

Waipa Networks Discount Allocation Methodology March 2016 Discount Methodology Disclosure

This disclosure is to set out the allocation methodology used by Waipa Networks Limited (WNL) for its March 2016 discount to customers. This disclosure is compliant with the requirements of sections 2.4.23 and 2.4.24 of the Electricity Distribution Information Disclosure Determination 2012 – (consolidated in 2015) although Waipa Networks believes it is not required to make any compulsory disclosure as the discount is not as a result of a customer's direct or indirect ownership interest.

Definitions

Active connection A lived metered connection to the network that is not vacant.
ICP Installation Control Point – a unique metered point of connection for every site connected to Waipa's network and does not have an individual Line Function Service Agreement. e.g. a home or business.

Setting the Discount

Waipa Networks provides a discount to customers. Waipa Networks has budgeted to maintain the total level of discount (\$3.4M) paid at the same level to 2014/15.

The final amount of the discount is determined by the Waipa Networks Board. The Waipa Networks Board has determined the 50% (\$1.7M) of the budgeted discount for 2015/16 year will be paid in March 2016. The discretionary discount will be \$1.7M less the posted discounts for the period.

In addition to the Waipa Networks discounts Waipa Networks is distributing to customers the Transmission Rebates received for the period August 2015 to January 2016 of \$0.26M.

The total amount available for distribution including posted discounts, discretionary discounts and transmission discounts in March 2016 is \$1.96M excluding GST.

Allocation of the Discount

Customers with an active connection to Waipa Networks and registered with an electricity retailer on 1 **March 2016** qualify for a discount.

The discount for each qualifying ICP is calculated as maximum of:

1. 13.88% of the Network portion of Waipa Networks variable line charges (max \$2,000) attributed to the ICP between the period 1 Jan 2015 and 31 Dec 2015; and
 2. 4.63% of the Network portion of Waipa Networks variable line charges over \$2,000 attributed to the ICP between the period 1 Jan 2015 and 31 Dec 2015; and
 3. 3.49% of the Transmission portion of the Waipa Networks variable line charges attributed to the ICP between the period 1 Jan 2015 and 31 Dec 2015;
- or
4. 7.50% of the Network portion of Waipa Networks variable line charges attributed to the ICP between the period 1 Jan 2015 and 31 Dec 2015; and
 5. 3.49% of the Transmission portion of the Waipa Networks variable line charges attributed to the ICP between the period 1 Jan 2015 and 31 Dec 2015.

Each 400v ICP receives a posted discount of 7.50% and a discretionary discount between 0% and 6.38% of the Network portion of Waipa Networks variable line charges and a Transmission discount of 3.49% of the Transmission portion of the Waipa Networks variable line charges.

Each 11kV ICP receives a discretionary discount between 0% and 4.98% of the Network portion of Waipa Networks variable line charges and a Transmission discount of 3.49% of the Transmission portion of the Waipa Networks variable line charges.

The line charges attributed to the ICP are irrespective of whether the current account holder had been associated with the ICP over the 12 month period. Customers who are the account holder for more than one ICP will receive a discount for each ICP. This discount includes the posted discounts.

Timeframe

Waipa Networks completes the final allocation process and advises retailers on the discount for each ICP. Retailers then credit customers in accordance with retailers' normal billing cycle. The discount should appear as a credit on each power bill of the electricity account holder during March or April 2016 depending on the billing cycle the customer is on with their retailer.