

The Lines Company Capital Contribution Policy

Under The Lines Company's (TLC) pricing methodology customers are liable to pay:

1. Dedicated asset charges for any assets that are dedicated to their supply.
2. Network and load charges for any installation that is connected to TLC's network irrespective of whether that installation is energised.

TLC does not require a capital contribution to any assets that will be owned by TLC unless it is likely that the future income that will be produced from those assets may be insufficient to give TLC the regulatory return. In determining this following factors shall be taken into account:

1. Whether the income projected to be received from the above charges is to be received from a single customer or multiple customers.
2. How secure is that income i.e. are long term contracts in place.

The size of any capital contribution will be calculated as:

$$\text{Price} = u / (d * c) \times (n_e * n_c) - \text{npv}(R_t)$$

Where u = original upgrade cost of the network multiplied by the change in the CPI index since the date of the upgrade.

c = total capacity provided.

d = distance of original upgrade.

n_e = distance to the new connection (Note: This cannot exceed d).

n_c = new connection capacity.

r = the revenue received from TLC in relation to the asset for each year of the estimated life of the asset.

y = the estimated life of the asset.

npv = the net present value, which is the sum of the future revenues received over the estimated life of the asset discounted to reflect the time value of money.

The formula for NPV is:

$$\text{NPV}(i, N) = \sum_{t=0}^N \frac{R_t}{(1+i)^t}$$

Where N is the number of cash flow periods, t is the time of the cash flow, R_t is the net cash flow at time t and i is the interest or discount rate.

Customers Taking Supply beyond Entrance to Awakino Gorge after Rapid Number 2896

Charging Formula

= \$666 GST exclusive/kVA of assessed after diversity maximum demand the installation is going to contribute to the network.

Payment

Payment is to be made prior to connection to the network of the installation (see process).

Charging Guidelines

Minimum charge for new installations connected single phase with a maximum 60 Amp service fuse.

= 3kVA

= \$1,998

Minimum charge for extensions or connection of extra capacity to existing installations connected single phase with a maximum 60 Amp service fuse.

= 1.5kVA

= \$999

Minimum charge for new installations connected three phase with a maximum of 60 Amp service fuse.

= 9kVA

= \$5,994

Minimum charge for extensions or connection of extra capacity to existing three phase installations with a maximum 60 Amp service fuse.

= 4.5kVA

= \$2,997

Installations new or extensions requiring greater than 60 Amp service fuses will require individual assessment by the Engineering Manager to determine the appropriate charge.