

HORIZON ENERGY DISTRIBUTION LIMITED

ANNUAL COMPLIANCE STATEMENT

FOR THE ASSESSMENT PERIOD TO 31 MARCH 2016

Pursuant to the Electricity Distribution Services Default Price-Quality
Path Determination 2015 (“Determination 2015”)

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

Horizon Energy Distribution Limited does comply with the price path at the assessment date, 31 March 2016, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2015*.

Clause 8.3 - The notional revenue (NR) of a Non-exempt EDB in an Assessment Period must not exceed the allowable notional revenue (ANR) for the Assessment Period.

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

Test:	$NR_{2015/16} \leq ANR_{2015/16}$	
NR _{2015/16} :	\$	21,301,939
ANR _{2015/16} :	\$	22,038,019
Result:	\$	21,301,939 ≤ \$ 22,038,019
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)(ii))

Horizon Energy Distribution Limited does comply with all requirements of the quality standards at the assessment date, 31 March 2016, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2015*.

2016 Reliability Assessment

Clause 9.1(a) requires compliance with Clause 9.2: A Non-exempt EDB's SAIDI Assessed Value and SAIFI Assessed Value for the Assessment Period must not exceed the SAIDI Limit and SAIFI Limit specified in Schedule 4A.

Compliance is demonstrated in the following tables, which shows that the SAIDI Assessed Value and SAIFI Assessed Value for the Assessment Period does not exceed the SAIDI Limit and SAIFI Limit as specified in Schedule 4A.

Test:	$\frac{SAIDI_{Assess\ 2015/16}}{SAIDI_{Limit}} \leq 1$	
SAIDI _{Assess 2015/16}	127.6788	
SAIDI _{Limit}	175.8269	
	0.7262	< 1
Clause 9.1(a) Result:	<i>Does Not Exceed Limit</i>	

Test:	$\frac{SAIFI_{Assess\ 2015/16}}{SAIFI_{Limit}} \leq 1$	
SAIFI _{Assess 2015/16}	1.5768	
SAIFI _{Limit}	2.2150	
	0.7119	< 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 the annual reliability assessment in each of the two preceding Assessment Periods.

Compliance is demonstrated in the following tables, which shows that the SAIDI Assessed Value and SAIFI Assessed Value for the Assessment Period does not exceed the SAIDI Limit and SAIFI Limit as calculated.

SAIDI _{Assess 2014/15}	160.0159	SAIFI _{Assess 2014/15}	1.8470
SAIDI _{Limit 2014/15}	175.8269	SAIFI _{Limit 2014/15}	2.2150
0.9101	< 1	0.8339	< 1
<i>Does Not Exceed Limit</i>		<i>Does Not Exceed Limit</i>	

SAIDI _{Assess 2013/14}	149.8698	SAIFI _{Assess 2013/14}	1.6982
SAIDI _{Limit 2013/14}	175.8269	SAIFI _{Limit 2013/14}	2.2150
0.8524	< 1	0.7667	< 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 for that Assessment Period; or

(b) have complied with the annual reliability assessment in each of the two preceding Assessment Periods.

	SAIDI	SAIFI	Compliance
Compliance with 9.1(a)	Does Not Exceed Limit	Does Not Exceed Limit	<i>Complies</i>
or			
Compliance with 9.1(b)			<i>Complies</i>
2014/15 Assessment Period	Does Not Exceed Limit	Does Not Exceed Limit	<i>Complies</i>
2013/14 Assessment Period	Does Not Exceed Limit	Does not Exceed Limit	<i>Complies</i>
Clause 9.1 Result:	<i>Complies with Quality Standard</i>		

3) Director's Certificate (Clause 11.3(a))

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 2015* are true and accurate.



Robert Tait



John McDonald

19 May 2016



Independent Reasonable Assurance Report

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

Report on the Annual Compliance Statement dated 19 May 2016 (comprising Pricing and Quality)

We have performed an engagement to provide reasonable assurance in relation to 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 31 March 2016 and dated 19 May 2016 for the purposes of clause 11 of the *Electricity Distribution Services Default Price-Quality Path Determination 2015* (“the Determination”).

In relation to the price path set out in clause 8 of the Determination, our assurance engagement included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on page 2 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 2016, including the calculation of the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our assurance engagement 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 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 assurance engagement. We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) ISAE (NZ) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 *Compliance Engagements*. 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 assurance engagement 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 assurance practitioner 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 assurance engagement 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 evidence we have obtained is sufficient and appropriate to provide a basis for our reasonable assurance conclusion.

Our firm has also provided other services to Horizon Energy Distribution Limited such as the annual audit and half-year review of the financial statements, auditors pursuant to the Electricity Distribution Information Disclosure Determination 2015 and taxation compliance services and advice. Partners and employees of our firm may also deal with Horizon Energy Distribution Limited on normal terms within the ordinary course of trading activities of the business of Horizon Energy Distribution Limited. These matters have not impaired our independence as auditors of Horizon Energy Distribution Limited for this engagement. The firm has no other relationship with, or interest in, Horizon Energy Distribution Limited.

Conclusion

In our opinion:

- the Annual Compliance Statement of Horizon Energy Distribution Limited for the Assessment Period ended on 31 March 2016, has been prepared, in all material respects, in accordance with the Determination;
- as far as appears from an examination, the information used in the preparation of the Annual Compliance Statement of Horizon Energy Distribution Limited has been properly extracted from Horizon Energy Distribution Limited accounting and other records, sourced from its financial and non-financial systems.

Our assurance engagement was completed on the 19 May 2016 and our conclusion is expressed as at that date.

Restriction of distribution and use

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission in relation to section 11.3(b) of the Electricity Distribution Services Default Price-Quality Path Determination 2015 for any purpose or in any context. Any party other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk.

To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission for our work, for this independent reasonable assurance report, or for the conclusions we have reached.



Our report is released to Horizon Energy Distribution Limited and the New Zealand Commerce Commission on the basis that it shall not be copied, referred to or disclosed, in whole (except for Horizon Energy Distribution Limited's own internal purposes) or in part, without our prior written consent.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG
Auckland

Appendix A – Price Path Compliance (Clauses 11.4)

Price Path Calculations (Clause 11.4 (c))

Notional Revenue 2015/16		
Term	Description	Value \$
$\Sigma P_{2015/16} * Q_{2013/14}$	Prices at 31 March 2016 multiplied by 31 March 2014 Base Quantities	21,301,939
$NR_{2015/16}$	Notional Revenue for the year ending 31 March 2016	21,301,939

Supported by P*Q schedules presented in Appendix A

Allowable Notional Revenue 2015/16 - First Assessment Period		
Term	Description	Value \$
$MAR_{2015/16}$	Maximum Allowable National Revenue for the year ending 31 March 2016	22,027,000
ΔD	Change in Constant Price Revenue for the period 1 April 2014 to 31 March 2016	0.9995
$ANR_{2015/16}$	Allowable Notional Revenue for the year ending 31 March 2016	22,038,019

As per Table 1.1 of the Determination 2015

As per Table 1.1 of the Determination 2015

Price and Quantity Schedule - Distribution Prices (Clause 11.4(c))

Horizon Energy P X Q SCHEDULE
 Prices at 31 March 2016
 Period: Annual
 365 Days

Consumer Groups	BASE QUANTITIES 31 March 2014			2015/16 Tariffs		(P2016 X Q2014)		
	ICPs	Ave Capacity/ MD per ICP	kWh	Distribution Line Prices		Distribution Revenue		
				Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Total (\$)
RETAIL								
DOMESTIC								
LUDU	7,463		38,174,148		8.560	-	3,267,707	3,267,707
LUDR	3,514		19,226,965		8.560	-	1,645,828	1,645,828
SDU	4,576		31,865,362	1.218	2.820	2,034,352	898,603	2,932,956
SDR	3,326		26,782,169	1.218	2.820	1,478,640	755,257	2,233,897
NSDU	307		1,080,796	1.406	2.562	157,549	27,690	185,239
NSDR	392		943,468	1.406	2.562	201,170	24,172	225,342
TOTAL DOMESTIC	19,578		118,072,909			3,871,712	6,619,257	10,490,969
GENERAL								
SPECIALS								
U/Verandah Lights	22			\$0.682/day		5,476	-	5,476
Electric Fence	16			\$0.696/day		4,065	-	4,065
Lanark	1			\$293.830/mth		3,526	-	3,526
Street Lights	22	4,664 street lights	2,191,601	4.431 \$/light/mth		247,994	-	247,994
Telecom - PCM 24 hour	78			\$45.843/mth		42,909	-	42,909
Telecom - controlled	17			\$25.611/mth		5,225	-	5,225
TOTAL SPECIALS	156		2,191,601			309,195	-	309,195
CAPACITY GROUPS								
N1U	602		3,268,655	1.406	2.562	308,940	83,743	392,683
N1R	911		3,058,490	1.406	2.562	467,516	78,359	545,875
N2U	801		13,120,050	0.890	3.747	260,205	491,608	751,813
N2R	1,824		24,395,767	1.890	6.479	1,258,286	1,580,602	2,838,888
N3U	270		10,298,167	1.387	4.105	136,689	422,740	559,429
N3R	308		14,660,749	3.485	5.235	391,784	767,490	1,159,274
N4U	55		2,930,392	3.835	5.230	76,988	153,260	230,247
N4R	38		2,711,547	4.729	5.227	65,591	141,733	207,324
N5U	31	175 kVA	2,452,016	\$3.815c/kVA/day	5.013	75,550	122,920	198,470
N5R	27	179 kVA	1,277,617	\$4.572c/kVA/day	8.497	80,553	108,559	189,112
UCC						-	-	-
RCC						-	-	-
TOTAL CAPACITY GROUPS	4,867		78,173,451			3,122,103	3,951,012	7,073,115
NETWORK MAXIMUM DEMAND (NMD)								
NMD - Variable			43,847,732		2.240	-	982,189	982,189
NMD - Capacity	145	255 kVA		\$1.150/kVA/mth		509,415	-	509,415
NMD - Maximum Demand	145	176 kW		\$3.050/kW/mth		931,432	-	931,432
TOTAL NMD	145		43,847,732			1,440,846	982,189	2,423,035
TOTAL GENERAL	5,168		124,212,784			4,872,144	4,933,201	9,805,345
TOTAL RETAIL	24,746		242,285,693			8,743,856	11,552,459	20,296,314
MAJOR CUSTOMERS								
Fonterra	1			\$31,274.69/mth		375,296	-	375,296
Fonterra Lipid & Distillery	1			\$6,539.66/mth		78,476	-	78,476
SCA Hygiene	1			\$1,623.96/mth		19,488	-	19,488
CHH Whakatane	1			\$13,920.72/mth		167,049	-	167,049
Kaingaroa Timberlands	1			\$15,492.79/mth		185,913	-	185,913
CHH - Kawerau	1			\$2,109.97/mth		25,320	-	25,320
Norske Skog Oxidation Ponds	1			\$4,318.36/mth		51,820	-	51,820
Sequal Investments	1			\$6,686.93/mth		80,243	-	80,243
Fonterra Assets	1			\$1,250.00/mth		15,000	-	15,000
GDL Breaker Contract	1			\$585.00/mth		7,020	-	7,020
BOPE TG1 & TG2	1					-	-	-
TOTAL MAJOR CUSTOMERS	11					1,005,625	-	1,005,625
GRAND TOTAL	24,757		242,285,693			9,749,481	11,552,459	21,301,939

Distribution Prices and Pass-through Prices (Clause 11.4(d))

Consumer Group (Note 1)	2015/16 Tariffs (excluding Goods and Services Tax)				2015/16 Tariffs (excluding Goods and Services Tax)			
	Line Charges (including Pass-Through Costs)				Distribution Charges (excluding Pass-Through Costs)		Pass-Through Costs (Note 3)	
	Fixed Tariff Code	Fixed	Variable Tariff Code	Variable	Fixed	Variable	Fixed	Variable
	(Note 2)	\$ per day	(Note 2)	c/kWh	\$ per day	c/kWh	\$ per day	c/kWh
DOMESTIC								
(LUDU) Domestic LFC Urban	HET001	0.150	HET012	9.983	-	8.560	0.150	1.423
(LUDR) Domestic LFC Rural	HET003	0.150	HET013	9.983	-	8.560	0.150	1.423
(SDU) Domestic Standard - Urban	HET030	1.720	HET050	2.820	1.218	2.820	0.502	0.000
(SDR) Domestic Standard - Rural	HET031	1.720	HET051	2.820	1.218	2.820	0.502	0.000
(NSDU) Domestic Non-Standard - Urban	HET032	1.823	HET052	2.562	1.406	2.562	0.416	0.000
(NSDR) Domestic Non-Standard - Rural	HET033	1.823	HET053	2.562	1.406	2.562	0.416	0.000
GENERAL								
Specials								
(UV) U/Veranda Lights- Not available for new connections	HET009	0.703			0.682	-	0.021	-
(EF) Electric Fence - Not available for new connections	HET006	0.716			0.696	-	0.021	-
(SL) Street Lights	HET131	5.174 \$/light/mth			4.431 \$/light/mth	-	0.743 \$/light/mth	-
(PCM 24) PCM 24 hour - Not available for new connections	HET115	\$55.344 /mth			\$45.843 /mth	-	\$9.500 /mth	-
(PCM/N) PCM Night only - Not available for new connections	HET116	\$28.778 /mth			\$25.611 /mth	-	\$3.167 /mth	-
Capacity Groups								
(N1U) 1ø 60A (0 - 14 kVA)	HET016	1.823	HET040	2.562	1.406	2.562	0.416	-
(N1R) 1ø 60A (0 - 14 kVA)	HET022	1.823	HET045	2.562	1.406	2.562	0.416	-
(N2U) 3ø 60A (15 - 42 kVA)	HET017	2.033	HET041	3.747	0.890	3.747	1.143	-
(N2R) 3ø 60A (15 - 42 kVA)	HET023	3.032	HET046	6.479	1.890	6.479	1.143	-
(N3U) 3ø 100A (43 - 70 kVA)	HET018	4.094	HET042	4.105	1.387	4.105	2.707	-
(N3R) 3ø 100A (43 - 70 kVA)	HET024	6.192	HET047	5.235	3.485	5.235	2.707	-
(N4U) 3ø 150A (71 - 100 kVA) Not available for new connections	HET019	9.040	HET043	5.230	3.835	5.230	5.206	-
(N4R) 3ø 150A (71 - 100 kVA) Not available for new connections	HET025	9.934	HET048	5.227	4.729	5.227	5.206	-
(N5U) > 3ø 150A (> 100 kVA) Not available for new connections	HET020	7.990 c/kVA/day	HET044	5.013	3.815 c/kVA/day	5.013	4.175 c/kVA/day	0.000
(N5R) > 3ø 150A (> 100 kVA) Not available for new connections	HET026	8.747 c/kVA/day	HET049	8.497	4.572 c/kVA/day	8.497	4.175 c/kVA/day	0.000
(CCU) Capacity Concession (U) Not available for new connections	HET021				0.000	-	-	-
(CCR) Capacity Concession (R) Not available for new connections	HET027				0.000	-	-	-
Network Maximum Demand (NMD)								
Variable Charge			HET077	2.240		2.240		-
Capacity Charge	HET074	\$1.901 /kVA/mth			\$1.150 /kVA/mth		\$0.751 /kVA/mth	
Demand Charge	HET076	\$5.042 /kW/mth			\$3.050 /kW/mth		\$1.992 /kW/mth	

Pricing Methodology for Distribution Prices and Pass-through Prices (Clause 11.4(e))

The methodology used to calculate Distribution Prices and Pass-through prices is available on the Horizon Energy Distribution Limited website and can be found using the below link -

http://www.horizonenergy.net.nz/sites/default/files/documents/Horizon%20Energy%20Pricing%20Methodology%20for%20Line%20Charges%20introduced%201%20April%202015_0.pdf

Appendix B – Price Path Compliance (Clause 11.4)

Pass-through Balance Calculation (Clause 11.4(f))

Pass-through Balance		
Term	Description	Value \$
$\Sigma P_{2015/16} * Q_{2015/16}$	Pass-through prices at 31 March 2016 multiplied by 31 March 2016 Quantities	9,197,830
$K_{2015/16}$	Rates on system fixed assets for year ending 31 March 2016	207,591
	Commerce Act levies for year ending 31 March 2016	39,313
	Electricity Authority levies for year ending 31 March 2016	81,648
	EGCC levies for year ending 31 March 2016	10,553
$V_{2015/16}$	Transpower transmission charges for year ending 31 March 2016	6,629,744
	Transpower New Investment Contract charges for the year ending 31 March 2016	-
	Avoided transmission charges resulting from connection of distributed generation for year ending 31 March 2016	2,184,409
	Claw-back applied under sections 54k(3) or 53ZB(3) of the Act	-
	Capex wash-up adjustment for the year ending 31 March 2016	-
	Indirect Transmission Charges for the year ending 31 March 2016	-
$PTB_{2014/15}$	Pass-through balance for the year ending 31 March 2015	-
r	Cost of Debt	6.09%
$PTB_{2015/16}$	Pass-through balance for the year ending 31 March 2016	44,573

Supported by P*Q schedules presented in Appendix B

Price and Quantity Schedule – Pass-through Prices (Clause 11.4(f))

Horizon Energy P X Q SCHEDULE
 Prices at 31 March 2016
 Period: Annual
 365 Days

Consumer Groups	BASE QUANTITIES 31 March 2016			2015/16 Tariffs		(P2016 X Q2016)		
	ICPs	Ave Capacity/ MD per ICP	kWh	Pass-Through Prices		Pass-Through Revenue		
				Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Total (\$)
RETAIL								
DOMESTIC								
LUDU	7,790		39,331,758	0.150	1.423	426,503	559,691	986,193
LUDR	3,722		19,563,517	0.150	1.423	203,780	278,389	482,168
SDU	4,337		33,454,388	0.502		794,669	-	794,669
SDR	3,234		27,851,382	0.502		592,566	-	592,566
NSDU	267		953,985	0.416		40,541	-	40,541
NSDR	413		1,087,090	0.416		62,710	-	62,710
TOTAL DOMESTIC	19,763		122,242,120			2,120,768	838,080	2,958,847
GENERAL								
SPECIALS								
U/Verandah Lights	14			\$0.021/day		107	-	107
Electric Fence	15			\$0.021/day		115	-	115
Lanark	1			(\$302.47)/mth		(3,630)	-	(3,630)
Street Lights	21	4,690 street lights	2,202,760	0.743 \$/light/mth		41,816	-	41,816
Telecom - PCM 24 hour	86			\$9.500/mth		9,804	-	9,804
Telecom - controlled	3			\$3.167/mth		114	-	114
TOTAL SPECIALS	140		2,202,760			48,327		48,327
CAPACITY GROUPS								
N1U	639		3,638,529	0.416		97,026	-	97,026
N1R	933		3,279,085	0.416		141,667	-	141,667
N2U	806		13,174,241	1.143		336,259	-	336,259
N2R	1,693		24,897,665	1.143		706,311	-	706,311
N3U	265		10,378,469	2.707		261,835	-	261,835
N3R	324		15,265,983	2.707		320,130	-	320,130
N4U	44		2,462,211	5.206		83,608	-	83,608
N4R	36		2,151,355	5.206		68,407	-	68,407
N5U	29	176 kVA	2,342,652	4.175c/kVA/day		77,673	-	77,673
N5R	25	187 kVA	1,261,296	4.175c/kVA/day		71,104	-	71,104
UCC	-		-			-	-	-
RCC	-		-			-	-	-
TOTAL CAPACITY GROUPS	4,794		78,851,486			2,164,019		2,164,019
NETWORK MAXIMUM DEMAND (NMD)								
NMD- Variable			48,153,680					
NMD - Capacity	148	257 kVA		\$0.751/kVA/mth		342,980	-	342,980
NMD - Maximum Demand	148	174 kW		\$1.992/kW/mth		616,708	-	616,708
TOTAL NMD	148		48,153,680			959,688		959,688
TOTAL GENERAL	5,082		129,207,926			3,172,034		3,172,034
TOTAL RETAIL	24,845		251,450,046			5,292,802	838,080	6,130,881
MAJOR CUSTOMERS								
Fonterra	1			\$6,373.95/mth		76,487	-	76,487
Fonterra Lipid & Distillery	1			\$2,603.97/mth		31,248	-	31,248
SCA Hygiene	1			\$72,036.92/mth		864,443	-	864,443
CHH Whakatane	1			\$122,470.32/mth		1,469,644	-	1,469,644
Kaingaroa Timberlands	1			\$6,944.89/mth		83,339	-	83,339
CHH - Kawerau	1			\$27,832.55/mth		333,991	-	333,991
Norske Skog Oxidation Ponds	1			\$8,644.95/mth		103,739	-	103,739
Sequal Investments	1			\$8,671.52/mth		104,058	-	104,058
Fonterra Assets	1					-	-	-
GDL Breaker Contract	1					-	-	-
BOPE TG1 & TG2	1					-	-	-
TOTAL MAJOR CUSTOMERS	11					3,066,949		3,066,949
GRAND TOTAL	24,856		251,450,046			8,359,750	838,080	9,197,830

Appendix C – Pass Through and Recoverable Costs (Clause 11.4(g-j))

Pass-through Costs for year ending March 2016				
K _{2015/16}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Rates on system fixed assets	207,591	203,765	3,826	1.9%
Commerce Act levies	39,313	53,411	(14,098)	(26.4%)
Electricity Authority levies	81,648	99,277	(17,629)	(17.8%)
EGCC levies	10,553	9,051	1,502	16.6%
Total Pass-through Costs	339,104	365,504	(26,400)	(7.2%)

Rates on System Fixed Assets

The rates on system fixed assets were \$3,826 above forecast due to higher than expected charges from the local territorial authorities.

Commerce Act Levies

The Commerce Act levies were \$14,098 below forecast due to lower than expected levies charged by the Ministry of Business, Innovation & Employment.

Electricity Authority Levies

The Electricity Authority levies were \$17,629 below forecast due to lower than expected levies charged by the Electricity Authority.

Electricity and Gas Complaints Commissioner Scheme Levies

The Electricity and Gas Complaints Commissioner scheme levies were \$1,502 above forecast due to higher than expected levies charged.

Recoverable Costs for year ending March 2016				
V _{2015/16}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transpower transmission charges	6,629,744	6,663,969	(34,225)	(0.5%)
Avoided transmission charges - distributed generation	2,184,409	2,216,731	(32,322)	(1.5%)
Total Recoverable Costs	8,814,153	8,880,700	(66,547)	(0.7%)

Transpower Transmission Charges

Transmission charges payable to Transpower were \$34,225 below forecast due to lower connection charges payable at Edgumbe, and Transpower's Inter-Control Centre Protocol ("ICCP") charges for Edgumbe were payable for only part of the year.

Avoided Transmission Charges – Distributed Generation

Avoided Transmission charges were \$32,322 below forecast due to lower than expected charges.

Appendix D – Restructuring of Prices, Transactions involving Non-Exempt EDBs, Amalgamation or Mergers, or Major Transactions (Clauses 11.2((d)(i) – (iv)))

Clause 11.2 ((d)(i)) - Horizon Energy Distribution Limited did not restructure its Prices that applied during the Assessment Period; therefore clauses 8.7 to 8.10 did not apply during the Assessment Period.

Clause 11.2 ((d)(ii)) - Horizon Energy Distribution Limited did not receive a transfer of transmission assets that became System Fixed Assets from Transpower during the Assessment Period, nor did Horizon Energy Distribution Limited transfer System Fixed Assets to Transpower; therefore clause 10.6 did not apply during the Assessment Period.

Clauses 11.2 ((d)(iii)-(iv)) - Horizon Energy Distribution Limited did not enter into transactions resulting in an Amalgamation or Merger or Major Transaction; therefore clauses 10.1 to 10.5 did not apply for the Assessment Period.

Appendix E – Quality Standard Compliance (Clause 11.5(c))

Quality Metrics

Limits	
<i>SAIDI</i> Limit	175.8269
<i>SAIFI</i> Limit	2.2150

As per Table 4A.1 of the Determination 2015

Unplanned Boundary Values	
<i>SAIDI</i> Boundary Value	10.7700
<i>SAIFI</i> Boundary Value	0.1000

As per Table 4A.1 of the Determination 2015

Incentive Measures

SAIDI	
<i>Cap</i>	175.8269
<i>Collar</i>	124.4211
<i>Target</i>	150.1240

As per Table 5B.1 of the Determination 2015

SAIFI	
<i>Cap</i>	2.2149
<i>Collar</i>	1.6306
<i>Target</i>	1.9228

As per Table 5B.2 of the Determination 2015

Reliability Assessment Calculations (2016 Assessment Period)

Assessed SAIDI Value 2015/16		
SAIDI _{2015/16}	127.6788	The sum of daily SAIDI Values in the 1 April 2015 - 31 March 2016 Normalised Assessment Dataset

Assessed SAIFI Value 2015/16		
SAIFI _{2015/16}	1.5768	The sum of daily SAIFI Values in the 1 April 2015 - 31 March 2016 Normalised Assessment Dataset

Prior Period Assessed Values

Assessed SAIDI Value 2014/15		
SAIDI _{2014/15}	160.0159	The sum of daily SAIDI Values in the 1 April 2014 - 31 March 2015 Normalised Assessment Dataset

Assessed SAIFI Value 2014/15		
SAIFI _{2014/15}	1.8470	The sum of daily SAIFI Values in the 1 April 2014 - 31 March 2015 Normalised Assessment Dataset

Assessed SAIDI Value 2013/14		
SAIDI _{2013/14}	149.8698	The sum of daily SAIDI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset

Assessed SAIFI Value 2013/14		
SAIFI _{2013/14}	1.6982	The sum of daily SAIFI Values in the 1 April 2013 - 31 March 2014 Normalised Assessment Dataset

Major Event Days (Clause 11.5(f))

Major Event Days within the Assessment Period				
Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
6-Aug-15	11.8747	0.0702	10.7700	0.0702
24-Jan-16	13.5949	0.0777	10.7700	0.0777

The cause of the Major Event Day(s) on -

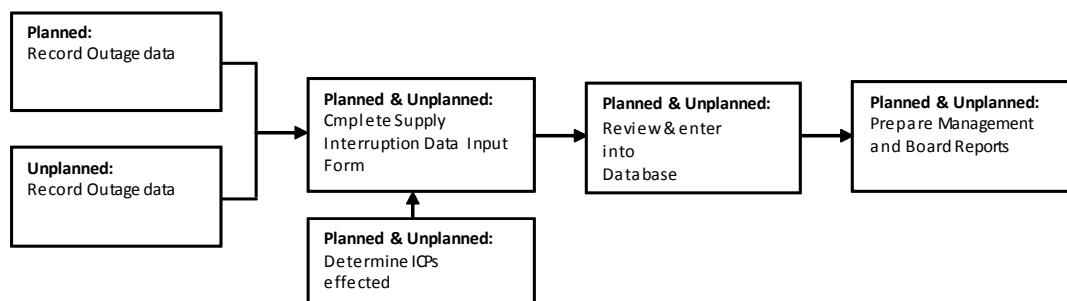
- 6 August 2015 was due to adverse weather in Galatea with a tree bringing down both 33kV and 11kV lines affecting 1,539 ICPs for over 2 ½ hours.
- 24 January 2016 was due to a cable fault in Kawerau affecting 1,882 ICPs for nearly 3 hours.

Appendix F – Policies and Procedures for Recording SAIDI and SAIFI (Clause 11.5(e))

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 on SAIDI and SAIFI. SAIDI and SAIFI calculations are performed based on Schedule 4A of the Electricity Distribution Services Default Price-Quality Path Determination 2015. Reporting based on these calculations are 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 2015. 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.