

Electricity price changes effective 1 April 2023

Powerco's prices are increasing by around 7.3%¹ from 1 April 2023.

Table 1: Breakdown of price changes by component and Region

Component	Eastern		Western	Overall
	Tauranga	Thames Valley		
Distribution	14.3%	15.2%	15.7%	15.2%
Transmission	-30.1%	-0.1%	-9.9%	-12.8%
Overall	1.2%	10.4%	9.0%	7.3%

The distribution component makes up around 70% of the total network charge, and prices are increasing by an average of 15.2%.

Transmission and other third-party costs make up around 30% of the total network charge, and prices are decreasing by an average of 12.8%.

The total network charge we pass to your retailer depends on how and when you use the network, as it is based on several components (eg fixed and variable). This network charge reflects the costs of providing distribution and transmission services to you, and can change from year to year.

Average changes by region and consumer group

The price changes can vary between regions and between consumer groups. This reflects the different costs of supply and uses of the network within those regions and groups.

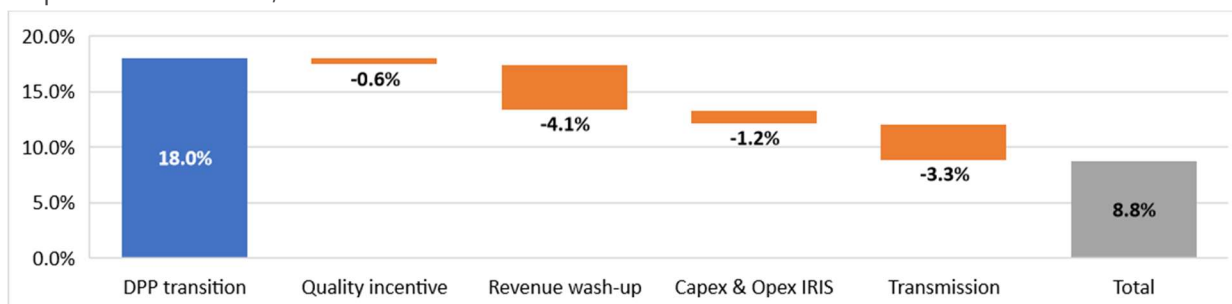
Table 2: Breakdown of price changes by Region and component

Consumer Group	Eastern		Western	Overall
	Tauranga	Thames Valley		
Mass Market	0.0%	5.6%	8.3%	5.8%
Commercial	3.2%	8.7%	4.9%	5.4%
Industrial	4.1%	25.0%	14.2%	14.6%
Overall	1.2%	10.4%	9.0%	7.3%

Drivers of the changes

Our forecast allowable revenue for the year beginning 1 April 2023 is up by 8.8% compared to last year. Due to forecast growth in customers and usage, the overall price increase will be 7.3%.

As per the chart below, the increase in allowable revenue comes from DPP transition:



¹The 7.3% price change differs from the 8.8% figure referred to elsewhere on our website. 7.3% reflects the actual change in prices, while 8.8% reflects the average increase in charges due to higher volumes this year.

This transition sees the investments made during CPP now recognised in our allowable revenue, along with higher allowances for vegetation management, and adjustments due to inflation and other factors.

A new Transmission Pricing Methodology will be applied by Transpower from 1 April, which has materially altered the allocation of transmission costs between parties connected to the grid. Powerco's transmission charges have dropped by approximately \$13 million due to this, and the allocation between customers has also altered to align with Transpower's methodology.

Other changes to our pricing

1. Phasing out of Low Fixed Charge tariffs

The electricity low fixed-charge tariff option is being phased out by the Government over five years, and started from 1 April 2022. This change is re-balancing the cost burden between high users and low users, as often the cost to supply energy is no different.

In line with this, the daily fixed charge for low user tariffs will rise from 30 cents per day to 45 cents per day from 1 April 2023. This increase will be revenue neutral on an overall basis.

2. Change in variable charge elements

- The night rate is aligned with the off-peak rate, reflecting that night usage is purely in off-peak hours
- The all-inclusive rates will be aligned to our uncontrolled rates, to reflect the fact these meter types do not provide sufficient information to warrant a discounted rate

Want to know more?

Further details of our pricing, and the changes implemented this year, can be found in our:

- Pricing Methodology
- Pricing Schedules
- Pricing Policy
- Pricing Roadmap

Any questions? Contact our Pricing team: pricing@powerco.co.nz. They'd love to hear from you.

