

HORIZON ENERGY DISTRIBUTION LIMITED

ANNUAL PRICE-SETTING COMPLIANCE STATEMENT FOR THE ASSESSMENT PERIOD TO 31 MARCH 2021

Pursuant to the Electricity Distribution Services Default Price-Quality
Path Determination 2020 (“Determination 2020”)

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

Horizon Energy Distribution Limited does comply with the price path at the assessment date 31 March 2021, as specified in the *Electricity Distribution Services Default Price-Quality Path Determination 2020*.

Clause 8.3 The forecast revenue from prices for the first assessment period must not exceed the forecast allowable revenue for the first assessment period.

Compliance is demonstrated in the following table, which shows that forecast revenue from prices does not exceed forecast allowable revenue.

Forecast allowable revenue (\$000)	Forecast revenue from prices (\$000)	Compliance test result <u>Complies</u>
23,912	23,902	Forecast Net Allowable Revenue
7,105	7,105	Forecast Net Pass through and recoverable costs
31,018	31,008	Complies because forecast revenue from prices is \leq forecast allowable revenue

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

2) Director's Certificate (Clause 11.2(c))

I Anthony de Farias being director of Horizon Energy Distribution Limited certify that, having made all reasonable enquiry, to the best of my knowledge and belief, the attached annual price-setting compliance statement of Horizon Energy Distribution Limited, and related information, prepared for the purposes of the Electricity Distribution Services Default Price-Quality Path Determination 2020 and has been prepared in accordance with all the relevant requirements and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable.



Anthony de Farias

23 January 2020

APPENDIX A – Price Path Compliance (Clause 11.3(a))

Forecast Revenue from Prices (Schedule 1.3)

The forecast revenue from prices per Clause 8.3 is calculated as the sum of each price multiplied by each corresponding forecast quantity.

Forecast Quantities for the assessment period 31 March 2021

Horizon Energy Distribution Limited considers the forecast quantities are reasonable.

	2017/18 Actual	2018/19 Actual	2019/20 Forecast	2020/21 Forecast
Retail ICPs				
Low User	11,948	12,270	12,744	12,794
Standard Domestic	9,660	9,430	9,081	9,138
Capacity	3,187	3,181	3,182	3,201
Network Maximum Demand	156	160	160	160
Special (UV,SL,EF, PG)	122	118	118	118
Total	25,073	25,159	25,285	25,411
	YoY Change			
Low User		2.7%	3.9%	0.4%
Standard Domestic		-2.4%	-3.7%	0.6%
Capacity		-0.2%	0.0%	0.6%
Network Maximum Demand		2.6%	0.0%	0.0%
Special (UV,SL,EF, PG)		-3.3%	0.0%	0.0%
Total		0.3%	0.5%	0.5%
Retail Consumption (Mwh)				
Low User	61,788	63,461	65,387	67,117
Standard Domestic	69,201	69,281	68,604	67,957
Capacity	70,807	71,287	72,493	72,790
Network Maximum Demand	49,221	52,765	52,938	52,871
Special (UV,SL,EF, PG)	2,198	2,204	2,210	2,209
Total	253,216	258,998	261,633	262,944
	YoY Change			
Low User		2.7%	3.0%	2.6%
Standard Domestic		0.1%	-1.0%	-0.9%
Capacity		0.7%	1.7%	0.4%
Network Maximum Demand		7.2%	0.3%	-0.1%
Special (UV,SL,EF, PG)		0.3%	0.3%	-0.1%
Total		2.3%	1.0%	0.5%

Price Schedule for the assessment period ending 31 March 2021

HORIZON NETWORKS DELIVERY PRICE SCHEDULE EFFECTIVE FROM 1 APRIL 2020

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 2020	Price Component Code ⁽³⁾	Description	Units	Delivery Price ⁽¹⁾ from 1 April 2020	Distribution Price	Pass Through Price
DOMESTIC								
LUDU	Low User Domestic - Urban	8,650	HET001	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET012	Consumption Charge	\$ / kWh	0.09458	0.09026	0.00432
			HET152	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
LUDR	Low User Domestic - Rural	4,094	HET003	Daily Fixed Charge	\$ / ICP / day	0.15000	-	0.15000
			HET013	Consumption Charge	\$ / kWh	0.09458	0.09026	0.00432
			HET153	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
STANDARD								
NDU	Standard User - Urban	4,637	HET034	Daily Fixed Charge	\$ / ICP / day	2.01570	1.71497	0.30073
			HET054	Consumption Charge	\$ / kWh	0.00946	0.00946	-
			HET154	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NDR	Standard User - Rural	4,444	HET035	Daily Fixed Charge	\$ / ICP / day	2.01570	1.71497	0.30073
			HET055	Consumption Charge	\$ / kWh	0.00946	0.00946	-
			HET155	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
GENERAL - SPECIALS								
UV	Under Veranda Lights (not available for new connections)	17		Daily Fixed Charge	\$ / UV / day	0.79943	0.78692	0.01251
EF	Electric Fence (not available for new connections)	13	HET006	Daily Fixed Charge	\$ / EF / day	0.79958	0.78707	0.01251
SL	Street Lights	15	HET008	Monthly consumption	\$ / kWh	-	-	-
SL	Street Lights	15	HET131	Monthly Fixed Charge	\$ / light / month	5.35216	5.05683	0.29533
PCM 24	PCM 24 Hour (not available for new connections)	70	HET115	Monthly Fixed Charge	\$ / fixture / month	57.89902	52.18669	5.70933
PCMN	PCM Night Only (not available for new connections)	3	HET116	Monthly Fixed Charge	\$ / fixture / month	26.40220	24.49809	1.90311
GENERAL - CAPACITY GROUPS								
NZU	Capacity Group 2 (15-42 kVA) - Urban	823	HET017	Daily Fixed Charge	\$ / ICP / day	2.07468	1.32967	0.74511
			HET041	Consumption Charge	\$ / kWh	0.03740	0.03740	-
			HET141	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NZR	Capacity Group 2 (15-42 kVA) - Rural	1,645	HET023	Daily Fixed Charge	\$ / ICP / day	3.10018	2.35505	0.74511
			HET046	Consumption Charge	\$ / kWh	0.06507	0.06507	-
			HET146	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NDU	Capacity Group 3 (43-70 kVA) - Urban	273	HET018	Daily Fixed Charge	\$ / ICP / day	5.36923	3.24192	2.12731
			HET042	Consumption Charge	\$ / kWh	0.04004	0.04004	-
			HET142	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NBR	Capacity Group 3 (43-70 kVA) - Rural	323	HET024	Daily Fixed Charge	\$ / ICP / day	8.35368	6.22637	2.12731
			HET047	Consumption Charge	\$ / kWh	0.04649	0.04649	-
			HET147	Distributed Generation - Injection Charge	\$ / kWh	-	-	-
NWU	Capacity Group 4 (71-100 kVA) - Urban (not available for new connections)	38	HET019	Daily Fixed Charge	\$ / ICP / day	11.42025	7.66617	3.75408
			HET043	Consumption Charge	\$ / kWh	0.05899	0.05899	-
NWR	Capacity Group 4 (71-100 kVA) - Rural (not available for new connections)	32	HET025	Daily Fixed Charge	\$ / ICP / day	12.86075	9.10667	3.75408
			HET048	Consumption Charge	\$ / kWh	0.06746	0.06746	-
NWU	Capacity Group 5 (>100 kVA) - Urban (not available for new connections)	26	HET020	Capacity Charge	\$ / kVA / day	0.10139	0.06926	0.03213
			HET044	Consumption Charge	\$ / kWh	0.04830	0.04830	-
NBR	Capacity Group 5 (>100 kVA) - Rural (not available for new connections)	22	HET026	Capacity Charge	\$ / kVA / day	0.11530	0.06317	0.03213
			HET049	Consumption Charge	\$ / kWh	0.09104	0.09104	-
MEDIUM TO LARGE CONSUMERS								
NMDU	Network Maximum Demand - Urban	160	HET074	Monthly Capacity Charge	\$ / kVA / month	1.78362	1.33441	0.44921
			HET076	Monthly Demand Charge	\$ / kW / month	4.84105	3.62181	1.21924
			HET077	Consumption Charge	\$ / kWh	0.02164	0.02164	-
			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.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.

Price and Quantity Schedule for the assessment period 31 March 2021

Horizon P X Q SCHEDULE
Prices at 1 April 2020
Period: Annual
365 Days

2021 Prices as per Price Schedule (SDP)

Consumer Groups	BASE QUANTITIES 31 March 2021			2020/21 Tariffs				Regulatory Revenue (P X Q)				
	ICPs	Ave Capacity/ MD per ICP	kWh	Line Charges		Pass Through		Line Charges		Pass Through		Total Revenue (\$)
				Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh	Fixed \$ per day	Variable c/kWh			
RETAIL												
DOMESTIC (Low Fixed Charge)												
LUDU	8,680		44,639,284	-	9.0260	0.15000	0.4320	-	4,029,142	475,230	192,842	4,697,213
LUDR	4,114		22,478,008	-	9.0260	0.15000	0.4320	-	2,028,865	225,242	97,105	2,351,211
NDU	4,671		35,026,889	1.71497	0.946	0.30073	-	2,923,878	331,354	512,719	-	3,767,952
NDR	4,467		32,930,065	1.71497	0.946	0.30073	-	2,796,181	311,518	490,327	-	3,598,027
TOTAL DOMESTIC	21,932		135,074,246					5,720,059	6,700,880	1,703,517	289,947	14,414,403
GENERAL												
Specials												
UVerandah Lights	17			\$0.78692/day		\$0.01251/day		4,883	-	78	-	4,960
Electric Fence	13			\$0.78707/day		\$0.01251/day		3,735	-	59	-	3,794
Lanark	1			\$293.83/mth		(\$302.47)/mth		3,526	-	(3,630)	-	(104)
Street Lights	15	4,833	2,209,043	5.05683 \$/light/mth		0.29533 \$/light/mth		293,276	-	17,128	-	310,404
Telecom - PCM 24 hour	70			\$52.18969/mth		\$5.70933/mth		43,839	-	4,796	-	48,635
Telecom - controlled	3			\$24.49909/mth		\$1.90311/mth		882	-	69	-	950
Total Specials	119		2,209,043					350,141	-	18,500	-	368,640
Capacity Groups												
N2U	834		13,792,872	1.32957	3.74000	0.74511	-	404,734	515,853	226,819	-	1,147,407
N2R	1,653		23,532,453	2.35505	6.50700	0.74511	-	1,420,908	1,531,257	449,558	-	3,401,723
N3U	273		10,933,479	3.24192	4.00400	2.12731	-	323,041	437,776	211,976	-	972,793
N3R	323		17,331,206	6.22637	4.64900	2.12731	-	734,058	805,728	250,799	-	1,790,585
N4U	38		2,025,519	7.66617	5.89900	3.75408	-	106,330	119,485	52,069	-	277,884
N4R	32		1,679,727	9.10667	6.74600	3.75408	-	106,366	113,314	43,848	-	263,528
NSU	26	169 kVA	2,269,216	6.92600c/kVA/day	4.83000	3.21300c/kVA/day	-	110,981	109,603	51,485	-	272,069
NSR	22	183 kVA	1,225,461	8.31700c/kVA/day	9.10400	3.21300c/kVA/day	-	122,124	111,566	47,179	-	280,869
Total Capacity Groups	3,201		72,789,933					3,328,542	3,744,583	1,333,732	-	8,406,858
Network Maximum Demand (NMD)												
NMD - Variable			52,870,559		2.164				1,144,119			1,144,119
NMD - Capacity	160	278 kVA		\$1.33441/kVA/mth		\$0.44921/kVA/mth		713,280	-	240,115	-	953,395
NMD - Maximum Demand	160	185 kW		\$3.62181/kW/mth		\$1.21924/kW/mth		1,283,894	-	432,208	-	1,716,102
Total NMD	160		52,870,559					1,997,173	1,144,119	672,323	-	3,813,616
TOTAL GENERAL	3,480		127,869,535					5,675,856	4,888,702	2,024,555	-	12,589,114
TOTAL RETAIL	25,412		262,943,781					11,395,916	11,589,582	3,728,073	289,947	27,003,517
MAJORS - REGULATED												
Customers												
Fonterra (BoPE)	1			\$27,398.69/mth		\$6,500.78/mth		328,784	-	78,009	-	406,794
Fonterra Lipid & Distillery	1			\$7,815.22/mth		\$1,258.30/mth		93,783	-	15,100	-	108,882
Asaleo Care (TP)	1			\$1,796.30/mth		\$75,019.00/mth		21,556	-	900,228	-	921,784
CHH Whakatane (TP)	1			\$10,781.57/mth		\$116,623.08/mth		129,379	-	1,399,477	-	1,528,856
Kaingaroo Timberlands (TP)	1			\$14,102.99/mth		\$9,255.23/mth		169,236	-	111,063	-	280,299
CHH - Kawerau (TP)	1			\$2,682.31/mth		\$25,580.09/mth		32,188	-	306,961	-	339,149
Norske Skog Oxidation Ponds (TP)	1			\$3,993.28/mth		\$10,073.87/mth		47,919	-	120,886	-	168,806
Sequal Investments	1			\$4,890.69/mth		\$10,250.89/mth		58,688	-	123,011	-	181,699
Kawerau Dairy Ltd	1			\$1,130.79/mth		\$2,710.95/mth		13,569	-	32,531	-	46,101
Fonterra 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			\$0.00/mth		\$0.00/mth		-	-	-	-	-
TOTAL MAJORS - REGULATED	12							917,122	-	3,087,266	-	4,004,388
GRAND TOTAL	25,424		262,943,781					12,313,038	11,589,582	6,815,339	289,947	31,007,905

APPENDIX B – Price Path Compliance (Clause 11.3(b))

Forecast Allowable Revenue (Schedule 1.5)

Clause 8.1 states the actual net allowable revenue for the first assessment period for Horizon Energy Distribution Limited is \$23,912,000.

The calculation of Horizon Energy Distribution Limited forecast allowable revenue is provided in the table below:

Calculation Components	Amount (\$000)
Forecast net allowable revenue	23,912
Forecast Pass-through costs	437
Forecast Recoverable costs	6,664
Opening wash-up account balance	0
Pass-through balance recovery	4
Total	31,018

APPENDIX C – Forecast Pass-Through Costs (Paragraph 3 Schedule 1.5)

Forecast Pass-through Costs		
Component	Value \$	Basis for forecast
Council Rates	220,126	Based on historical costs plus expected CPI or growth adjustments.
Commerce Commission Levies	37,441	
Electricity Authority Levies	106,985	
UDL Levies	19,809	
Fire & Emergency NZ levies	52,988	
Total Forecast Pass-through Costs	\$ 437,349	

Forecast Recoverable Costs		
Component	Value \$	Basis for forecast
Transpower transmission charges for year ending 31 March 2021	3,458,891	As notified by Transpower (29/11/19)
Transpower New Investment Contract charges for the year ending 31 March 2021	0	
Avoided Cost of Transmission (ACOT) Charges	3,486,328	Forecast based on calculation of Transpower interconnection charges avoided in accordance with contracts with Distributed Generators
Avoided transmission charges resulting from purchase of Transpower assets for year ending 31 March 2021	688,233	Spread over 5 years commencing 2019/20 (updated by Transpower for 2020/21)
Quality Incentive adjustment	121,264	per QOS results for 31/03/2019 plus one year extra cost of debt
Capex wash-up adjustment	0	Nil year 1
IRIS Incentive Adjustment	-1,090,917	per IRIS Model forecast
Innovation Project Allowance	0	
Total Forecast Recoverable costs	\$ 6,663,799	

APPENDIX D – Reasons for price path non-compliance and actions taken to mitigate any non-compliance and prevent similar non-compliance in future assessment periods (Clauses 11.3(c) and 11.3(d))

Clause 11.3(c) – Horizon Energy Distribution Limited complied with the price path, therefore no further comments are necessary.

Clause 11.3(d) – Horizon Energy Distribution Limited complied with the price path, therefore no further comments are necessary.