

HORIZON ENERGY DISTRIBUTION LIMITED

ANNUAL COMPLIANCE STATEMENT

FOR THE ASSESSMENT PERIOD TO 31 MARCH 2020

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 2020, 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:	$\frac{NR_{2019/20}}{ANR_{2019/20}} \leq 1$
NR _{2019/20} :	\$ 23,137,064
ANR _{2019/20} :	\$ 23,161,976
Result:	0.9989 < 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)(ii))

Horizon Energy Distribution Limited does comply with all requirements of the quality standards at the assessment date, 31 March 2020, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2015*.

2020 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.

In this current assessment period, the SAIDI Assessed Value does not exceed the SAIDI Limit as specified in Schedule 4A. The SAIFI Assessed Value for the Assessment Period does not exceed the SAIFI Limit as specified in Schedule 4A.

Test:	$\frac{SAIDI_{Assess\ 2019/20}}{SAIDI_{Limit}} \leq 1$
SAIDI _{Assess 2019/20}	204.2554
SAIDI _{Limit}	228.3150
	0.8946 < 1
Clause 9.1(a) Result:	<i>Does Not Exceed Limit</i>

Test:	$\frac{SAIFI_{Assess\ 2019/20}}{SAIFI_{Limit}} \leq 1$
SAIFI _{Assess 2019/20}	2.0793
SAIFI _{Limit}	2.6270
	0.7915 < 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.

Horizon Energy did not comply in the earlier 2017/18 year but does comply in the 2018/19 year, as shown in the following tables. These show that both the SAIDI and SAIFI Assessed Values for the 2017/18 Assessment Periods exceed the SAIDI and SAIFI Limits as calculated.

SAIDI _{Assess 2018/19}	191.1495	SAIFI _{Assess 2018/19}	1.8297
SAIDI _{Limit 2018/19}	228.3150	SAIFI _{Limit 2018/19}	2.6270
0.8372	< 1	0.6965	< 1
<i>Does Not Exceed Limit</i>		<i>Does Not Exceed Limit</i>	

SAIDI _{Assess 2017/18}	287.4087	SAIFI _{Assess 2017/18}	2.9873
SAIDI _{Limit 2017/18}	175.8270	SAIFI _{Limit 2017/18}	2.2150
1.6346	> 1	1.3487	> 1
<i>Exceeds Limit</i>		<i>Exceeds 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>Does not Comply</i>
2018/19 Assessment Period	Does Not Exceed Limit	Does Not Exceed Limit	<i>Complies</i>
2017/18 Assessment Period	Exceeds Limit	Exceeds Limit	<i>Does not Comply</i>
Clause 9.1 Result:	<i>Complies with Quality Standard</i>		

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

We, Anthony De Farias and Lorraine Witten, 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.



Anthony De Farias



Lorraine Witten

29 May 2020



Independent Reasonable Assurance Report to the Directors of Horizon Energy Distribution Limited and to the New Zealand Commerce Commission

Opinion

Our reasonable assurance opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects, the Annual Compliance Statement of Horizon Energy Distribution Limited has been prepared in accordance with clause 11 of the *Electricity Distribution Services Default Price-Quality Path Determination 2015* for the regulatory period ended 31 March 2020.

As far as appears from an examination, in all material respects, 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's accounting and other records, sourced from its financial and non-financial systems.

Information subject to assurance

We have performed an engagement to provide reasonable assurance in relation to Horizon Energy Distribution Limited's Annual Compliance Statement for the regulatory period ended 31 March 2020.

Criteria

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 regulatory period ended 31 March 2020 and dated 29 May 2020 for the purposes of clause 11 of the *Electricity Distribution Services Default Price-Quality Path Determination 2015* (the 'Determination') for the regulatory period ended 31 March 2020.

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 System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") statistics for the regulatory period ended on 31 March 2020, 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 the evidence relevant to the amounts and disclosures contained on pages 3 and 4 of the Annual Compliance Statement.

Standards we followed

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements other than audits or reviews of historical financial information* and Standard on Assurance Engagements SAE 3100 (Revised) *Assurance Engagements on Compliance*. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. In accordance with those standards we have:

- Used our professional judgement to assess the risk of material misstatement and plan and perform the engagement to obtain reasonable assurance that the Annual Compliance Statement is free from material misstatement, whether due to fraud or error;
- Considered relevant internal controls when designing our assurance procedures, however we do not express an opinion on the effectiveness of these controls; and
- Ensured that the engagement team possesses the appropriate knowledge, skills and professional competencies.



How to interpret reasonable assurance and material misstatement

Reasonable assurance is a high level of assurance, but is not a guarantee that it will always detect a material misstatement when it exists.

Misstatements, including omissions, within the Annual Compliance Statement are considered material if, individually or in the aggregate, they could reasonably be expected to influence the relevant decisions of the intended users taken on the basis of the Annual Compliance Statement.

Use of this assurance Report

Our report should not be regarded as suitable to be used or relied on by any party's other than Horizon Energy Distribution Limited and the New Zealand Commerce Commission 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 opinions 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 (save for Horizon Energy Distribution Limited's own internal purposes) or in part, without our prior written consent.

Directors' responsibility for the Annual Compliance Statement

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

Our responsibility

Our responsibility is to express an opinion to the directors on whether the preparation and presentation of the Annual Compliance Statement is, in all material respects, in accordance with the Determination.

Our independence and quality control

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our firm has also provided other services to Horizon Energy Distribution Limited such as the annual audit of the financial statements, audit pursuant to the Electricity Distribution Information Disclosure Determination 2012 (consolidated in 2015), taxation compliance and advisory services. Subject to certain restrictions, 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 assurance providers of Horizon Energy Distribution Limited for this engagement. The firm has no other relationship with, or interest in, Horizon Energy Distribution Limited.

KPMG

Auckland

29 May 2020

Appendix A – Price Path Compliance (Clauses 11.4)

Price Path Calculations (Clause 11.4 (c))

Clause 8.5

Notional Revenue 2019/20		
Term	Description	Value \$
$\Sigma P_{2019/20} * Q_{2017/18}$	Prices at 31 March 2020 multiplied by 31 March 2018 Base Quantities	23,137,064
$NR_{2019/20}$	Notional Revenue for the year ending 31 March 2020	23,137,064

Supported by P*Q schedules presented in Appendix B

Clause 8.4

Allowable Notional Revenue 2019/20		
Term	Description	Value \$
$\Sigma P_{2018/19} * Q_{2017/18}$	Prices at 31 March 2019 multiplied by 31 March 2018 Base Quantities	22,804,479
$R_{2018/19} - NR_{2018/19}$	Revenue differential for year ending 31 March 2019	9,153
X	X Factor	0%
$(1 + \Delta CPI_{2019/20})$	Average change in Consumer Price Index	1.0153
$ANR_{2019/20}$	Allowable Notional Revenue for the year ending 31 March 2020	23,161,976

Supported by P*Q schedules presented in Appendix B

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

Notional Revenue 2019/20

Horizon P X Q SCHEDULE
Prices at 31 March 2020
Period: Annual
365 Days

Consumer Groups	BASE QUANTITIES 31 March 2018			2019/20 Prices		Regulatory Revenue (P2020 X Q2018)		
	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 (Low Fixed Charge)								
LUDU	8,086		41,286,156	-	8.7700	-	3,620,796	3,620,796
LUDR	3,862		20,501,667	-	8.7700	-	1,797,996	1,797,996
NDU	5,098		36,502,212	1.59357	1.3830	2,965,267	504,826	3,470,093
NDR	4,562		32,699,023	1.59357	1.3830	2,653,501	452,227	3,105,729
TOTAL DOMESTIC	21,608		130,989,059			5,618,768	6,375,845	11,994,614
GENERAL								
Specials								
U/Verandah Lights	17			\$0.76467/day		4,745	-	4,745
Electric Fence	13			\$0.76518/day		3,631	-	3,631
Lanark	1			\$293.83/mth		3,526	-	3,526
Street Lights	16	4,728	2,197,884	5.04405 \$/light/mth		286,179	-	286,179
Telecom - PCM 24 hour	73			\$50.39237/mth		44,144	-	44,144
Telecom - controlled	3			\$23.87534/mth		860	-	860
Total Specials	123		2,197,884			343,084	-	343,084
Capacity Groups								
N2U	816		13,805,464	1.06436	4.17900	317,009	576,930	893,939
N2R	1,652		23,555,218	2.12736	7.37300	1,282,756	1,736,726	3,019,482
N3U	274		10,805,521	2.31402	4.05300	231,425	437,948	669,373
N3R	321		15,332,858	4.92766	5.10300	577,349	782,436	1,359,785
N4U	42		2,362,597	6.40799	5.88000	98,234	138,921	237,155
N4R	33		1,579,094	6.86567	7.68100	82,697	121,290	203,987
N5U	27	173 kVA	2,328,391	5.44700c/kVA/day	5.09900	92,867	118,725	211,591
N5R	22	183 kVA	1,038,222	6.35400c/kVA/day	10.26000	93,302	106,522	199,823
Total Capacity Groups	3,187		70,807,365			2,775,639	4,019,497	6,795,136
Network Maximum Demand (NMD)								
NMD - Variable			49,221,337		2.281	-	1,122,739	1,122,739
NMD - Capacity	156	262 kVA		\$1.2364/kVA/mth		605,915	-	605,915
NMD - Maximum Demand	156	175 kW		\$3.34950/kW/mth		1,095,039	-	1,095,039
Total NMD	156		49,221,337			1,700,954	1,122,739	2,823,693
TOTAL GENERAL	3,466		122,226,586			4,819,677	5,142,236	9,961,913
TOTAL RETAIL	25,074		253,215,645			10,438,445	11,518,081	21,956,527
MAJORS - REGULATED								
Customers								
Fonterra (BoPE)	1			\$36,652.78/mth		439,833	-	439,833
Fonterra Lipid & Distillery	1			\$7,966.15/mth		95,594	-	95,594
Asaleo Care (SCA Hygiene)	1			\$3,131.10/mth		37,573	-	37,573
CHH Whakatane (TP)	1			\$13,533.65/mth		162,404	-	162,404
Kaingaroo Timberlands (TP)	1			\$19,390.08/mth		232,681	-	232,681
CHH - Kawerau (TP)	1			\$3,791.54/mth		45,498	-	45,498
Norske Skog Oxidation Ponds (TP)	1			\$4,954.66/mth		59,456	-	59,456
Sequal Investments	1			\$7,123.19/mth		85,478	-	85,478
Fonterra Assets	1			\$1,250.00/mth		15,000	-	15,000
GDL Breaker Contract	1			\$585.00/mth		7,020	-	7,020
TAOM	1			\$0.00/mth		-	-	-
TOTAL MAJORS - REGULATED	11					1,180,538	-	1,180,538
GRAND TOTAL	25,085		253,215,645			11,618,983	11,518,081	23,137,064

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

Allowable Notional Revenue 2018/19

Horizon P X Q SCHEDULE
Prices at 31 March 2019
Period: Annual
365 Days

Consumer Groups	BASE QUANTITIES 31 March 2018			2018/19 Prices		Regulatory Revenue (P2019 X Q2018)		
	ICPs	Ave Capacity/ MD per ICP	kWh	Distribution Line Prices		Distribution Line Revenue		
				Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Total (\$)
RETAIL								
DOMESTIC (Low Fixed Charge)								
LUDU	8,086		41,286,156	-	8.8190	-	3,641,026	3,641,026
LUDR	3,862		20,501,667	-	8.8190	-	1,808,042	1,808,042
NDU	5,098		36,502,212	1.56169	1.559	2,905,946	569,069	3,475,015
NDR	4,562		32,699,023	1.56169	1.559	2,600,417	509,778	3,110,195
TOTAL DOMESTIC	21,608		130,989,059			5,506,363	6,527,915	12,034,278
GENERAL								
Specials								
U/Verandah Lights	17			\$0.73667/day		4,571	-	4,571
Electric Fence	13			\$0.73306/day		3,478	-	3,478
Lanark	1			\$293.83/mth		3,526	-	3,526
Street Lights	16	4,728	2,197,884	4.97089 \$/light/mth		282,028	-	282,028
Telecom - PCM 24 hour	73			\$49.42657/mth		43,298	-	43,298
Telecom - controlled	3			\$25.11808/mth		904	-	904
Total Specials	123		2,197,884			337,806	-	337,806
Capacity Groups								
N2U	816		13,805,464	1.02710	3.94400	305,911	544,487	850,399
N2R	1,652		23,555,218	2.13543	6.82900	1,287,622	1,608,586	2,896,207
N3U	274		10,805,521	1.72202	4.23700	172,219	457,830	630,049
N3R	321		15,332,858	4.22827	5.12200	495,405	785,349	1,280,754
N4U	42		2,362,597	4.92991	6.76900	75,576	159,924	235,500
N4R	33		1,579,094	5.07746	8.77800	61,158	138,613	199,771
N5U	27	173 kVA	2,328,391	4.20191c/kVA/day	6.02700	71,639	140,332	211,971
N5R	22	183 kVA	1,038,222	5.02103c/kVA/day	10.44900	73,729	108,484	182,212
Total Capacity Groups	3,187		70,807,365			2,543,259	3,943,605	6,486,864
Network Maximum Demand (NMD)								
NMD - Variable			49,221,337		2.248	-	1,106,496	1,106,496
NMD - Capacity	156	262 kVA		\$1.2298/kVA/mth		602,666	-	602,666
NMD - Maximum Demand	156	175 kW		\$3.28910/kW/mth		1,075,293	-	1,075,293
Total NMD	156		49,221,337			1,677,959	1,106,496	2,784,454
TOTAL GENERAL	3,466		122,226,586			4,559,023	5,050,101	9,609,124
TOTAL RETAIL	25,074		253,215,645			10,065,386	11,578,016	21,643,402
MAJORS - REGULATED								
Customers								
Fonterra (BoPE)	1			\$36,674.67/mth		440,096	-	440,096
Fonterra Lipid & Distillery	1			\$8,189.42/mth		98,273	-	98,273
Asaleo Care (SCA Hygiene)	1			\$1,946.50/mth		23,358	-	23,358
CHH Whakatane (TP)	1			\$13,533.17/mth		162,398	-	162,398
Kaingarua Timberlands (TP)	1			\$17,520.42/mth		210,245	-	210,245
CHH - Kawerau (TP)	1			\$3,781.58/mth		45,379	-	45,379
Norske Skog Oxidation Ponds (TP)	1			\$6,186.67/mth		74,240	-	74,240
Sequal Investments	1			\$7,089.00/mth		85,068	-	85,068
Fonterra Assets	1			\$1,250.00/mth		15,000	-	15,000
GDL Breaker Contract	1			\$585.00/mth		7,020	-	7,020
TAOM	1			\$0.00/mth		-	-	-
TOTAL MAJORS - REGULATED	11					1,161,077	-	1,161,077
GRAND TOTAL	25,085		253,215,645			11,226,463	11,578,016	22,804,479

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

Price Schedule Effective 1 April 2019

HORIZON NETWORKS DELIVERY PRICE SCHEDULE EFFECTIVE FROM 1 APRIL 2019								
Disclosure pursuant to requirements of the Electricity Distribution Information Disclosure Determination 2012. Horizon Energy Distribution Limited, trading as Horizon Networks, is the Eastern Bay of Plenty's electricity distribution business that owns and operates the physical infrastructure (poles and lines) that deliver electricity to your property. Horizon Networks is not your electricity retailer. Horizon Networks is not your electricity retailer. The prices charged by your retailer may be different to those charged by Horizon Networks to your retailer. Horizon Networks' charges relate only to the cost of providing electricity distribution services. If unsure about the pricing, Horizon Networks recommend that customers contact their usual retailer to get a better understanding about the process and the difference between Horizon Networks pricing and the retailer's pricing.								
Price Category Code ⁽²⁾	Price Category	Forecast Number of Installation Control Points (ICPs) as at 1 April 2019	Price Component Code ⁽³⁾	Description	Units	Delivery Price ⁽¹⁾ from 1 April 2019	Distribution Price	Pass Through Price
DOMESTIC								
LUDU	Low User Domestic - Urban	8,268	HET001	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET012	Consumption Charge	\$ / kWh	0.10254	0.08770	0.01484
			HET152	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
LUDR	Low User Domestic - Rural	3,926	HET003	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET013	Consumption Charge	\$ / kWh	0.10254	0.08770	0.01484
			HET153	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
STANDARD								
NDU	Standard User - Urban	4,999	HET034	Daily Fixed Charge	\$ / ICP / day	2.09447	1.59357	0.50090
			HET054	Consumption Charge	\$ / kWh	0.01383	0.01383	-
			HET154	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NDR	Standard User - Rural	4,570	HET035	Daily Fixed Charge	\$ / ICP / day	2.09447	1.59357	0.50090
			HET055	Consumption Charge	\$ / kWh	0.01383	0.01383	-
			HET155	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
GENERAL - SPECIALS								
UV	Under Veranda Lights (not available for new connections)	17	HET009	Daily Fixed Charge	\$ / UV / day	0.78602	0.76467	0.02135
EF	Electric Fence (not available for new connections)	13	HET006	Daily Fixed Charge	\$ / EF / day	0.78653	0.76518	0.02135
SL	Street Lights	16	HET008	Monthly consumption	\$ / kWh	-	-	-
SL	Street Lights	16	HET131	Monthly Fixed Charge	\$ / light / month	5.59365	5.04405	0.54960
PCM 24	PCM 24 Hour (not available for new connections)	71	HET115	Monthly Fixed Charge	\$ / fixture / month	60.13268	50.39237	9.74031
PCMN	PCM Night Only (not available for new connections)	3	HET116	Monthly Fixed Charge	\$ / fixture / month	27.12211	23.87534	3.24677
GENERAL - CAPACITY GROUPS								
N2U	Capacity Group 2 (15-42 kVA) - Urban	825	HET017	Daily Fixed Charge	\$ / ICP / day	2.33224	1.06436	1.26788
			HET041	Consumption Charge	\$ / kWh	0.04179	0.04179	-
			HET141	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N2R	Capacity Group 2 (15-42 kVA) - Rural	1,654	HET023	Daily Fixed Charge	\$ / ICP / day	3.39524	2.12736	1.26788
			HET046	Consumption Charge	\$ / kWh	0.07373	0.07373	-
			HET146	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N3U	Capacity Group 3 (43-70 kVA) - Urban	273	HET018	Daily Fixed Charge	\$ / ICP / day	5.51631	2.31402	3.20229
			HET042	Consumption Charge	\$ / kWh	0.04053	0.04053	-
			HET142	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N3R	Capacity Group 3 (43-70 kVA) - Rural	327	HET024	Daily Fixed Charge	\$ / ICP / day	8.12995	4.92766	3.20229
			HET047	Consumption Charge	\$ / kWh	0.05103	0.05103	-
			HET147	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N4U	Capacity Group 4 (71-100 kVA) - Urban (not available for new connections)	38	HET019	Daily Fixed Charge	\$ / ICP / day	12.27886	6.40799	5.87087
			HET043	Consumption Charge	\$ / kWh	0.05880	0.05880	-
N4R	Capacity Group 4 (71-100 kVA) - Rural (not available for new connections)	32	HET025	Daily Fixed Charge	\$ / ICP / day	12.73654	6.86567	5.87087
			HET048	Consumption Charge	\$ / kWh	0.07681	0.07681	-
N5U	Capacity Group 5 (>100 kVA) - Urban (not available for new connections)	26	HET020	Capacity Charge	\$ / kVA / day	0.10241	0.05447	0.04794
			HET044	Consumption Charge	\$ / kWh	0.05099	0.05099	-
N5R	Capacity Group 5 (>100 kVA) - Rural (not available for new connections)	22	HET026	Capacity Charge	\$ / kVA / day	0.11148	0.06354	0.04794
			HET049	Consumption Charge	\$ / kWh	0.10260	0.10260	-
MEDIUM TO LARGE CONSUMERS								
NMDU	Network Maximum Demand - Urban	158	HET074	Monthly Capacity Charge	\$ / kVA / month	1.99843	1.23643	0.76200
			HET076	Monthly Demand Charge	\$ / kW / month	5.41377	3.34950	2.06427
			HET077	Consumption Charge	\$ / kWh	0.02281	0.02281	-
			HET177	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
LARGE CONSUMERS								
SPEC	Individually priced consumers	n.a		Various	Various	n.a	n.a	n.a

Notes:

⁽¹⁾ All Prices exclude GST. Full details on our prices, are included in our Pricing Methodology available from our web site www.horizonnetworks.co.nz. The delivery price is the total covering distribution, transmission and other "pass through" costs. For a breakdown of these components please refer to our Pricing Methodology.
⁽²⁾ Price Category codes are inclusive of Horizon Networks fixed and variable price component codes. Price Category codes are used in the Electricity Registry.
⁽³⁾ Horizon Networks price component codes, used for Electricity Information Exchange Protocol (EIP) reporting, are identified alongside each delivery price. Retailers should use these codes for reporting purposes.

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

Price Schedule Effective 1 April 2018

HORIZON NETWORKS DELIVERY PRICE SCHEDULE EFFECTIVE FROM 1 APRIL 2018								
Disclosure pursuant to requirements of the Electricity Distribution Information Disclosure Determination 2012. Horizon Energy Distribution Limited, trading as Horizon Networks, is the Eastern Bay of Plenty's electricity distribution business that owns and operates the physical infrastructure (poles and lines) that deliver electricity to your property. Horizon Networks is not your electricity retailer. The prices charged by your retailer may be different to those charged by Horizon Networks to your retailer. Horizon Networks' charges relate only to the cost of providing electricity distribution services. If unsure about the pricing, Horizon Networks recommend that customers contact their usual retailer to get a better understanding about the process and the difference between Horizon Networks pricing and the retailer's pricing.								
Price Category Code ⁽²⁾	Price Category	Forecast Number of Installation Control Points (ICPs) as at 1 April 2018	Price Component Code ⁽³⁾	Description	Units	Delivery Price ⁽¹⁾ from 1 April 2018	Distribution Price	Pass Through Price
DOMESTIC								
LUDU	Low User Domestic - Urban	8,065	HET001	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET012	Consumption Charge	\$ / kWh	0.10058	0.08819	0.01239
			HET152	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
LUDR	Low User Domestic - Rural	3,846	HET003	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET013	Consumption Charge	\$ / kWh	0.10058	0.08819	0.01239
			HET153	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
STANDARD								
NDU	Standard User - Urban	5,126	HET034	Daily Fixed Charge	\$ / ICP / day	2.01277	1.56169	0.45108
			HET054	Consumption Charge	\$ / kWh	0.01559	0.01559	-
			HET154	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NDR	Standard User - Rural	4,597	HET035	Daily Fixed Charge	\$ / ICP / day	2.01277	1.56169	0.45108
			HET055	Consumption Charge	\$ / kWh	0.01559	0.01559	-
			HET155	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
GENERAL - SPECIALS								
UV	Under Veranda Lights (not available for new connections)	17	HET009	Daily Fixed Charge	\$ / UV / day	0.75594	0.73667	0.01927
EF	Electric Fence (not available for new connections)	13	HET006	Daily Fixed Charge	\$/ EF / day	0.75233	0.73306	0.01927
SL	Street Lights	16	HET131	Monthly Fixed Charge	\$ / light / month	5.47112	4.97089	0.50023
PCM 24	PCM 24 Hour (not available for new connections)	73	HET115	Monthly Fixed Charge	\$ / fixture / month	58.21874	49.42657	8.79217
PCMN	PCM Night Only (not available for new connections)	3	HET116	Monthly Fixed Charge	\$ / fixture / month	28.04880	25.11808	2.93072
GENERAL - CAPACITY GROUPS								
N2U	Capacity Group 2 (15-42 kVA) - Urban	825	HET017	Daily Fixed Charge	\$ / ICP / day	2.17236	1.02710	1.14526
			HET041	Consumption Charge	\$ / kWh	0.03944	0.03944	-
			HET141	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N2R	Capacity Group 2 (15-42 kVA) - Rural	1,664	HET023	Daily Fixed Charge	\$ / ICP / day	3.28069	2.13543	1.14526
			HET046	Consumption Charge	\$ / kWh	0.06829	0.06829	-
			HET146	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N3U	Capacity Group 3 (43-70 kVA) - Urban	273	HET018	Daily Fixed Charge	\$ / ICP / day	4.61260	1.72202	2.89058
			HET042	Consumption Charge	\$ / kWh	0.04237	0.04237	-
			HET142	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N3R	Capacity Group 3 (43-70 kVA) - Rural	317	HET024	Daily Fixed Charge	\$ / ICP / day	7.11885	4.22827	2.89058
			HET047	Consumption Charge	\$ / kWh	0.05122	0.05122	-
			HET147	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
N4U	Capacity Group 4 (71-100 kVA) - Urban (not available for new connections)	42	HET019	Daily Fixed Charge	\$ / ICP / day	10.22930	4.92991	5.29939
			HET043	Consumption Charge	\$ / kWh	0.06769	0.06769	-
N4R	Capacity Group 4 (71-100 kVA) - Rural (not available for new connections)	34	HET025	Daily Fixed Charge	\$ / ICP / day	10.37685	5.07746	5.29939
			HET048	Consumption Charge	\$ / kWh	0.08778	0.08778	-
N5U	Capacity Group 5 (>100 kVA) - Urban (not available for new connections)	27	HET020	Capacity Charge	\$ / kVA / day	0.08277	0.04202	0.04075
			HET044	Consumption Charge	\$ / kWh	0.06027	0.06027	-
N5R	Capacity Group 5 (>100 kVA) - Rural (not available for new connections)	22	HET026	Capacity Charge	\$ / kVA / day	0.09096	0.05021	0.04075
			HET049	Consumption Charge	\$ / kWh	0.10449	0.10449	-
MEDIUM TO LARGE CONSUMERS								
NMD	Network Maximum Demand	154	HET074	Monthly Capacity Charge	\$ / kVA / month	1.93820	1.22980	0.70840
			HET076	Monthly Demand Charge	\$ / kW / month	5.18373	3.28910	1.89463
			HET077	Consumption Charge	\$ / kWh	0.02248	0.02248	-
			HET177	Distributed Generation - Injection Charge	\$ / kWh	-	-	-

Notes:

⁽¹⁾ All Prices exclude GST. Full details on our prices, are included in our Pricing Methodology available from our web site www.horizonnetworks.nz. The delivery price is the total covering distribution, transmission and other "pass through" costs. For a breakdown of these components please refer to our Pricing Methodology.

⁽²⁾ Price Category codes are inclusive of Horizon Networks fixed and variable price component codes. Price Category codes are used in the Metering and Reconciliation Information Agreement (MARA) Registry.

⁽³⁾ Horizon Networks price component codes, used for Electricity Information Exchange Protocol (EIP) reporting, are identified alongside each delivery price. Retailers should use these codes for reporting purposes.

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 Networks website and can be found using the below link –

The methodology used to calculate Distribution Prices and Pass-through prices apportions costs for a given year that are attributable to each revenue type and divides the costs by the expected quantities for a given year, to arrive at the calculated price.

The distribution revenue is made up of operating expenditure, tax outgoings, the return of assets, and the return on assets.

The pass-through revenue is made up of recoverable costs and pass-through costs; including Transpower charges, levies and local authority rates.

The details on how each of the Distribution Prices and Pass-through prices are calculated are contained in the Pricing Methodology.

[Pricing Methodology for 2019/20](#)

[Pricing Methodology for 2020/21](#)

Appendix B – Price Path Compliance (Clause 11.4)

Pass-through Balance Calculation (Clause 8.6)

Clause 8.6

Pass-through Balance		
Term	Description	Value \$
$\Sigma P_{2019/20} * Q_{2019/20}$	Pass-through prices at 31 March 2020 multiplied by 31 March 2020 Quantities	9,699,773
$K_{2019/20}$	Rates on system fixed assets for year ending 31 March 2020	215,927
	Commerce Act levies for year ending 31 March 2020	64,900
	Electricity Authority levies for year ending 31 March 2020	92,208
	UDL levies for year ending 31 March 2020	18,866
$V_{2019/20}$	Transpower transmission charges for year ending 31 March 2020	5,278,112
	Transpower New Investment Contract charges for the year ending 31 March 2020	-
	System Operator charges for year ending 31 March 2020	-
	Avoided transmission charges resulting from purchase of Transpower assets for year ending 31 March 2020	785,130
	Avoided transmission charges resulting from connection of distributed generation for year ending 31 March 2020	3,686,652
	Claw-back applied under sections 54k(3) or 53ZB(3) of the Act	-
	Energy efficiency and demand side management incentive allowance for the year ending 31 March 2020	-
	Quality incentive allowance for the year ending 31 March 2020	(233,716)
	Capex wash-up adjustment for the year ending 31 March 2020	(192,312)
	Indirect Transmission Charges for the year ending 31 March 2020	-
$PTB_{2018/19}$	Pass-through balance for the year ending 31 March 2019	(8,470)
r	Cost of Debt	6.09%
$PTB_{2019/20}$	Pass-through balance for the year ending 31 March 2020	(24,979)

Supported by P*Q schedules presented in Appendix B

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

Horizon P X Q SCHEDULE
 Prices at 31 March 2020
 Period: Annual
 365 Days

Consumer Groups	BASE QUANTITIES 31 March 2020			2019/20 Prices		Regulatory Revenue (P2020 X Q2020)		
	ICPs	Ave Capacity/ MD per ICP	kWh	Pass Through		Pass Through		Total Revenue (\$)
				Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	
RETAIL								
DOMESTIC (Low Fixed Charge)								
LJDU	8,619		44,784,557	0.15000	1.4840	471,890	664,603	1,136,493
LJDR	4,104		22,516,477	0.15000	1.4840	224,694	334,145	558,839
NDU	4,676		37,388,176	0.50090	-	854,906	-	854,906
NDR	4,460		34,330,752	0.50090	-	815,415	-	815,415
TOTAL DOMESTIC	21,859		139,019,963			2,366,905	998,747	3,365,653
GENERAL Specials								
U/Verandah Lights	17			\$0.02135/day		132	-	132
Electric Fence	13			\$0.02135/day		101	-	101
Lanark	1			(\$302.47)/mth		(3,630)	-	(3,630)
Street Lights	15	4,850	2,235,463	0.54960 \$/light/mth		31,987	-	31,987
Telecom - PCM 24 hour	64			\$9.74031/mth		7,481	-	7,481
Telecom - controlled	3			\$3.24677/mth		117	-	117
Total Specials	113		2,235,463			36,188	-	36,188
Capacity Groups								
N2U	818		14,479,032	1.26788	-	378,551	-	378,551
N2R	1,641		24,222,807	1.26788	-	759,416	-	759,416
N3U	273		10,937,486	3.20229	-	319,092	-	319,092
N3R	323		17,464,577	3.20229	-	377,534	-	377,534
N4U	35		2,231,268	5.87087	-	75,000	-	75,000
N4R	33		2,207,042	5.87087	-	70,715	-	70,715
N5U	24	179.56 kVA	2,309,730	4.79400c/kVA/day	-	75,408	-	75,408
N5R	22	184.56 kVA	1,497,397	4.79400c/kVA/day	-	71,050	-	71,050
Total Capacity Groups	3,169		75,349,339			2,126,765	-	2,126,765
Network Maximum Demand (NMD)								
NMD - Variable			53,951,882					-
NMD - Capacity	166	268.55 kVA		\$0.7620/kVA/mth		407,633	-	407,633
NMD - Maximum Demand	166	178.51 kW		\$2.06427/kW/mth		734,044	-	734,044
Total NMD	166		53,951,882			1,141,677	-	1,141,677
TOTAL GENERAL	3,448		131,536,684			3,304,631	-	3,304,631
TOTAL RETAIL	25,307		270,556,647			5,671,536	998,747	6,670,283
MAJORS - REGULATED								
Customers								
Fonterra (BoPE)	1			\$8,125.23/mth		97,503		97,503
Fonterra Lipid & Distillery	1			\$2,195.44/mth		26,345		26,345
Asaleo Care (TP)	1			\$80,962.11/mth		971,545		971,545
CHH Whakatane (TP)	1			\$93,912.76/mth		1,126,953		1,126,953
Kaingaroa Timberlands (TP)	1			\$9,087.39/mth		109,049		109,049
CHH - Kawerau (TP)	1			\$29,807.12/mth		357,685		357,685
Norske Skog Oxidation Ponds (TP)	1			\$12,259.25/mth		147,111		147,111
Sequal Investments	1			\$13,212.26/mth		158,547		158,547
Fonterra Assets	1			\$0.00/mth		-		-
GDL Breaker Contract	1			\$0.00/mth		-		-
Kawerau Dairy	1			\$2,895.94/mth		34,751		34,751
BOPE TG1 & TG2	1			\$0.00/mth		-		-
TOTAL MAJORS - REGULATED	12					3,029,490	-	3,029,490
GRAND TOTAL	25,319		270,556,647			8,701,026	998,747	9,699,773

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

Pass-through Costs for year ending March 2020				
K _{2019/20}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Rates on system fixed assets	215,927	222,624	(6,698)	(3.0%)
Commerce Act levies	64,900	62,479	2,421	3.9%
Electricity Authority levies	92,208	94,960	(2,752)	(2.9%)
Utilities Disputes levies	18,866	21,413	(2,547)	(11.9%)
Total Pass-through Costs	391,900	401,476	(9,576)	(2.4%)

Rates on System Fixed Assets

The actual rates levied on system fixed assets were \$6,698 below forecast, a small variance.

Commerce Act Levies

The Commerce Act levies were \$2,421 above forecast, a small variance.

Electricity Authority Levies

The Electricity Authority levies were \$2,752 below forecast due to lower than expected levies charged by the Electricity Authority.

Utilities Disputes Levies

The Utilities Disputes levies were \$2,547 below forecast due to lower than expected levies charged.

Recoverable Costs for year ending March 2020				
V _{2019/20}	Actual (\$)	Forecast (\$)	Variance (\$)	Variance (%)
Transpower transmission charges	5,278,112	5,277,324	788	0.0%
Avoided transmission charges - Transpower asset purchase	785,130	785,130	-	0.0%
Avoided transmission charges - distributed generation	3,686,652	3,686,652	-	0.0%
Indirect Transmission Charges	-	-	-	0.0%
Total Recoverable Costs	9,749,895	9,749,107	788	0.0%

Avoided Transmission Charges

Avoided transmission charges related to Transpower asset purchases, otherwise \$785,130 would have been payable to Transpower for the Te Kaha Transmission Assets transferred to Horizon Energy during the 2019 assessment period.

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> <small>Limit</small>	228.3150	As per Table 4A.1 of the Determination 2015
<i>SAIFI</i> <small>Limit</small>	2.6270	

Unplanned Boundary Values		
<i>SAIDI</i> <small>Boundary Value</small>	14.6860	As per Table 4A.1 of the Determination 2015
<i>SAIFI</i> <small>Boundary Value</small>	0.1070	

Incentive Measures

SAIDI		
<i>Cap</i>	228.3150	As per Table 5B.1 of the Determination 2015
<i>Collar</i>	158.8250	
<i>Target</i>	193.5700	

SAIFI		
<i>Cap</i>	2.6270	As per Table 5B.2 of the Determination 2015
<i>Collar</i>	1.9690	
<i>Target</i>	2.2980	

Assessed SAIDI Value 2019/20

SAIDI _{2019/20}	204.2554	The sum of daily SAIDI Values in the 1 April 2019 - 31 March 2020 Normalised Assessment Dataset
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Assessed SAIFI Value 2019/20

SAIFI _{2019/20}	2.0793	The sum of daily SAIFI Values in the 1 April 2019 - 31 March 2020 Normalised Assessment Dataset
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Prior Period Assessed Values

Assessed SAIDI Value 2018/19

SAIDI _{2018/19}	191.1495	The sum of daily SAIDI Values in the 1 April 2018 - 31 March 2019 Normalised Assessment Dataset
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Assessed SAIFI Value 2018/19

SAIFI _{2018/19}	1.8297	The sum of daily SAIFI Values in the 1 April 2018 - 31 March 2019 Normalised Assessment Dataset
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Assessed SAIDI Value 2017/18

SAIDI _{2017/18}	287.4087	The sum of daily SAIDI Values in the 1 April 2017 - 31 March 2018 Normalised Assessment Dataset
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Assessed SAIFI Value 2017/18

SAIFI _{2017/18}	2.9873	The sum of daily SAIFI Values in the 1 April 2017 - 31 March 2018 Normalised Assessment Dataset
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Major Event Days (Clause 11.5(f))

<i>Major Event Days within the Assessment Period</i>				
Date	Pre-Normalised SAIDI	Pre-Normalised SAIFI	Normalised SAIDI	Normalised SAIFI
12-May-19	24.2734	0.0759	14.6860	0.0759

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

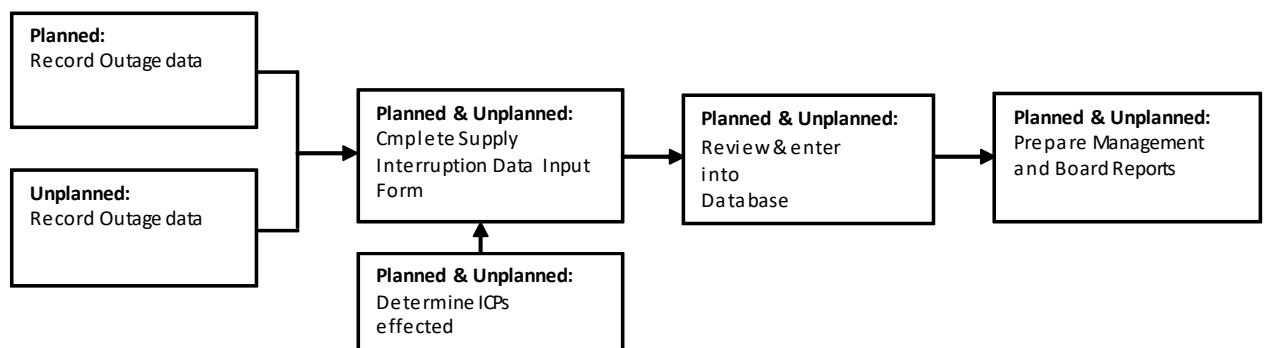
- 12 May 2019 was due to adverse weather with 5 unplanned outages affecting 1,915 ICP's. [SAIDI + SAIFI]

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 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 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.