

A simplified explanation of lines charges.

We basically separate our costs into three buckets – the cost of assets that are there mainly for your use, the cost of the rest of common network, and the amount we pay Transpower and others to transport electricity from where it is generated to our network.

To cover the costs in these three buckets we have separated our line charges into 3 components:

1. Individual charges for the individual assets that are largely there for you to use. These are mainly meters, relays, and the transformer supplying you (if it supplies 3 or less customers). If you do not have a relay you do not get charged for a relay. If you have installed your own transformer (and associated equipment such as fuses and earthing) you will not get charged a transformer charge. We do not maintain assets we do not own.

If a line is there just for your use then we currently expect you to maintain this line. If you would like us to then there is a separate charge to cover that cost.

These charges cover the costs in the first bucket.

2. A “network” charge based on the capacity you have asked for.

What is capacity – if you think of a car, then the capacity of the car can be judged by the number of seats that it has – an 8 seat people mover has 2x the capacity of a four seat sedan and probably 4x the capacity of a little Suzuki (ok for short trips but no more than 2 people with luggage if on holiday). In the electricity industry we measure capacity in terms of KVA. Most houses have a capacity of 5 kVA, although houses with lots of electrical heating and appliances may need more capacity. You can not fit 6 people comfortably into a four seat car (although sometimes you can if just going down the street and there are enough seat belts) and sometimes you can not fit even 4 big people into a four seat car. If you add up the size of all your appliances (the rating is on them) then the capacity you need if you want to use all the appliances at once would be the total. However like shifting people in cars you do not normally need to use all your appliances at once. Your capacity is therefore the maximum amount of electricity you need at any one time. Capacity, like cars, comes in standard sizes. Most houses have the same capacity.

The network charge covers around 1/3rd of the cost in the second bucket – the common network costs. There is a higher charge for rural customers, as they cost more to supply. This reduces the subsidy a bit to rural customers. There is a lower charge to customers who have a separate transformer charge so they do not end up paying for the cost of large common transformers as well as paying for their own transformers.

3. A “demand” charge based on your normal demand over peak periods.

What is demand – if we go back to the car example “demand” is the average number of people in the car over whatever time period it is measured. If you have asked for a 6 seater car but are only using 2 seats at peak time (when everyone wants a ride) then

we can ask you to take another 4 people. As we can use those extra seats then it would be unfair to charge you for them when someone else is using them. So you would have a capacity level of 6 but a demand level of 2. We design our networks like this – not everyone needs to use their full capacity at the same time - so the network is designed to meet the actual needs of our customers at peak. This saves us money and that saving is passed through to those customers whose peak time needs are low and who free up usage for other customers. For most customers their demand will be significantly lower than their capacity. Very large customers often however have demands close to capacity as they are always operating at high levels.

We measure demand by looking at the maximum you use over any 3 hour period when we are load controlling. Demand can be measured exactly if you have half hour demand meters fitted, or if not we use formulae produced by our statistics consultant to convert your uncontrolled winter usage to your demand.

The best way to lower your demand is generally to have your appliances tied to our load control relays.

The demand charge recovers everything in the third bucket and what is left of the second bucket. Basically the total costs to be recovered are divided by the total demand to give the price. Decreasing everybody's demand (for example by looking at off-peak summer usage) would only increase the price as the total level of costs to be recovered would remain the same.

When The Lines Company is likely to be load controlling.

We load control when local network loads are high, or when load on the regional Transpower system is high. This will differ area by area.

In Ohakune and National Park we are likely to load control on any day from the beginning of June to the end of September. As morning and evening accommodation loads run into the skifield load or snowmaking , load control may occur at anytime.

In Turangi and Mangakino we are likely to load control in the morning and evening over winter and at times of school holidays outside of winter.

In dairying areas we are likely to be controlling over the main dairy season as well as over winter. Load controlling may therefore occur between June –January.

In other areas load controlling is likely to occur over the winter and spring months at present.