

HORIZON ENERGY DISTRIBUTION LIMITED

DEFAULT PRICE QUALITY PATH COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE 31 MARCH 2011

*Pursuant to the Commerce Act (Electricity Distribution Default Price-
Quality Path) Determination 2010*

8 JULY 2011

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1) Compliance with the Price Path (Clause 11.1(a))

Horizon Energy Distribution Limited ("Horizon Energy") does comply with the price path at the assessment date, 31 March 2011, as specified in the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

Clause 8.4 - The notional revenue (NR_t) of a Non-exempt EDB at any time during the Assessment Period must not exceed the allowable notional revenue (R_t) for the Assessment Period.

Compliance is demonstrated in the following tables. The first table demonstrates that notional revenue derived using posted prices at the end of the Assessment Period is less than allowable notional revenue. The second table demonstrates that the maximum notional revenue during the Assessment Period does not exceed allowable notional revenue thus illustrating that at no time during the Assessment Period is the price path breached.

Test:	$\frac{NR_{2011}}{R_{2011}} \leq 1$
NR_{2011} :	\$ 19,266,229
R_{2011} :	\$ 19,739,583
Result:	0.9760 < 1
Result:	Price Path has not been breached

Test:	$\frac{NR_{Max}}{R_{2011}} \leq 1$
NR_{Max} :	\$ 19,266,229
R_{2011} :	\$ 19,739,583
Result:	0.9760 < 1
Result:	Price Path has not been breached

As there were no price changes in 2011, Maximum Notional Revenue is the same as Notional Revenue at 31 March 2011.

Supporting evidence is presented in Appendices A, B and C.

2) Compliance with the Quality Standards (Clause 11.1(a))

Horizon Energy does comply with all requirements of the quality standards at the assessment date, 31 March 2011, as specified in the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010*.

Clause 9.2 - A Non-exempt EDB's Assessed Values for an Assessment Period must not exceed its Reliability Limits for that Assessment Period.

Compliance is demonstrated in the following tables. The first table demonstrates compliance with the SAIDI Limit and the second table compliance with the SAIFI limit.

Test:	$\frac{SAIDI_{Assess\ 2011}}{SAIDI_{Limit}} \leq 1$
SAIDI _{Assess 2011}	177.4069
SAIDI _{Limit}	220.0583
Result:	0.8062 < 1
Result:	SAIDI Limit has not been breached

Test:	$\frac{SAIFI_{Assess\ 2011}}{SAIFI_{Limit}} \leq 1$
SAIFI _{Assess 2011}	2.3927
SAIFI _{Limit}	2.3962
Result:	0.9985 < 1
Result:	SAIFI Limit has not been breached

Supporting evidence is presented in Appendices D and E.

3) Director Certification (Clause 11.1(c))

We, Anthony de Farias and Christopher Boyle, being directors of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached Annual Compliance Statement of Horizon Energy Distribution Limited and related information, prepared for the purposes of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* are true and accurate.



Anthony de Farias



Christopher Boyle

8 July 2011



4) Auditor's Report (Clause 11.2)

Independent Auditor's Report

to the readers of the Annual Compliance Statement of
Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2011

We have audited the attached statement, which is an Annual Compliance Statement in respect of the default price-quality path prepared by Horizon Energy Distribution Limited for the period ended 31 March 2011 and dated 8 July 2011 for the purposes of clause 11 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010* ("the Determination").

In relation to the price path set out in clause 8 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 2 and 7 to 11 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2011, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our audit included examination, on attest basis, of evidence relevant to the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 and 12 to 15 of the Annual Compliance Statement.

Our audit also included assessment of the significant estimates and judgments, if any, made by Horizon Energy Distribution Limited in the preparation of the Annual Compliance Statement and assessment of whether the basis of preparation has been adequately disclosed.

Directors' Responsibilities

The Directors of Horizon Energy Distribution Limited are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report

to the readers of the Annual Compliance Statement of
Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2011

We have no relationship with or interests in Horizon Energy Distribution Limited other than in our capacities as auditors pursuant to the Electricity Distribution (Information Disclosure) Requirements 2009 and under the Companies Act 1993, and in the provision of other professional advisory services. We are not aware of any relationships between our firm and Horizon Energy Distribution Limited that, in our professional judgment, may reasonably be thought to impair our independence.

Opinion

In our opinion, the Annual Compliance Statement of Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2011, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 8 July 2011 and our opinion is expressed as at that date.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers
Auckland

Appendix A – Price Path Compliance Calculations (Clause 11.1(b)(i))

Clause 8.4

Notional Revenue for the year ending March 2011		
Term	Description	Value \$
$P_{2011} * Q_{2009}$	Prices at 31 March 2011 multiplied by 31 March 2009 Base Quantities	27,370,637
K_{2011}	Transmission Charges for year ending 31 March 2011	5,038,773
	Avoided Transmission Charges for year ending 31 March 2011	2,845,460
	Rates for year ending 31 March 2011	118,232
	Electricity Authority Levies for year ending 31 March 2011	52,303
	Commerce Act Levies for year ending 31 March 2011 + 1/5 of Commerce Act Levies for year ending 31 March 2010	49,639
NR_{2011}	Notional Revenue for the year ending 31 March 2011	19,266,229

Supported by P*Q
schedules presented in
Appendix B

Maximum Notional Revenue for the year ending March 2011		
Term	Description	Value \$
$P_{Max} * Q_{2009}$	Maximum Prices between 1 April 2010 and 31 March 2011 multiplied by 31 March 2009 Base Quantities	27,370,637
K_{2011}	Transmission Charges for year ending 31 March 2011	5,038,773
	Avoided Transmission Charges for year ending 31 March 2011	2,845,460
	Rates for year ending 31 March 2011	118,232
	Electricity Authority Levies for year ending 31 March 2011	52,303
	Commerce Act Levies for year ending 31 March 2011 + 1/5 of Commerce Act Levies for year ending 31 March 2010	49,639
NR_{Max}	Notional Revenue for the year ending 31 March 2011	19,266,229

Supported by P*Q
schedules presented in
Appendix B

Clause 8.5

Allowable Notional Revenue 2011		
Term	Description	Value \$
$P_{2010} * Q_{2009}$	Prices at 31 March 2010 multiplied by 31 March 2009 Base Quantities	26,761,567
K_{2010}	Transmission Charges for year ending 31 March 2010	4,587,325
	Avoided Transmission Charges for 2010	2,742,892
	Rates for year ending 31 March 2010	103,918
	Electricity Commission Levies for year ending 31 March 2010	62,731
X	X Factor	0
$(1 + \Delta CPI_{2011})$	Average change in Consumer Price Index	1.0247
R_{2011}	Allowable Notional Revenue under the CPI-X Price Path for the year ending 31 March 2011	19,739,583

Supported by P*Q schedules presented in Appendix B

ΔCPI_{2011}			
Numerator		Denominator	
$CPI_{Dec2008}$	1072	$CPI_{Dec2007}$	1037
$CPI_{Mar2009}$	1075	$CPI_{Mar2008}$	1044
$CPI_{Jun2009}$	1081	$CPI_{Jun2008}$	1061
$CPI_{Sep2009}$	1095	$CPI_{Sep2008}$	1077
Total	4323	Total	4219
ΔCPI_{2011}	2.47%		

Appendix B – Price and Quantity Schedules (Clause 11.1(b)(i))

Horizon P X Q SCHEDULE

Prices at 31 March 2011

Period: Annual
365 Days

BASE QUANTITIES 31 March 2009				2010/11 Tariffs			Regulatory Revenue (P X Q)			
Consumer Groups	ICPs	Ave Capacity/ MD per ICP	kWh	Line Charges		Pass Through	Line Charges		Pass Through	Total
				Fixed	Variable	Charge	Fixed	Variable	Revenue	Revenue
				\$ per day	c/kWh	c/kWh	(\$)	(\$)	(\$)	(\$)
RETAIL										
DOMESTIC (Low Fixed Charge)										
DU	11,764	-	72,239,388	0.1500	7.1150	2.0790	644,079	5,139,832	1,501,857	7,285,768
DR	6,617	-	47,047,443	0.1500	7.1150	2.0790	362,281	3,347,426	978,116	4,687,823
TOTAL DOMESTIC	18,381		119,286,831				1,006,360	8,487,258	2,479,973	11,973,591
GENERAL										
Specials										
U/Verandah Lights	24	-	8,760	\$0.09653/day	-	\$0.03568/day	846	-	313	1,158
Electric Fence	23	-	16,790	\$0.21773/day	-	\$0.08396/day	1,828	-	705	2,533
Lanark	1	-	-	\$293.83/mth	-	(\$302.47)/mth	3,526	-	(3,630)	(104)
Street Lights	22	-	2,055,029	-	7.9720	2.0790	-	163,827	42,724	206,551
Telecom - PCM 24 hour	89	-	389,820	\$31.037/mth	-	\$7.634/mth	33,148	-	8,153	41,301
Telecom - controlled	18	-	32,850	\$11.956/mth	-	\$3.170/mth	2,582	-	685	3,267
Total Specials	177		2,503,249				41,929	163,827	48,950	254,706
Capacity Groups										
NIU	983	-	4,309,048	1.2540	4.2490	2.0790	449,929	183,091	89,585	722,605
NI1R	1,277	-	3,737,183	1.3100	4.3690	2.0790	610,598	163,278	77,696	851,571
N2U	746	-	12,505,199	1.4810	3.7920	2.0790	403,261	474,197	259,983	1,137,442
N2R	1,999	-	25,488,925	1.5940	4.0420	2.0790	1,163,038	1,030,262	529,915	2,723,215
N3U	252	-	9,555,512	1.9370	3.7920	2.0790	178,165	362,345	198,659	739,169
N3R	295	-	12,236,072	2.1650	4.0420	2.0790	233,116	494,582	254,388	982,086
N4U	59	-	3,000,742	2.5060	3.7920	2.0790	53,967	113,788	62,385	230,140
N4R	45	-	2,846,579	2.8480	4.0420	2.0790	46,778	115,059	59,180	221,017
N5U	34	170 kVA	2,999,190	1.857c/kVA/day	3.5960	2.0790	39,184	107,851	62,353	209,388
N5R	29	178 kVA	1,699,397	2.006c/kVA/day	3.9110	2.0790	37,876	66,463	35,330	139,670
UCC	11	-	-	(0.7290)	-	-	(2,927)	-	-	(2,927)
ROC	101	-	-	(0.7850)	-	-	(28,939)	-	-	(28,939)
Total Capacity Groups	5,831		78,377,847				3,184,047	3,110,917	1,629,475	7,924,439
Network Maximum Demand (NMD)										
NMD - Variable	154	-	42,113,045	-	1.0460	2.0790	-	440,502	875,530	1,316,033
NMD - Capacity	154	229 kVA	-	\$0.684/kVA/mth	-	-	289,849	-	-	289,849
NMD - Maximum Demand	154	148 kW	-	\$6.722/kW/mth	-	-	1,838,010	-	-	1,838,010
Total NMD	154		42,113,045				2,127,859	440,502	875,530	3,443,892
TOTAL GENERAL	6,162		122,994,141				5,353,835	3,715,246	2,553,955	11,623,037
TOTAL RETAIL	24,543		242,280,972				6,360,195	12,202,504	5,033,929	23,596,628
MAJORS - REGULATED										
Customers										
Fonterra (BoPE)	1			\$30,495.23/mth	-	\$9,365.22/mth	365,943	-	112,383	478,325
Fonterra Lipid & Distillery	1			\$3,193.63/mth	-	\$5,050.67/mth	38,324	-	60,608	98,932
SCA Hygiene (TP)	1			\$4,317.15/mth	-	\$55,234.90/mth	51,806	-	662,819	714,625
CHH Whakatane (TP)	1			\$17,029.65/mth	-	\$104,012.83/mth	204,356	-	1,248,154	1,452,510
Kaingaroa Timberlands (TP)	1			\$23,377.13/mth	-	\$6,843.41/mth	280,526	-	82,121	362,647
CHH - Kawerau (TP)	1			\$3,256.98/mth	-	\$12,395.77/mth	39,084	-	148,749	187,833
Norske Skog Oxidation Ponds (TP)	1			\$7,004.49/mth	-	\$13,600.69/mth	84,054	-	163,208	247,262
Sequal Investments	1			\$8,612.60/mth	-	\$3,624.38/mth	103,351	-	43,493	146,844
Fonterra Assets	1			\$1,250.00/mth	-	-	15,000	-	-	15,000
BOPE TG2 Transformer	1			\$730.00/mth	-	-	8,760	-	-	8,760
TG1 & TG2	1			\$5,106.00/mth	-	-	61,272	-	-	61,272
TOTAL MAJORS - REGULATED	11						1,252,474	-	2,521,534	3,774,009
GRAND TOTAL	24,554		242,280,972				7,612,670	12,202,504	7,555,463	27,370,637

Horizon P X Q SCHEDULE
Prices at 31 March 2010
Period: Annual
365 Days

Consumer Groups	BASE QUANTITIES 31 March 2009			2009/10 Tariffs			Regulatory Revenue (P X Q)			
	ICPs	Ave Capacity/ MD per ICP	kWh	Line Charges		Pass Through Charge	Line Charges		Revenue	Total
				Fixed	Variable		Fixed	Variable		
				\$ per day	c/kWh	c/kWh	(\$)	(\$)	(\$)	(\$)
RETAIL										
DOMESTIC (Low Fixed Charge)										
DU	11,764	-	72,239,388	0.1500	6.7760	2.0780	644,079	4,894,941	1,501,134	7,040,154
DR	6,617	-	47,047,443	0.1500	6.7760	2.0780	362,281	3,187,935	977,646	4,527,861
TOTAL DOMESTIC	18,381		119,286,831				1,006,360	8,082,876	2,478,780	11,568,016
GENERAL										
Specials										
UVVerandah Lights	24	-	8,760	\$0.0896/day	-	\$0.0357/day	785	-	312	1,097
Electric Fence	23	-	16,790	\$0.2021/day	-	\$0.0839/day	1,697	-	705	2,401
Lanark	1	-	-	\$293.83/mth	-	(\$302.47)/mth	3,526	-	(3,630)	(104)
Street Lights	22	-	2,055,029	-	7.5920	2.0780	-	156,018	42,704	198,721
Telecom - PCM 24 hour	89	-	389,820	\$28.81/mth	-	\$7.63/mth	30,769	-	8,150	38,919
Telecom - controlled	18	-	32,850	\$11.10/mth	-	\$3.17/mth	2,397	-	685	3,082
Total Specials	177		2,503,249				39,174	156,018	48,925	244,117
Capacity Groups										
N1U	983	-	4,309,048	1.1640	4.3360	2.0780	417,637	186,840	89,542	694,020
N1R	1,277	-	3,737,183	1.2160	4.4580	2.0780	566,784	166,604	77,659	811,046
N2U	746	-	12,505,199	1.3750	3.8690	2.0780	374,399	483,826	259,858	1,118,083
N2R	1,999	-	25,488,925	1.4800	4.1240	2.0780	1,079,860	1,051,163	529,660	2,660,683
N3U	252	-	9,555,512	1.7980	3.8690	2.0780	165,380	369,703	198,564	733,646
N3R	295	-	12,236,072	2.0100	4.1240	2.0780	216,427	504,616	254,266	975,308
N4U	59	-	3,000,742	2.3260	3.8690	2.0780	50,090	116,099	62,355	228,545
N4R	45	-	2,846,579	2.6440	4.1240	2.0780	43,428	117,393	59,152	219,973
N5U	34	170 kVA	2,999,190	1.724c/kVA/day	3.6690	2.0780	36,378	110,040	62,323	208,741
N5R	29	178 kVA	1,699,397	1.862c/kVA/day	3.9910	2.0780	35,157	67,823	35,313	138,294
UCC	11	-	-	(0.6770)	-	-	(2,718)	-	-	(2,718)
RCC	101	-	-	(0.7290)	-	-	(26,875)	-	-	(26,875)
Total Capacity Groups	5,831		78,377,847				2,955,947	3,174,107	1,628,692	7,758,745
Network Maximum Demand (NMD)										
NMD - Variable	154	-	42,113,045	-	0.9710	2.0780	-	408,918	875,109	1,284,027
NMD - Capacity	154	229 kVA	-	\$0.635/kVA/mth	-	-	269,085	-	-	269,085
NMD - Maximum Demand	154	148 kW	-	\$6.240/kW/mth	-	-	1,706,216	-	-	1,706,216
Total NMD	154		42,113,045				1,975,301	408,918	875,109	3,259,327
TOTAL GENERAL	6,162		122,994,141				4,970,421	3,739,042	2,552,726	11,262,189
TOTAL RETAIL	24,543		242,280,972				5,976,781	11,821,918	5,031,506	22,830,205
MAJORS - REGULATED										
Customers										
Fonterra (BoFE)	1			\$29,858.73/mth	-	\$9,635.64/mth	358,305	-	115,628	473,932
Fonterra Lipid & Distillery	1			\$3,297.71/mth	-	\$5,206.16/mth	39,572	-	62,474	102,046
SCA Hygiene (TP)	1			\$4,249.64/mth	-	\$60,832.99/mth	50,996	-	729,996	780,992
CHH Whakatane (TP)	1			\$16,904.42/mth	-	\$109,543.13/mth	202,853	-	1,314,518	1,517,371
Kaingaroa Timberlands (TP)	1			\$23,280.12/mth	-	\$6,341.73/mth	279,361	-	76,101	355,462
CHH - Kawerau (TP)	1			\$3,246.46/mth	-	\$15,391.34/mth	38,958	-	184,696	223,654
Norske Skog Oxidation Ponds (TP)	1			\$6,950.76/mth	-	\$13,798.60/mth	83,409	-	165,583	248,992
Sequal Investments	1			\$8,612.60/mth	-	\$3,483.46/mth	103,351	-	41,802	145,153
Fonterra Assets	1			\$1,250.00/mth	-	-	15,000	-	-	15,000
BOFE TG2 Transformer	1			\$730.00/mth	-	-	8,760	-	-	8,760
TG1 & TG2	1			\$5,000.00/mth	-	-	60,000	-	-	60,000
TOTAL MAJORS - REGULATED	11						1,240,565	-	2,690,797	3,931,362
GRAND TOTAL	24,554		242,280,972				7,217,346	11,821,918	7,722,303	26,761,567

Appendix C – Pass Through Costs (Clause 11.1(b)(ii))

Pass Through Costs for year ending March 2011				
K ₂₀₁₁	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transmission	5,038,773	5,038,774	(0)	(0.0)%
Avoided Transmission	2,845,460	2,391,223	454,237	16.0%
Rates	118,232	118,706	(474)	(0.4)%
Electricity Authority Levies	52,303	63,834	(11,531)	(22.0)%
Commerce Act Levies	49,639	63,895	(14,257)	(28.7)%
Total Pass Through Costs	8,104,407	7,676,432	427,975	5.3%

The Avoided Transmission actuals are unfavourable to forecast due to \$20k for Transpower 2011/12 costs, and \$427k for cost adjustments on notionally embedded generation in 2008/09, 2009/10, and 2010/11 which were identified and recorded in 2011.

The Electricity Authority Levies favourable variance to forecast includes a \$9k credit note received from the Electricity Authority for 2009/10 levies.

The Commerce Act Levies favourable variance to forecast includes a \$6k credit note for final 2009/10 wash up combined with reduced regulatory activity in 2010/11 compared to 2009/10.

Appendix D – Quality Standard Compliance Calculations (Clause 11.1(b)(iv))

Reliability Data (Before Normalisation)

Year	SAIDI (Interruption Duration)			SAIFI (Interruption Frequency)		
	Class B	Class C	Total	Class B	Class C	Total
2005	21.69	331.05	352.74	0.11	2.37	2.48
2006	30.22	156.97	187.19	0.16	1.88	2.04
2007	15.85	140.09	155.94	0.12	1.73	1.85
2008	26.74	121.64	148.38	0.15	1.48	1.63
2009	11.03	123.22	134.25	0.06	2.18	2.24
	Reference Period Total SAIDI		978.50	Reference Period Total SAIFI		10.24
	Reference Period Average SAIDI		195.70	Reference Period Average SAIFI		2.05
2011	14.74	162.67	177.41	0.12	2.27	2.39

Reliability Limit Calculations

SAIDI Boundary Calculations

α_{SAIDI}	-0.6496	The average of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
β_{SAIDI}	1.6827	

$B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5 \cdot \beta_{SAIDI})}$	35.0673	SAIDI Boundary Value
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SAIFI Boundary Calculations

α_{SAIFI}	-5.1523	The average of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
β_{SAIFI}	1.7665	

$B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5 \cdot \beta_{SAIFI})}$	0.4789	SAIFI Boundary Value
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Event Days exceeding SAIDI Boundary Value within the Reference Dataset

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
17-Jul-04	72.3165	0.2595	35.0673	0.2595
18-Jul-04	69.0793	0.1000	35.0673	0.1000
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

SAIDI Limit

μ_{SAIDI}	181.4480	The average annual SAIDI Value in the Normalised Reference Dataset
σ_{SAIDI}	38.6103	The standard deviation of daily SAIDI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
$SAIDI_{Limit} = \mu_{SAIDI} + \sigma_{SAIDI}$	220.0583	SAIDI Limit Value

SAIFI Limit

μ_{SAIFI}	2.0487	The average annual SAIFI Value in the Normalised Reference Dataset
σ_{SAIFI}	0.3476	The standard deviation of daily SAIFI Values in the Normalised Reference Dataset multiplied by $\sqrt{365}$
$SAIFI_{Limit} = \mu_{SAIFI} + \sigma_{SAIFI}$	2.3962	SAIFI Limit Value

Reliability Assessment Calculations**Event Days exceeding SAIDI Boundary Value within the Assessment Dataset**

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

Assessed SAIDI Value

$SAIDI_{2011}$	177.4069	The sum of daily SAIDI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset
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Assessed SAIFI Value

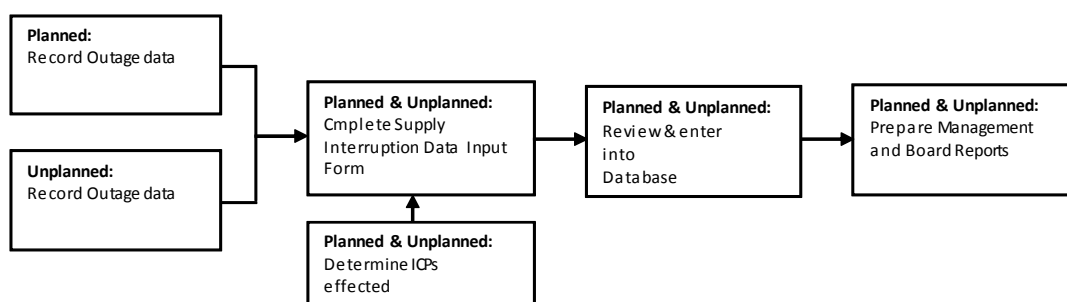
$SAIFI_{2011}$	2.3927	The sum of daily SAIFI Values in the 1 April 2010 - 31 March 2011 Normalised Assessment Dataset
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Appendix E – Policies and Procedures for Recording SAIDI and SAIFI (Clause 11.1(b)(v))

Horizon Energy captures outage data following planned and unplanned outages. Control Room staff follow a written procedure to record network outage data. This data is then entered into a database to facilitate fortnightly, monthly and yearly reporting.

Capture of Statistical Information

The procedures followed to capture statistical information for planned outages and unplanned outages (less than 24 hours notice) are very similar and rely on the accurate recording of the timing and sequence of operations carried out on the network. The following diagram sets out the procedural flow for the recording of planned and unplanned outage data. Each flow is also discussed in detail below.



Planned Outages – Initial Recording of Outage Data

The sequence of operations for all planned outages are recorded on a Network Switching Schedule

This schedule records:

- Outage dates
- Outage location and equipment
- Outage type
- Switching instructions
- Mechanism for notification of outages
- Issuing of permits
- The exact time of each operation from the SCADA screen

Unplanned Outages – Initial Recording of Outage Data

The sequence of operations for all unplanned outages are recorded on an unplanned outage instruction sheet, similar details as above are recorded as the instructions are carried out.

Planned and Unplanned Outages – Supply Interruption Data Input Form

Following the completion of the switching, information is transferred to a Supply Interruption Data Input Form. Relevant switching operations are recorded along with customer numbers (discussed below) and length of time before restoration. This data is used to calculate the SAIDI and SAIFI impact of the outage.

Planned and Unplanned Outages – Customer Numbers

Customer numbers (ICPs) for both unplanned and planned outages are sourced from the Network Management System (NMS) database. ICPs are counted between isolation points on the network to determine the impact of an outage. The NMS database is updated regularly to the national registry with new and disconnected customers.

Planned and Unplanned Outages – Collation of Data

On completion of the Supply Interruption Data Input form it is entered into the Horizon Energy Support Systems Database. The information is reviewed for accuracy and completeness before it is reported against. This database contains data for all outages in the current year and prior years.

Planned and Unplanned Outages – Management and Board Reports

From the database reports are generated containing statistics for year to date on SAIDI and SAIFI. This is provided to management and the Board of Directors to drive performance and network improvements.

Disclaimer

The information presented in this Default Price-Quality Path Compliance Statement has been prepared solely for the purpose of complying with the requirements of the Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2010. This statement has not been prepared for any other purpose and Horizon Energy Distribution Limited expressly disclaims any liability to any other party who may rely on this statement for any other purpose.