576	The actual net allowable revenue from Wellington Electricity's Annual Compliance Statement (Year-ending March 2023) for the fourth assessment period[5], as per Schedule 1.6 (5) of the 2020 DPP Determination.
multiplied by (1 + derived change in the CPI)	For the fourth assessment period, the derived change in the CPI is 0.0508 This is calculated in accordance with the below formula: ΔCPI is the derived change in the **CPI** to be applied for the **assessment period**, calculated in accordance with the formula— $\Delta CPI = \frac{CPI_{Jun,t-1} + CPI_{Sep,t-1} + CPI_{Dec,t-1} + CPI_{Mar,t}}{CPI_{Jun,t-2} + CPI_{Sep,t-2} + CPI_{Dec,t-2} + CPI_{Mar,t-1}} - 1$ where— $CPI_{q,t-n}$ is the **CPI** for the quarter year ending q in the 12-month period *n* years prior to year *t*; and *t* is the year in which the **assessment period** ends. $\Delta CPI = \left(\frac{1231+1253+1259+1267}{1161+1186+1203+1218} \right) - 1$ = 0.0508	1.0508	Calculation method as specified in Schedule 1.6 (5) of the 2020 DPP Determination. CPI quarterly information sourced from Statistics NZ 'All Groups Index SE9A' as specified in clause 1.1.4 (2) of the IMs.
multiplied by (1 - the annual rate of change)	For the fourth assessment period, the annual rate of change is 0%. (1 - 0%) = 1	1	As specified in clause 8.2 of the 2020 DPP Determination.
Actual net allowable revenue		**$102,528**	

[4] Only applies to the "Actual net allowable revenue of the previous assessment period" and the total "Actual net allowable revenue". The other numbers in this table are whole numbers.

[5] https://www.welectricity.co.nz/disclosures/price-quality-path-annual-compliance-statements/document/324

3.4 Actual pass-through costs and recoverable costs calculation

For the fourth assessment period, actual pass-through costs and recoverable costs are calculated as the sum of all pass-through costs and recoverable costs that were incurred or, in the case of drawn down amounts from the innovation project allowance, approved by the Commission in the assessment period, excluding any recoverable cost that is a revenue wash-up draw down amount. Pass-through and recoverable costs are defined in the IMs.

Description	IM reference[6]	Amount $000	Reference to supporting calculation/information
Pass-through costs			
Council rates	3.1.2 (2) (a)	$3,330	As invoiced/incurred during the assessment year.
Commerce Act levies	3.1.2 (2) (b) (i)	$392	As invoiced/incurred during the assessment year.
Industry levies	3.1.2 (2) (b) (ii)	$412	As invoiced/incurred during the assessment year.
Utilities Dispute Limited levies	3.1.2 (2) (b) (iii)	$114	As invoiced/incurred during the assessment year.
Pass-through costs		$4,250	
Recoverable costs			
Electricity lines service charge payable to Transpower	3.1.3 (1) (b)	$49,021	As invoiced/incurred during the assessment year.
Transpower new investment contract charges	3.1.3 (1) (c)	$905	As invoiced/incurred during the assessment year.
Fire and Emergency New Zealand levies	3.1.3 (1) (w)	$63	As invoiced/incurred during the assessment year.
Quality incentive adjustment	3.1.3 (1) (o)	$99	Supporting calculation is provided in section 3.4.1.
Capex wash-up adjustment	3.1.3 (1) (p)	($253)	Supporting calculation is provided in section 3.4.2.
IRIS incentive adjustment	3.1.3 (1) (a) (i)	$3,117	Supporting calculation is provided in section 3.4.3.
Innovation project allowance	3.1.3 (1) (x)	$82	As per the Commerce Commission's approval to draw down from the innovation project allowance[7].
Recoverable costs		$53,033	
Pass-through and recoverable costs		$57,282	

3.4.1 Quality incentive adjustment calculation

As per Schedule 4 (1) of the 2020 DPP Determination, the quality incentive adjustment is calculated following the expiration of the assessment period and is a recoverable cost in the assessment period following the year in which it was calculated. Therefore, for this Compliance Statement, the quality

[6] Reference to Electricity distribution services input methodologies determination 2012 consolidated 20 May 2020

[7] https://comcom.govt.nz/__data/assets/pdf_file/0028/357382/Orion-and-Wellington-Electricity-Resi-Flex-innovation-project-allowance-Approval-letter-17-June-2024.pdf and https://comcom.govt.nz/__data/assets/pdf_file/0033/357378/Wellington-Electricity-innovation-project-allowance-low-voltage-constraint-modelling-Approval-letter-17-May-2024.pdf

incentive adjustment is based on the quality performance from the regulatory year finishing 31 March 2022 – a two-year lag after the assessment period. WELL calculated the quality incentive adjustment following the end of the 31 March 2022 assessment period (which was the first Assessment Period of the 2020 DPP Determination) using the methodology provided in Schedule 4 of the 2020 DPP Determination. Details of that quality incentive adjustment are presented below:

Quality incentive adjustment calculation	Definition	Amount $000	Reference to supporting calculation/information
S_{SAIDI}	SAIDI quality incentive in the first assessment period of the DPP.	$91	Appendix E
S_{TOTAL}		$91	
S_{TOTAL} (adjusted for the time value of money)	Adjusted for the time value of money, as per Schedule 4 (5) (b) of the 2020 DPP Determination. S_{TOTAL} x (1+67th percentile estimate of post-tax WACC)^2. Post-tax WACC for the 67th percentile is 4.23%, the WACC that applied to the first assessment period of the 2020 DPP Determination.	**$99**	Refer to Section 3.5.1 for the post-tax WACC.

3.4.2 Capex washup calculation

As per clause 3.1.3 (8) of the IMs, a non-exempt EDB must calculate a capex washup adjustment which is the difference between the revenues for a DPP regulatory period using the actual values of commissioned assets for a prior regulatory period, and the revenues using forecast commissioned assets applied by the Commission when setting prices. As per clause 3.1.3 (p) of the IMs, the non-exempt EDB must include the capex washup adjustment as a recoverable cost by spreading it over the DPP3 regulatory period.

Capex Washup Calculation	Definition	Amount ($000)	Reference to supporting calculation/information
Capex washup adjustment	Calculated as the difference between (using the Commerce Commissions DPP3 Financial model): (1) PV of BBAR before tax over the DPP3 regulatory period assuming actual 20/21 ($38,068) commissioned assets, ***less*** (2) PV of BBAR before tax over the DPP3 regulatory period assuming a forecast of 20/21 ($41,823) commissioned assets =$341,366-$342,073 = -$707	($707)	IM 3.1.3 (8)

Capex Washup Calculation	Definition	Amount ($000)	Reference to supporting calculation/information
	Note: All figures within this cell are reported in $000's		
2024 Capex Washup Adjustment	$\left(\frac{\text{capex wash-up adjustment}}{l-1}\right) \times (1+r)^{y+0.5}$ where– *l* is the number of **disclosure years** in the **DPP regulatory period** or **CPP regulatory period**; *r* is the **cost of debt** applying to the **DPP regulatory period** or **CPP regulatory period**; and y is the number of **disclosure years** preceding the **disclosure year** in question in the **DPP regulatory period** or **CPP regulatory period**; l = 4 r = 2.92% (from the *Cost of capital determination for electricity distribution businesses' 2020-2025 default price-quality paths and Transpower New Zealand Limited's individual price-quality path [2019] NZCC 12 (Cost of Capital Determination 2019*[8]) y = 2	($253)	IM 3.1.3 (p)
Capex washup adjustment		**($253)**	

3.4.3 IRIS incentive adjustment calculation

As per clause 3.3.1 of the IMs, a non-exempt EDB must calculate the IRIS incentive adjustment for each disclosure year of each regulatory period. The IRIS incentive adjustment is made up of the opex incentive amount and the capex incentive amount. The IRIS incentive adjustment has been calculated as:

IRIS incentive adjustment calculation	Definition	Amount $000	Reference to supporting calculation/information
Opex incentive amount	Annual opex IRIS adjustment.	$3,005	Supporting calculation is provided in Appendix G.
plus Capex incentive amount	Annual capex IRIS adjustment.	$112	Supporting calculation is provided in Appendix H.
Total IRIS incentive adjustment		**$3,117**	

3.5 Revenue wash-up draw down amount calculation

From Schedule 1.7 (2)(a) of the 2020 DPP Determination, the opening wash-up account balance means for the fourth assessment period, the closing wash-up account balance of the previous assessment period. The calculation of the closing wash-up account balance as prescribed in Schedule 1.7 (3) and is presented in the table below.

[8] https://comcom.govt.nz/__data/assets/pdf_file/0022/177034/2019-NZCC-12-Cost-of-capital-determination-EDBs-and-Transpower-25-September-2019.PDF

Closing wash-up account balance of the previous assessment period calculation	Definition	Amount $000[9]	Reference to supporting calculation/information
Wash-up amount for the previous assessment period	For the fourth assessment period, the wash-up amount calculated for the 2021 regulatory year.	($5,154)	As calculated in section 2.2 of the 2022 Wellington Electricity Annual Compliance Statement.
less voluntary undercharging amount foregone for the previous assessment period	For the fourth assessment period, this is the voluntary undercharging amount foregone calculated for the 2022 regulatory year.	$0	As calculated in section 3.1 of the 2022 Wellington Electricity Annual Compliance Statement.
multiplied by (1 + 67th percentile estimate of post-tax WACC)[2]	67th percentile estimate of post-tax WACC is 4.23%.	1.0864	Refer to section 3.5.1 of the Compliance Statement.
Closing wash-up account balance of the previous assessment period		**($5,600)**	

3.5.1 67th percentile estimate of post-tax WACC

The WACC calculation for Price-Quality Determinations is provided in clause 4.4.1 of the IMs. As per clause 5.3.22 of the IMs, WACC is set as part of the DPP price-setting process and aligns with the DPP timeframes.

Post-tax WACC for First to Forth DPP assessment periods is provided by the '*Cost of capital determination for electricity distribution businesses' 2020-2025 default price-quality paths and Transpower New Zealand Limited's individual price-quality path [2019] NZCC 12 (Cost of Capital Determination 2019)*'[10]. The 67th percentile estimate of post-tax WACC applying from 1 April 2020 is **4.23%.**

4 Quality standard calculations and supporting information

This section of the Compliance Statement provides supporting information and calculations on WELL's compliance with the quality standards under clause 9 of the 2020 DPP Determination for the fourth assessment period. At a minimum the supporting information includes the information requested in clause 11.6 (b) to (h).

To comply with the quality standards, WELL must comply with:

- The planned interruption quality standards;
- The unplanned interruptions quality standards; and
- The extreme event standard.

[9] Does not apply to the WACC component of this calculation, which is a whole number.

[10] https://comcom.govt.nz/__data/assets/pdf_file/0022/177034/2019-NZCC-12-Cost-of-capital-determination-EDBs-and-Transpower-25-September-2019.PDF

WELL's quality performance was below the quality limits for the fourth assessment period of the DPP[11]. The performance was a result of the continued refinements to WELL's quality improvement programme. At a high level, the quality improvement programme for the fourth assessment period included:

- Continued work on improving feeder performance by undertaking refurbishment projects on 11 kV feeders.
- Reviewed and added new outage trend analysis.
- Continued automation of the notified outage process.
- Trialling cable testing technology by testing poorly performing cables with a variety of diagnostic tools.

WELL will continue to investigate ways to improve the reliability of the network. WELL's AMP provides an analysis of critical trends and an annual update to the reliability performance improvement programme (the AMP can be found at: https://www.welectricity.co.nz/disclosures/asset-management-plan).

The 2020 DPP Determination specifies two reliability measures:

1. SAIDI (system average interruption duration index) which measures the average duration of interruptions on WELL's network during the assessment period
2. SAIFI (system average interruption frequency index) which measures the average number of interruptions on WELL's network during the assessment period

4.1 Capturing reliability information

Clause 11.6 (f) requires WELL to provide a description of the policies and procedures used to capture and record Class B and C interruptions, and to calculate planned and unplanned SAIDI and SAIFI assessed values for the assessment period.

4.1.1 Recording interruptions

The control system WELL uses to record SAIDI and SAIFI information is the Power On Fusion (PoF) / Power On Advantage (PoA) SCADA network management system (the system). The system is used for the real-time management and monitoring of the high voltage network. Specifically, the system provides information about the status of the network, including customer connection points and devices like circuit breakers and fuses. The system automatically records interruption information (including SAIDI and SAIFI details) in a database, including:

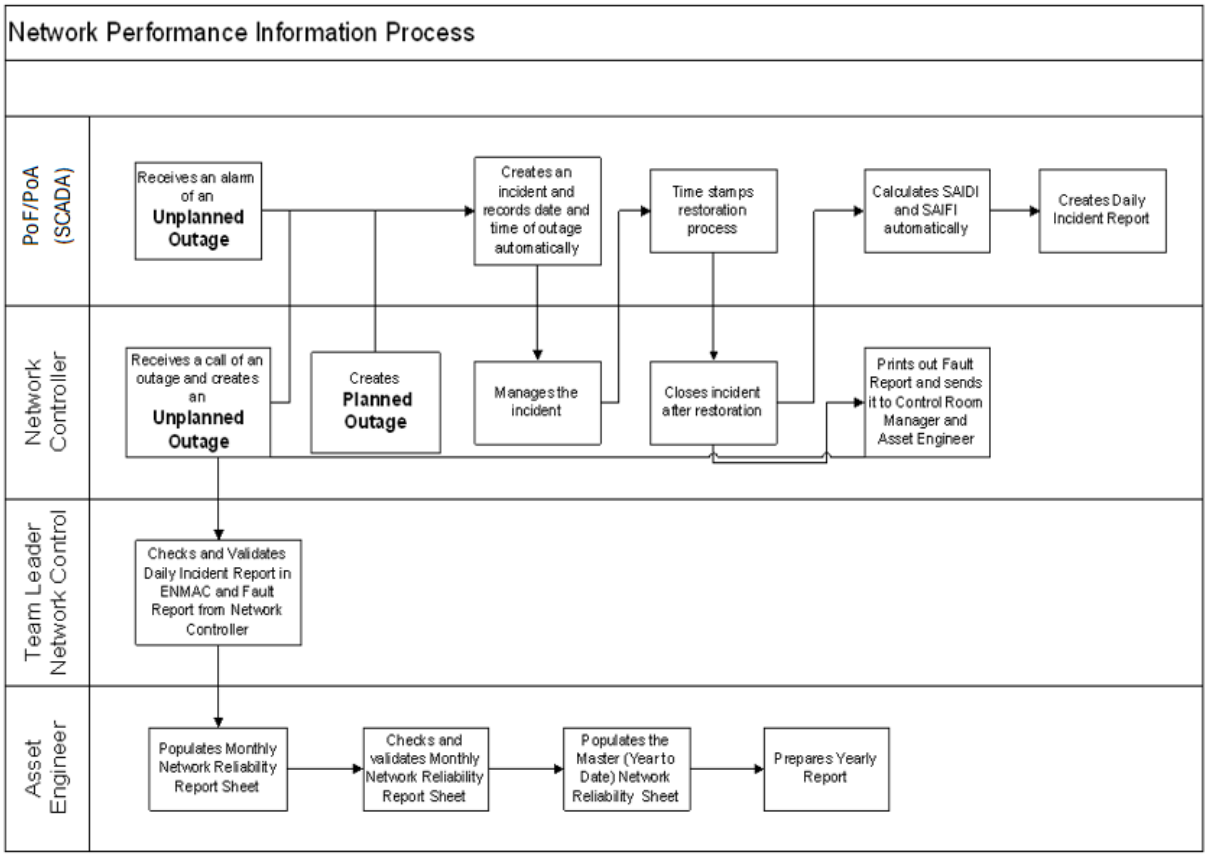
- All planned and unplanned interruptions on the high voltage network (11kV and higher), including details about the length of the interruption and how many customers were impacted; and
- All unplanned faults less than one minute in duration, including successful auto-reclose events. Faults less than a minute interruption are not included in the SAIDI and SAIFI counts.

All the interruption information is then error checked and validated daily by the Control Room Manager and the Asset Engineer to ensure it is correct. The reviewed data is recorded in the Reliability

[11] The assessed unplanned SAIDI and SAIFI was below the quality limits set by the 2020 DPP Determination.

Report Sheet. The procedure to capture and validate network performance information for planned and unplanned interruptions is shown in Figure 1 below.

Figure 1: Summary of the procedure for capturing and validating network interruption information.



For unplanned interruptions, the system identifies there has been an interruption, automatically logs the incident and time stamps when it occurred. Any subsequent switching operations are also recorded and time stamped.

For interruptions on devices that are not directly monitored by the system and there is no definitive customer report, the interruption is recorded from the time the on-site faultman confirms there has been a high voltage interruption. Subsequent switching operations are manually recorded, and time stamped within the system. If an interruption has been reported by a customer and it is confirmed that there is an interruption on the high voltage network, the start time for the interruption is taken from the time of the first phone call.

Successive interruptions have been consistently treated across regulatory periods - where an interruption to the supply of electricity distribution services is followed by restoration, and then by a successive interruption within the same event, WELL records this as a single interruption.

4.1.2 Data validation and review

After an interruption is resolved, an interruption report is generated which includes notes from the Network Controllers on duty. The information is then validated for the following:

1 Date interruption started and ended;
2 Time interruption started and ended;
3 Duration of interruption;
4 Number of customers impacted;
5 Total customers minutes lost (based on switching operations);
6 Total customer number (on network);
7 SAIDI for interruption;
8 SAIFI for interruption;
9 Interruption type; and
10 Interruption cause.

The data is reviewed for accuracy. Particular attention is given to non-system interruptions where the information is manually entered by the Network Controller. System interruptions are automatically generated and rarely have errors. The Control Room Team Leader reviews all interruptions and approves the daily interruption reports as accurate.

The Asset Engineer then compiles the reviewed individual event reports into a Monthly Network Reliability Report which is used for monthly reporting of SAIDI and SAIFI indices. The monthly reports are then aggregated into the master database from which WELL's regulatory quality reporting is based on.

For planned interruptions, the proposed switching operations are entered into the system by the Network Controller prior to the event. During the event, the system creates an incident, and the Network Controller enters the time the operation occurred. Planned events are validated by the Network Controllers and the Network Control Team Leader by referring to the specific job documents. The validation process considers whether LV back feeds or portable generation has been used to ensure there was no loss of supply.

4.1.3 Calculating the assessed values

WELL calculates SAIDI and SAIFI by summing the duration and frequency of interruptions recorded in the master database. WELL also analyses the database for trends and common types of interruptions. This information is used to inform the quality improvement programme.

WELL's AMP provides a detailed overview of its reliability programme, including a detailed analysis of the reliability performance. WELL's AMP can be found at: https://www.welectricity.co.nz/disclosures/asset-management-plan.

4.1.4 Keeping customers informed

WELL provides up-to-date customer information on interruption events and their restoration times through its website and interruption mobile device application. The website and application provide live updates on restoration times when power interruptions occur. WELL also surveys those customers who have recently had an interruption to understand whether the price-quality service they receive

is appropriately balanced. The results suggest that customers are broadly satisfied with their current level of reliability and the price for delivering that service.

4.1.5 Notified planned interruptions

WELL utilises the notified planned interruptions mechanism to reduce the SAIDI value on specific interruptions. To achieve this, these interruptions follow a notification process where retailers, via email, are notified this is a notified planned interruptions and the details of the interruption are uploaded onto WELL's website for consumers to review. Notifications are provided with at least 10 working days' notice. Planned interruptions follow our planned interruptions policies and procedures.

From 1 April 2024, we will be using EIEP5A planned outage notifications via the electricity registry to notify retails. This will be replacing emails.

4.2 Planned interruptions quality standard

As per clause 9.2 of the 2020 DPP Determination, the reliability standard for planned interruptions is assessed at the end of the fifth assessment period based on accumulated SAIDI and SAIFI results.

As WELL was on a CPP for the first assessment period of the DPP regulatory period, WELL's planned accumulated SAIDI and SAIFI limits for the DPP have been adjusted in accordance with clause 9.6 of the 2020 DPP Determination.

To provide a progress update on WELL's planned interruptions, the table below compares the accumulated planned SAIDI and SAIFI assessed values to the adjusted planned accumulated SAIDI and SAIFI limits for the DPP regulatory period.

The accumulated assessed values at the end of the fourth assessment period, is less than the adjusted planned accumulated limit.

Quality standard	Assessment period 2 (from previous Annual Compliance Statements)	Assessment period 3 (from previous Annual Compliance Statements)	Assessment period 4 (from this Annual Compliance Statement)	Accumulated assessed value	Adjusted planned accumulated limit[12]	Variance
Planned SAIDI	8.6	8.43	10.69	27.72	55.76	(28.04)
Planned SAIFI	0.0635	0.0689	0.0658	0.20	0.4429	(0.24)

Further information supporting the calculation of the planned SAIDI and SAIFI assessed values is provided in Appendix I.

[12] The adjusted accumulated limits for WELL's four-year DPP regulatory period have been calculated in line with clause 9.6 of the 2020 DPP Determination.

The information outlined in clause 12.1 and 12.2 of the 2020 DPP Determination be provided if it's required as part of the fifth assessment period when the planned interruption reliability standard is assessed.

4.3 Unplanned interruptions quality standard

As per clause 9.7 of the 2020 DPP Determination, WELL must comply with the annual unplanned interruption's reliability assessment in respect of each assessment period.

To comply with the annual unplanned interruption's reliability assessment, WELL's unplanned SAIDI and SAIFI assessed values must not exceed the unplanned SAIDI and SAIFI limits as specified in Schedule 3.2 (1) of the 2020 DPP Determination.

For the fourth assessment period, WELL has complied with the annual unplanned interruption's reliability assessment.

Quality standard	Assessed value	Limit	Variance
Unplanned SAIDI	34.28	39.81	(5.53)
Unplanned SAIFI	0.4270	0.6135	(0.1865)

Further information supporting the calculation of the unplanned SAIDI and SAFI assessed values is provided in Appendix J.

The information outlined in clause 12.3 and 12.4 of the 2020 DPP Determination is not required to be provided as WELL has complied with the unplanned interruption quality standards.

4.4 Extreme event standard

As per clause 9.9 of the 2020 DPP Determination, WELL must comply with the extreme event standard in respect of each assessment period.

To comply with the extreme event standard is the assessment period, WELL must not have an extreme event where the unplanned interruptions exceed the extreme event standard limits.

As per Schedule 3.3 the extreme event standard limits for unplanned interruptions are:

1. unplanned SAIDI value greater than 120 minutes during any 24-hour period, excluding unplanned interruptions from major external factors; or customer interruption minutes greater than six million during any 24-hour period, excluding unplanned interruptions from major external factors.

For the fourth assessment period, WELL has complied with the extreme event standard as there were no interruptions that exceeded the extreme event standard limits.

The information outlined in clause 12.5 and 12.6 of the 2020 DPP Determination is not required to be provided as WELL has complied with the extreme event quality standards.

Deloitte.

INDEPENDENT ASSURANCE REPORT
TO THE DIRECTORS OF WELLINGTON ELECTRICITY LINES LIMITED

Report on Wellington Electricity Lines Limited Electricity Distribution Default Price-Quality Path Compliance Statement 2024

We have conducted a reasonable assurance engagement on whether the information disclosed by Wellington Electricity Lines Limited ('the Company') on pages 3 to 20 and related Appendices B to K of the Company's Electricity Distribution Default Price-Quality Path Compliance Statement ('the Annual Compliance Statement') for the period 1 April 2023 to 31 March 2024 has been prepared, in all material respects, with the Electricity Distribution Services Default Price-Quality Path Determination 2020 as amended by the Electricity Distribution Services Default Price-Quality Path (Wellington Electricity transition) Amendments issued 26 November 2020 and amendments issued on 10 November 2023 ('the Determination').

In our opinion, for the period 1 April 2023 to 31 March 2024:

- the Company has complied, in all material aspects, with the Determination in preparing the Annual Compliance Statement; and
- as far as appears from an examination of the records, the information used in the preparation of the Disclosure Information has been properly extracted from the Company's accounting and other records and has been sourced, where appropriate, from the Company's financial and non-financial systems.

Basis for Opinion

We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ISAE (NZ) 3000 (Revised)') and the Standard on Assurance Engagements (SAE) 3100 (Revised): *Compliance Engagements* ('SAE 3100 (Revised)') issued by the External Reporting Board.

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

Board of Directors' Responsibilities

The Board of Directors is responsible on behalf of the Company for the preparation of the Annual Compliance Statement in accordance with the Determination. This responsibility includes the identification of risks that threaten the compliance requirements identified above being met as well as the design, implementation and maintenance of internal control relevant to the Company's compliance with the Determination.

Our Independence and Quality Control

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

Other than in our capacity as auditor, the provision of other assurance services, and the provision of taxation services, we have no relationship with or interests in the Company or any of its subsidiaries. These services have not impaired our independence as auditor.

The firm applies Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our Responsibilities

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement for the specified period. ISAE 3000 (Revised) and SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance that the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement for the specified period.

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

In making those risk assessments, we consider internal control relevant to the Company's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. A reasonable assurance engagement also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Annual Compliance Statement.

Our procedures included:

- evaluating the methodologies used in preparing the Annual Compliance Statement and confirming that they are in accordance with the requirements set out in the Determination;
- identifying key inputs to the information;
- ensuring that the information used in preparing the Annual Compliance Statement has been properly extracted from the Company's accounting and other records, sourced from its financial and non-financial systems;
- assessing significant estimates and judgements, if any, made by the Company in the preparation of the Annual Compliance Statement;
- ensuring that the calculations are mathematically correct;
- in relation to the price path set out in clause 8 of the Determination, we have, on a sample basis, examined evidence relating to the relevant amounts and disclosures; and
- in relation to the annual quality assessment formula set out in clause 9 of the Determination, we have, on a sample basis, examine evidenced relating to the relevant amounts and disclosures.

These procedures have been undertaken to form an opinion as to whether the Company has complied, in all material respects, with the Determination in preparing its Annual Compliance Statement for the period 1 April 2023 to 31 March 2024.

Inherent Limitations

Because of the inherent limitations of evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the period 1 April 2023 to 31 March 2024 and the procedures performed in respect of the Company's compliance with Determination are undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Company may not have complied with the Determination. We did not examine every transaction, adjustment or event underlying the Compliance Statement nor do we guarantee complete accuracy of the Annual Compliance Statement. The opinion expressed in this report has been formed on the above basis.

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Use of Report

This report is provided solely for your exclusive use and solely for the purpose of complying with Clause 11.5(e) of the Determination. However, we understand that a copy of this report has been requested by the Commerce Commission solely for the purpose above. We agree that a copy of our report may be provided to the Commerce Commission. This report is not to be used for any other purpose. We accept or assume no duty, responsibility or liability to any party, other than you, in connection with the report or this engagement including without limitation, liability for negligence in relation to the opinion expressed in our report.

Deloitte Limited

Wellington, New Zealand
31 July 2024

This reasonable assurance report relates to the Annual Compliance Statement of Wellington Electricity Lines Limited ('the Company') for the year ended 31 March 2024 included on Wellington Electricity Lines Limited's website. The Board of Directors are responsible for the maintenance and integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. We accept no responsibility for any changes that may have occurred to the Annual Compliance Statement since they were initially presented on the website. The reasonable assurance report refers only to the Annual Compliance Statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from this Annual Compliance statement. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the Annual Compliance Statement and related reasonable assurance report dated 31 July 2024 to confirm the information included in the Annual Compliance Statement presented on this website.

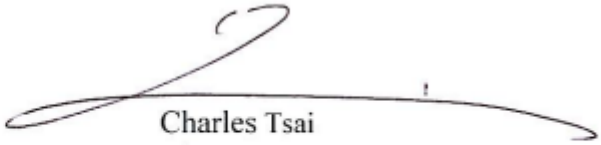
5 Appendix B: Director's certification

Directors' Certification

We, Richard Pearson and Charles Tsai being directors of Wellington Electricity Lines Limited certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached annual compliance statement of Wellington Electricity Lines Limited, 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 the relevant requirements.

Richard Pearson
Director

31 July 2024



Charles Tsai
Director

31 July 2024

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding $100,000 in the case of an individual or $300,000 in the case of a body corporate.

6 Appendix C: Published prices for the fourth assessment period

			1 April 2023		
Code	Description	Units	Distribution price	Pass-through & recoverable price	Delivery price
Residential Time of Use					
RLUTOU-FIXD	Residential low user time of use daily	$/con/day	0.2700	0.1800	0.4500
RLUTOU-UC	Residential low user time of use uncontrolled	$/kWh	0.0490	0.0205	0.0695
RLUTOU-AICO	Residential low user time of use all inclusive	$/kWh	0.0429	0.0163	0.0592
RLUTOU-P-UC	Residential low user time of use peak[2]	$/kWh	0.0687	0.0341	0.1028
RLUTOU-OP-UC	Residential low user time of use off-peak[3]	$/kWh	0.0385	0.0143	0.0528
RLUTOU-P-AI	Residential low user time of use all inclusive peak[2]	$/kWh	0.0655	0.0282	0.0937
RLUTOU-OP-AI	Residential low user time of use all inclusive off-peak[3]	$/kWh	0.0326	0.0111	0.0437
RLUTOU-CTRL	Residential low user time of use controlled	$/kWh	0.0355	0.0109	0.0464
RLUTOU-NITE	Residential low user time of use night boost	$/kWh	0.0125	0.0037	0.0162
RLUTOU-DGEN	Residential low user time of use small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
RSUTOU-FIXD	Residential standard user time of use daily	$/con/day	0.5471	0.6878	1.2349
RSUTOU-UC	Residential standard user time of use uncontrolled	$/kWh	0.0331	0.0006	0.0337
RSUTOU-AICO	Residential standard user time of use all inclusive	$/kWh	0.0231	0.0004	0.0235
RSUTOU-P-UC	Residential standard user time of use peak[2]	$/kWh	0.0653	0.0017	0.0670
RSUTOU-OP-UC	Residential standard user time of use off-peak[3]	$/kWh	0.0168	0.0002	0.0170
RSUTOU-P-AI	Residential standard user time of use all inclusive peak[2]	$/kWh	0.0565	0.0014	0.0579
RSUTOU-OP-AI	Residential standard user time of use all inclusive off-peak[3]	$/kWh	0.0078	0.0001	0.0079
RSUTOU-CTRL	Residential standard user time of use controlled	$/kWh	0.0104	0.0002	0.0106
RSUTOU-NITE	Residential standard user time of use night boost	$/kWh	0.0081	0.0001	0.0082
RSUTOU-DGEN	Residential standard user time of use small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
Residential					
RLU-FIXD	Residential low user daily	$/con/day	0.2700	0.1800	0.4500
RLU-24UC	Residential low user uncontrolled	$/kWh	0.0490	0.0205	0.0695
RLU-AICO	Residential low user all inclusive	$/kWh	0.0429	0.0163	0.0592
RLU-CTRL	Residential low user controlled	$/kWh	0.0355	0.0109	0.0464
RLU-NITE	Residential low user night boost	$/kWh	0.0125	0.0037	0.0162
RLU-DGEN	Residential low user small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
RSU-FIXD	Residential standard user daily	$/con/day	0.5471	0.6878	1.2349
RSU-24UC	Residential standard user uncontrolled	$/kWh	0.0331	0.0006	0.0337
RSU-AICO	Residential standard user all inclusive	$/kWh	0.0231	0.0004	0.0235
RSU-CTRL	Residential standard user controlled	$/kWh	0.0104	0.0002	0.0106
RSU-NITE	Residential standard user night boost	$/kWh	0.0081	0.0001	0.0082
RSU-DGEN	Residential standard user small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
Residential Electric Vehicle and Battery Storage[4]					
RLUEVB-FIXD	Residential low user EV & battery storage daily	$/con/day	0.2700	0.1800	0.4500
RLUEVB-PEAK	Residential low user EV & battery storage peak[2]	$/kWh	0.0825	0.0390	0.1215
RLUEVB-OFFPEAK	Residential low user EV & battery storage off-peak[3]	$/kWh	0.0220	0.0165	0.0385
RLUEVB-CTRL	Residential low user EV & battery storage controlled	$/kWh	0.0355	0.0109	0.0464
RLUEVB-DGEN	Residential low user EV & battery storage small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
RSUEVB-FIXD	Residential standard user EV & battery storage daily	$/con/day	0.5476	0.6873	1.2349
RSUEVB-PEAK	Residential standard user EV & battery storage peak[2]	$/kWh	0.0853	0.0021	0.0874
RSUEVB-OFFPEAK	Residential standard user EV & battery storage off-peak[3]	$/kWh	0.0043	0.0001	0.0044
RSUEVB-CTRL	Residential standard user EV & battery storage controlled	$/kWh	0.0104	0.0002	0.0106
RSUEVB-DGEN	Residential standard user EV & battery storage small scale distributed generation	$/kWh	0.0000	0.0000	0.0000

Notes to prices

1 Estimated numbers of consumers are based on the number of connections on our network.

2 The residential ToU and EVB plan peak hours are: Monday to Friday (including public holidays) 7:00am – 11:00am, 5:00pm – 9:00pm.

3 The residential ToU and EVB plan off-peak hours are: Monday to Friday (including public holidays) 9:00pm – 7:00am, 11:00am – 5:00pm and all weekend.

4 The EVB plan is available to consumers with electric vehicles of 12kWh capacity and above and consumers with household battery storage systems of 4kWh capacity and above.

			1 April 2023		
Code	Description	Units	Distribution price	Pass-through & recoverable price	Delivery price
General Low Voltage Connection					
GLV15-FIXD	General low voltage <=15kVA daily	$/con/day	0.3258	0.6940	1.0198
GLV15-24UC	General low voltage <=15kVA uncontrolled	$/kWh	0.0295	0.0005	0.0300
GLV15-DGEN	General low voltage <=15kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GLV69-FIXD	General low voltage >15kVA and <=69kVA daily	$/con/day	0.8058	1.8710	2.6768
GLV69-24UC	General low voltage >15kVA and <=69kVA uncontrolled	$/kWh	0.0204	0.0004	0.0208
GLV69-DGEN	General low voltage >15kVA and <=69kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GLV138-FIXD	General low voltage >69kVA and <=138kVA daily	$/con/day	4.5661	5.8358	10.4019
GLV138-24UC	General low voltage >69kVA and <=138kVA uncontrolled	$/kWh	0.0241	0.0005	0.0246
GLV138-DGEN	General low voltage >69kVA and <=138kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GLV300-FIXD	General low voltage >138kVA and <=300kVA daily	$/con/day	6.5044	10.4054	16.9098
GLV300-24UC	General low voltage >138kVA and <=300kVA uncontrolled	$/kWh	0.0101	0.0002	0.0103
GLV300-DGEN	General low voltage >138kVA and <=300kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GLV1500-FIXD	General low voltage >300kVA and <=1500kVA daily	$/con/day	16.4017	34.4434	50.8451
GLV1500-24UC	General low voltage >300kVA and <=1500kVA uncontrolled	$/kWh	0.0045	0.0001	0.0046
GLV1500-DAMD	General low voltage >300kVA and <=1500kVA demand	$/kVA/month	3.9783	0.0739	4.0522
GLV1500-DGEN	General low voltage >300kVA and <=1500kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
General Transformer Connection					
GTX15-FIXD	General transformer <=15kVA daily	$/con/day	0.2957	0.6935	0.9892
GTX15-24UC	General transformer <=15kVA uncontrolled	$/kWh	0.0274	0.0005	0.0279
GTX15-DGEN	General transformer <=15kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GTX69-FIXD	General transformer >15kVA and <=69kVA daily	$/con/day	0.7314	1.9136	2.6450
GTX69-24UC	General transformer >15kVA and <=69kVA uncontrolled	$/kWh	0.0192	0.0004	0.0196
GTX69-DGEN	General transformer >15kVA and <=69kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GTX138-FIXD	General transformer >69kVA and <=138kVA daily	$/con/day	4.1433	5.5842	9.7275
GTX138-24UC	General transformer >69kVA and <=138kVA uncontrolled	$/kWh	0.0226	0.0004	0.0230
GTX138-DGEN	General transformer >69kVA and <=138kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GTX300-FIXD	General transformer >138kVA and <=300kVA daily	$/con/day	5.9022	12.0103	17.9125
GTX300-24UC	General transformer >138kVA and <=300kVA uncontrolled	$/kWh	0.0094	0.0002	0.0096
GTX300-DGEN	General transformer >138kVA and <=300kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GTX1500-FIXD	General transformer >300kVA and <=1500kVA daily	$/con/day	12.7347	0.2365	12.9712
GTX1500-24UC	General transformer >300kVA and <=1500kVA uncontrolled	$/kWh	0.0037	0.0001	0.0038
GTX1500-CAPY	General transformer >300kVA and <=1500kVA capacity	$/kVA/day	0.0087	0.0461	0.0548
GTX1500-DAMD	General transformer >300kVA and <=1500kVA demand	$/kVA/month	3.3440	0.0621	3.4061
GTX1500-DGEN	General transformer >300kVA and <=1500kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
GTX1501-FIXD	General transformer >1500kVA connection daily	$/con/day	0.0283	0.0005	0.0288
GTX1501-24UC	General transformer >1500kVA connection uncontrolled	$/kWh	0.0008	0.0000	0.0008
GTX1501-CAPY	General transformer >1500kVA connection capacity	$/kVA/day	0.0153	0.0462	0.0615
GTX1501-DOPC	General transformer >1500kVA connection on-peak demand[4]	$/kW/month	6.3005	0.1170	6.4175
GTX1501-PWRF	General transformer >1500kVA connection power factor[5]	$/kVAr/month	4.5494	0.0845	4.6339
GTX1501-DGEN	General transformer >1500kVA small scale distributed generation	$/kWh	0.0000	0.0000	0.0000
Unmetered					
G001-FIXD	Non-street lighting daily	$/fitting/day	0.0225	0.0930	0.1155
G001-24UC	Non-street lighting uncontrolled	$/kWh	0.0729	0.0014	0.0743
G002-FIXD	Street lighting daily[7]	$/fitting/day	0.1789	0.0219	0.2008
G002-24UC	Street lighting uncontrolled	$/kWh	0.0000	0.0000	0.0000

Notes to prices

5 On-peak demand charge is applicable to demand measured from 7:30am – 9:30am, 5:30pm – 7:30pm on weekdays (including public holidays).

6 Power factor charge is applicable for power factor <0.95 from 7:00am - 8:00pm on weekdays where the kVAr charge amount represents twice the largest difference between the recorded kVArh and one third of the recorded kWh in any one half-hour period.

7 Streetlight charges are provided to retailers who in turn bill the councils and other parties for providing streetlight services. Streetlights are charged per fitting rather than on energy usage to better reflect the costs of maintaining the streetlight network

8 Appendix D: Detailed revenue calculation

			1 April 2023 to 31 March 2024			
Price Code	Units	Description	Quantity	Distribution price	Pass-through and recoverable price	Revenue
Residential						
RLU-FIXD	$/con/day	Residential low user daily	1,727,347	0.2700	0.1800	777,306
RLU-24UC	$/kWh	Residential low user uncontrolled	28,375,271	0.0490	0.0205	1,972,081
RLU-AICO	$/kWh	Residential low user all inclusive	20,085,076	0.0429	0.0163	1,189,037
RLU-CTRL	$/kWh	Residential low user controlled	1,681,270	0.0355	0.0109	78,011
RLU-NITE	$/kWh	Residential low user night only	211,102	0.0125	0.0037	3,420
RSU-FIXD	$/con/day	Residential standard user daily	1,609,373	0.5471	0.6878	1,987,415
RSU-24UC	$/kWh	Residential standard user uncontrolled	42,142,862	0.0331	0.0006	1,420,214
RSU-AICO	$/kWh	Residential standard user all inclusive	28,181,733	0.0231	0.0004	662,271
RSU-CTRL	$/kWh	Residential standard user controlled	2,708,506	0.0104	0.0002	28,710
RSU-NITE	$/kWh	Residential standard user night only	461,058	0.0081	0.0001	3,781
RLUTOU-FIXD	$/con/day	Residential low user time of use daily	31,888,556	0.2700	0.1800	14,349,850
RLUTOU-UC	$/kWh	Residential low user time of use uncontrolled	43,952,396	0.0490	0.0205	3,054,692
RLUTOU-AICO	$/kWh	Residential low user time of use all inclusive	32,896,924	0.0429	0.0163	1,947,498
RLUTOU-P-UC	$/kWh	Residential low user time of use peak uncontrolled	55,713,331	0.0687	0.0341	5,727,330
RLUTOU-OP-UC	$/kWh	Residential low user time of use off-peak uncontrolled	127,383,692	0.0385	0.0143	6,725,859
RLUTOU-P-AI	$/kWh	Residential low user time of use peak all inclusive	46,651,619	0.0655	0.0282	4,371,257
RLUTOU-OP-AI	$/kWh	Residential low user time of use off-peak all inclusive	105,852,917	0.0326	0.0111	4,625,772
RLUTOU-CTRL	$/kWh	Residential low user time of use controlled	13,396,733	0.0355	0.0109	621,608
RLUTOU-NITE	$/kWh	Residential low user time of use night boost	2,247,783	0.0125	0.0037	36,414
RSUTOU-FIXD	$/con/day	Residential standard user time of use daily	22,514,272	0.5471	0.6878	27,802,875
RSUTOU-UC	$/kWh	Residential standard user time of use uncontrolled	52,962,475	0.0331	0.0006	1,784,835
RSUTOU-AICO	$/kWh	Residential standard user time of use all inclusive	42,653,329	0.0231	0.0004	1,002,353
RSUTOU-P-UC	$/kWh	Residential standard user time of use peak uncontrolled	67,419,173	0.0653	0.0017	4,517,085
RSUTOU-OP-UC	$/kWh	Residential standard user time of use off-peak uncontrolled	158,736,009	0.0168	0.0002	2,698,512
RSUTOU-P-AI	$/kWh	Residential standard user time of use peak all inclusive	62,330,007	0.0565	0.0014	3,608,907
RSUTOU-OP-AI	$/kWh	Residential standard user time of use off-peak all inclusive	143,265,482	0.0078	0.0001	1,131,797
RSUTOU-CTRL	$/kWh	Residential standard user time of use controlled	19,901,153	0.0104	0.0002	210,952
RSUTOU-NITE	$/kWh	Residential standard user time of use night boost	4,111,481	0.0081	0.0001	33,714
RLUEVB-FIXD	$/con/day	Residential low user electric vehicle and battery daily	83,653	0.2700	0.1800	37,644
RLUEVB-PEAK	$/kWh	Residential low user electric vehicle and battery peak	477,351	0.0825	0.0390	57,998
RLUEVB-OFFPEAK	$/kWh	Residential low user electric vehicle and battery off-peak	1,398,287	0.0220	0.0165	53,834
RLUEVB-CTRL	$/kWh	Residential low user electric vehicle and battery controlled	9,581	0.0355	0.0109	445
RSUEVB-FIXD	$/con/day	Residential standard user electric vehicle and battery daily	77,125	0.5476	0.6873	95,242
RSUEVB-PEAK	$/kWh	Residential standard user electric vehicle and battery peak	772,319	0.0853	0.0021	67,501
RSUEVB-OFFPEAK	$/kWh	Residential standard user electric vehicle and battery off-peak	2,029,286	0.0043	0.0001	8,929
RSUEVB-CTRL	$/kWh	Residential standard user electric vehicle and battery controlled	30,878	0.0104	0.0002	327
					subtotal	**92,695,477**
General low voltage connection						
GLV15-FIXD	$/con/day	General low voltage <=15kVA daily	1,892,000	0.3258	0.6940	1,929,461
GLV15-24UC	$/kWh	General low voltage <=15kVA uncontrolled	41,205,863	0.0295	0.0005	1,236,176
GLV69-FIXD	$/con/day	General low voltage >15kVA and <=69kVA daily	3,667,701	0.8058	1.8710	9,817,702
GLV69-24UC	$/kWh	General low voltage >15kVA and <=69kVA uncontrolled	272,576,218	0.0204	0.0004	5,669,585
GLV138-FIXD	$/con/day	General low voltage >69kVA and <=138kVA daily	163,199	4.5661	5.8358	1,697,583
GLV138-24UC	$/kWh	General low voltage >69kVA and <=138kVA uncontrolled	48,823,741	0.0241	0.0005	1,201,064
GLV300-FIXD	$/con/day	General low voltage >138kVA and <=300kVA daily	142,451	6.5044	10.4054	2,408,817
GLV300-24UC	$/kWh	General low voltage >138kVA and <=300kVA uncontrolled	94,932,344	0.0101	0.0002	977,803
GLV1500-FIXD	$/con/day	General low voltage >300kVA and <=1500kVA daily	76,074	16.4017	34.4434	3,867,975
GLV1500-24UC	$/kWh	General low voltage >300kVA and <=1500kVA uncontrolled	126,662,133	0.0045	0.0001	582,646
GLV1500-DAMD	$/kVA/month	General low voltage >300kVA and <=1500kVA demand	371,709	3.9783	0.0739	1,506,238
					subtotal	**30,895,051**
General transformer connection						
GTX15-FIXD	$/con/day	General transformer <=15kVA daily	764	0.2957	0.6935	756
GTX15-24UC	$/kWh	General transformer <=15kVA uncontrolled	9,222	0.0274	0.0005	257
GTX69-FIXD	$/con/day	General transformer >15kVA and <=69kVA daily	6,239	0.7314	1.9136	16,502
GTX69-24UC	$/kWh	General transformer >15kVA and <=69kVA uncontrolled	773,817	0.0192	0.0004	15,167
GTX138-FIXD	$/con/day	General transformer >69kVA and <=138kVA daily	6,075	4.1433	5.5842	59,095
GTX138-24UC	$/kWh	General transformer >69kVA and <=138kVA uncontrolled	2,220,157	0.0226	0.0004	51,064
GTX300-FIXD	$/con/day	General transformer >138kVA and <=300kVA daily	43,618	5.9022	12.0103	781,307
GTX300-24UC	$/kWh	General transformer >138kVA and <=300kVA uncontrolled	48,958,191	0.0094	0.0002	469,999
GTX1500-FIXD	$/con/day	General transformer >300kVA and <=1500kVA daily	108,955	12.7347	0.2365	1,413,274
GTX1500-24UC	$/kWh	General transformer >300kVA and <=1500kVA uncontrolled	346,484,637	0.0037	0.0001	1,316,642
GTX1500-CAPY	$/kVA/day	General transformer >300kVA and <=1500kVA capacity	83,620,648	0.0087	0.0461	4,582,411
GTX1500-DAMD	$/kVA/month	General transformer >300kVA and <=1500kVA demand	954,509	3.3440	0.0621	3,251,155
GTX1501-FIXD	$/con/day	General transformer >1500kVA connection daily	14,096	0.0283	0.0005	406
GTX1501-24UC	$/kWh	General transformer >1500kVA connection uncontrolled	168,888,623	0.0008	0.0000	135,111
GTX1501-CAPY	$/kVA/day	General transformer >1500kVA connection capacity	33,292,828	0.0153	0.0462	2,047,509
GTX1501-DOPC	$/kW/month	General transformer >1500kVA connection on-peak demand	401,829	6.3005	0.1170	2,578,736
GTX1501-PWRF	$/kVAr/month	General transformer >1500kVA connection power factor	22,612	4.5494	0.0845	104,782
					subtotal	**16,824,172**
Unmetered						
G001-FIXD	$/fitting/day	Non-street lighting daily	484,822	0.0225	0.0930	55,997
G001-24UC	$/kWh	Non-street lighting uncontrolled	4,917,808	0.0729	0.0014	365,393
G002-FIXD	$/fitting/day	Street lighting daily	10,493,317	0.1789	0.0219	2,107,058
G002-24UC	$/kWh	Street lighting uncontrolled	18,620,534	0.0000	0.0000	0
					subtotal	**2,528,448**
Non standard charges						
Special	Unit	Non-standard contracts	30,663,424			**2,102,965**
					Total	**145,046,113**

9 Appendix E: Quality incentive calculation 2022

As per Schedule 4 (1) of the 2020 DPP Determination, the quality incentive applicable for this Compliance Statement is based on the quality performance from the regulatory year finishing 31 March 2022 – a two-year lag after the assessment period.

9.1 Quality incentive adjustment calculation

The quality incentive adjustment calculation is provided in Schedule 4 (5)(a) of the 2020 DPP Determination and is adjusted for the time value of money (provided by Schedule 4 (5)(b) of the 2020 DPP Determination).

Quality incentive adjustment calculation	Definition	Amount[13] $000	Reference to supporting calculation/information
Lessor amount of revenue at risk and the SAIDI quality incentive	The lessor amount as outlined in Schedule 4 (5)(a) of the 2020 DPP Determination	$91	Refer to the calculations in section 9.2 and section 9.3
multiplied by (1 + 67th percentile estimate of post-tax WACC)^2	As specified in Schedule 4 (5)(b) of the 2020 DPP Determination. (1 + 67th percentile estimate of post-tax WACC)^2 = (1 + 4.23%)^2 = 1.09	1.09	The 67th percentile estimate of post-tax WACC per clause 4.2 of the 2020 DPP Determination is 4.23% (as provided in section 3.5.1.
Quality incentive adjustment		**$99**	

9.2 Revenue at risk calculation

Schedule 4 (6)(h) of the 2020 DPP Determination provides the 'revenue at risk' calculation as:

Revenue at risk calculation	Definition	Amount[14] $000	Reference to supporting calculation/information
0.02	0.02 as prescribed in the formula of Schedule 4 (6)(h) of the 2020 DPP Determination	0.02	As prescribed in Schedule 4 (6)(h) of the 2020 DPP Determination
multiplied by ANAR	Is the actual net allowable revenue for the second assessment period	$91,109	Provided in section 3.1 of the 2021/22 Annual Compliance Statement for the second assessment period[15].
Revenue at risk		**$1,822**	

[13] Does not apply to the WACC component of this calculation, which is a whole number.

[14] Does not apply to the 0.02 component of this calculation, which is a whole number.

[15] https://www.welectricity.co.nz/disclosures/price-quality-path-annual-compliance-statements/document/290

9.3 SAIDI quality incentive value calculation

The SAIDI quality incentive value calculation is outlined in Schedule 4 (5)(a) of the DPP Determination.

Quality calculation	Definition	Amount $000	Reference to supporting calculation/information
$SAIDI_{unplanned}$	SAIDI unplanned quality incentive	$137	As calculated in section 9.4
$SAIDI_{planned}$	SAIDI planned quality incentive	($46)	As calculated in section 9.5
SAIDI quality incentive		**$91**	

9.4 Calculating the SAIDI unplanned quality incentive value

Calculated as specified in Schedule 4 (5)(a)(i) A. of the 2020 DPP Determination.

Quality calculation	Definition	Amount[16] $000	Reference to supporting calculation/information
$(SAIDI_{unplanned,target} - SAIDI_{unplanned,assess})$	$SAIDI_{unplanned,assess}$ (25.32) is less than the $SAIDI_{unplanned,cap}$ (39.81). Therefore, $SAIDI_{unplanned,assess}$ equals the SAIDI assessed value. = (31.2 - 25.32)	5.88	As specified in Schedule 4 (6)(c)
multiplied by incentive rate	The incentive rate for the 31 March 2022 regulatory year	$23	As per Schedule 4 (4) of the 2020 DPP Determination
SAIDI unplanned quality incentive		**$137**	

[16] Does not apply to the SAIDI unplanned quality differential component of this calculation, which is a whole number.

9.5 Calculating the SAIDI planned quality incentive

Calculated as specified in Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination.

Quality calculation	Definition	Amount[17] $000	Reference to supporting calculation/information
$(SAIDI_{planned,target} - SAIDI_{planned,assess})$	$SAIDI_{planned,assess}$ (8.60) is less than the $SAIDI_{planned,cap}$ (13.94). Therefore, $SAIDI_{planned,assess}$ equals the SAIDI assessed value. = (4.65 - 8.60)	(3.95)	As specified in Schedule 4 (6)(g)
multiplied by 0.5	0.5 as prescribed in the formula of Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination	0.5	As prescribed in Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination
multiplied by incentive rate	The incentive rate for the 31 March 2022 regulatory year	$23	As per Schedule 4 (4) of the 2020 DPP Determination
SAIDI planned quality incentive		**($46)**	

9.6 Reliability components for year ended 31 March 2022

Reliability components	Component value	Reference to supporting calculation/information
Unplanned SAIDI		
Assessed value	25.32	From WELL's Compliance Statement for period ended 31 March 2022.
Cap	39.81	From WELL's Compliance Statement for period ended 31 March 2022.
Target	31.2	From WELL's Compliance Statement for period ended 31 March 2022.
Planned SAIDI		
Assessed value	8.60	From WELL's Compliance Statement for period ended 31 March 2022.
Cap	13.94	From WELL's Compliance Statement for period ended 31 March 2022.
Target	4.65	From WELL's Compliance Statement for period ended 31 March 2022.

[17] Does not apply to the SAIDI planned quality differential component of this calculation, which is a whole number.

10 Appendix F: Quality incentive adjustment 2024

As per Schedule 4 (1) of the 2020 DPP Determination, the quality incentive adjustment for the fourth assessment period (for the year ending the 31 March 2024), will be included in the Compliance Statement for the regulatory year finishing 31 March 2026 – a two-year lag after the assessment period.

10.1 Quality incentive adjustment calculation

The quality incentive adjustment calculation is provided in Schedule 4 (5)(a) of the 2020 DPP Determination and is adjusted for the time value of money (provided by Schedule 4 (5)(b) of the 2020 DPP Determination).

Quality incentive adjustment calculation	Definition	Amount[18] $000	Reference to supporting calculation/information
Lessor amount of revenue at risk and the SAIDI quality incentive	The lessor amount as outlined in Schedule 4 (5)(a) of the 2020 DPP Determination	($142)	Refer to the calculations in section 10.3
multiplied by (1 + 67th percentile estimate of post-tax WACC)^2	As specified in Schedule 4 (5)(b) of the 2020 DPP Determination. (1 + 67th percentile estimate of post-tax WACC)^2 = (1 + 4.23%)^2 = 1.09	1.09	The 67th percentile estimate of post-tax WACC per clause 4.2 of the 2020 DPP Determination is 4.23% (as provided in section 3.5.1.
Quality incentive adjustment		**($154)**	

10.2 Revenue at risk calculation

Schedule 4 (6)(h) of the 2020 DPP Determination provides the 'revenue at risk' calculation as:

Revenue at risk calculation	Definition	Amount[19] $000	Reference to supporting calculation/information
0.02	0.02 as prescribed in the formula of Schedule 4 (6)(h) of the 2020 DPP Determination	0.02	As prescribed in Schedule 4 (6)(h) of the 2020 DPP Determination
multiplied by ANAR	Is the actual net allowable revenue for the fourth assessment period	$102,528	As calculated in section 3.3
Revenue at risk		**$2,051**	

[18] Does not apply to the WACC component of this calculation, which is a whole number.

[19] Does not apply to the 0.02 component of this calculation, which is a whole number.

10.3 SAIDI quality incentive value calculation

The SAIDI quality incentive value calculation is outlined in Schedule 4 (5)(a) of the DPP Determination.

Quality calculation	Definition	Amount $000	Reference to supporting calculation/information
$SAIDI_{unplanned}$	SAIDI unplanned quality incentive	($72)	As calculated in section 10.4
$SAIDI_{planned}$	SAIDI planned quality incentive	($70)	As calculated in section 10.5
SAIDI quality incentive		**($142)**	

10.4 Calculating the SAIDI unplanned quality incentive value

Calculated as specified in Schedule 4 (5)(a)(i) A. of the 2020 DPP Determination.

Quality calculation	Definition	Amount[20] $000	Reference to supporting calculation/information
$(SAIDI_{unplanned,target} - SAIDI_{unplanned,assess})$	$SAIDI_{unplanned,assess}$ (34.28) is less than the $SAIDI_{unplanned,cap}$ (39.81). Therefore, $SAIDI_{unplanned,assess}$ equals the SAIDI assessed value. = (31.2 – 34.28)	(3.08)	As specified in Schedule 4 (6)(c)
multiplied by incentive rate	The incentive rate for the 31 March 2024 regulatory year	$23	As per Schedule 4 (4) of the 2020 DPP Determination
SAIDI unplanned quality incentive		**($72)**	

[20] Does not apply to the SAIDI unplanned quality differential component of this calculation, which is a whole number.

10.5 Calculating the SAIDI planned quality incentive

Calculated as specified in Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination.

Quality calculation	Definition	Amount[21] $000	Reference to supporting calculation/information
$(SAIDI_{planned,target} - SAIDI_{planned,assess})$	$SAIDI_{planned,assess}$ (10.69) is less than the $SAIDI_{planned,cap}$ (13.94). Therefore, $SAIDI_{planned,assess}$ equals the SAIDI assessed value. = (4.65 – 10.69)	(6.04)	As specified in Schedule 4 (6)(g)
multiplied by 0.5	0.5 as prescribed in the formula of Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination	0.50	As prescribed in Schedule 4 (5)(a)(i) B. of the 2020 DPP Determination
multiplied by incentive rate	The incentive rate for the 31 March 2024 regulatory year	$23	As per Schedule 4 (4) of the 2020 DPP Determination
SAIDI planned quality incentive		**($70)**	

10.6 Reliability components for year ended 31 March 2024

Reliability components	Component value	Reference to supporting calculation/information
Unplanned SAIDI		
Assessed value	34.28	Supporting calculation provided in Appendix J
Cap	39.81	As specified in Schedule 4 (2) of the 2020 DPP Determination
Target	31.2	As specified in Schedule 4 (2) of the 2020 DPP Determination
Planned SAIDI		
Assessed value	10.69	Supporting calculation provided in Appendix I
Cap	13.94	As specified in Schedule 4 (3) of the 2020 DPP Determination
Target	4.65	As specified in Schedule 4 (3) of the 2020 DPP Determination

[21] Does not apply to the SAIDI planned quality differential component of this calculation, which is a whole number.

11 Appendix G: Opex incentive amount calculation

11.1 Calculating the opex incentive amount

WELL has calculated the opex incentive amount using the methodology provided in clause 3.3.2 of the IMs. The opex incentive amount is made up of amounts carried forward into that disclosure year from a disclosure year in a preceding regulatory period and, where applicable, an adjustment to the opex incentive for that disclosure year.

Opex incentive amount calculation	Definition	Amount $000	Reference to supporting calculation/information
Amount carried forward	All amounts carried forward into that disclosure year from a disclosure year in a preceding regulatory period	2,358	Supporting calculation provided in section 11.2
plus an adjustment to the opex incentive, where applicable	Where applicable under clause 3.3.4(1) of the IMs, an adjustment to the opex incentive for that disclosure year	647	An adjustment to the opex incentive is not required in the starting price year (first year of a regulatory period).
Opex incentive amount		**3,005**	

11.2 Amount carried forward

The amount carried forward is calculated as per clause 3.3.3 of the IMs.

Amount carried forward calculation	Definition	Amount $000	Reference to supporting calculation/ information
Amount carried forward for the year ended 31 March 2019	The 'amount carried forward' for the first disclosure year of a regulatory period, is calculated in accordance with the formula– forecast $opex_t$ – actual $opex_t$ Where: t means the disclosure year in question. 34,131 - 34,017	$114	Calculation method provided in clause 3.3.3 (2) of the IMs. Forecast and actual opex provided in section 11.5.
Amount carried forward for the year ended 31 March 2020	For a disclosure year which is not the first or last disclosure year of a regulatory period, 'amount carried forward' is calculated as: (forecast $opex_t$ - actual $opex_t$) - (forecast $opex_{t-1}$ - actual $opex_{t-1}$) Where: t means the disclosure year in question, and t-1 means the disclosure preceding the disclosure year in question (35,184 - 32,826) - (34,131 - 34,017)	$2,245	Calculation method provided in clause 3.3.3 (3) of the IMs. Forecast and actual opex provided in section 11.5.
Amount carried forward for the year ended 31 March 2021	The 'amount carried forward' for the last disclosure year of a regulatory period is nil.	$0	As specified in clause 3.3.3 (4) of the IMs.
Amount carried forward for the year ended 31 March 2022	This year is within the current regulatory period (DPP3 period), therefore no amount is carried forward for the DPP2/CPP regulatory period, and instead this will be carried forward to the next regulatory period (DPP4).	$0	As described in clause 3.3.2 (2) (a) of the IMs.
Amount carried forward for the year ended 31 March 2023	This year is within the current regulatory period (DPP3 period), therefore no amount is carried forward for the DPP2/CPP regulatory period, and instead this will be carried forward to the next regulatory period (DPP4).	$0	As described in clause 3.3.2 (2) (a) of the IMs.
Amount carried forward		**$2,358**	

11.3 Adjustment to the opex incentive

As per clause 3.3.4 of the IMs, the adjustment to the opex incentive is calculated in the disclosure year immediately following a starting price year (unless the disclosure year in question is also a starting price year) and is recovered over the remaining years of the regulatory period. The Adjustment to the opex incentive is calculated in accordance to 3.3.2 (2) (b) of the IMs.

Adjustment to the opex incentive calculation	Definition	Amount $000[22]	Reference to supporting calculation/information
Adjustment to the opex incentive	An adjustment to the opex incentive must be calculated in the disclosure year immediately following a starting price year unless the disclosure year in question is also a starting price year.	1,885	Section 11.4
divided by l-1	Where: l is the number of disclosure years in the regulatory period = 4 - 1	3	3.3.2 (2) (b) of the IMs.
multiplied by $(1 + r)^{y-1}$	Where: r is the cost of debt applying to the DPP or CPP in question y is the number of disclosure years preceding the disclosure year in question in the regulatory period = $(1 + 0.0292)^{2-1}$	1.0292	3.3.2 (2) (b) of the IMs. The cost of debt used in this calculation is 2.92% as per the Cost of Capital Determination 2019.
Total adjustment to the opex incentive		**$647**	

[22] Only applies to the "Adjustment to the opex incentive" and the total "Adjustment to the opex incentive". The other numbers in this table are whole numbers.

11.4 Adjustment to the opex incentive amount

Adjustment to the opex incentive amount calculation	Definition	Amount $000	Reference to supporting calculation/information
Base year adjustment term	A 'base year adjustment term' is calculated in accordance with the formula $-\left(\frac{(\text{forecast opex}_{t-1} - \text{actual opex}_{t-1}) - (\text{forecast opex}_{t-2} - \text{actual opex}_{t-2})}{(1+WACC)^4}\right)$ where– *WACC* means- (i) in the case of a **DPP**, the **WACC** as determined by the **Commission** and applicable to the **DPP**; or (ii) in the case of a **CPP**, the **DPP WACC** as determined by the **Commission** and as applicable to the **CPP** at the start of the **EDB's** current **CPP regulatory period** in accordance with clause 5.3.22; *t-1* means the **disclosure year** immediately prior to the current **regulatory period**; and *t-2* means the **disclosure year** commencing two years prior to the current **regulatory period**. = - ([34,039 - 33,934] - [35,184 - 32,826]) / (1 + 0.0457)^4	$1,885	The calculation components are provided in clause 3.3.4 (2) and the calculation method is provided in clause 3.3.5 of the IMs. Forecast and actual opex provided in section 11.5. The WACC used in this calculation is 4.57% as per the Cost of Capital Determination 2019.
Total adjustment to the opex incentive		**$1,885**	

11.5 Forecast and actual opex

	31 March 2019 $000	31 March 2020 $000	31 March 2021 $000	31 March 2022 $000	31 March 2023 $000	Reference to supporting calculation/information
Forecast opex						
DDP2 allowance						As per 2015 DPP Determination
plus CPP allowance	34,131	35,184	34,039			As per 2018 CPP Determination
DPP3 allowance				35,217	36,324	As per 2020 DPP Determination
Forecast opex	**34,131**	**35,184**	**34,039**	**35,217**	**36,324**	
Actual opex						
Operating costs	34,017	32,190	33,409	35,404	36,335	As per Schedule 6b of Wellington Electricity's Information Disclosures for the relevant year
plus lease payments		635	526	659	525	As per the definition under GAAP
Actual opex	**34,017**	**32,826**	**33,934**	**36,063**	**36,860**	

12 Appendix H: Capex incentive amount calculation

WELL has calculated the capex incentive amount using the methodology provided in clause 3.3.10 of the IMs. The capex incentive amount is made up of a capex wash-up amount and a retention adjustment.

Calculation	Definition	Amount $000	Reference to supporting calculation/information
capex wash-up amount	clause 3.3.12(1) of the IMs –the differences in the building blocks allowable revenue (before tax), between actual commissioned assets and forecast commissioned asset.	(1,963)	Supporting calculation provided in section 12.1
plus retention adjustment	clause 3.3.12(1) of the IMs – the application of the retention factor to differences between forecast commissioned assets and actual commission assets.	2,369	Supporting calculation provided in section 12.2
Total capex incentive amount	Calculated in accordance with the formula outlined in Section 3.3.10 (2) of the IMs $\left(\frac{capex\ wash\text{-}up + retention\ adjustment}{l-1}\right) \times (1+r)^{y+0.5}$ where– *l* is the number of **disclosure years** in the **DPP regulatory period**; *r* is the **cost of debt** applying to the **DPP** or **CPP** in question; and *y* is the number of **disclosure years** preceding the **disclosure year** in question in the **DPP regulatory period**; and $= \left(\frac{-1{,}963 + 2{,}369}{5-1}\right)$ x (1 + 2.92%)^(3 + 0.5)	**112**	

12.1 Calculating the Capex wash-up

The capex wash-up calculation is outlined in clause 3.3.11 of the IMs. The discount rate applied is the DDP2 WACC which is 7.19%.

Calculation	Definition	DPP2 regulatory period $000	Reference to supporting calculation/information
1 April 2015 PV of differences in the series of building blocks allowable revenue before tax based on the forecast assets commissioned	As per 2018 CPP financial model as published in PV 1 April 2015 terms.	433,266	As prescribed in clause 3.3.11 (1)(b) and (c) of the IMs.
1 April 2015 PV of differences in the series of building blocks allowable revenue before tax based on the actual assets commissioned	As per 2018 CPP financial model updated for actual commissioned assets in PV 1 April 2015 terms.	431,879	As prescribed in clause 3.3.11 (1)(a) of the IMs.
1 April 2015 PV of differences in the series of building blocks allowable revenue before tax		(1,387)	As prescribed in clause 3.3.11 (1) of the IMs.
Capex wash-up (PV 1 April 2020)		**(1,963)**	The 1 April 2020 present value of the capex wash-up amount is calculated as ($1,387) x (1+7.19%)[5]

12.2 Calculating the retention adjustment

The retention adjustment calculation is outlined in clause 3.3.12 of the IMs. The discount rate applied is the DDP2 WACC which is 7.19%. The retention factor applied to the PV of differences in assets commissioned is 15%, as per the 2015 DPP2 Determination.

	31 March 2016 $000	31 March 2017 $000	31 March 2018 $000	31 March 2019 $000	31 March 2020 $000	DPP2 regulatory period $000	Reference to supporting calculation/information
Forecast value of commissioned assets							
DDP2 allowance	27,257	28,408	34,853				As per 2015 DPP Determination
plus CPP allowance				39,516	42,355		As per 2018 CPP Determination
Forecast value of commissioned assets	27,257	28,408	34,853	39,516	42,355		
PV of forecast value of commissioned assets	37,255	36,223	41,460	43,854	43,851		Calculated based on the DPP2 WACC of 7.19%
Value of commissioned assets							
Actual / revised forecast assets commissioned	26,282	24,695	31,469	37,191	43,322		As per Schedule 4 of Wellington Electricity's Information Disclosures for the relevant year
less right-of-use-assets					-3,978		As per the definition under GAAP
Value of commissioned assets	26,282	24,695	31,469	37,191	39,344		
PV of value of commissioned assets	35,921	31,488	37,434	41,273	40,734		Calculated based on the DPP2 WACC of 7.19%
PV of differences in assets commissioned	1,334	4,735	4,026	2,580	3,117		
Retention adjustment	**200**	**710**	**604**	**387**	**468**	**2,369**	

13 Appendix I: Planned SAIDI and SAIFI assessed value calculation

WELL has calculated the planned SAIDI and SAIFI assessed values using the methodology provided in Schedule 3.1 of the 2020 DPP Determination for the fourth assessment period. In this section, WELL has also provided information necessary to demonstrate whether WELL has complied with clause 9.2.

13.1 Calculating the planned SAIDI assessed value

WELL has calculated the SAIDI assessed value using the methodology provided in Schedule 3.1 (2) of the 2020 DPP Determination. Specifically, the planned SAIDI assessed value is calculated as:

$SAIDI_{planned,assess}$ Calculation	Amount	Reference to supporting calculation/information
$SAIDI_B$	2.19	Refer Section 13.3
plus $SAIDI_N/2$	8.50	Refer Section 13.3
$SAIDI_{planned,assess}$	**10.69**	

13.2 Calculating the planned SAIFI assessed value

WELL has calculated the planned SAIFI assessed value using the methodology provided in schedule 3.1 (3) of 2020 DPP Determination. Specifically, the SAIFI assessed value is calculated as:

Calculation	Definition	Amount	Reference to supporting calculation/information
Planned interruptions (Class B)	Total number of planned customers interruption (Class B)	11,537	Method of data collection and validation described in section 4.1
divided by Average number of customers	From the Gentrack billing system. A report is run monthly, and an average is calculated for the regulatory year.	175,249	Provided by Appendix K
$SAIFI_{planned,assess}$		**0.0658**	

13.3 Calculating $SAIDI_B$ and $SAIDI_N$

Calculation Components	Definition	Amount	Reference to supporting calculation/information
$SAIDI_B$			
Class B interruptions that are not notified interruptions	Total customer interruption minutes accrued for each interruption	299,515	Method of data collection and validation described in section 4.1
and Class B notified interruptions falling outside the Notified Interruption Window	Total customer interruption minutes accrued for each interruption outside the notified interruption window	83,596	Method of data collection and validation described in section 4.1
Total Class B non-notified interruption minutes		383,111	
divided by Average number of customers	From the Gentrack billing system. A report is run monthly, and an average is calculated for the regulatory year.	175,249	Provided in Appendix K
$SAIDI_B$		**2.19**	
$SAIDI_N$			
Class B notified interruptions falling inside the Notified Interruption Window	Total customer interruption minutes accrued for each interruption inside the notified window	2,707,599	Method of data collection and validation described in section 4.1
and Class B intended interruptions cancelled without notice	Total customer interruption minutes accrued for each interruption cancelled without notice	272,760	Method of data collection and validation described in section 4.2
and Class B intended interruptions cancelled with notice	Total customer interruption minutes accrued for each interruption cancelled with notice	0	Method of data collection and validation described in section 4.1
Total notified interruption minutes		2,980,359	
divided by Average number of customers	From the Gentrack billing system. A report is run monthly, and an average is calculated for the regulatory year.	175,249	Provided in Appendix K
$SAIDI_N$		**17.01**	

14 Appendix J: Unplanned SAIDI and SAIFI assessed value calculation

WELL has calculated the unplanned SAIDI and SAIFI assessed values using the methodology provided in Schedule 3.2 of the 2020 DPP Determination for the fourth assessment period. In this section, WELL has also provided information necessary to demonstrate whether WELL has complied with clause 9.8.

14.1 Calculating the unplanned SAIDI assessed value

WELL has calculated the unplanned SAIDI assessed value using the methodology provided in Schedule 3.2 (2) of the 2020 DPP Determination. Specifically, the unplanned SAIDI assessed value is calculated as:

$SAIDI_{unplanned,assess}$ calculation	Definition	Amount	Reference to supporting calculation/information
Unplanned customer interruption minutes (Class C)	The sum of the total duration in minutes accumulated for each ICP for each unplanned interruption.	7,490,398	Method of data collection and validation described in section 4.1
divided by Total number of ICPs	From the Gentrack billing system. A report is run monthly, and an average is calculated for the regulatory year.	175,249	Provided in Appendix K
Unplanned SAIDI value	(Total unplanned customer interruption minutes / Total number of ICPs).	42.74	As specified in clause 4.2 of the 2020 DPP Determination
less major event boundary value adjustment	Within an unplanned SAIDI major event, any 30-minute period where the unplanned interruption SAIDI value is greater than 1/48th of the SAIDI unplanned boundary value (2.16), this period equals 1/48th of the SAIDI unplanned boundary value.	8.46	There was one SAIDI major event in the 2023/24 year. Refer to Section 14.3 for details.
$SAIDI_{unplanned,assess}$		**34.28**	

14.2 Calculating the unplanned SAIFI assessed value

WELL has calculated the unplanned SAIFI assessed value using the methodology provided in Schedule 3.2 (3) of the 2020 DPP Determination. Specifically, the unplanned SAIFI assessed value is calculated as:

$SAIFI_{unplanned,assess}$ calculation	Definition	Amount	Reference to supporting calculation/information
Unplanned customer interruption minutes (Class C)	The total number of unplanned customers interruptions for each unplanned interruption.	101,712	Method of data collection and validation described in section 4.1
divided by Total number of ICPs	From the Gentrack billing system. A report is run monthly, and an average is calculated for the regulatory year.	175,249	Provided in Appendix K
Unplanned SAIFI value	(Total number of unplanned customer interruptions / Total number of ICPs).	0.5804	As specified in clause 4.2 of the 2020 DPP Determination
less major event boundary value adjustment	Within an unplanned SAIFI major event, any 30-minute period where the unplanned interruption SAIFI value is greater than 1/48th of the SAIFI unplanned boundary value (0.0313), this period equals 1/48th of the SAIFI unplanned boundary value.	0.1534	There were three SAIFI major events in the 2023/24 year. Refer to Section 14.3 for details.
$SAIFI_{unplanned,assess}$		**0.4270**	

14.3 SAIDI and SAIFI major events

A SAIDI/SAIFI major event is defined in clause 4.2 of the 2020 DDP Determination as any period of 24 hours that starts on the hour or half past the hour where the sum of SAIDI/SAIFI values over that period for unplanned interruptions exceeds the applicable SAIDI/SAIFI unplanned boundary value.

WELL had one SAIDI and three SAIFI major events during the fourth assessment period. In accordance with the Commission's final decision in the Determination's reasons paper[23], major events can last longer than 24-hours if the 'extended major event' criteria is met.

WELL had a SAIDI and SAIFI major event on 17 September 2023. WELL had two other SAIFI major events on 26 September 2023 and 9 November 2023. The tables below include details relating to the major SAIDI and SAIFI events in accordance with clause 11.6 (g) and (h) of the 2020 DPP Determination.

[23] Section K69-K72 p391 - https://comcom.govt.nz/__data/assets/pdf_file/0020/191810/Default-price-quality-paths-for-electricity-distribution-businesses-from-1-April-2020-Final-decision-Reasons-paper-27-November-2019.PDF

Major events					
SAIDI major event					
Cause of the SAIDI major event	On the 17th of September 2023, there was a severe storm in the Wellington region. The storm commenced at approximately 5pm on 16 September and continued until about 2am on 18 September. On the 17th of September, maximum wind gusts of 163kph and 187 kph were registered at Mt Kaukau (approximately 9pm) and Remutaka (approximately 6pm), respectively. The maximum wind gust exceeded 100kph for approximately 26 hours and 42 hours continuously in Mt Kaukau and Remutaka, respectively. The storm caused multiple instances of tree debris flying into the 11kV lines as well as other damage to network equipment. The strong winds also hindered repair times, as repair works were only carried out when safe to do so in the challenging weather conditions.				
WELL's response	Preparations commenced on the 15th of September for the expected severe gale northwesterlies with damaging gusts in south of Wellington. A storm response meeting was initiated by Customer Service at 3pm with the Wellington Electricity's Totex Team, Network Operations, Northpower, Treescape, Telnet, and Northpower Dispatch. Additional Northpower resource was confirmed to be available and added to the fault roster. Downer and Connetics were also engaged to be on standby and to respond at Northpower's request for additional support as and when it was required. Treescape confirmed that they would have additional crews available to respond as required.				
Prevention and future improvements	Low sagging conductors may have caused line clashing due to fault current and, therefore, to prevent this from happening again: 1. HV crossarms replaced with 3m ones 2. Lines were re-sagged				
Start date and time	End date and time	SAIDI value before any replacement	Replaced SAIDI value	Location	Equipment involved
9/16/2023 18:30	9/18/2023 21:30	8.97	0.51	PLI11	CAUSE UNKNOWN
				JOH10	TREE DEBRIS
				BRO3	CONNECTOR
				PLI11	JUMPER
				MAI11	TREE FALLEN
				BRO8	TREE FALLEN
				BRO13	TREE CONTACT
				BRO3	CONDUCTOR
				WAI7	DROP OUT FUSE
				GRA3	CONDUCTOR
				EVA2	CONDUCTOR
				TREZS	CAUSE UNKNOWN
				IRA1	CAUSE UNKNOWN
				MEL4	CAUSE UNKNOWN
				PLI8	CAUSE UNKNOWN
				KOR10	TRANSFORMER
				MAI10	CONDUCTOR
				PLI8	JUMPER
				MAN3	CONDUCTOR
				PLI11	TREE CONTACT
				MEL4	CONDUCTOR

SAIFI major events					
Cause of the SAIFI major event	See details of the 17th of September 2023 SAIDI major event above.				
WELL's response	See details of the 17th of September 2023 SAIDI major event above.				
Prevention and future improvements	See details of the 17th of September 2023 SAIDI major event above.				
Start date and time	End date and time	SAIFI value before any replacement	Replaced SAIFI value	Location	Equipment involved
9/16/2023 18:00	9/18/2023 17:30	0.08445	0.00751	See SAIDI major event above	See SAIDI major event above
Cause of the SAIFI major event	On Tuesday, 26th September 2023 at 18:06 hrs, there was an outage due to a cable fault in 277 Fergusson Drive, Upper Hutt, Trentham. This engaged the Trentham zone substation incomer breaker CB9 and Transpower's Haywards CB1012. At the time of the fault, Trentham incomer CB4 was out of service due to a protection issue at the breaker (issue occured 17th September 2023). This resulted in the Trentham zone substation being on N security at the time of the fault.				
WELL's response	A new differential relay was installed at Trentham to replace the faulty CB4 unit.				
Prevention and future improvements	1. Requirement for clear communications between internal and external stakeholders. 2. Understanding the level of risk for both the network and customers. 3. Based on bullets 1 and 2, developing a plan to mitigate/reduced the customers impact in the event of an unplanned asset outage i.e. transferring load away from substation affected.				
Start date and time	End date and time	SAIFI value before any replacement	Replaced SAIFI value	Location	Equipment involved
9/25/2023 18:30	9/27/2023 17:30	0.03831	0.00231	TRE ZS	CABLE
Cause of the SAIFI major event	On Thursday, 9 November 2023 at 08:11 hrs, Porirua zone substation incomer CB8 tripped while incomer CB3 was out for maintenance, affecting 7,206 customers for 19 minutes. The fault was found to be caused by a pilot cable fault on two locations.				
WELL's response	Pilot cable faults were repaired.				
Prevention and future improvements	1. Replace the pilot cable and or associated protection.				
Start date and time	End date and time	SAIFI value before any replacement	Replaced SAIFI value	Location	Equipment involved
11/8/2023 8:30	11/10/2023 7:30	0.04120	0.00073	POR8	CABLE

15 Appendix K: Average customer number calculation

The monthly number of customers is provided by the Gentrack billing system.

Month	ICP numbers
Apr-23	174,501
May-23	174,550
Jun-23	174,704
Jul-23	174,882
Aug-23	175,142
Sep-23	175,355
Oct-23	175,562
Nov-23	175,599
Dec-23	175,662
Jan-24	175,642
Feb-24	175,678
Mar-24	175,709
Average	**175,249**