



NETWORK WAITAKI PRICING INFO - APRIL 2024

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.

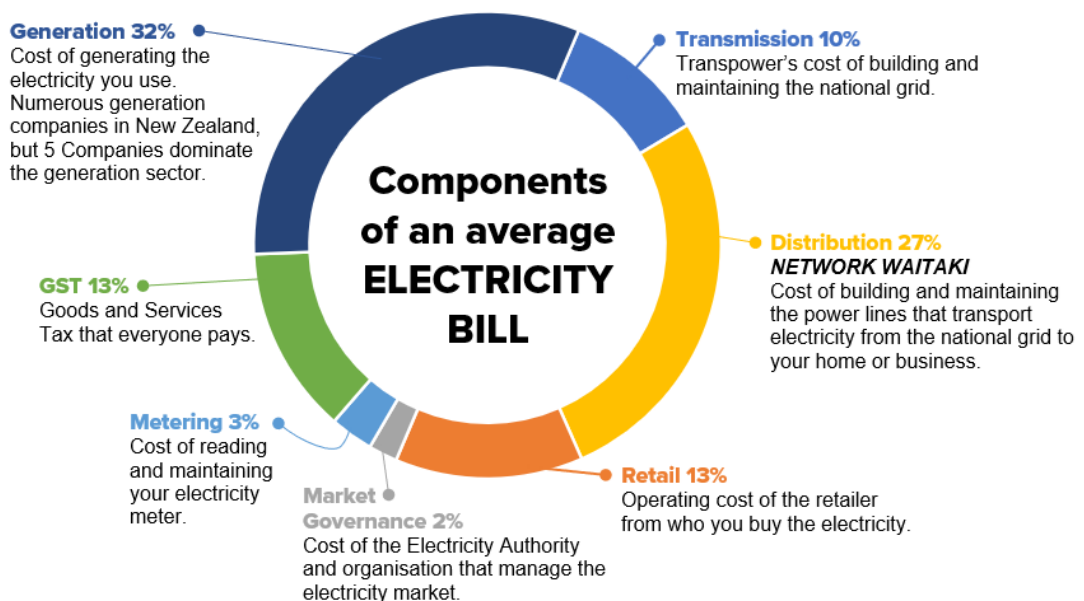
Network Waitaki has reviewed its line charges for the 12-month period starting 1 April 2024 and this may have an impact on your overall electricity bill. This includes supporting the industry wide phasing out of Low Fixed User charges (this is explained further in point 3 below).

Depending on your electricity usage profile, network charges make up approximately 1/3rd of your total power bill.

Our network 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 network charges for the year ahead arise due to the following factors:

1. A general price increase due to increased network investment and business operating costs

From 1 April 2024, Network Waitaki's line charges will increase on average by 11.0%.

Like most businesses, we have continued to face 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.

In addition, we have major capital investment projects in the pipeline to upgrade our network to meet the current and future supply demands of our consumers. Key projects in the pipeline over the next ten years to deliver on our service commitments to you and the Waitaki region include:

- To continue delivering a safe, efficient and reliable service there will be a general step increase in network renewals. This will see us replacing ageing assets that are reaching the end of their life, replacing some of our major transformers, and installing a new substation at Awamoko at a cost of \$15M.
- Construction of a new 220kV Grid connection and supporting infrastructure in the lower Waitaki Valley at a cost of \$100M. This is needed to address the constraints on Transpower's current 110kV transmission line between Waitaki and Glenavy (which supplies Oamaru). This new Grid connection is a positive development for our region and will secure the future electricity needs of Waitaki for decades to come.
- New Zealand is experiencing an increased number and severity of extreme weather events. We need to ensure that all new distribution assets are built to new design standards to withstand these condition.

2. Transmission Charges

Transpower has announced a 1.2% increase in prices to cover the cost of operating and maintaining the national grid. In addition, Network Waitaki had to invest in a Special Protection Scheme to support reliable supply into Oamaru. As a result, Network Waitaki's Transmission charges from Transpower have increased by 1.2% 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 9,000 kWh) 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 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, but in 2021, the Government passed regulations to phase out these Low Fixed Charges over a 5-year period from 1 April 2022.

In line with this, Network Waitaki has increased the low fixed charge to 60 cents per day (excl. GST), up from 45 cents per day in the previous period.

4. Rebalancing Network Waitaki's Price Plans to be More Cost Reflective

Electricity distributors are required to apply the 2019 Distribution pricing principles. These principles set out clear expectations for efficient distribution prices which the Electricity Authority use for monitoring and assessments. In line with these principles, 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. Therefore, the price adjustment this year for all consumers except those on Low Fixed Charges consists of an increase in fixed prices (\$ per connection) only.

Some consumers with very low consumption may want to reconsider whether 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.

We encourage customers to visit Consumer NZ's website 'Powerswitch' for a free and independent comparison of retail power plans - www.powerswitch.org.nz.