Wellington Electricity Lines Limited

2019/20 Disclosure of Prices

Pursuant to Electricity Distribution Information Disclosure Determination 2012

1 March 2019

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(b) an explanation of the reasons for the new price or the changed or withdrawn price;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(a) give written notice to each consumer by whom that price is, or in the case of a withdrawn price would have been, payable, including the information specified in clause 2.4.18 above in respect of that price; or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(2) In the case of withdrawn prices, the prices which would have been payable;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

We will not be making any structural changes to our pricing for the 2019/20 pricing year, as we consider further changes as part of our pricing road map. The Electricity Authority is encouraging Lines Companies to introduce cost reflective pricing schemes. WELL introduced a time of use tariff for residential electric vehicle owners in 2018/19. We are now working towards a 2020 time of use prices for all residential customers.

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 Standard contract consumer groups for the period commencing 1 April 2019. 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/2019-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 plans.

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 2018/19 Disclosure

The Commerce Commission has determined a Customised Price-Quality Path for Wellington Electricity (CPP Determination), which applies for a three year period from 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, the payback of a portion of the pass-through balance, and incentives as specified in the CPP Determination.

The total weighted average change in overall delivery charges for the 1 April 2019 to 31 March 2020 regulatory year compared to the previous year is shown below.

Price change element	Contribution to total average change in Delivery Charges
CPP	1.65%
Transpower transmission charges	-0.26%
ACOT charges	-0.56%
Pass-through costs (rates, levies, etc)	0.19%
Other recoverable costs (incl. wash-ups, incentives and pass-through balance movement)	-2.68%
Volume changes	-0.10%
Total weighted average price change	**-1.76%**

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 April 2019 to 31 March 2020 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 2019/20 Prices

In accordance with clause 2.4.19(2)(b) 2019/20 prices were publicly disclosed as required by regulation. A summary of prices was advertised in Dominion Post online editions from 27 February 2019 and will be advertised in the Dominion Post hardcopy on 2 March 2019.

In accordance with clause 2.4.20 WELL notified consumers on Non Standard Individual Contracts of price changes in writing on 31 January 2019. 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 April 2019 to 31 March 2020

				effective 1 April 2019		
Code	Description	Units	Estimated number of consumers as at 31 January 2019	Distribution price	Transmission and pass through Price[6]	Delivery Price
Residential						
RLU-FIXD	Low user daily	$/con/day	91,840	0.0900	0.0600	0.1500
RLU-24UC	Low user uncontrolled	$/kWh		0.0730	0.0404	0.1134
RLU-AICO	Low user all inclusive	$/kWh		0.0586	0.0324	0.0910
RLU-CTRL	Low user controlled	$/kWh		0.0352	0.0195	0.0547
RLU-NITE	Low user night boost	$/kWh		0.0119	0.0066	0.0185
RSU-FIXD	Standard user daily	$/con/day	58,799	0.6600	0.4400	1.1000
RSU-24UC	Standard user uncontrolled	$/kWh		0.0457	0.0254	0.0711
RSU-AICO	Standard user all inclusive	$/kWh		0.0315	0.0174	0.0489
RSU-CTRL	Standard user controlled	$/kWh		0.0140	0.0077	0.0217
RSU-NITE	Standard user night boost	$/kWh		0.0109	0.0060	0.0169
Residential electric vehicle and battery storage						
RLUEVB-FIXD	Residential EV & battery storage low user daily	$/con/day	37	0.0900	0.0600	0.1500
RLUEVB-PEAK	Residential EV & battery storage low user peak[1]	$/kWh		0.0846	0.0656	0.1502
RLUEVB-OFFPEAK	Residential EV & battery storage low user off-peak[2]	$/kWh		0.0376	0.0292	0.0668
RLUEVB-CTRL	Residential EV & battery storage low user controlled	$/kWh		0.0352	0.0195	0.0547
RSUEVB-FIXD	Residential EV & battery storage standard user daily	$/con/day	50	0.6600	0.4400	1.1000
RSUEVB-PEAK	Residential EV & battery storage standard user peak[1]	$/kWh		0.0608	0.0471	0.1079
RSUEVB-OFFPEAK	Residential EV & battery storage standard user off-peak[2]	$/kWh		0.0138	0.0106	0.0244
RSUEVB-CTRL	Residential EV & battery storage standard user controlled	$/kWh		0.0140	0.0077	0.0217
General low voltage connection						
GLV15-FIXD	General low voltage <=15kVA daily	$/con/day	5,107	0.3948	0.2191	0.6139
GLV15-24UC	General low voltage <=15kVA uncontrolled	$/kWh		0.0357	0.0198	0.0555
GLV69-FIXD	General low voltage >15kVA and <=69kVA daily	$/con/day	9,909	0.9766	0.5419	1.5185
GLV69-24UC	General low voltage >15kVA and <=69kVA uncontrolled	$/kWh		0.0247	0.0137	0.0384
GLV138-FIXD	General low voltage >69kVA and <=138kVA daily	$/con/day	396	5.5338	3.0707	8.6045
GLV138-24UC	General low voltage >69kVA and <=138kVA uncontrolled	$/kWh		0.0293	0.0163	0.0456
GLV300-FIXD	General low voltage >138kVA and <=300kVA daily	$/con/day	339	7.8828	4.3742	12.2570
GLV300-24UC	General low voltage >138kVA and <=300kVA uncontrolled	$/kWh		0.0121	0.0068	0.0189
GLV1500-FIXD	General low voltage >300kVA and <=1500kVA daily	$/con/day	212	19.8773	11.0299	30.9072
GLV1500-24UC	General low voltage >300kVA and <=1500kVA uncontrolled	$/kWh		0.0054	0.0030	0.0084
GLV1500-DAMD	General low voltage >300kVA and <=1500kVA demand	$/kVA/month		4.8214	2.6754	7.4968
General transformer connection						
GTX15-FIXD	General transformer <=15kVA daily	$/con/day	2	0.3584	0.1990	0.5574
GTX15-24UC	General transformer <=15kVA uncontrolled	$/kWh		0.0332	0.0185	0.0517
GTX69-FIXD	General transformer >15kVA and <=69kVA daily	$/con/day	19	0.8863	0.4917	1.3780
GTX69-24UC	General transformer >15kVA and <=69kVA uncontrolled	$/kWh		0.0233	0.0129	0.0362
GTX138-FIXD	General transformer >69kVA and <=138kVA daily	$/con/day	17	5.0213	2.7863	7.8076
GTX138-24UC	General transformer >69kVA and <=138kVA uncontrolled	$/kWh		0.0274	0.0152	0.0426
GTX300-FIXD	General transformer >138kVA and <=300kVA daily	$/con/day	93	7.1528	3.9691	11.1219
GTX300-24UC	General transformer >138kVA and <=300kVA uncontrolled	$/kWh		0.0113	0.0063	0.0176
GTX1500-FIXD	General transformer >300kVA and <=1500kVA daily	$/con/day	192	15.4332	8.5639	23.9971
GTX1500-24UC	General transformer >300kVA and <=1500kVA uncontrolled	$/kWh		0.0044	0.0024	0.0068
GTX1500-CAPY	General transformer >300kVA and <=1500kVA capacity	$/kVA/day		0.0105	0.0059	0.0164
GTX1500-DAMD	General transformer >300kVA and <=1500kVA demand	$/kVA/month		4.0526	2.2487	6.3013
GTX1501-FIXD	General transformer >1500kVA connection daily	$/con/day	33	0.0343	0.0191	0.0534
GTX1501-24UC	General transformer >1500kVA connection uncontrolled	$/kWh		0.0009	0.0006	0.0015
GTX1501-CAPY	General transformer >1500kVA connection capacity	$/kVA/day		0.0186	0.0104	0.0290
GTX1501-DOPC	General transformer >1500kVA connection on-peak demand[3]	$/kW/month		7.6356	4.2370	11.8726
GTX1501-PWRF	General transformer, >1500kVA connection, power factor[4]	$/kVAr/month		5.5135	3.0595	8.5730
Unmetered						
G001-FIXD	Non-street lighting daily	$/fitting/day	518	0.0272	0.0151	0.0423
G001-24UC	Non-street lighting uncontrolled	$/kWh		0.0883	0.0491	0.1374
G002-FIXD	Street lighting daily	$/fitting/day	323	0.1457	0.0811	0.2268
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 92% 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 April 2019 – 31 March 2020