

The logo for Mainpower, featuring a stylized 'M' icon above the word 'mainpower' in a lowercase, sans-serif font.

mainpower

ELECTRICITY DISTRIBUTION PRICING METHODOLOGY

EFFECTIVE 1 APRIL 2025

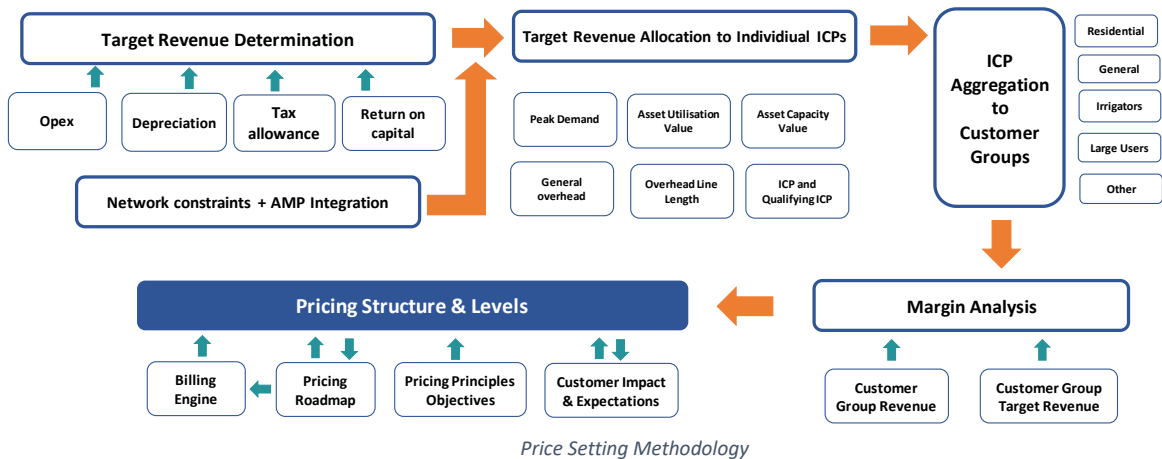
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1 Introduction and Overview

This section provides a description of the context for MainPower’s pricing for the 2025-2026 financial year. It describes the overall process followed, regulatory drivers, outcomes of consumer consultation, MainPower’s commercial outcomes, pricing objectives and the pricing structures.

The overall process that MainPower followed in developing its pricing structure and pricing levels for the 2025-2026 year is illustrated below.



1.1 MainPower

MainPower is the electricity lines company serving the communities of Waimakariri, Hurunui, and Kaikōura. With a century-long legacy, we take great pride in owning, operating, and maintaining the essential infrastructure of poles, wires, and underground cabling that powers homes and businesses throughout our network.

With a commitment to safety and reliability, MainPower ensures a secure electricity supply to over 45,000 connections, positively impacting the lives of the people who call North Canterbury home. From bustling urban centres like Rangiora and Kaiapoi to the picturesque farmland of Hurunui, the renowned wine country of the Waipara Valley, and the iconic tourist destinations of Hanmer Springs and Kaikōura, MainPower plays a vital role in supporting the diverse needs of our region.



MainPower’s Electricity Distribution Network Region

Approximately 83% of the consumer base is residential, with the majority of the remaining being small commercial, farming or irrigation consumers. One large connection is offered non-standard pricing in recognition of its unique cost profile.

MainPower is one of a number of consumer-owned electricity distribution businesses (“EDBs”) in New Zealand. Consumers in the communities of North Canterbury own MainPower through the MainPower Trust and elect its trustees. MainPower also serves consumers connected to the former Kaiapoi Electricity network who are Non-Qualifying Customers of the company.



MainPower’s position within the New Zealand electricity supply chain

The MainPower distribution network connects to the New Zealand national grid owned and operated by Transpower via grid exit points (“GXPs”). The national transmission grid carries electricity from generators throughout New Zealand to electricity distribution networks and large, directly connected consumers. GXP assets are owned mostly by Transpower, although MainPower owns circuit-breaker protection and control equipment at some Transpower sites.

The table below outlines some of the key metrics for the network Grid Exit Points:

Measure	SBK	KAI	WPR	CUL	ASY	Total
ICPs (000’s)	18.3	10.2	6.3	6.6	3.0	44.4
Net Energy* (GWh)	269	126	75	100	70	640

As of 31 March 2024

* Subject to electricity market reconciliation

Key Metrics for the network GXPs

The table below summarises the main load type and forecast capacity for each GXP in the MainPower supply area:

Location (GXP)	Load Type and forecast capacity adequacy	Implications
Southbrook (SBK)	Makes up about 42% of total MainPower load. Includes Rangiora, Cust, Oxford, Pegasus and the surrounding area. The load is 52% residential and 19% irrigation with the rest being commercial and industrial consumers.	More than 2% population growth forecast, adequate capacity.
Kaiapoi (KAI)	Includes the towns of Kaiapoi, most of Woodend, Ohoka, and areas in the vicinity of Christchurch. The load is 60% residential. The rest of the load is made up of commercial and industrial consumers.	Below 2% population growth forecast, adequate capacity.
Waipara (WPR)	Includes the towns of Amberley, Cheviot, and Hawarden. About 25% of the load is irrigation. A large wind farm is proposed in this area.	Below 2% population growth forecast.
Culverden (CUL)	Includes the towns of Kaikōura, Hanmer Springs and Culverden. About 29% of the load is irrigation. A large part of the commercial load is related to the towns of Hanmer Springs and Kaikōura.	Below 2% population growth forecast. Network Investment planned in coming years to accommodate irrigation growth.
Ashley (ASY)	Includes one non-standard consumer which makes up about 51% of the total load. The remainder of the load is made up mainly of residential consumers in the settlements of Loburn, Sefton and Waikuku.	Below 2% population growth forecast.

Main load type and forecast capacity for each GXP in the MainPower supply area.

1.2 Regulatory Drivers

MainPower's distribution business is subject to the following regulatory controls in respect of pricing:

- Part 4 of the Commerce Act 1986, as administered by the Commerce Commission. Consumer ownership means the company is exempt from direct price control under Part 4. Consumer ownership and oversight provides the necessary incentives to set prices consistent with the purpose of regulation under Part 4, in the long-term interests of consumers;
- Oversight in the form of information disclosures under the Electricity Distribution Information Disclosure Determination 2012 ("IDD"), including the requirement to publish annual pricing methodologies (being this document);
- Part 6 of the Electricity Industry Participation Code 2010 (the Code), relating to the pricing of distributed generation;
- Part 12 of the Code relating to Transmission pricing; and
- The Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (the low fixed charge regulations).

Further, the Electricity Authority (EA) published a revised set of pricing principles in June 2019. These principles were supplemented with Pricing Practice Notes in 2021 and 2022. Additionally, the EA sent Pricing Reform letters to distributors in 2022 and 2024 outlining their new areas of focus. The updated principles and practice notes along with the pricing reform letters were taken into consideration when preparing the methodology. This included EA's guidance on the pass through of transmission charges. The pricing principles and additional areas of focus are outlined below..

EA Pricing Principles

1. Prices are to signal the economic costs of service provision, by:
 - being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs);
 - reflecting the impacts of network use on economic costs;
 - reflecting the differences in network service provided to (or by) consumers; and
 - encouraging efficient network alternatives.
2. Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.
3. Prices should be responsive to the requirements and circumstances of consumers by allowing negotiation to:
 - reflect to economic value of service; and
 - enable price-quality trade-offs.
4. Development of prices should be transparent and have regard to transaction costs, consumer impacts and uptake incentives.

Additional Areas of Focus

The EA has also identified additional areas of focus when setting and reviewing EDB's pricing methodologies, as follows:

1. Distributors' roadmaps responding to future network congestion
2. Distributors' response to first mover disadvantage (FMD) issues
3. Pass-through of transmission charges
4. The phase-out of the low fixed charge (LFC) tariff regulations
5. Moving away from recovery of fixed costs through use-based charges
6. Allocate revenue transparently
7. Assign all ICPs to time-varying distribution tariffs (limited exceptions only)

8. Set peak rates based on a measure of Long-Run Marginal Cost
9. Reduce off-peak and controlled rates
10. Follow up on Asset Management Plan reporting on readiness for increased electrification

MainPower's consistency with these principles and areas of focus is described in detail in Appendix A.

Pricing Scorecard

Consistency with these pricing principles and progress against focus areas is assessed annually by the EA through its Scorecard process. In the 2023 review, MainPower scored a 4/5 which places it in the middle of all EDB's scores. The EA did not produce a scorecard in 2024 but have advised that they may reintroduce scorecards in some form in 2025.

1.3 Consumer Consultation and Expectations

MainPower regularly seeks input from consumers regarding price and quality via regular surveys and engagement sessions. This helps inform pricing decisions, as well as objectives for the management of the electricity distribution network. The responses and feedback below are taken from the December 2024 survey.

Key Outcomes:

Consumer research and consultation identified that:

- MainPower continues to deliver strongly in all service aspects, except for price, with only 38% of customers stating they were satisfied.
- The importance to consumers of keeping price/costs down remains high and satisfaction with keeping price costs down has seen a decline (measurement trend FY18-FY25).
- There was concern that low user ICPs would be unfairly impacted by a change in pricing structure to a higher fixed base.
- Generally, customers find the pricing/tariff structure confusing, even after it is explained to them. Retail pricing versus lines charges can be challenging to comprehend.
- Consumers would appreciate more clarity from their retailers around what they are paying for e.g. how their bill is split between generation, transmission, distribution etc.; with comments such as "I have no understanding of how the daily charge is calculated and who gets this money" supporting this.
- Some customers expressed an interest in going 'off-grid' because of power prices.

General feedback from previous consultation had common themes where consumers had a strong, consistent preference for the status quo but an inconsistent preference for the preferred alternative pricing options. Further this preference varied by consumer type:

- Residential consumers – wanted simple, easy to understand pricing structures; and
- Large Users – wanted more flexibility and a combination of pricing methods or structures.

The critical outcome is a bias against complexity, novelty and risk and with a consequent preference for simplicity, familiarity and certainty.

Summary insights from periodic consumer research indicate that respondents across all consumer groups in the MainPower network view electricity reliability and the cost of electricity, as key performance deliverables.

Measure of Performance	Importance Rating ¹	Satisfaction Rating ²
Continuity - keeping the power on	90%	92%
Price - keeping costs down	93%	38%
Restoration - reducing the length of time when power is off	77%	82%
Quality - keeping flickering or dimming lights to a minimum	78%	84%
Accessibility - easy to contact my provider, if the need arises	84%	79%
Communication - keeping you informed of the electricity network	88%	83%

¹Measure: Percentage of respondents rating the aspect 'important' and 'very important' (Customer Pulse FY24).

²Measure: Percentage of respondents rating MainPower's performance as 'satisfied' and 'very satisfied' (Customer Pulse FY24).
Measure of performance

This reinforces that MainPower be mindful of cost and balancing decisions around network investment and the expectation of consumers regarding the price of electricity. There is a cost involved in investment in network maintenance and upgrades that is ultimately reflected in the price consumers pay.

1.4 Commercial Outcomes

Both the pricing structure and pricing levels for the 2025-2026 FY need to reflect several key commercial outcomes for MainPower, namely:

1. Revenue Stability

A portion of MainPower's network load is impacted by seasonal climatic conditions, primarily affecting irrigation as well as the residential segments. This creates volatility in revenue that has been reduced by having a higher proportion of revenue derived from the fixed component of the tariff.

2. Fixed and Variable Revenues aligned with Cost Structure

A significant portion of MainPower's operating costs are fixed, reflecting the sunk costs of its network infrastructure along with the costs of replacing and maintaining those assets. Therefore, MainPower has aligned its revenue streams with its cost structure and now recovers about 67% of revenue from fixed charging.

3. Being Cost Reflective

MainPower has aligned the pricing for each consumer group to the actual cost to serve of each consumer group.

As new technologies like electric vehicles impact network congestion, variable price signals will be needed to encourage usage away from peak times. This would be done via a combination of pricing and demand side management load control. This should encourage consumers to shift their energy usage without creating additional peak issues and have the longer-term benefit of delaying network investment.

Currently for a standard 8,000 kWh pa residential consumer there is a price signal equivalent to \$291 paid as a credit on the variable component of the tariff for Hot Water Control. This represents the benefit to MainPower of the ability to control the hot water demand and reduce the network peak.

Some changes in pricing structure (through Optional Additions to the variable rate) have been introduced this year to provide greater flexibility to recognise different sources of load control and time of use pricing in future. These are now clearly shown on the pricing rate card as credit payments to our customers. This will also allow greater freedom to continuously assess and make decisions to where these payments will give the best effect.

4. Reduce Cross Subsidisation

Due to the historical (pre-2020), uniformly applied variable charge-based pricing structure, legacy imbalances in the revenue versus cost to serve within and between consumer groups still exist to some extent. Historically, higher volume consumers would have paid disproportionately more than lower volume users.

Whilst focus groups have indicated a degree of acceptance of this, MainPower has continued to reduce these imbalances over time and cross subsidisation has been minimised by rebalancing prices so that a higher proportion of revenue is derived from the fixed price component. A proportion of this imbalance remains in the residential segment largely due to the historic low user fixed charge regulations. This will largely be resolved through the phase out of the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 in the period from 1 April 2022 to 1 April 2027.

1.5 Asset Management Plan (AMP)

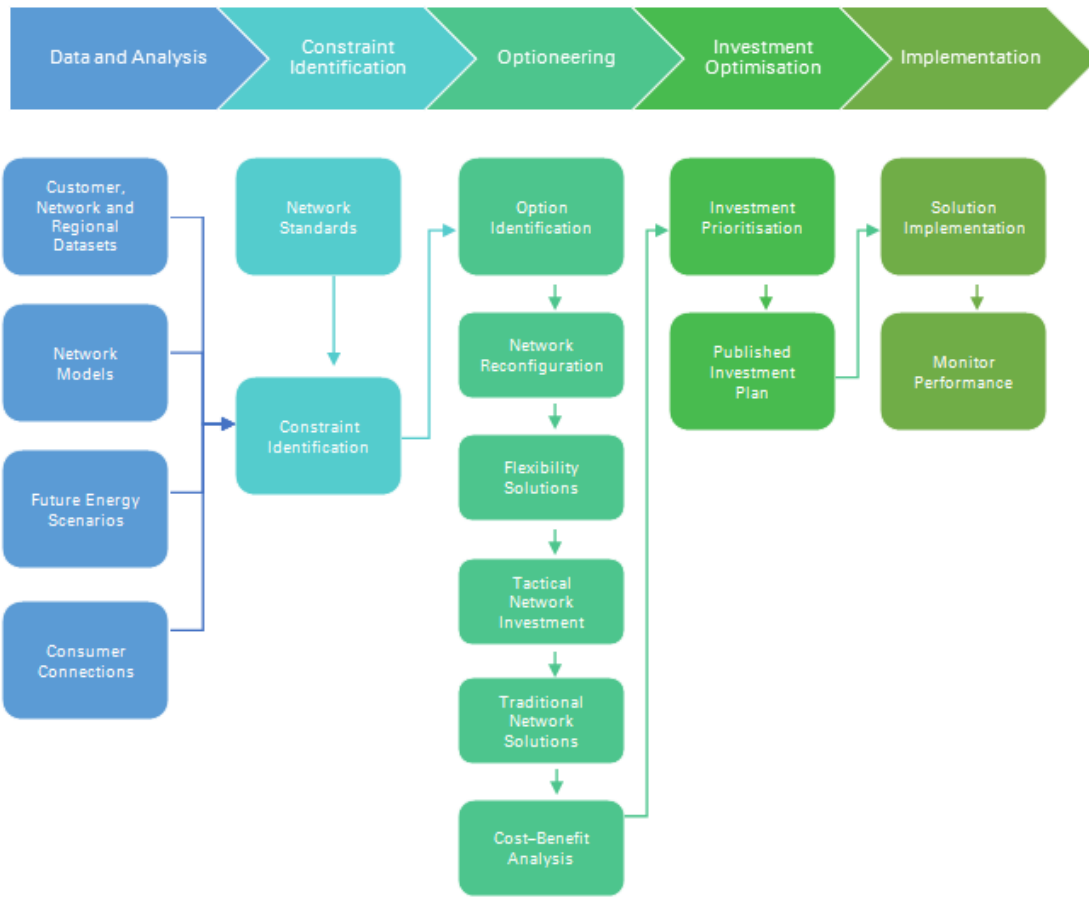
MainPower's pricing methodology is designed to support and help deliver on its AMP. The AMP supports MainPower's vision to *Create a smarter future to deliver local value* and the four pillars of our MPowered Future Strategy:

- An engaged community
- Customer-focused organisation
- Decarbonising our place
- Create a sustainable future

The AMP is underpinned by a focus on strategic asset management and operational excellence which requires sufficient funding to implement effectively. Network planning is a function of meeting defined performance and service standards in the network:

- Capacity
- Power Quality
- Security
- Reliability

The pricing methodology therefore considers network capacity issues that may exist or are emerging. These capacity issues can either be in a particular location or at a particular time of day. MainPower considers the current and future use of non-network solutions, load control and price signals through tariff differentials for controllable load to address existing and forecast capacity constraints. To date, existing and forecast capacity constraints have, other than through hot water ripple control, largely been managed through the network standards and network reinforcement and development projects. The figure below illustrates how this process works:



Electricity Network Distribution Planning Process

The pricing methodology, as outlined in this document, will generate sufficient revenue for the AMP budget and ensure the development, maintenance and replacement of the electricity distribution network, meeting MainPower’s performance standards which reflect consumer expectations.

1.6 MainPower’s Pricing Objectives

Given these regulatory and commercial drivers as well as consumer expectations, MainPower has tailored a set of six pricing objectives which underpin the development and introduction of future pricing structures as well as pricing levels:

- Objective 1* - Alignment between cost structure and tariff structure (sunk-future costs vs fixed-variable revenue)
- Objective 2* - Minimise cross subsidisation between consumer groups
- Objective 3* - Minimise cross subsidisation within consumer groups
- Objective 4* - Consistency with regulatory environment (incl. EA pricing principles)
- Objective 5* - Is consistent with the values of the ownership structure (consumer owned)
- Objective 6* - Does not erode MainPower’s brand / relationship with its consumers

1.7 Cost to Serve

Fundamental to achieving its pricing objectives (particularly objectives 1-4), MainPower developed a method of allocating costs to each ICP on its network. This information provides MainPower a basis to align its cost and

pricing structures as well as to address cross subsidisation amongst consumer groups. Details of this method are described in section 3.2.

1.8 Pricing Structure

Pre-2020 MainPower had applied a uniform variable charge to all pricing options within a particular pricing region, irrespective of consumer density, location, network configuration, or other load characteristics. Variable prices, after the disbursement of rebates, were generally the same for consumers in both MainPower and Kaiapoi pricing regions. Further, a significant portion of MainPower's revenue was generated from the variable component.

In 2020 future pricing options were analysed and considered, with the option called "Current Balanced" implement over the following years in accordance with MainPower's Pricing Roadmap.

Further details of the rationale for the Current Balanced pricing structure can be found in previous years Pricing Methodologies and is not repeated here.

Locational Pricing

Analysis to date of the difference in cost of supply across the ICP population does not have a strong correlation with location, relative to consumer type and in particular peak demand characteristics. For example, demand characteristics across the residential consumer group has a much stronger correlation with cost of supply than does location, including high / low density areas. As such locational based pricing is not, at this stage, considered necessary. The need for locational pricing will continue to be regularly assessed.

As mentioned earlier some changes in pricing structure (through Optional Additions to the variable rate) have been introduced this year to provide greater flexibility to recognise different sources of load control and time of use pricing in future. These are now clearly shown on the pricing rate card as credit payments to our customers. This will also allow greater freedom to continuously assess and make decisions to where these payments will give the best effect.

Consumer consultation has supported a simple pricing structure where a degree of cross-subsidisation is acceptable. Pricing options that MainPower offers its consumers are detailed in section 4.4 Pricing Structure.

2 Cost Determination

2.1 Incremental Cost Determination

Incremental costs are regarded as those that are variable in nature and result from an increase in capacity requirements for existing connections or from new connections to the network. MainPower approaches incremental cost determination and recovery in two ways:

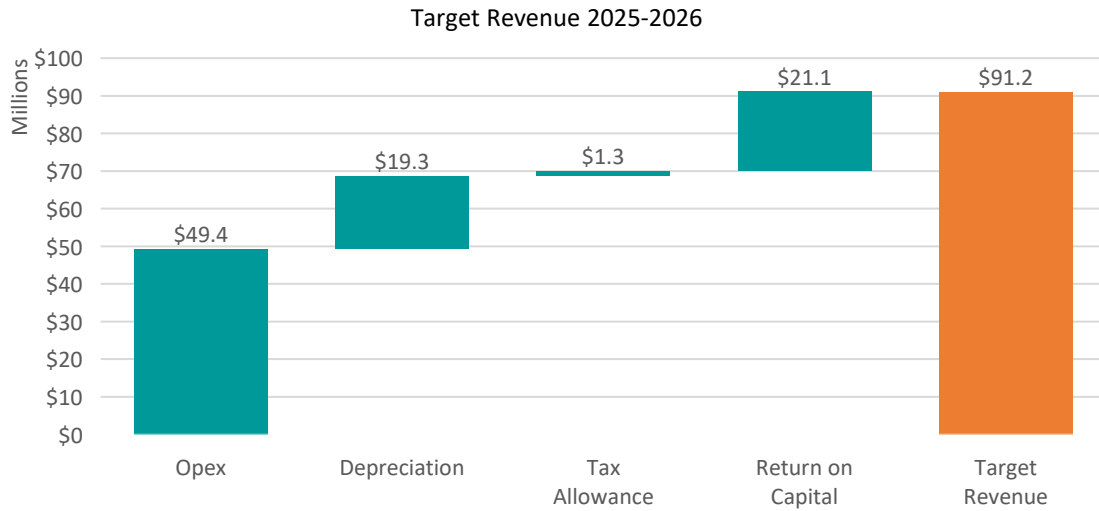
1. Capital contributions specifically target new connections or an increase in capacity for existing connections by determining the uneconomic portion of capital expenditure (which won't be recovered through standard network pricing). This is then charged to the consumer.
2. As part of identifying the economic costs of building and operating the network, a significant portion of network expenditure is 'traced' (section 3.2) to each ICP and consumer group. Prices are set for each group to reflect not only the physical assets they use but also on the use (peak demand) placed on these assets.

2.2 Residual Costs Determination and Allocation

Applying MainPower's cost allocation methodology ensures most costs are allocated out (on an ICP-by-ICP basis). The remaining residual costs, which generally reflect cost types that are fixed or the portion of costs that are fixed are then attributed to each ICP based on the allocation methodologies described in Section 3.2.

3 Target Revenue

MainPower’s target revenue is determined by the following building blocks:



Target Revenue 2025-2026

	2025-26 (\$m)	2024-25 (\$m)	Change (%)
Operating Expenditure	49.4	41.5	18.6
Depreciation	19.3	18.7	3.2
Tax Allowance	1.3	1.7	(23.5)
Return on Capital Allowance	21.2	13.1	61.1
Total of building blocks (Target Revenue)	91.2	75.0	21.6

Target Revenue by Building Block

For the 2025-2026 FY MainPower has set its target revenue to equate to a 100% of the building block total. This includes a target weighted average cost of capital (WACC) return of 6.44% which reflects the cost of capital applied by the Commerce Commission to EDBs regulated under the Default Price-Quality Path.

The following sections provide detail on how the building blocks were calculated:

Operating Expenditure

	2025-26 (\$m)	2024-25 (\$m)	Change (%)
Administration & Support Costs	24.0	21.1	14
Operations and Maintenance	11.9	9.4	27
Transmission Cost	13.5	11.1	20
Total	49.4	41.5	19

Operating Expenditure by Category

Administration and Support Costs

Includes costs associated with managing the day-to-day business activities of the distribution business, such as management, accounting, regulatory, strategy and administration costs. This also includes local body rates and Electricity Industry Act and Commerce Act levies. Fixed costs, particularly information technology and communications have significantly increased to support the data and systems required for strategic assets management. Information technology and communications costs contributed around \$1m increase.

Operations and Maintenance

Captures costs associated with operating and maintaining the network, such as switching, planned and reactive maintenance and responding to faults. These costs are also forecast to be consistent with planned maintenance expenditure identified in the Asset Management Plan (AMP).

Transmission Costs

Transpower charges associated with:

1. connection of MainPower's distribution network to the national grid (including connection, benefit-based, residual, transitional cap, and new investment contract charges).
2. the grid system operator function (a service which Transpower provides).

Transmission pricing is set out in the table below.

	2025-26 Benefits Based \$m	2024-25 Benefits Based \$m	Change \$m
Interconnection			
Connection	3.5	2.8	
Benefit Based Charges	2.2	2.0	
Residual	8.5	7.3	
Transitional Cap	0.1	0.1	
New Investment	1.2	1.1	
Gross Transmission Charge	15.5	13.2	2.3
Settlement Residue – Netted Off	(2.0)	(2.1)	
Net Transmission Passed Through	13.5	11.1	2.4

Transmission Costs

MainPower as it is required to do so, passes the transmission costs through to consumers and therefore the transmission component of MainPower's prices will increase in the 2025-2026 year. MainPower has offset a portion of the transmission charge by netting off the Settlement Residue credit in the transmission charges passed through.

Under the current transmission pricing methodology almost all of the transmission charges are now deemed to be more fixed than variable in nature. Both transmission fixed and variable charges are determined for each ICP and aggregated to a consumer group in proportion to the total transmission cost apportioned to it.

Consumer Group	2025-26 (\$m)	2024-25 (\$m)
Residential	6.02	5.28
Irrigators	2.66	1.73
Large Users	2.33	2.01
General (commercial)	2.24	1.82

Consumer Group	2025-26 (\$m)	2024-25 (\$m)
Other	0.26	0.23
Total	13.52	11.07

Transmission Costs by Consumer Group

Depreciation

Represents the return of capital invested and is calculated on a straight-line basis using a standard life for the asset in accordance with Electricity Distribution Information Disclosure Determination (IDD). The increase in depreciation in 2025-2026 year is due to an increase in the value of the Regulatory Asset Base (RAB) including fast depreciation assets being added in the last few years.

Return on Capital Allowance

This is calculated on a WACC return on the forecast RAB value as of 31 March 2024. MainPower has used a post-tax (65% percentile) WACC estimate of 6.44% which reflects the cost of capital applied by the Commerce Commission to EDBs regulated under the Default Price-Quality Path. The increase in return in capital allowance in 2025-2026 year is due to an increase in both the WACC rate (from 4.27% to 6.44%) and the value of the Regulatory Asset Base (RAB).

Tax Allowance

The regulatory tax allowance is calculated as the tax payable on the calculated return on capital adjusted for the rebate paid to qualifying consumers.

3.1 Consumer Groups

MainPower's standard prices are structured across 7 standard consumer groups. It also has 1 non-standard consumer which is direct billed.

Group	Description
Residential	<p>A residential consumer group has been adopted to show compliance with the low fixed charge regulations, which apply only to residential consumers. The low user fixed charges are being phased out by increasing the regulated daily rate by \$0.30/day every year until April 2027 when the low user fixed charge regulations are revoked. The increase per day is split evenly between retailers and distributors so each year distributors can increase the low user daily charge by \$0.15/day.</p> <p>MainPower applies different pricing for controllable load (MainPower uses ripple control to control load, generally residential hot water), and this aids MainPower in managing network peaks. For a domestic consumer using 8,000 kWh per year this credit payment is \$291.</p>
Non-residential (General Commercial) and Large users	<p>Non-residential and large users are treated as a separate consumer group to:</p> <ul style="list-style-type: none"> ○ recognise the different connection load usage profiles of these consumers, relative to residential consumers and ○ facilitate our approach to complying with the low fixed charge regulations (i.e. by separating residential and non-residential consumers)
Irrigation	<p>This group recognises the unique summer demand peaking load profile of these consumers and incentivises efficient utilisation of available capacity in the network.</p>
Streetlighting	<p>This group recognises the distinct night-time only usage profile and dedicated assets attributable to lighting connections.</p>

Group	Description
Council Pumping	Council pumping is a separate consumer group that recognises their high peak load but less frequent use.
Temporary supply	This consumer group recognises the need for temporary supply connections (e.g. related to construction) as well as the additional costs associated with servicing this group.

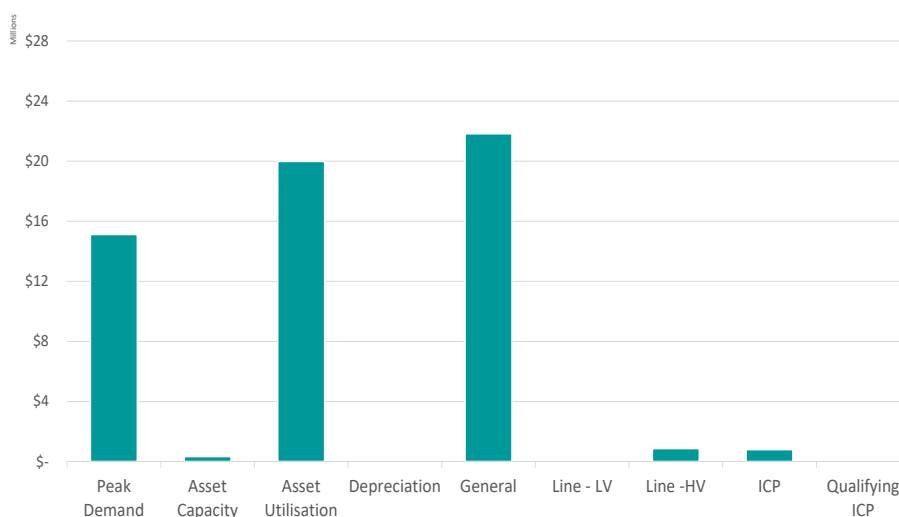
Consumer Groups

3.2 Allocation Methodologies

To identify the cost to serve its consumer groups, MainPower relies upon ways to allocate or distribute costs out to each individual ICP according to its individual characteristics / profile. The following section describes these key methods.

MainPower has identified nine potential cost allocation methodologies to allow different category of costs to be distributed to particular groups of ICPs. This allows an ICP with higher requirements for either assets or other network resources to receive a higher portion of the total cost.

Peak Demand, Asset Utilisation Value and General methodologies determine how over 96% of MainPower costs are allocated and are described in detail below:

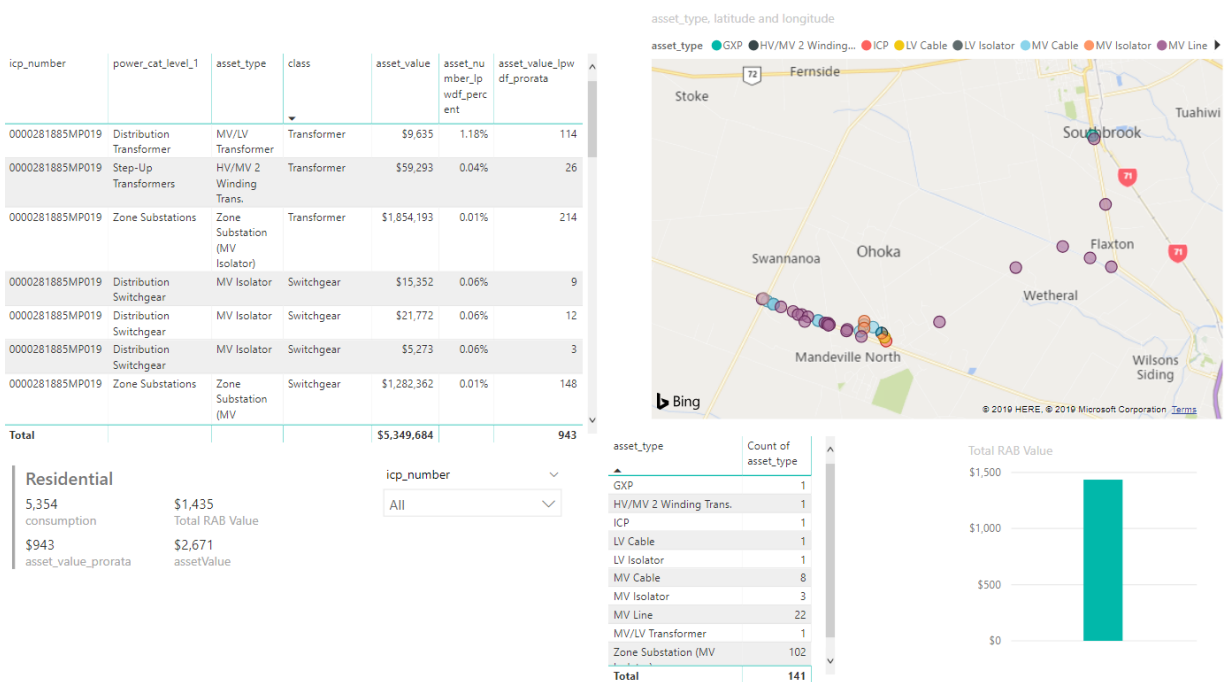


Cost via Allocation Method

Allocator	Cost Component	Methods
Peak Demand	Transpower Costs Depreciation (10%) Regulatory return (10%) Tax (10%)	The source data used was a set of half hourly anonymised data of about 8,000 consumers on the MainPower network. From this a peak demand 'metric' was constructed (an average of the 20 highest days, 2 hr average peaks) to represent peak consumption behaviour at each ICP.
Asset Utilisation Value	Network Fault Costs Rates Costs Network Assets (BI and MD) Depreciation (70%) Regulatory Return (70%) Tax (70%)	Asset value is a key metric that underpins MainPower's cost to serve analysis. MainPower conducts a GXP-ICP asset trace to identify all the assets that supported service delivery to each ICP. Following this, the asset value is apportioned to each ICP via its relative contribution to the overall peak contribution of the group of ICPs sharing that particular asset. The figure below illustrates the

Allocator	Cost Component	Methods
		number (141) and types of assets supporting a particular ICP. Of the total value of these asset of \$5.4m, \$0.94m is attributed to this ICP.
General	Administration Costs Other Maintenance Electricity Costs Depreciation (20%) Regulatory Return (20%) Tax (20%)	A number of administration, network operation and maintenance costs are allocated to each ICP via the <i>General</i> allocator. This approach assumes that these costs are best distributed in proportion to the time spent by MainPower on the main consumer groups. The relative amount of staff time spent on each consumer groups is used as a proxy for the cost of serving each group. The Network and Operations departments are used as the determinants for the time allocation of MainPower staff, with the other enabling functions (e.g. HR, Finance and I.T) following in the same proportions.

Allocation Method



Asset ICP Relationship

4 Strategic Pricing Implementation

4.1 Background

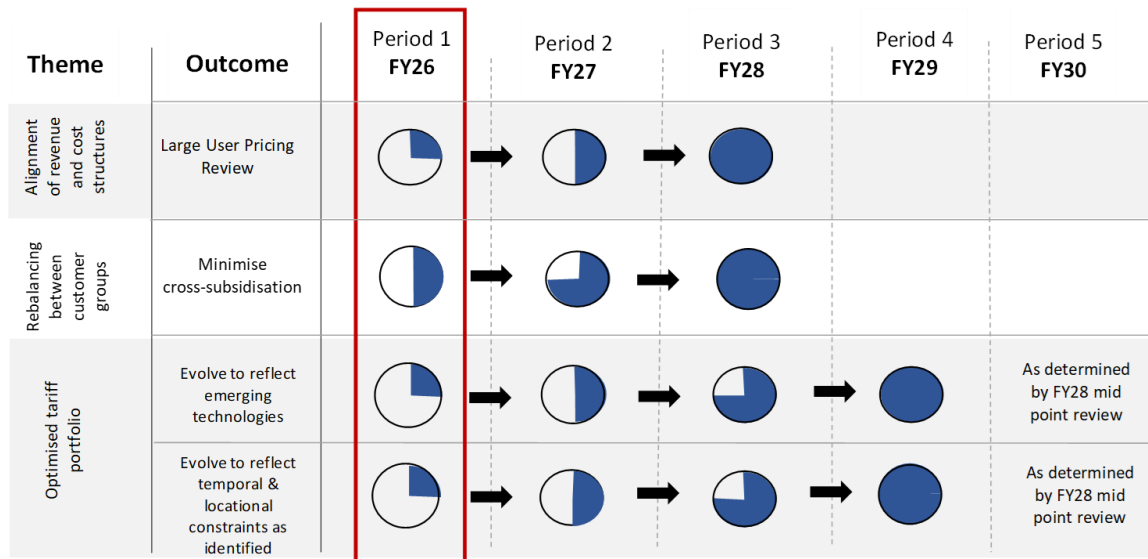
For MainPower to deliver on its pricing objectives, it developed a phased development and implementation plan or Roadmap. The purpose of the roadmap is to manage the transition of the pricing structures and pricing levels cognisant of industry and regulatory developments, consumer impact and the resource required to implement. The key themes of this pricing strategy are:

1. Alignment of revenue to cost structure
2. Rebalancing between consumer groups
3. Optimised Tariff Portfolio

Each of these themes have a number of outcomes that will be achieved during each regulatory control period (RCP). The Pricing Roadmap illustrates this in more detail.

4.2 Pricing Roadmap

Below is a summary of MainPower’s pricing strategy (Roadmap).



During the first year of the RCP 2025-2026 (P1), MainPower will deliver:

Outcome	Description
Large User Pricing	Evaluate pricing options for large commercial and industrial customers. Options considered will include the current balanced approach, capacity charges or demand-based charges. Implement review recommendations in the following year.
Minimise cross-subsidisation	The balance between costs and revenue in each of MainPower’s consumer groups is uneven and balancing this this is an important consideration in the roadmap (below). Currently this imbalance varies between -\$1.8m and \$1.8m. Continued to reduce remaining cross-subsidisation of the Residential group by other groups. This will be achieved primarily by continuing to implement the phase out of Low Fixed Charge Tariff option and reviewing Large User and general pricing.
Evolve to reflect emerging technologies	Introduce change in pricing structure (through Optional Additions to the variable rate) to provide greater flexibility to recognise different sources of load control and time of use pricing in future. Clearly show on the pricing rate card as credit payments to our customers. This will also allow greater freedom to continuously assess and make decisions to where these payments will give the best effect. Continue monitoring EV and other technologies which may require a pricing response. Update the Capital Contributions Methodology in conjunction with this period’s Pricing Methodology and in response to the regulatory direction.
Evolve to reflect temporal and locational constraints	Continue to investigate whether more granular pricing based on either time or location factors is appropriate. This pricing could be in response to network requirements, for example pricing based on GXP or if a particular community requires expenditure, or if access to real time meter data is resolved. Consider changes that allow stronger signals to be sent. This could be achieved by recognising different sources of load control and time of use pricing in future through Optional Additions to the variable rate.

During the second year of the RCP 2026-2027 (P2), MainPower will deliver:

Outcome	Description
Large User Pricing	Implement pricing changes as recommended from the previous year review.
Minimise cross-subsidisation	Continue to reduce remaining cross-subsidisation of the Residential group by other groups. Primarily by continuing to implement the phase out of Low Fixed Charge Tariff option and introduce new Large User Pricing.
Evolve to reflect emerging technologies	<p>Continue to monitor and review the uptake rates of distributed generation and other emerging technologies such as electric vehicle charging across the network and across consumer group.</p> <p>Investigate and evaluate introduction time of use pricing if monitoring suggests there are constraints on the network that could be addressed through time of use pricing.</p> <p>Update the Capital Contributions Methodology in conjunction with this period's Pricing Methodology and in response to the regulatory direction.</p>
Evolve to reflect temporal and locational constraints	<p>Continue to investigate whether more granular pricing based on either time or location factors is appropriate. This pricing could be in response to network requirements, for example pricing based on GXP or if a particular community requires expenditure, or if access to real time meter data is resolved</p> <p>As appropriate recognising different sources of load control and time of use pricing in through Optional Additions to the variable rate.</p>

During the third, fourth and fifth year of the RCP 2027-2030 (P3, P4 & P5), MainPower will deliver:

Large User Pricing	Subject to monitor the impacts of pricing changes to the Large User customer group this is now completed.
Minimise cross-subsidisation	<p>Remove the Low Fixed Charge Tariff Option for Domestic Consumers, and where possible further reduce any cross-subsidisation within user groups.</p> <p>Cross-subsidisation between customer groups is now satisfactorily addressed.</p>
Evolve to reflect emerging technologies	<p>Monitor the impacts of any pricing changes and the effects and benefits of time of use pricing and the effects of any adjustments made.</p> <p>Update the Capital Contributions Methodology annually in conjunction with this period's Pricing Methodology and in response to the regulatory direction.</p>
Evolve to reflect temporal and locational constraints	Monitor the impacts of any pricing changes adjust as required.

4.3 Forecast Consumption

Forecast Consumption

For the 2025-2026 year, the forecast consumption across MainPower's network is 649 GWh. This represents an average consumption year and is underpinned by the following assumptions:

1. Climatic conditions - average summer temperature and average winter temperature
2. New connections - forecast new connections at 1,380
3. Irrigation - total irrigation consumption of 91 GWh

Rebate/ Discount

Rebates are paid to Redeemable Preference Shareholders (Qualifying Customers) of MainPower. Rebates are paid as a credit to Qualifying Customers via the electricity retailers monthly (although retailers may choose not to show the rebate separately on consumers electricity bills).

The rebate scheme for 2025-2026 year will continue as a percentage discount off the fixed charge. A discount is applied to consumers connected to the former Kaiapoi Electricity network to maintain parity as required by the sale and purchase agreement at the time MainPower acquired the Kaiapoi Electricity network. For residential consumers the rebate rate is 26% and for non-residential (general commercial) consumers the rebate rate is 13%. Irrigators and Large Users is 6%.

This year MainPower elected to increase the rebate to customers from \$5m (2024/25) to \$10m for 2025/26 in order to mitigate the impact of price increases (primarily as a result of changes in transmission pricing and the regulatory building blocks). The majority of the rebate is allocated or target towards the residential consumer group.

Consumer Group	Rebate (\$m)
Residential	8.50
Irrigators	0.28
Large Users	0.07
General (commercial)	1.15
Other	0
Total	\$10.0m

Rebate by Consumer Group

Consumer Group Revenue

The following revenue targets for each of the main consumer groups were set based on the target revenue and the allocation methodology described earlier. A further adjustment was made to each consumer group's revenue target consistent with MainPower's phased implementation of its pricing strategy. Last year MainPower elected to reduce its target revenue from \$75m to \$72.75, and that is reflected in the 2024-25 value below.

Consumer Group	2025-26(\$m)	2024-25(\$m)
Residential	56.46	43.9
Irrigators	9.98	8.1
Large Users	3.74	3.5
General (commercial)	17.76	14.4
Direct Supply	1.90	1.7
Other	1.34	1.15
Total	91.19	72.75

Consumer Group Revenue

Note: Does not include rebate/discount

4.4 Pricing Structure

The table below outlines the pricing options that MainPower offers its consumers. In 2025-2026 year, these options are common and available to consumers in both the Kaiapoi and MainPower areas of the network.

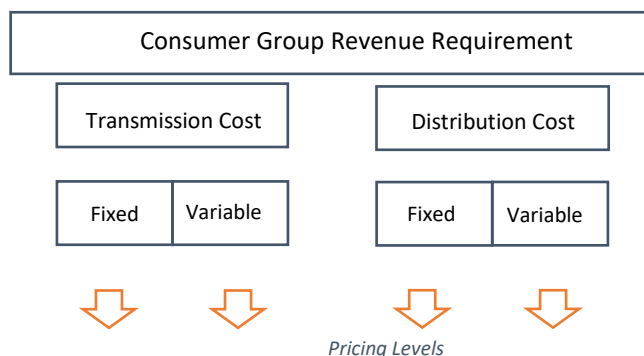
Pricing Option	Consumer Group	Description and rationale
Residential Standard User	Residential	<p>A price option offered to residential consumers.</p> <p>This is also offered as a low user option (Residential Low User) with both resulting in an equivalent annual cost to consumers using 8,000kWh p a (thus complying with the low fixed charge regulations).</p> <p>Customers who meet the residential criteria and opt onto this Residential Standard User tariff have the choice to take an option to reduce the charge for the supply of their electricity consumption.</p> <p>The Hot Water control option allows a portion of their load (i.e. hot water heating) to be interrupted for part of the day as required for network operations. This option reduces the price of their consumption to incentivise consumers to offer controllable load. This lower price recognises the benefits to all consumers by being able to reduce load to manage faults and in reducing peak demand related costs.</p> <p>The benefit is currently a \$0.0364/kWh reduction off the Residential Standard User variable charge rate.</p> <p>The second option is the Night Only pricing option which applies to consumption during the off-peak night period between 9.30pm to 7.30am. This incentivises consumers to shift load to the off-peak night period, recognising the associated benefits in reducing peak demand. The Nighttime consumption benefit is such that the charge during this period is zero. This price category is closed and is only available to customers with approved fixed wired storage water heating or storage space heating. There are currently 2,570 consumers able to access this option.</p> <p>The benefit is currently a \$0.0566/kWh reduction off the Residential Standard User variable charge rate.</p>
Residential Low User	Residential	<p>A pricing option targeted to low consumption residential consumers.</p> <p>The fixed charge component is set at 75c/day for all low user options This approach complies with the low fixed charge regulations.</p> <p>The fixed daily charge is 75c which is lower than the Residential Standard User fixed charge, with a variable component that is higher than the Residential Standard User variable charge.</p> <p>Customers who meet the residential low user criteria and opt onto this tariff have the choice to take an option to reduce the charge for the supply of their electricity consumption.</p> <p>The Hot Water control option allows a portion of their load (i.e. hot water heating) to be interrupted for part of the day as required for network operations. This option reduces the price of their consumption to incentivise consumers to offer controllable load. This lower price recognises the benefits to all consumers by being able to reduce load to manage faults and in reducing peak demand related costs.</p> <p>The benefit is currently a \$0.0364/kWh reduction off the Residential Standard User variable charge rate.</p> <p>The second option is the Night Only pricing option which applies to consumption during the off-peak night period between 9.30pm to 7.30am. This incentivises consumers to shift load to the off-peak night period, recognising</p>

Pricing Option	Consumer Group	Description and rationale
		<p>the associated benefits in reducing peak demand. The Nighttime consumption benefit is such that the charge during this period is zero. This price category is closed and is only available to customers with approved fixed wired storage water heating or storage space heating. There are currently 2570 consumers able to access this option.</p> <p>The benefit is currently a \$0.0566/kWh reduction off the Residential Low User variable charge rate.</p>
Large User Group	Large Users	This pricing option reflects the costs associated with the significant asset capacity made available for consumers who use more than 500,000kWh/pa. Each Large User has a specific variable charge applied to it. The variable rate reflects the usage with higher users paying a lower rate. A uniform fixed daily rate is applied to all Large Users.
Non-Residential General Commercial	Non-residential	General consumers pricing option reflect the uncontrolled nature of load which cannot be interrupted.
Irrigation	Irrigation	These consumers are charged a fixed daily charge per kW of installed motor capacity connected. This recognises the relationship between network capacity costs and the varied size of irrigation motors connected to the network.
Streetlighting	Streetlighting	<p>A fixed daily charge per fitting applies to Street Lighting pricing options. This reflects the fixed nature of the costs associated with street lighting infrastructure.</p> <p>Right of way lighting and under veranda lighting are included as optional components for other price categories. The price has been set to reflect the lower maintenance requirements associated with both under verandah and right of way lighting. These charges remain variable reflecting their optional component nature.</p>
Council Pumping	Council Pumping	A price offered for connection of Council pumping facilities reflects the fixed nature of costs for this consumer group.
Temporary supply	Temporary Supply	A pricing option applying to temporary connections to the network. Priced higher than standard supply, this option recognises the additional costs in managing temporary connections. It also appropriately incentivises consumers to shift to a standard pricing option as soon as is practical. In 2024-25 this moved to a 100% fixed structure.

Pricing Structure

4.5 Pricing Levels

The transmission and distribution costs for each of the consumer groups are used as determinants for the fixed and variable charges (prices). These are calculated based on MainPower’s forecast consumption and number of connections in each of the consumer groups.



Transmission

Transmission revenue is collected via both the fixed and variable charges. Where possible and in most cases transmission charges are passed through via fixed charge pricing. Due to low user fixed charge restrictions, a relatively small amount of the transmission cost is passed through for Residential Low Users via the variable pricing component.

Consumer Group	Fixed (\$m)	Variable (\$m)
Residential	4.92	1.10
Irrigators	2.66	
Large Users	0.78	
Direct Supply	1.56	
General (commercial)	2.25	
Other	0.27	
Total	12.44	1.10

Transmission Pass-through Revenue

Appendix E provides the transmission pricing for all price categories.

Distribution

Both the fixed and variable distribution charges are determined for each consumer group in proportion to the distribution cost apportioned to it.

Consumer Group	Fixed (\$m)	Variable (\$m)
Residential	32.18	18.27
Irrigators	4.48	2.85
Large Users	1.30	1.65
Direct Supply	0.34	0
General (commercial)	9.36	6.16
Other	0.79	0.29
Total	48.43	29.22

Distribution Revenue

Note: Does not include rebate/discount

Appendix E provides the distribution pricing for all price categories.

Standard pricing

The cost impact (post rebate) on the average residential consumer (ie one consuming 8,000 kWh per year) is:

2025-26 (\$/yr)	2024-25 (\$/yr)	Change
1,337	1,129	18.5%

Standard Pricing Average Residential Consumer

Non-Standard Pricing

One non-standard consumer is connected to MainPower's distribution network. The consumer is situated close to a Transpower GXP and takes direct supply from the grid through MainPower's connection assets and equipment.

Prices are set for this consumer to recover the actual costs MainPower incur as follows:

Cost type	Recovery	Comment
Transmission	Direct pass-through	Based on a separately metered feed from the GXP to a non-standard consumer connected to the GXP based on assets and contribution to benefits-based charge and residual charge from Transpower.
Distribution	Fixed distribution charge	Distribution asset and equipment costs deployed at the connection (which have not already been recovered through capital contributions) are recovered fully through prices. This includes depreciation and a return on investment as well as line losses.
Operations & Maintenance	Fixed distribution charge	Costs are directly recovered through pricing.
Administration	Fixed distribution charge	Costs are directly recovered through pricing.

Non-Standard Pricing

Prices have been determined on this basis to discourage uneconomic bypass to the transmission grid. The fixed price seeks to minimise price volatility for both parties. Target revenues expected to be recovered from non-standard consumers are detailed in Appendix E.

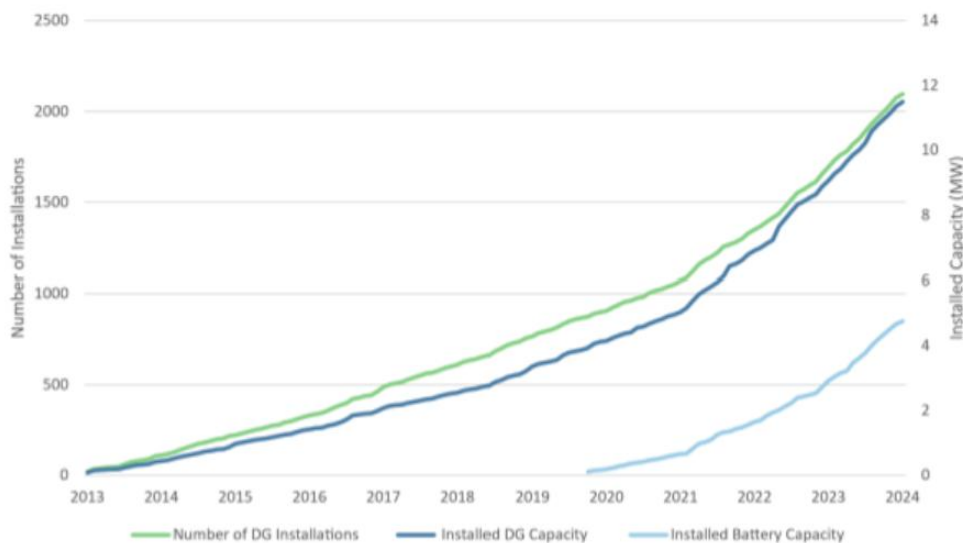
MainPower's obligations and responsibilities in the event of an interruption to this consumer are no different to that of other large standard consumers connected to our network. The consumer does have a higher level of circuit redundancy built into their connection that could result in quicker restoration times but the obligations and responsibilities to restore supply are no different. This level of redundancy is reflected in prices through the higher associated cost of the connection assets and equipment.

MainPower will consider all requests for non-standard contracts on application based on the commercial merits of the proposal. Criteria by which we typically might decide to enter a non-standard contract include:

- the consumer is at risk of bypassing the network to an alternative network or energy source
- the consumer has requested a non-standard connection or specialist equipment which cannot be accommodated into our standard pricing structures or capital contributions policy
- the consumer requests non-standard pricing structures to mitigate risk which might otherwise impair their decision to connect to the network.

Distributed Generation Pricing

The Pricing Roadmap requires MainPower to ensure its pricing *evolves to reflect emerging technologies*. During the 2024-25 year, MainPower continued to monitor the uptake of these emerging technologies on its network. The results show there are a limited number of small-scale distributed generators (DG) connected to the network at around 2.9% of ICPs. These generation units are less than 10kW, generally under 2kW, and are typically associated with an existing ICP (i.e. photovoltaic solar panels supplementing distributed electricity supply).



Distributed Generation on the MainPower Network

To date MainPower has not charged for this type of small-scale distributed generation connected to the network or made payments regarding any potential avoided costs.

Considering the current and forecast uptake rates of DG, MainPower for the next pricing period will not introduce a price signal through the DG component of the tariffs as it is deemed unnecessary. However, the transition to a higher proportion of fixed charges and associated reduction in variable charges has gone some way towards better reflecting the cost to serve consumers with PV.

MainPower will continue to closely monitor uptake rates of PV during P1 in combination with the load profile impact on the residential and general consumer groups.

Electric Vehicle Charging

MainPower continues to consider ways to manage the impact of EV charging on the network. The uptake and impact of EV charging on the network is difficult to monitor due to lack of visibility. Unlike new connections or installation of PV a consumer is not required to make an application to MainPower if they wish to charge an EV at home unless a capacity upgrade is required. In combination with pricing options MainPower is updating its network connection standards and consumer contracts so that MainPower has visibility of EV charging in the network, particularly fast chargers.

In 2022-23 an additional pricing component for EV's was made available to apply to the tariff structure however retailers have been slow to link this to customers with EV's.

4.6 Future Considerations

Aspects of pricing Implementation including the Pricing Roadmap will be updated to respond to changes in the strategic pricing environment.

5 Pricing Changes for disclosure year 2025

As described in section 4, MainPower has made three structural changes that will take effect from 1 April 2025. Price changes become effective from 1 April 2025.

- The current residential customer group tariffs are consolidated into two tariffs. Residential Standard and Residential Low User.
- An optional addition has been added to allow residential customers to opt into hot water load control and receive a credit payment on the variable rate.
- An optional addition has been added for customers on the previous night only tariff.

The following is a summary of the annual cost movement likely to be realised in the 2025-2026 year for the average consumer in each group:

- An increase for residential consumers of approx. \$209, or 18.5%
- Low user change to daily rates as part of the phase out of this regulation. This group sees higher fixed changes as a result.
- An increase for irrigation consumers of \$1,150 or 18.6%.
- An increase for non-residential (general commercial) consumers of \$242 or 8.9%.
- The large user group covers a wide range of users but overall, the group sees an increase of 8.9%
- Refer to Appendix D for a full list of rates and movements. A full copy of the line delivery price schedule applying from 1 April 2025 is available on the pricing page of MainPower's website. This schedule breaks down the price into what is attributable to distribution and transmission components.

6 Appendix A: Electricity Authority Pricing Principles Checklist & Pricing Practice Focus Areas.

This appendix describes the extent to which our pricing methodology is consistent with the EA’s pricing principles, pursuant to section 2.4.3(2) of the IDD.

MainPower has reviewed its pricing methodology against the pricing principles (table below) and Electricity Authority Pricing Practice Focus Areas and are of the view that our pricing methodology is broadly consistent with the principles.

Electricity Authority Pricing Principles:

Pricing Principle	Extent of consistency
(a) Prices are to signal the economic costs of service provision, including by:	
(i) being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs);	<p>Avoidable costs are those that can be avoided by not serving a consumer or group of consumers. They include the costs of billing and consumer service costs, connection costs specific to the consumer or consumer group and additional maintenance costs.</p> <p><i>For capital costs:</i> MainPower’s Capital Contributions Methodology is the primary mechanism by which the company ensures that prices recover avoidable costs. It seeks capital contributions for new connections and asset upgrades when the expected distribution revenue from a connection is less than the incremental costs (including a share of any upfront or future network augmentation costs). Distribution prices will therefore be in equal or more than avoidable capital costs.</p> <p><i>For operational costs:</i> The remaining incremental operational expenditure is recovered through distribution prices. The fixed charge will recover a proportion of these costs regardless of the level of consumption. The rates have been set to recover those fixed costs associated with each consumer group. Revenue received from variable charges, will in most cases recover the remaining incremental costs. The potential exceptions include residential consumers on low user fixed charges where cross-subsidisation may exist, though this will be reduced over time as these regulations are phased out.</p> <p>Prices are also likely to be less than standalone cost. MainPower understands standalone cost to mean the cost to the consumer of bypassing or replicating the network with alternative supply arrangements (e.g. connection to the grid through its own distribution assets, or alternative fuel or generation sources). For most mass market consumers, the costs of moving “off-grid” to a standalone energy solution (e.g. rooftop PV) is currently priced at a premium to distributed electricity supply. This is because the large economies of scale associated with network investments mean distribution networks currently remain competitive on price and reliability.</p> <p>Large consumers are likely to be better placed to bypass the network at a lower overall standalone cost. As an example, MainPower’s largest connection is on a non-standard contract to discourage bypass of the network to the transmission grid. The non-standard arrangements ensure it is economic for this consumer to remain connected to the network by pricing below the standalone cost of connecting directly to the grid.</p>
(ii) Reflecting the impacts of network use on economic costs	This principle asserts that behaviour which creates additional investment costs for distributors should be recognised in pricing, and that costs should accordingly be recouped from those consumers that create them. The key

Pricing Principle	Extent of consistency
	<p>drivers of future network investment costs relate to new connections and system capacity growth.</p> <p>MainPower ensures it recoups avoidable connection and upstream reinforcement costs through its Capital Contributions Methodology, as discussed above.</p> <p>Further, MainPower has rebalanced its revenue to have a higher portion delivered through fixed charges. This is because a significant amount of its costs are fixed and vary little through energy demand.</p> <p>MainPower has retained an element of a variable charge. The use of a consumption based variable charge is a pricing approach which recognises additional usage of capacity. While prices based on kWh consumption provide a crude proxy for capacity utilisation, they send a signal that additional usage of the network creates additional costs over time.</p> <p>The Night Only optional addition provides incentives for consumers who take up this option to shift their demand to the off-peak night period. Further, the <i>Residential Standard and Low User</i> price signals that if consumers do not provide control to the network to manage faults and reduce peak demand that this may require additional investment in the network, these options appropriately signal the impact of additional usage on investment costs.</p> <p>As discussed above, the Irrigation price signals capacity constraints on the network attributable to this significant consumer group by levying a higher fixed daily charge on relatively larger irrigation motors.</p>
<p>(iii) Reflecting the differences in network service provided to (or by) consumers; and</p>	<p>The primary service that MainPower provides is access to network capacity. This principle sets out that distributors should recognise this primary driver in setting prices and pricing structures. Signalling available service capacity in prices is therefore significant. MainPower currently does not explicitly define consumer groups by the level of available service capacity. However, the distinction made between low users, residential, non-residential, and large users does proxy different consumer capacity profiles.</p> <p>Similarly, Hot Water Control and Night Only pricing options are designed to incentivise behaviours that reduce demand at the peak or during fault events. This reduces the pressure on available service capacity as well as defers investments in new capacity.</p> <p>The Irrigation price is based on the currently known installed kW capacity of irrigation pump motors and is designed to signal limited capacity in the high voltage distribution system. This price option, as well as capital contributions sought from irrigators, signals that upstream capacity is limited.</p>
<p>(iv) Encouraging efficient network alternatives</p>	<p>This principle seeks to encourage the development of distributed generation, load control other demand side solutions.</p> <p>MainPower does not levy lines charges on the connection of small-scale distributed generation to the network. This provides appropriate incentives for consumers to invest in distributed generation as they do not face any additional distribution costs beyond that related to their standard ICP connection. Furthermore, distributed generation will usually lower a consumer's variable distribution costs resulting in lower annual costs. This further provides incentives to invest in these technologies.</p> <p>Where there are upfront costs in relation to connecting distributed generation, which is unlikely, this will be dealt with as part of MainPower's Capital Contributions Methodology.</p> <p>Demand response measures are encouraged using our Hot Water Control and Night Only pricing options, which are priced attractively to incentivise</p>

Pricing Principle	Extent of consistency
	consumers to offer up interruptible load or reduce their demand at the daytime peak, respectively.
(b) Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.	Residual costs are largely reflective of the fixed cost nature of MainPower's business. The revenue streams are aligned to reflect the portion of these fixed costs and as such provide a clear mechanism of recovery without providing any incentive to distort network use. The quantum of residual costs to recover are allocated in proportion to each consumer group via analysis of their contribution to these costs.
(c) Prices should be responsive to the requirements and circumstances of consumers by allowing negotiation to:	<p>Residential Standard User pricing (without the Hot Water Control option) is higher recognising that consumers who do not want their hot water load interrupted are willing to pay more for that supply. Similarly, the Residential Night Only price is targeted at consumers who are willing to limit their demand at the peak in preference for a lower off-peak charge during the night.</p> <p>Non-Residential Large Users on the MainPower network have pricing applied that reflects the level of forecast consumption. This recognises the balance between high consumption placing demand on the network, contributing to future constraints but also Non-Residential Large Users having a lower weighted average variable rate to reflect consumption over 500,000 kWh pa.</p> <p>MainPower's non-standard pricing also partially recognises willingness to pay considerations by a consumer that is readily able to bypass the network. This approach will be considered for any consumer in similar circumstances.</p>
(i) reflect to economic value of service; and	<p>This allows for a discount on price or other incentives being offered to consumers at risk of bypassing MainPower's network. Bypass options are likely to be more available to larger consumers that have options over where they locate their business, or which have access to alternative energy supply (e.g. gas, generation, the transmission grid).</p> <p>MainPower has one consumer that is directly supplied from Transpower's national grid, using MainPower's equipment. This consumer could readily bypass the distribution network in favour of a direct connection to the grid. To recognise this risk, MainPower has entered into a non-standard contract with this consumer and prices are set with reference to the actual (or avoidable cost) of offering these services. This discourages uneconomic bypass of the distribution network.</p>
(ii) enable price-quality trade-offs.	<p>This principle allows for negotiation over price in recognition of different levels of service (e.g. redundancy) or non-standard arrangements (higher fixed charge component to reduce risk).</p> <p>As discussed above, MainPower has one non-standard contract and is willing to negotiate on price and quality outcomes and non-standard arrangements with other consumers where necessary. In addition to incremental cost pricing, a higher fixed charge is applied which reduces price variability for this consumer.</p> <p>Price and quality trade-offs are also addressed as part of MainPower's Capital Contributions Methodology. For instance, if a consumer requires specialist equipment or connection redundancy then a contribution is typically sought from the consumer to recover costs associated with this investment.</p> <p>Residential users have the choice of Hot Water Control and Night Only pricing options. The uncontrolled being more expensive, reflecting the lower quality of service of having interruptible demand.</p>
(d) Development of prices should be transparent and have regard to transaction costs, consumer impacts and uptake incentives.	MainPower considers the information in this Pricing Methodology provides appropriate explanations of how it has set prices and the rationale for doing so.

Pricing Principle	Extent of consistency
	<p>The current pricing structure is concise and simplifies the information provided to retailers and reduces the complexity of processing and subsequent transaction costs.</p> <p>As part of MainPower’s pricing strategy (Roadmap), it signals proposed changes and generally phases them in. This reduces the single yearprice impact and allows time for consumers to understand the rationale behind the changes and provide feedback.</p>

Table 23: Pricing Principles

Distribution Pricing Practice Areas of Focus:

Reform Focus Areas	MainPower Response
Distributors’ roadmaps responding to future network congestion.	See Section 4 “Strategic Pricing Implementation” EV Tariff introduced. Introduce change in pricing structure (through Optional Additions to the variable rate) to provide greater flexibility to recognise different sources of load control and time of use pricing in future. Clearly show on the pricing rate card as credit payments to our customers. This will also allow greater freedom to continuously assess and make decisions to where these payments will give the best effect. Development of the DSM strategy will assess future options for hot water ripple control and other flexible demand side responses at a network level. Options for pricing signals will be informed by the DSM strategy. More flexible billing system has been implemented.
Distributors’ response to any significant first mover disadvantage (FMD) issues facing customer seeking to connect to their networks (new and expanded connections).	Capital Contributions Methodology reviewed and updated. Paybacks updated to ensure MainPower approach is aligned with other networks.
The extent to which distributors are following the Authority’s guidance on pass-through of new transmission charges into distribution pricing.	EA guidance: <ol style="list-style-type: none"> 1. Map transmission charges to each distribution pricing area- Although MainPower has a single pricing area (excluding its non-standard customer), all costs including transmission costs are allocated to an ICP level. 2. Use fixed distribution charges where possible – Transmission charges are recovered using fixed charges for all price categories except for low user pricing options where it is not possible to recover transmission costs through a fixed charge. 3. Pass step changes through to the causers – this will be implemented where relevant in respect of new investments. 4. Manage disconnects between transmission and distribution pricing by exception – MainPower has one non-standard connection which has individualised pricing to ensure transmission charges are passed through. Low user pricing causes the only known material disconnect at this time. 5. Avoid a disproportionate level of complexity – Transmission costs are recovered by a fixed charge pass-through except in the case of low

	user price options where they are recovered using a variable charge.
Whether distributors are increasing their use of fixed charges to match the phase-out path of the low fixed charge tariff regulations.	MainPower is phasing in fixed charges in line with the amended low fixed charge tariff regulations.
Distributors avoiding, or transitioning away from, recovery of costs that are fixed in nature through use-based charges, such as charges based on a customer's Anytime Maximum Demand (AMD).	MainPower is endeavouring where possible to recover all fixed costs through the use of fixed charges and this is reflected in its pricing structure. Currently 76% of cost components (including the majority of transmission costs) are deemed to be fixed in nature and 67% of revenue is recovered through fixed pricing components.
Allocate revenue transparently.	Revenue allocation is transparently explained in this Pricing Methodology and is based on cost to serve at an ICP level.
Assign all ICPs to time-varying distribution tariffs (limited exceptions only).	<p>By market share 75% of retailers offer residential time of use pricing in the MainPower network.</p> <p>Optional Additions of Hot Water Control and Night Only provides a price signal that the retailers generally re-bundle into the pricing options.</p> <p>For example a Residential Standard users variable rate of \$0.0566 / kWh can be reduced by \$0.0364 with the Hot Water Control or \$0.0566 with the Night Only optional addition for those that meet the requirements.</p>
Set peak rates based on a measure of Long-Run Marginal Cost.	Section 2 Incremental Cost Determination of this Pricing Methodology describes the approach taken.
Reduce off-peak and controlled rates.	Introduced change in pricing structure (through Optional Additions to the variable rate) to provide greater flexibility to recognise different sources of load control and time of use pricing in future. Clearly show on the pricing rate card as credit payments to our customers. This will also allow greater freedom to continuously assess and make decisions to where these payments will give the best effect.
Follow up on Asset Management Plan reporting on readiness for increased electrification.	<p>Readiness for increased electrification is fundamental to and woven through the AMP. Please refer to the following areas within the AMP;</p> <ul style="list-style-type: none"> • Future Network (including Future Network Roadmap, priority areas, future scenarios, climate change impact and network resilience). • Monitoring, analysing, and modelling of the low voltage and high voltage network capability and constraints, and the effectiveness of both traditional and non-network/flexibility solutions. • Assessing the impact of new demand, generation, or storage • Innovation practices <p>Non-network solutions</p>

Distribution Pricing Practice Note

For more details information related to the Pricing Practice focus areas please refer to the EA website www.ea.govt.nz/industry/distribution/distribution-pricing/

7 Appendix B: Directors Certification



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CERTIFICATE FOR YEAR-BEGINNING 1 APRIL 2025 DISCLOSURE

Pursuant to Clause 2.9.1 of Section 2.9 of the Electricity Distribution Disclosure Determination 2012

We, ANTHONY CHARLES KING and STEPHEN PAUL LEWIS, being Directors of MainPower New Zealand Limited, certify that, having made all reasonable enquiry, to the best of our knowledge:

- a) The following attached information of MainPower New Zealand Limited prepared for the purposes of clause 2.4.1 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.
- b) The prospective financial or non-financial information included in the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.

Anthony Charles King

Tony King
2025-02-20 06:06 UTC

Date

Stephen Paul Lewis

Stephen Lewis
2025-02-18 23:58 UTC

Date

8 Appendix C: Glossary

AMD	Anytime maximum demand
Code	Electricity Industry Participation Code 2010
Commerce Commission	Responsible for the regulation of EDBs as provided for under Part 4 of the Commerce Act 1986
Distributed Energy Resource	A distributed energy resource (DER) is a small-scale unit of power generation that operates locally and is connected to a larger power grid at the distribution level.
Distributed Generation (DG)	Generation of electricity for use on-site, rather than transmitting energy over the electric grid from a large, centralised facility.
DSM	Demand side management
EDB	Electricity Distribution Business
Electricity Authority (EA)	The independent Crown entity that provides regulatory oversight of the electricity sector.
EV	Electric Vehicle
GWh	Gigawatt hours
GXP	Grid Exit Point
ICP	Installation Control Point: A point of connection on a local network which the distributor nominates as the point at which a retailer will be deemed to supply electricity to consumers.
IDD	Electricity Distribution Information Disclosure Determination 2012, issued 1 October 2012 (Decision No. NZCC22)
kVA	Kilo Volt-Amp: Measure of apparent electrical power usage at a point in time
kW	Kilowatt: Measure of instantaneous real electrical power usage
kWh	Kilowatt hours: Measure of real electrical power usage per hour
Low fixed charge regulations	Electricity (Low Fixed Tariff Option for Domestic Consumers) Regulations 2004
Non-Qualifying Customers	Consumers connected to the former Kaiapoi Electricity network
Part 4	Part 4 of the Commerce Act 1986 governing the regulation of EDBs as administered by the Commerce Commission
PV	Photovoltaic
Qualifying Customers	Customers who receive lines services from MainPower New Zealand Limited and whose premises are located in the area previously served by the North Canterbury Electric Power Board, excluding temporary supply customers.
RAB	Regulatory asset base
RCPD	Regional Coincident Peak Demand
ROI	Return on Investment
SRAM	Settlement Residue Allocation Methodology
Transpower	Owner and operator of the national transmission grid
WACC	Weighted Average Cost of Capital

Glossary

9 Appendix D: Pricing Levels

Customer price categories	Code	Fixed Charge					% Change	Variable Charge					% Change
		Gross	Rebate / Discount	Net	Transmission	Total		Gross	Rebate / Discount	Net	Transmission	Total	
		Dollars/day	Dollars/day	Dollars/day	Dollars/day	Dollars/day		Dollars/kWh	Dollars/kWh	Dollars/kWh	Dollars/kWh	Dollars/kWh	
Residential - Options													
Residential Standard User	mprstd	3.5242	-0.9309	2.5933	0.6283	3.2216	15.6%	0.0566	0.0000	0.0566	0.0000	0.0566	26.7%
Residential Low User	mprlu	0.7500	-0.1982	0.5518	0.0000	0.5518	11.5%	0.1666	0.0000	0.1666	0.0117	0.1783	11.7%
Other Supply													
Non-Residential	mpnonres	4.5825	-0.5880	3.9946	1.0988	5.0934	2.3%	0.0446	0.0000	0.0446	0.0000	0.0446	22.3%
Temporary Supply	mptemp	4.2540	0.0000	4.2540	1.0692	5.3232	18.6%	0.0000	0.0000	0.0000	0.0000	0.0000	0.0%
Irrigation per kW connected	mpirr	0.2106	-0.0135	0.1971	0.1254	0.3225	25.1%	0.0309	0.0000	0.0309	0.0000	0.0309	-1.5%
Council Pumping	mpcounpump	6.5499	0.0000	6.5499	2.5864	9.1363	23.8%	0.0211	0.0000	0.0211	0.0000	0.0211	7.9%
Streetlighting per fitting connected	mpstlgt	0.1188	0.0000	0.1188	0.0297	0.1484	18.6%	0.0000	0.0000	0.0000	0.0000	0.0000	0.0%
Non-Residential Large Users	mplgeuser	85.1980	-4.7000	80.4980	51.5900	132.0880	9.9%	0.0325	0.0000	0.0325	0.0000	0.0325	7.7%
Distributed Generation	mpdistgen	0.0000	0.0000	0.0000	0.0000	0.0000	0.0%	0.0000	0.0000	0.0000	0.0000	0.0000	0.0%
Optional Additions													
Right of Way Lighting	-row							0.1183	0.0000	0.1183	0.0000	0.1183	26.6%
Under Verandah Lighting	-uv							0.1183	0.0000	0.1183	0.0000	0.1183	26.6%
Distributed Generation	-dg							0.0000	0.0000	0.0000	0.0000	0.0000	0.0%
Electric Vehicle	-ev							0.0000	0.0000	0.0000	0.0000	0.0000	0.0%
Night Only	-ng							-0.0566	0.0000	-0.0566	0.0000	-0.0566	26.7%
Hot Water Control	-hw							-0.0364	0.0000	-0.0364	0.0000	-0.0364	18.6%

Pricing Levels

*For new price categories of Residential Standard User and Residential Low User the percentage change was calculated against the comparable Residential Uncontrolled price option. Night Only and Hot Water Control percentage change was calculated against the comparable differential in variable charge.

10 Appendix E: Revenue Summary

Customer Group	# of ICPS*	Consumption MWh	Distribution		Transmission		Total \$,000
			Fixed \$,000	Variable \$,000	Fixed \$,000	Variable 0	
Non-standard	1	36.28	0.34	0.00	1.56	0.00	1.90
General	5,623	138.38	9.36	6.16	2.25	0.00	17.76
Irrigation	1,387	91.99	4.48	2.85	2.66	0.00	9.99
Large User	44	53.47	1.30	1.65	0.78	0.00	3.74
Pump	203	13.78	0.49	0.29	0.19	0.00	0.97
Residential	38,248	311.99	32.18	18.27	4.92	1.10	56.47
Streetlight	105	3.75	0.30	0.00	0.07	0.00	0.37
Total	45,612	649.65	48.43	29.22	12.44	1.10	91.19

Revenue Summary (millions)

**Forecast active ICPS at 31/03/2026*

