Wellington Electricity Lines Limited

Disclosure of Prices for the 9 month period 1 July 2018 to 31 March 2019

Pursuant to Electricity Distribution Information Disclosure Determination 2012

1 June 2018

1 Disclosure Requirements

This document has been prepared to comply with the following requirements in the Electricity Distribution Information Disclosure Determination 2012:

Disclosure of prices

2.4.18 Every EDB must at all times publicly disclose-

(1) Each current price expressed in a manner that enables consumers to determine-

(a) the consumer group or consumer groups applicable to them;

(b) the total price for electricity lines services applicable to them;

(c) the prices represented by each price component applicable to them;

(d) the amount of each current price that is attributable to transmission charges;

(2) The number (or estimated number) of consumers which must pay each price;

(3) The date at which each price was or will be first introduced;

(4) The price that was payable immediately before each current price (if any) expressed in the manner referred to in subclause (1) above.

2.4.19 Every EDB must, at least 20 working days before changing or withdrawing a price or introducing a new price that is payable by 5 or more consumers-

(1) Publicly disclose-

(a) the information specified in clause 2.4.18 above in respect of that price;

(b) an explanation of the reasons for the new price or the changed or withdrawn price;

(2) In addition, either-

(a) give written notice to each consumer by whom that price is, or in the case of a withdrawn price would have been, payable, including the information specified in clause 2.4.18 above in respect of that price; or

(b) notify consumers in the news section of either-

(i) 2 separate editions of each newspaper; or

(ii) news media accessible using the internet that is widely read by consumers connected to EDB's network;

(c) notification under subclause (2)(b) above must provide details of the price, including-

(i) the changed price alongside the immediately preceding price applicable; and

(ii) contact details where further details of the new or changed price can be found including the URL of the EDB's publicly accessible website.

2.4.20 Every EDB must, in respect of-

(1) All new prices payable; or

(2) In the case of withdrawn prices, the prices which would have been payable;

by 4 or fewer consumers, at least 20 working days before introducing a new price, give written notice to each consumer by whom that price is payable, the information specified in clause 2.4.18 above in respect of that price.

2 Summary of changes to pricing structures

From 1 July 2018 the Electric Vehicle (EV) pricing ('EVNITE' and 'EVDMND') within the Residential Low User (RLU) and Residential Standard User (RSU) price categories will be discontinued. It will be replaced by new residential EV pricing plans, 'Electric Vehicle and Battery (EVB)', for low and standard users in a separate pricing category. The EVB plans are available for owners of private EVs and/or Household Battery Systems and have the following characteristics which distinguish them from their predecessor:

- the congestion price signal is provided through a Time Of Use (TOU) based structure where pricing is separated into peak and off-peak periods. Peak periods are defined as being between 7am to 11am and 5pm to 9pm on weekdays (including public holidays), with all other timeframes (including all weekend) being designated off-peak.
- as signalled within the Pricing Roadmap, EVB has been introduced as new, separate residential pricing categories. This change is in response to feedback from retailers who suggested that this would make EV pricing easier to implement.

Further detailed information on the EVB plans can be found on our website at http://www.welectricity.co.nz/disclosures/pricing/2018-pricing/

We believe that by providing TOU pricing signals we can help incentivise consumers to charge their vehicles outside our network congestion periods. The inclusion of Household Battery Systems within the eligibility criteria recognises our support for the use of new technology within the electricity industry and provides an additional tool to shift electricity consumption. By avoiding increased investment for accommodating increasing network peak demand, customers may also avoid increased prices in the long term.

The introduction of TOU pricing for this relatively small group of consumers also provides an opportunity to understand potential challenges before considering the wider adoption of cost reflective pricing.

The EVB plans are optional plans and as such EV owners can choose to remain on the existing RLU and RSU price categories.

3 Consumer Groups

This section sets out the rationale and criteria for our consumer groups.

3.1 Defining Consumer Groups

Wellington Electricity Lines Limited (WELL) has adopted the following consumer groups for pricing purposes:

- Standard contracts:
  - Residential Low User (RLU);
  - Residential Standard User (RSU);
  - Residential Low User EV and Battery Storage (RLUEVB);
  - Residential Standard User EV and Battery Storage (RSUEVB);
  - General Low Voltage Connection (GLV);
  - General Transformer Connection (GTX); and
  - Unmetered (G).
- Non Standard Contracts.

Consumers are grouped by voltage level connection, end use, and their utilisation of electricity assets. As an example, the General Transformer Connection group does not make use of the low voltage (LV) reticulation network, as it connects directly to the high voltage network via a dedicated transformer.

Our Electricity Delivery Price Schedule[1] sets out prices for the 1 July 2018 - 31 March 2019 pricing period for the Standard contract consumer groups. Non-standard contract consumer groups are notified directly of their pricing.

The criteria used by WELL to allocate consumers to consumer groups is as follows:

Residential (including EVB)

The Residential consumer group is consistent with the definition of "Domestic consumer" in the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (LFC), where the primary use of the point of connection is a home not normally used for any business activity. Consumers in this group almost exclusively are connected to the LV Network, place similar capacity demands on the network, and can use night boost[2] and controlled[3] pricing options, provided they have the required metering, dedicated interruptible load and meet other eligibility criteria.

This residential consumer group has low and standard users. A low user is a residential consumer who consumes less than 8,000 kWh per year and who is on a low fixed charge retail pricing plan. The LFC require electricity distribution businesses (EDBs) to offer a pricing plan to domestic low users with a fixed price of no more than 15 cents per day.

A standard user is a residential consumer who consumes more than 8,000 kWh per year.

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[1] Available at: http://www.welectricity.co.nz/disclosures/pricing/2018-pricing/

[2] Night boost is a separately metered supply to permanently wired appliances, such as night store heaters, which are switched on and off at specific times. Night boost supply will be switched on during the night period (11pm to 7am) and for a minimum two hour boost period during the day (generally between 1pm to 3pm). Customers on EVB plans are not eligible for Night boost pricing.

3 A controlled supply is a supply that allows WELL to control energy supply to permanently wired appliances, such as hot water cylinders. The load control associated with a controlled supply is not operated based on specific daily times.

Only private owners of Electric Vehicles (EV) with a battery capacity of 12kWh and above and/or household battery systems of 4kWh capacity and above, who also have a smart meter, are eligible for the EV and battery price plans RLUEVB and RSUEVB. For electric vehicle eligibility, only private PHEV and private registered EVs qualify for this plan. Scooters or bikes do not qualify. RLUEVB and RSUEVB are optional plans and customers can choose to remain on the existing RLU and RSU price categories.

General Low Voltage Connection

The General Low Voltage Connection group is connected to the LV network with a connection capacity of up to 1500kVA, where the premises are a non-residential site used for business activity (e.g. a shop or a farm).

General Transformer Connection

The General Transformer Connection group includes consumers who receive supply from a transformer, owned by WELL and dedicated to supplying a single consumer, where the premises is a non-residential site used for business activity.

Voltage and asset distinctions

The following table depicts the relationship between consumer groups, load and asset utilisation characteristics.

Connection Asset Characteristics	Unmetered	Residential	General Low Voltage	General Transformer	Non Standard
<1kVA	✓				
<=15kVA		✓	✓	✓	
>15kVA & <=69kVA			✓	✓	
>69kVA & <=138kVA			✓	✓	
>138kVA & <=300kVA			✓	✓	
>300kVA & <=1500kVA			✓	✓	
>1500kVA				✓	✓
Low voltage	✓	✓	✓		
Transformer	✓	✓	✓	✓	✓
High voltage				✓	✓
Dedicated assets	✓[4]			✓[5]	✓[6]

Table 1 – Consumer group and load characteristics

Distributed Generation

WELL also has a distributed generation (DG) price. While not classified specifically as a consumer group in the Delivery Price Schedule, we have created a zero charge against each plan. The primary reason for these charges is to record the volume of generation on the network for market reconciliation purposes. This information is also used to monitor uptake of

[4] Streetlight circuits

[5] Transformers

[6] Dedicated network assets

DG connections on the network to assess their impact on network infrastructure and operations.

Non-standard contracts

The non-standard contracts group is made up of consumers who have atypical connection characteristics. For non-standard consumers, a confidential agreement exists between WELL and the individual consumer which sets out the terms and conditions for the supply of the electricity lines services including the price.

In accordance with its Customer Contributions Policy[7], WELL uses the following criteria to determine if a non-standard contract is appropriate:

- The consumer represents an unusual credit risk; or
- The consumer wants to reserve future network capacity; or
- There are unusual asset ownership or demarcation issues; or
- The consumer and/or WELL wishes to contract for additional services not covered in standard contracts; or
- The site to be connected has unusual locational or security issues; or
- Any other unusual circumstances that WELL, at its discretion, considers to warrant the use of a non-standard rather than standard contract.

Unmetered

The Unmetered consumer group includes consumers who do not have any metering because the cost of metering is prohibitive relative to their consumption. This includes streetlights, bus shelters, traffic lights etc.

[7] Available at http://www.welectricity.co.nz/disclosures/customer-contributions/

4 Change in Prices from 2017/18 Disclosure

The Commerce Commission has determined a Customised Price-Quality Path for Wellington Electricity (CPP Determination), which applies for a three year period commencing 1 April 2018. All prices for all consumers are set in accordance with the CPP Determination. Further information on this decision can be found here.

The CPP Determination has resulted in an uplift of the Distribution price component. This has been offset by a decrease in the Pass-through and recoverable cost price component due to reductions in costs from Transpower and the payback of a portion of the pass-through balance, as specified in the CPP Determination. WELL has also rebalanced the transmission component of prices between fixed and variable charges.

Overall there are no changes to delivery prices for residential customers for the 1 July 2018 to 31 March 2019 period. There are minor price decreases of up to 0.25% for certain commercial customer prices and streetlight pricing has increased by 1.79% to better reflect the recovery of revenue with the cost of supplying this customer group.

The total weighted average change in overall delivery charges for the 1 April 2018 to 31 March 2019 regulatory year compared to the previous year is shown below.

Price change element	Contribution to total average change in Delivery Charges
CPP	4.84%
Transpower transmission charges	-3.05%
ACOT charges	0.47%
Pass-through costs (rates, levies, etc)	0.36%
Other recoverable costs (incl. wash-ups, incentives and pass-through balance movement)	-3.01%
Volume changes	-0.23%
Total weighted average price change	**-0.62%**

Table 2 – Change in Delivery Charge

In accordance with clause 2.4.18, WELL's Electricity Delivery Charges in Table 3 of this document sets out the prices that apply during the 1 July 2018 to 31 March 2019 period.

WELL's electricity delivery prices exclude the following:

- The provision of metering equipment or load management equipment which is located at consumers premises;
- The cost of consumer fittings; and
- Goods and Services Tax (GST).

4.1 Description of price components

WELL's prices are comprised of two key components:

- Distribution price component – Revenue collected from this component of prices are set by the Commerce Commission and ensures that the business recovers what the Commission determines as a sufficient return on an efficient level of forecast operating and capital expenditure.

- Pass through and recoverable cost price component – relates to charges incurred by WELL from third parties as part of running the distribution network which are passed through to customers at cost and other recoverable costs. These charges are further explained below:

    - ***Transpower Transmission Charges***

      These are charges payable to the national electricity grid operator, Transpower, to transport energy from generators to WELL's network. This includes connection charges, interconnection charges and new investment agreement charges. WELL passes these charges onto consumers at cost.

    - ***Avoided Cost of Transmission (ACOT)***

      WELL pays ACOT charges to large distributed generators within WELL's network in recognition that these generators may cause WELL to avoid Transpower charges. These distributed generators reduce WELL's reliance on Transpower's transmission grid at peak times as peak demand is partly served through these distributed generators. WELL recognises these Transpower savings by paying an ACOT payment to the local distributed generator and WELL in turn pass these charges on to consumers at cost.

      ACOT charges can fluctuate significantly depending on how much the distributed generation contributes to reducing coincident demand on the network in line with the lower North Island transmission peaks.

    - ***Pass-through costs***

      This includes Local Council rates, Commerce Commission levies, Electricity Authority levies and Utilities Disputes Limited levies. WELL passes on these charges to consumers at cost.

    - ***Other Recoverable costs***

      Other recoverable costs include the recovery of capex wash up adjustments, incentives and pass-through balances. These are outlined in the CPP decision.

Our delivery charges represent around 30 - 40% of the total electricity bill paid by consumers. However, consumers should be aware that energy retailers will package up our prices into their own retail offerings and the actual impact on consumer electricity bills will vary according to price plans, consumption and the extent to which energy retailers pass through WELL's network price changes. Consumers should check with their energy retailer if they wish to further understand the actual impact on their total electricity bill.

5 Public Disclosure of 1 July 2018 to 31 March 2019 Prices

In accordance with clause 2.4.19(2)(b) prices from 1 July 2018 were publicly disclosed as required by regulation. A summary of prices was advertised in Dominion Post online editions on 23 May 2018 to 29 May 2018 and in the Dominion Post hardcopy on 26 May 2018.

In accordance with clause 2.4.20 WELL notified consumers on Non Standard Individual Contracts of price changes in writing on 1 March 2018. Price changes for these customers are guided by contractual agreements which may not coincide with standard price changes.

WELL's Electricity Delivery Price Schedule

1 July 2018 to 31 March 2019

				effective 1 July 2018		
Code	Description	Units	Estimated number of consumers as at 31 January 2018	Distribution price	Transmission and pass through Price[6]	Delivery Price
Residential						
RLU-FIXD	Low user daily	$/con/day	91,683	0.0900	0.0600	0.1500
RLU-24UC	Low user uncontrolled	$/kWh		0.0740	0.0418	0.1158
RLU-AICO	Low user all inclusive	$/kWh		0.0594	0.0335	0.0929
RLU-CTRL	Low user controlled	$/kWh		0.0357	0.0201	0.0558
RLU-NITE	Low user night boost	$/kWh		0.0121	0.0068	0.0189
RLU-EVNITE	Low user electric vehicle night only	$/kWh		discontinued	discontinued	discontinued
RLU-EVDMND	Low user electric vehicle demand	$/kW/month		discontinued	discontinued	discontinued
RSU-FIXD	Standard user daily	$/con/day	58,230	0.6600	0.4400	1.1000
RSU-24UC	Standard user uncontrolled	$/kWh		0.0463	0.0262	0.0725
RSU-AICO	Standard user all inclusive	$/kWh		0.0319	0.0180	0.0499
RSU-CTRL	Standard user controlled	$/kWh		0.0142	0.0080	0.0222
RSU-NITE	Standard user night boost	$/kWh		0.0111	0.0062	0.0173
RSU-EVNITE	Standard user electric vehicle night only	$/kWh		discontinued	discontinued	discontinued
RSU-EVDMND	Standard user electric vehicle demand	$/kW/month		discontinued	discontinued	discontinued
Residential electric vehicle and battery storage						
RLUEVB-FIXD	Residential EV & battery storage low user daily	$/con/day	new	0.0900	0.0600	0.1500
RLUEVB-PEAK	Residential EV & battery storage low user peak[1]	$/kWh		0.0858	0.0678	0.1536
RLUEVB-OFFPEAK	Residential EV & battery storage low user off-peak[2]	$/kWh		0.0381	0.0302	0.0683
RLUEVB-CTRL	Residential EV & battery storage low user controlled	$/kWh		0.0357	0.0201	0.0558
RSUEVB-FIXD	Residential EV & battery storage standard user daily	$/con/day	new	0.6600	0.4400	1.1000
RSUEVB-PEAK	Residential EV & battery storage standard user peak[1]	$/kWh		0.0616	0.0487	0.1103
RSUEVB-OFFPEAK	Residential EV & battery storage standard user off-peak[2]	$/kWh		0.0140	0.0110	0.0250
RSUEVB-CTRL	Residential EV & battery storage standard user controlled	$/kWh		0.0142	0.0080	0.0222
General low voltage connection						
GLV15-FIXD	General low voltage <=15kVA daily	$/con/day	5,071	0.4002	0.2264	0.6266
GLV15-24UC	General low voltage <=15kVA uncontrolled	$/kWh		0.0362	0.0205	0.0567
GLV69-FIXD	General low voltage >15kVA and <=69kVA daily	$/con/day	9,982	0.9901	0.5600	1.5501
GLV69-24UC	General low voltage >15kVA and <=69kVA uncontrolled	$/kWh		0.0250	0.0142	0.0392
GLV138-FIXD	General low voltage >69kVA and <=138kVA daily	$/con/day	383	5.6101	3.1732	8.7833
GLV138-24UC	General low voltage >69kVA and <=138kVA uncontrolled	$/kWh		0.0297	0.0168	0.0465
GLV300-FIXD	General low voltage >138kVA and <=300kVA daily	$/con/day	338	7.9916	4.5202	12.5118
GLV300-24UC	General low voltage >138kVA and <=300kVA uncontrolled	$/kWh		0.0123	0.0070	0.0193
GLV1500-FIXD	General low voltage >300kVA and <=1500kVA daily	$/con/day	219	20.1516	11.3980	31.5496
GLV1500-24UC	General low voltage >300kVA and <=1500kVA uncontrolled	$/kWh		0.0055	0.0031	0.0086
GLV1500-DAMD	General low voltage >300kVA and <=1500kVA demand	$/kVA/month		4.8879	2.7647	7.6526
General transformer connection						
GTX15-FIXD	General transformer <=15kVA daily	$/con/day	2	0.3633	0.2056	0.5689
GTX15-24UC	General transformer <=15kVA uncontrolled	$/kWh		0.0337	0.0191	0.0528
GTX69-FIXD	General transformer >15kVA and <=69kVA daily	$/con/day	20	0.8985	0.5081	1.4066
GTX69-24UC	General transformer >15kVA and <=69kVA uncontrolled	$/kWh		0.0236	0.0133	0.0369
GTX138-FIXD	General transformer >69kVA and <=138kVA daily	$/con/day	17	5.0906	2.8793	7.9699
GTX138-24UC	General transformer >69kVA and <=138kVA uncontrolled	$/kWh		0.0278	0.0157	0.0435
GTX300-FIXD	General transformer >138kVA and <=300kVA daily	$/con/day	92	7.2515	4.1016	11.3531
GTX300-24UC	General transformer >138kVA and <=300kVA uncontrolled	$/kWh		0.0115	0.0065	0.0180
GTX1500-FIXD	General transformer >300kVA and <=1500kVA daily	$/con/day	190	15.6461	8.8497	24.4958
GTX1500-24UC	General transformer >300kVA and <=1500kVA uncontrolled	$/kWh		0.0045	0.0025	0.0070
GTX1500-CAPY	General transformer >300kVA and <=1500kVA capacity	$/kVA/day		0.0106	0.0061	0.0167
GTX1500-DAMD	General transformer >300kVA and <=1500kVA demand	$/kVA/month		4.1085	2.3238	6.4323
GTX1501-FIXD	General transformer >1500kVA connection daily	$/con/day	34	0.0348	0.0197	0.0545
GTX1501-24UC	General transformer >1500kVA connection uncontrolled	$/kWh		0.0009	0.0006	0.0015
GTX1501-CAPY	General transformer >1500kVA connection capacity	$/kVA/day		0.0189	0.0107	0.0296
GTX1501-DOPC	General transformer >1500kVA connection on-peak demand[3]	$/kW/month		7.7410	4.3784	12.1194
GTX1501-PWRF	General transformer, >1500kVA connection, power factor[4]	$/kVAr/month		5.5896	3.1616	8.7512
Unmetered						
G001-FIXD	Non-street lighting daily	$/fitting/day	506	0.0276	0.0156	0.0432
G001-24UC	Non-street lighting uncontrolled	$/kWh		0.0895	0.0507	0.1402
G002-FIXD	Street lighting daily	$/fitting/day	333	0.1385	0.0838	0.2223
G002-24UC	Street lighting uncontrolled	$/kWh		0.0000	0.0000	0.0000
Distributed generation						
*DGEN	Small scale distributed generation[5]	$/kWh	n/a	0.0000	0.0000	0.0000

Notes:

1. Peak: Monday to Friday 07:00 - 11:00 (incl. public holidays); and Monday to Friday 17:00 - 21:00 (incl. public holidays)

2. Offpeak: Monday to Friday 11:00 - 17.00 (incl. public holidays); Monday to Friday 21:00 - 07:00 (incl. public holidays); and Saturday and Sunday all times

3. Charge is applicable to demand measured from 7:30 to 9:30 and 17:30 to 19:30 on weekdays including public holidays.

4. Charge is applicable for power factor <0.95 from 07:00 to 20:00 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.

5. WE* has various codes for small scale distributed generation volumes, being RLU-DGEN, RSU-DGEN, RLUEVB-DGEN, RSUEVB-DGEN,GLV15-DGEN, GLV69-DGEN, GLV138-DGEN, GLV300-DGEN, GLV1500-DGEN, GTX15-DGEN, GTX69-DGEN, GTX138-DGEN, GTX300-DGEN, GTX1500-DGEN and GTX1501-DGEN.

6. Transmission charges makes up 90% of the Transmission and Other pass through Price (excluding wash-ups and incentives). Other pass through charges recovered include costs such as Commerce Act Levies, Electricity Authority Levies, Council rates and other recoverable costs.

Table 3 – Delivery Charges applicable 1 July 2018 – 31 March 2019