

Pricing Guide



The Electricity Industry

Information from the Electricity Authority website.



TRANSMISSION

Transpower is the state-owned enterprise responsible for transmitting electricity produced by generators. Around 10% of your electricity bill goes to paying costs involved in the national grid.



DISTRIBUTION

MainPower is one of 29 electricity distributors or 'lines companies' in New Zealand, responsible for the power lines and distribution networks in local areas. Around 26% of your electricity bill goes to paying costs involved in the local distribution of electricity.

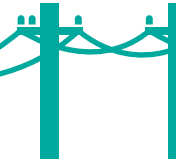


RETAILER

Retailers sell electricity to residential and business customers. Around 30% of your electricity bill goes to paying costs involved in the retail sector - 13% goes towards goods and services tax.

GENERATION

Generators produce electricity. Around 30% of your electricity bill goes towards the cost of generating the electricity you use.



Your electricity bill

Apart from one large user, MainPower does not directly bill customers on our network. We pass on line charges to electricity retailers, who

bundle our charges with other costs and then bill you direct. Our line charges include the cost of transmitting electricity across Transpower's national

grid and distributing electricity to you across our local distribution network.

MainPower Network Pricing

1. Target Revenue

We determine our target revenue to ensure it will be sufficient to cover the operating and capital costs necessary to deliver electricity to the region. This covers everything from administration costs through to network maintenance and transmission charges.

2. Allocation of costs to customer groups

Tariffs or 'prices' are set to recover cost allocations to each customer group and tariff option using forecast volumes and current pricing structures.

Customer groups

Our pricing is structured across two pricing regions and six standard customer groups.

Pricing regions

- MainPower region
- Kaiapoi region (customers previously connected to the Kaiapoi Electricity Network)

Customer Groups

Residential: the customer's connection is for a private dwelling intended for occupation mainly as a place of residence, not normally used for any business activity.

Non-residential and large users: treated as a separate customer group to recognise the different connection load usage profiles.

Lighting: established to recognise the night-time only usage profile and dedicated assets attributable to lighting connections.

Irrigation: added in response to significant growth in irrigation in North Canterbury.



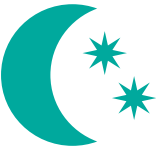





Recognises the unique summer demand peaking load profile of these customers and incentivises efficient utilisation of available capacity in the network.

Council pumping: recognises their high peak load but less frequent use.

Temporary supply: recognises the need for temporary supply connections (e.g. related to construction) as well as the additional costs associated with servicing this group.



Pricing Options

PRICING OPTION	CUSTOMER GROUP	DESCRIPTION
 Residential All Inclusive Supply	Residential	A price option that allows a portion of load (i.e., hot water heating) to be interrupted for part of the day as required for network options.
 Residential Uncontrolled Supply	Residential	A pricing option targeted to residential customers that do not offer controllable load (i.e., hot water heating). The pricing of this option recognises the additional network costs created by not being able to interrupt supply to manage faults and peak demand.
 Residential Night Only	Residential	A special discounted pricing option which applies to consumption during the off-peak night period for approved fixed wire water heating and heat storage between 9:30pm to 7:30am. This incentivises customers to shift load to the off-peak night period.
 Non-Residential General Supply and Large User Group	Non-Residential and Large Users	Offered to non-residential customers, this includes large users.
 Irrigation	Irrigation	A pricing option targeted to irrigators in the MainPower region.
 Lighting	Lighting	Various pricing options apply to Street Lighting, Right of Way Lighting and Under Veranda Lighting.
 Council Pumping	Council Pumping	A price offered in the MainPower region for connection of Council pumping facilities.
 Temporary Supply	Temporary Supply	A connection to the distribution network that is temporary. This connection must either be removed within 12 months or converted to a permanent connection.

For more detailed information, read our Pricing Methodology which describes the approach MainPower has adopted to determine prices for customers connected to our electricity distribution network. Available to view at www.mainpower.co.nz.