



NETWORK WAITAKI PRICING INFO - APRIL 2023

As a connected customer (an electricity consumer) on the Network Waitaki electricity network, your energy retailer may have notified you about upcoming price changes on the distribution portion of your bill – these are your line charges.

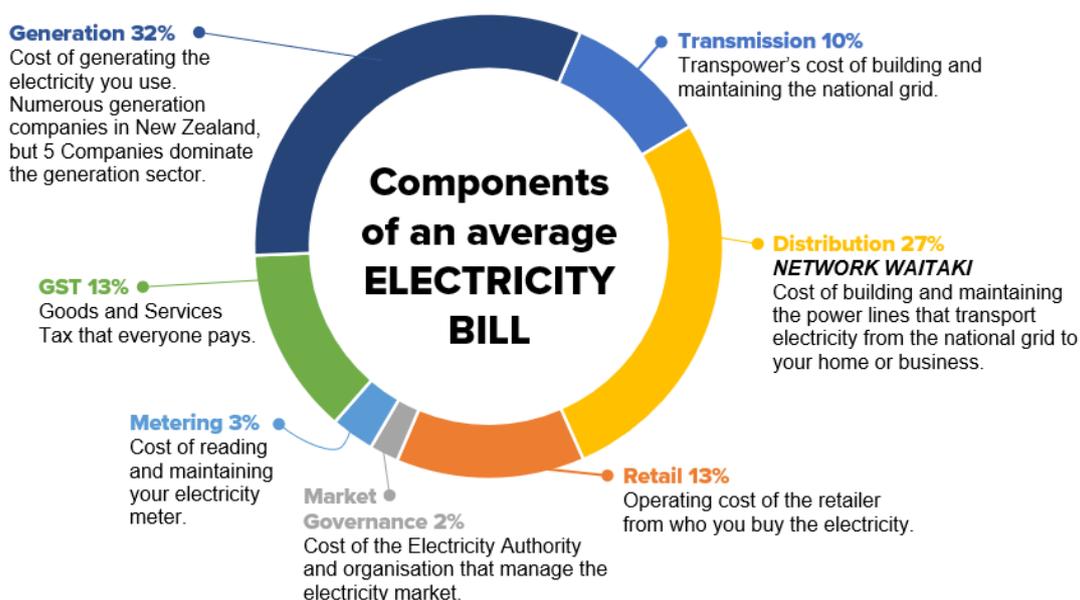
Network Waitaki has reviewed its line charges for the 12-month period starting 1 April 2023 and this may have an impact on your overall electricity bill.

Line charges make up approximately 1/3rd of your total power bill.

Our line charges also include the costs we pay for the use of the transmission grid owned by Transpower (transmission charges).

What does my electricity bill pay for and where does Network Waitaki fit in?

The diagram below shows the different components of your electricity bill, how these are shown on your electricity bill is up to your retailer.



The changes to our line charges for the year ahead arise due to the following factors:

1. A general price increase due to increased operating costs

From 1 April 2023, Network Waitaki's line charges will increase by an average of 9.8%.

Like most businesses, we have faced extraordinary cost inflation and market pressures in the past 12 months and forecast this will continue for the year ahead. While we have tried to absorb this as much as possible, we unfortunately need to pass some of these increases through to our customers.

We have to ensure we collect enough revenue through our line charges to fund our ongoing maintenance and investment in the network to deliver a safe and reliable electricity supply to our customers - now and in the future.

2. Implementation of new Transmission Pricing Methodology

In April 2022, the Electricity Authority announced its decision to adopt a new Transmission Pricing Methodology (TPM). The new TPM essentially changes the way in which Transpower's costs for operating and maintaining the national grid are spread across their customers. As a result, Network Waitaki's Transmission charges from Transpower have increased by 13% on average.

3. Changes to Low Fixed User Charges

Some customers are on a special pricing plan which gives users of low energy volumes (less than 9,000kWh) a low fixed daily charge at their primary place of residence. This pricing plan was a requirement under government regulations and intended to promote energy efficiency and benefit those people who use low volumes of energy.

Evidence has shown that the low fixed charge did not support the larger low-income families, those in older and less efficient homes, and vulnerable customers but was instead benefiting customers able to invest in solar panels, efficient appliances and lighting, and good insulation. Additionally, it has been found that this pricing plan was also used by people in other residences such as holiday homes as opposed to their primary place of residence.

This fixed daily charge was capped at 15 cents per day when the regulations were implemented in 2004, and there has been no increase to this in the past 18 years. These regulations are now out of date and no longer serve their intended purpose. In 2021, the government passed regulations to phase out these Low Fixed Charges over a 5 year period from 1 April 2022.

The Low Fixed Charge will increase to 45 cents per day (excl. GST), up from 30 cents per day in the previous pricing period.

3. Rebalancing Network Waitaki's Price plans

In line with regulatory requirements imposed by the Electricity Authority, Network Waitaki is moving towards more cost reflective network pricing. This is intended to ensure every customer connected to our electricity network contributes fairly to the cost of the service we provide.

The cost of operating and maintaining our network is largely fixed and is not dependent on the volume of electricity you use, so the price adjustment will include an increase in fixed capacity (\$ per connection) and a decrease in the volume charges (c/kWh). For an average customer this will balance out and have minimal impact overall (provided your electricity retailer passes through the decrease in the volume charges).

Some customers may see higher than average changes to their pricing, due to the size of their connection or how they use electricity (e.g., very low consumption or seasonal use such as irrigation). This may indicate you are on a connection size larger than you require, and we may be able to help you change this to a lower capacity connection depending on how you use electricity.

How Network Waitaki can help

Please feel free to contact our Customer Services team on 03 433 0065, or via email at service@networkwaitaki.co.nz.

Our team can answer any questions you may have, as well as check to ensure you are on the right plan and connection size.