

HORIZON ENERGY DISTRIBUTION LIMITED

DEFAULT PRICE QUALITY PATH COMPLIANCE STATEMENT

FOR THE ASSESSMENT DATE 31 MARCH 2014

*Pursuant to the Electricity Distribution Services Default Price-Quality
Path Determination 2012*

27 MAY 2014

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1) Compliance with the Price Path (Clause 11.2(a))

Horizon Energy Distribution Limited does comply with the price path at the assessment date, 31 March 2014, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2012*.

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

Compliance is demonstrated in the following table, which demonstrates that notional revenue during the Assessment Period does not exceed allowable notional revenue.

Test:	$\frac{NR_{2013/14}}{R_{2013/14}} \leq 1$
$NR_{2013/14}$:	\$ 20,896,105
$R_{2013/14}$:	\$ 20,930,829
Result:	0.9983 < 1
Result:	<i>Price Path has not been breached</i>

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

2) Compliance with the Quality Standards (Clause 11.2(a))

Horizon Energy Distribution Limited does comply with all requirements of the quality standards at the assessment date, 31 March 2014, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2012*.

2014 Reliability Assessment (9.1(a))

Clause 9.1(a) requires compliance with 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.

Test:	$\frac{SAIDI_{Assess\ 2013/14}}{SAIDI_{Limit}} \leq 1$	
SAIDI _{Assess 2013/14}	186.3412	
SAIDI _{Limit}	220.0583	
	0.8468	< 1
Clause 9.1(a) Result:	<i>Does Not Exceed Limit</i>	

Test:	$\frac{SAIFI_{Assess\ 2013/14}}{SAIFI_{Limit}} \leq 1$	
SAIFI _{Assess 2013/14}	1.7721	
SAIFI _{Limit}	2.3962	
	0.7395	< 1
Clause 9.1(a) Result:	<i>Does Not Exceed Limit</i>	

Supporting evidence is presented in Appendices E and F.

Prior Period Reliability Assessment (9.1(b))

Clause 9.1(b) Compliance with annual reliability assessments for the two immediately preceding extant Assessment Periods.

Compliance is demonstrated in the following tables.

SAIDI _{Assess 2012/13}	191.6029	SAIFI _{Assess 2012/13}	2.2956
SAIDI _{Limit 2012/13}	220.0583	SAIFI _{Limit 2012/13}	2.3962
0.8707	< 1	0.9580	< 1
<i>Does Not Exceed Limit</i>		<i>Does Not Exceed Limit</i>	

SAIDI _{Assess 2011/12}	174.6412	SAIFI _{Assess 2011/12}	2.2389
SAIDI _{Limit 2011/12}	220.0583	SAIFI _{Limit 2011/12}	2.3962
0.7936	< 1	0.9343	< 1
<i>Does Not Exceed Limit</i>		<i>Does not Exceed Limit</i>	

Compliance Summary

Clause 9.1 A Non-exempt EDB must, in respect of each Assessment Period, either:

- (a) comply with the annual reliability assessment specified in clause 9.2; or
- (b) have complied with those annual reliability assessments for the two immediately preceding extant Assessment Periods.

	SAIDI	SAIFI	Compliance
Compliance with 9.1(a)	Does Not Exceed Limit	Does Not Exceed Limit	Complies
or			
Compliance with 9.1(b)			Complies
2012/13 Assessment Period	Does Not Exceed Limit	Does Not Exceed Limit	<i>Complies</i>
2011/12 Assessment Period	Does Not Exceed Limit	Does not Exceed Limit	<i>Complies</i>
Clause 9.1 Result:	<i>Complies with Quality Standard</i>		

Director Certification (Clause 11.3(m))

We Robert Tait and John McDonald, 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 *Electricity Distribution Services Default Price-Quality Path Determination 2012* are true and accurate.



Robert Tait



John McDonald

27 May 2014

4) Auditor's Report (Clause 11.6)



Independent Auditors' Report

To the Commissioners of the New Zealand Commerce Commission and the Directors of Horizon Energy Distribution Limited

Assurance Report on the Annual Compliance Statement of Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2014

We have completed the assurance engagement in respect of the attached Annual Compliance Statement prepared by Horizon Energy Distribution Limited for the Assessment Period ended 31 March 2014 and dated 27 May 2014 for the purposes of clause 11 of the *Commerce Act (Electricity Distribution Default Price-Quality Path) Determination 2012* ("the Determination").

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.

Auditors' Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our independent assurance procedures. We conducted our engagement in accordance with the International Standard on Assurance Engagements (New Zealand) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the External Reporting Board and the Standard on Assurance Engagements 3100 *Compliance Engagements* issued by the External Reporting Board. Those standards require that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance about whether the Annual Compliance Statement complies with the Determination, in all material respects.

An independent assurance engagement involves performing procedures to obtain 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 assurance 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.

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



Independent Auditors' Report **Horizon Energy Distribution Limited**

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2014, 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 procedures included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 3 and 4 of the Annual Compliance Statement.

Our assurance engagement 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 whether adequate information has been disclosed in accordance with clause 11 of the Determination.

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

We have no relationship with or interests in Horizon Energy Distribution Limited other than in our capacities as auditors of the annual financial statements, auditors pursuant to the Electricity Distribution Information Disclosure Determination 2012 and in the provision of other professional advisory services. These services have not impaired our independence as auditors of the entity.

Use of Report

This report has been prepared for the Directors of Horizon Energy Distribution Limited and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination and is provided solely to assist these parties in establishing that compliance requirements have been met. Our report should not be used for any other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the addressees, or for any purpose other than that for which it was prepared.

Inherent Limitations

Because of the inherent limitations in evidence gathering procedures and Horizon Energy Distribution Limited's compliance systems, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement were not performed continuously throughout the period and were undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where Horizon Energy Distribution Limited may not have complied with the Determination. The opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion, the Annual Compliance Statement of Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2014, has been prepared, in all material respects, in accordance with the Determination.

Our audit was completed on 29 May 2014 and our opinion is expressed as at that date.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, flowing script.

PricewaterhouseCoopers
Auckland, New Zealand

Appendix A – Price Path Compliance Calculations (Clause 11.3 (a))

Notional Revenue 2013/14		
Term	Description	Value \$
$\Sigma P_{2013/14} * Q_{2011/12}$	Prices at 31 March 2014 multiplied by 31 March 2012 Base Quantities	29,793,792
$K_{2013/14}$	Rates on system fixed assets for year ending 31 March 2014	135,483
	Commerce Act levies for year ending 31 March 2014 + 1/5 of Commerce Act levies for year ending 31 March 2010	62,834
	Electricity Authority levies for year ending 31 March 2014	60,145
	EGCC levies for year ending 31 March 2014	9,389
$V_{2013/14}$	Transpower transmission charges for year ending 31 March 2014	5,561,028
	Transpower New Investment Contract charges for the year ending 31 March 2014	-
	System Operator charges for year ending 31 March 2014	-
	Avoided transmission charges resulting from purchase of Transpower assets for year ending 31 March 2014	-
	Avoided transmission charges resulting from connection of distributed generation for year ending 31 March 2014	3,068,807
	Indirect Transmission Charges for the year ending 31 March 2014	-
$NR_{2013/14}$	Notional Revenue for the year ending 31 March 2014	20,896,105

Supported by P*Q schedules presented in Appendix B

Allowable Notional Revenue 2013/14 using Equation 2		
Term	Description	Value \$
<i>MAR</i> _{2013/14}	Maximum Allowable National Revenue for the year ending 31 March 2014 as specified in Table 4 of the Determination	20,901,000
<i>K</i> _{2013/14}	Rates on system fixed assets for year ending 31 March 2014	135,483
	Commerce Act levies for year ending 31 March 2014 + 1/5 of Commerce Act levies for year ending 31 March 2010	62,834
	Electricity Authority levies for year ending 31 March 2014	60,145
	EGCC levies for year ending 31 March 2014	9,389
<i>V</i> _{2013/14}	Transpower transmission charges for year ending 31 March 2014	5,561,028
	Transpower New Investment Contract charges for the year ending 31 March 2014	-
	System Operator charges for year ending 31 March 2014	-
	Avoided transmission charges resulting from purchase of Transpower assets for year ending 31 March 2014	-
	Avoided transmission charges resulting from connection of distributed generation for year ending 31 March 2014	3,068,807
	Indirect Transmission Charges for the year ending 31 March 2014	-
<i>ΔD</i>	Change in Constant Price Revenue for the period 1 April 2012 to 31 March 2014	0.999
<i>R</i> _{2013/14}	Allowable Notional Revenue under Equation 2 for the year ending 31 March 2014	20,930,829

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

Consumer Groups	BASE QUANTITIES 31 March 2012			2013/14 Tariffs				Regulatory Revenue (P X Q)				
	Ave Capacity/			Line Charges		Pass Through		Line Charges		Pass Through		Total Revenue (\$)
	ICPs	MD per ICP	kWh	Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	
RETAIL												
DOMESTIC (Low Fixed Charge)												
LUDU	8,811		44,936,676		8.687	0.150	1.362	-	3,903,649	482,402	612,038	4,998,089
LUDR	4,250		22,263,032		8.687	0.150	1.362	-	1,933,990	232,688	303,222	2,469,900
SDU	3,165		27,753,786	0.998	3.876	0.505		1,152,915	1,075,737	583,389	-	2,812,040
SDR	2,543		25,111,169	0.998	3.876	0.505		926,339	973,309	468,738	-	2,368,386
NSDU	355		1,004,850	1.189	2.031	0.375		154,065	20,409	48,591	-	223,064
NSDR	406		1,002,661	1.189	2.031	0.375		176,198	20,364	55,571	-	252,133
TOTAL DOMESTIC	19,530		122,072,174					2,409,516	7,927,457	1,871,379	915,260	13,123,611
GENERAL												
Specials												
U/Verandah Lights	23			\$0.521/day	-	\$0.019/day		4,374	-	160	-	4,533
Electric Fence	19			\$0.531/day	-	\$0.019/day		3,682	-	132	-	3,814
Lanark	1			\$293.83/mth	-	(\$302.47)/mth		3,526	-	(3,630)	-	(104)
Street Lights	22		2,233,005	4.025 \$/light/mth	-	0.673 \$/light/mth		223,098	-	37,303	-	260,401
Telecom - PCM 24 hour	66			\$41.861/mth	-	\$8.556/mth		33,154	-	6,776	-	39,930
Telecom - controlled	17			\$23.395/mth	-	\$2.852/mth		4,773	-	582	-	5,354
Total Specials	148		2,233,005					272,606	-	41,323	-	313,929
Capacity Groups												
N1U	566		2,980,006	1.189	2.031	0.375		245,636	60,524	77,471	-	383,631
N1R	850		2,770,463	1.189	2.031	0.375		368,887	56,268	116,344	-	541,499
N2U	804		13,158,121	1.075	4.534	0.938		315,470	596,589	275,265	-	1,187,324
N2R	1,880		24,478,226	1.404	6.612	0.938		963,425	1,618,500	643,656	-	3,225,581
N3U	272		9,718,323	1.743	3.670	1.875		173,045	356,662	186,150	-	715,857
N3R	304		12,654,066	2.960	4.566	1.875		328,442	577,785	208,050	-	1,114,276
N4U	59		3,180,591	3.173	4.735	3.751		68,331	150,601	80,778	-	299,709
N4R	42		2,164,599	3.556	4.532	3.751		54,513	98,100	57,503	-	210,116
N5U	32	171 kVA	2,480,933	\$2.695c/kVA/day	3.984	\$3.240c/kVA/day		53,699	98,840	64,558	-	217,097
N5R	27	179 kVA	1,396,433	\$3.473c/kVA/day	5.921	\$3.240c/kVA/day		61,189	82,683	57,084	-	200,956
UCC	9							-	-	-	-	-
RCC	90							-	-	-	-	-
Total Capacity Groups	4,935		74,981,761					2,632,636	3,696,552	1,766,859	-	8,096,047
Network Maximum Demand (NMD)												
NMD - Variable			43,102,318		3.148			-	1,356,861	-	-	1,356,861
NMD - Capacity	159	225 kVA		\$0.701/kVA/mth		\$0.507/kVA/mth		301,203	-	217,846	-	519,049
NMD - Maximum Demand	159	149 kW		\$3.197/kW/mth		\$2.312/kW/mth		906,697	-	655,703	-	1,562,400
Total NMD	159		43,102,318					1,207,900	1,356,861	873,549	-	3,438,310
TOTAL GENERAL	5,242		120,317,084					4,113,142	5,053,413	2,681,731	-	11,848,286
TOTAL RETAIL	24,772		242,389,258					6,522,658	12,980,870	4,553,109	915,260	24,971,897
MAJORS - REGULATED												
Customers												
Fonterra (BoPE)	1			\$29,689.15/mth		\$10,225.62/mth		356,270	-	122,707	-	478,977
Fonterra Lipid & Distillery	1			\$3,640.49/mth		\$5,050.67/mth		43,686	-	60,608	-	104,294
SCA Hygiene (TP)	1			\$1,692.73/mth		\$68,294.79/mth		20,313	-	819,537	-	839,850
CHH Whakatane (TP)	1			\$13,390.84/mth		\$178,009.65/mth		160,690	-	2,136,116	-	2,296,806
Kaingarua Timberlands (TP)	1			\$14,879.42/mth		\$10,662.07/mth		178,553	-	127,945	-	306,498
CHH - Kawerau (TP)	1			\$2,586.16/mth		\$22,514.66/mth		31,034	-	270,176	-	301,210
Norske Skog Oxidation Ponds (TP)	1			\$4,888.01/mth		\$18,341.38/mth		58,656	-	220,097	-	278,753
Sequal Investments	1			\$5,318.79/mth		\$5,362.12/mth		63,825	-	64,345	-	128,171
Forterra Assets	1			\$1,250.00/mth		\$0.00/mth		15,000	-	-	-	15,000
GDL Breaker Contract	1			\$585.00/mth		\$0.00/mth		7,020	-	-	-	7,020
BOPE TG1 & TG2	1			\$5,442.96/mth		\$0.00/mth		65,316	-	-	-	65,316
TOTAL MAJORS - REGULATED	11							1,000,363	-	3,821,532	-	4,821,894
GRAND TOTAL	24,783		242,389,258					7,523,020	12,980,870	8,374,641	915,260	29,793,792

Appendix C – Pass Through & Recoverable Costs (Clause 11.3(b - e))

Pass Through Costs for year ending March 2014				
K _{2013/14}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Rates on system fixed assets	135,483	128,010	7,473	5.8%
Commerce Act levies	62,834	49,851	12,982	26.0%
Electricity Authority levies	60,145	83,203	(23,058)	(27.7%)
EGCC levies	9,389	-	9,389	0.0%
Total Pass Through Costs	267,851	261,064	6,787	2.6%

Rates on System Fixed Assets

The rates on system fixed assets were \$7,473 above forecast.

Commerce Act Levies

The commerce act levies were \$12,982 above forecast.

Electricity Authority Levies

The Electricity Authority levies variance of \$23,058 includes the \$13,765 credit note received from the Electricity Authority for 2012/13 levies.

Electricity and Gas Complaints Commissioner Scheme Levies

The Electricity and Gas Complaints Commissioner scheme levies were \$9,389 above forecast.

Recoverable Costs and Indirect Transmission for year ending March 2014				
V _{2013/14}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transpower transmission charges	5,561,028	5,561,029	(0)	(0.0%)
New Investment Contract charges	-	-	-	0.0%
System Operator charges	-	-	-	0.0%
Avoided transmission charges - Transpower asset purchase	-	-	-	0.0%
Avoided transmission charges - distributed generation	3,068,807	3,612,025	(543,218)	(15.0%)
Indirect Transmission Charges	-	-	-	0.0%
Total Recoverable Costs	8,629,836	9,173,054	(543,218)	(5.9%)

Avoided Transmission Charges – Distributed Generation

When setting distribution prices for the forthcoming year Horizon Energy is exposed to higher forecasting risk than many Electricity Distribution Businesses (“EDBs”) with regard to recoverable costs, as approximately 40% of Horizon Energy’s recoverable costs relate to six avoided transmission supply agreements with embedded generators.

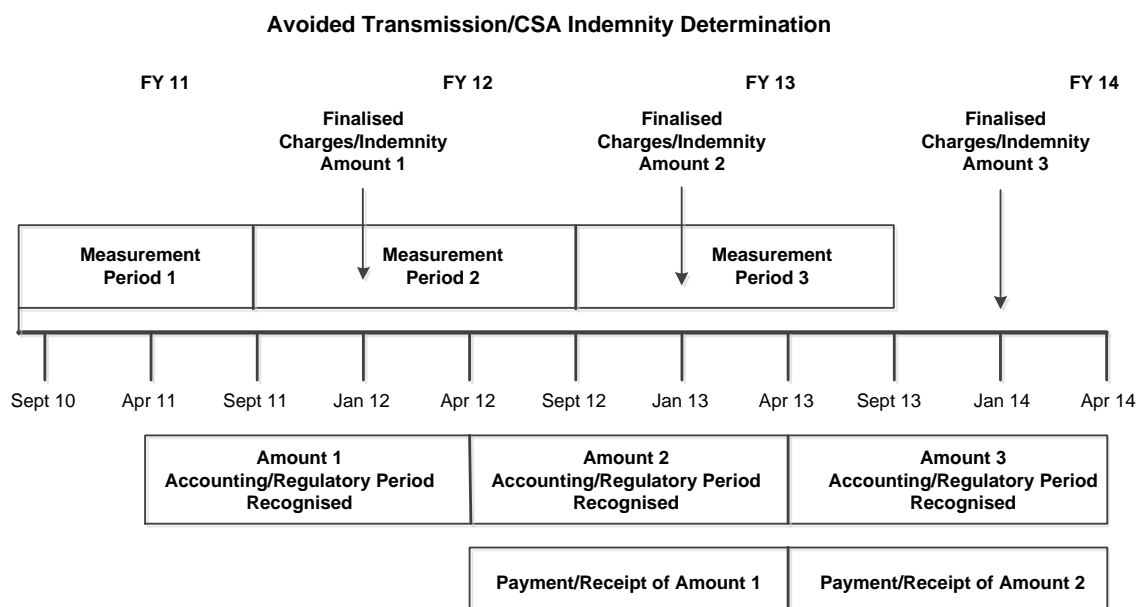
Under the New Zealand equivalents to International Reporting Standards (“NZ IFRS”) Horizon Energy is required to expense the costs associated with agreements that:

- a) Relate to avoided transmission supply which has occurred within the current reporting period; and

- b) Horizon Energy has contractual provisions securing the obligation on the third party; and
- c) The value of the benefit can be calculated reliably.

Three of the six generation contracts meet these criteria within the year that the generation benefit can be reliably determined. As all of these agreements are linked back to the Transmission Pricing Methodology (“TPM”) the value of the avoided transmission charge/indemnity rebates can only be determined upon the release of the Transpower pricing information.

The timetable to determine the avoided transmission charges for distributed generation are as follows:



Following the release of the Transpower pricing information, usually in November, the charges owing for these three contracts can be calculated. The final amounts are usually determined in January of the following year after an agreement is reached with the generator. There is a clear timing disconnect between the requirements of NZ IFRS and the TPM which adds to the increased forecasting risks of the business.

In setting the distribution prices for 2013/14 Horizon Energy forecast total avoided transmission charges resulting from distributed generation of \$3,612,025, and incurred costs of \$3,068,807, leading to the variance of \$543,218.

Appendix D – Restructuring of Prices and Transactions involving Non-Exempt EDBs (Clause 11.3((f) – (g), (j) and(k))

Clauses 11.3 ((f) – (g)) - Horizon Energy Distribution Limited did not restructure its Prices that applied during the Assessment Period and therefore clauses 8.5 and 8.6 did not apply during the Assessment Period.

Clauses 11.3 ((j) & (k)) - Horizon Energy Distribution Limited did not enter into transactions resulting in an amalgamation or Merger and did not enter into transactions resulting in Consumers being supplied by a different EDB. Clause 10 therefore did not apply for the Assessment Period.

Appendix E – Quality Standard Compliance Calculations (Clause 11.3(h))

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
2012	12.28	162.36	174.64	0.15	2.09	2.24
2013	32.06	159.54	191.60	0.17	2.13	2.30
2014	16.46	181.52	197.98	0.12	1.65	1.77

Reliability Limit Calculations (using Reference Period Dataset)

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
β_{SAIDI}	1.6827	The standard deviation of the natural logarithm (ln) of each daily SAIDI Value in the non-zero data set
$B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5 \cdot \beta_{SAIDI})}$	35.0673	SAIDI Boundary Value

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
β_{SAIFI}	1.7665	The standard deviation of the natural logarithm (ln) of each daily SAIFI Value in the non-zero data set
$B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5 \cdot \beta_{SAIFI})}$	0.4789	SAIFI Boundary Value

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 (2014 Assessment Period)**Event Days exceeding SAIDI Boundary Value within the 2013/14 Assessment Dataset**

Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
21-Jan-14	46.7059	0.0712	35.0673	0.0712
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-
			-	-

Assessed SAIDI Value 2013/14

$SAIDI_{2013/14}$	186.3412	The sum of daily SAIDI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset
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Assessed SAIFI Value 2013/14

$SAIFI_{2013/14}$	1.7721	The sum of daily SAIFI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset
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Prior Period Assessed Values

Assessed SAIDI Value 2012/13		
SAIDI _{2012/13}	191.6029	The sum of daily SAIDI Values in the 1 April 2012 - 31 March 2013 Normalised Assessment Dataset

Assessed SAIFI Value 2012/13		
SAIFI _{2012/13}	2.2956	The sum of daily SAIFI Values in the 1 April 2012 - 31 March 2013 Normalised Assessment Dataset

Assessed SAIDI Value 2011/12		
SAIDI _{2011/12}	174.6412	The sum of daily SAIDI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

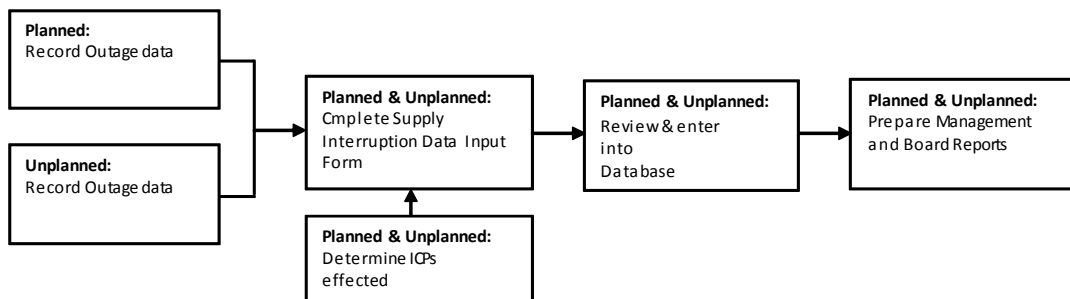
Assessed SAIFI Value 2011/12		
SAIFI _{2011/12}	2.2389	The sum of daily SAIFI Values in the 1 April 2011 - 31 March 2012 Normalised Assessment Dataset

Appendix F – Policies and Procedures for Recording SAIDI and SAIFI (Clause 11.3(i))

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 Electricity Distribution Services Default Price-Quality Path Determination 2012. 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.