

# Mokau area upgrade gets nod from Board

**An order has been placed for a new regulator to service the Mokau area following approval at The Lines Company Board meeting on July 28 - and the moratorium on new load will be lifted once this is in place.**

It is expected to take about three months but we will be doing our best to make sure the regulator is in place before the Christmas school holidays and the next whitebaiting season.

However, customers waiting in the wings for new load are urged to apply for it as soon as possible, so that we can be ready to meet your demand as soon as we are able.

By applying early, you will also help us prevent having to apply a further moratorium while we set up for the next stage - hiring in and hooking up a generator to meet local peak demand.

We have supplied a copy of a new load application form with this newsletter to make it easier for you to apply.

We have also included a summary of the current load approved for your property.

If you think you may have a greater load than that shown on the summary, for whatever reason, we encourage you to talk to us about it, so that we can also factor that into our calculations for future peak load requirements. You will have to lodge an application for new load - and pay the appropriate fees - but it will protect you from having to pay penalty charges when we convert all Mokau area customers to load demand meters next year (see story back page).

In the meantime, we will be looking for a site for the proposed generator and getting it ready for us. This means we should be ready to meet most anticipated demand over the next few years, and will have time to build new power lines needed when the regulator and generator can no longer economically meet local needs.

## Why most customers are to pay the same

**One of the questions asked at the public meeting was why it is only holiday homeowners who are having to pay more in line charges to help fund the Mokau area upgrade, and not permanent residents.**

There is a very simple answer. Almost all of the proposed new load is from holiday homes and, at the present holiday home rates, we would not receive enough revenue to cover the cost of the upgrade and ongoing maintenance costs.

It is not possible, nor equitable, to charge customers of the same type in the same area different rates, so this means existing holiday home owners will be required to pay the same line charges as new holiday home owners.

When the proposed new line charges are

introduced towards the end of the year, there will be a standardised approach to charging holiday homeowners across our network - although there will be variances in the actual amount charged in line with our actual costs in each area.

Current holiday home owners in Mokau can expect to pay on average around \$291 more per year, or about 62 cents a day, bringing their annual charge up to the same level paid by the average permanent resident of \$658 per year.

# Load demand meters could lower your line charges

**Our line charges are partially based on how much you contribute to our peak load at any one time - so if you can prove you are not adding to the peak load, then you could pay less in line charges in future.**

At this stage we can't tell how much your property contributes to the peak, because our current meters only record how much electricity is flowing through them - not when.

We will be trialing a new type of meter over the next few months that will tell us exactly how much power you are using at peak load times and this will enable us to more fairly spread our charges.

What the meters will also show, however, is whether your property is drawing down more peak load than you, or the previous owner(s) may have applied for.

This might not seem like too big a

deal, but all of our calculations to improve your supply are based on the currently declared load. If we discover that there is a lot more load that has not been declared, then it could mean that we will have to spend more to achieve the desired outcomes - or have to put in place expensive temporary measures to cope while we build the new power lines that could be needed.

For this reason we will be charging heavy penalty fees for any undeclared load discovered by us after the regulator has been installed.

## Earlier guarantee no longer applies

**Some customers have said they paid for the lines by way of guarantee when they were erected and want to know why they have to pay for them again?**

The guarantee scheme was introduced many years ago to give network companies some financial certainty when putting in power lines that were deemed to be uneconomic.

This scheme was phased out in the 1970s as being generally unworkable after inflation was taken into account, and replaced with an up front capital payment for uneconomic lines. In the Mokau area, many of the lines that were built under the guarantee scheme have since been replaced or have required major work.

The simple fact is that Mokau customers have long been subsidised by other TLC customers and while there is no intention to remove the current subsidy, it is unfair to expect other parts of the network to subsidise new work in the Mokau area. That's why it is intended to collect a capital contribution of \$666 per kVA for all

new load connected, regardless of whether it is a holiday home or a new uncontrolled spa bath at an existing house, for example.

### Talk to us about your voltage problems

**If you have voltage problems now that are not at peak load time it is likely the upgrade will make no difference.**

There may be a small number of properties affected by local problems. If the problem is not removed by the proposed work, then it is up to us to fix the problem, unless it is caused by the size of your own line. If you think you are affected in this way, call us on 0800 367 546.

## Questions and answers

**We have gas hot water heating. Does this mean we won't be affected?**

The problems at Mokau are caused by too much load at peak times. Electric hot water heating does not contribute to the problem, because The Lines Company is able to turn it off when required to manage peak loads. It doesn't matter, therefore, what type of water heating you have.

**Why are you using a diesel generator? Can't you put up a wind turbine, or make use of local hydro resources?**

The problems occur only at peak demand times. We need 100 per cent certainty that we can access electricity at that time. Wind turbines only generate when there is reasonable wind. There is no guarantee that wind turbines will be generating at peak times. Equally, hydro generators can only generate to the extent of the water flow, unless they have a large amount of storage. Also, current government regulations means that we have to pass the cost savings from the use of local generation back to the generators. The use of local generation does not therefore affect the cost to our customers.

**Isn't TLC prevented by law from owning any generation?**

No. We can own a small amount specifically to deal with peak supply to remote communities such as Mokau

**We only use our bach in the summer, and all your peak load problems come in winter. Why should we have to pay more for something we don't contribute to?**

Our current peaks occur both in winter, at school holiday time, and through to late spring. Usage over Xmas is also high, and with further holiday homes it is likely that we could run summer peaks. This occurs in our other holiday home areas.

**Is it economically possible to feed the Mokau area from the New Plymouth end?**

No. The same constraint problems occur from that end as we face serving you from Mahoenui.

**Our bach is really only a double garage and it doesn't have much in the way of electrical appliances - only lights, microwave and TV - why should I have to pay the same as someone who has all the works; ie stove, water heating etc etc?**

See load demand meter story above left.

**How do you differentiate between permanent residents and holiday home owners? I go overseas every year for the winter, but my Mokau property is my home. Do I have to live in Mokau 24/7, 365 days of the year to be considered a permanent resident?**

Under the proposed new charging structure, it doesn't make any difference, because both classes of customers will be paying the same. The only difference is in how the bill is made up - holiday homeowners will be paying a flat fixed charge, permanent residents will be paying a combination of fixed and variable charges. What we look at is whether your house appears to be occupied disproportionately at peak holiday times.

**What about the low fixed charge requirement?**

This only applies to permanently occupied dwellings. Holiday homes are not eligible. Also, while the fixed charge goes down on the low fixed charge option the variable charge increases. This produces very high winter bills, and low summer bills.

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company