



Horizon Energy - Pricing Consultation - Summary of Submissions

Purpose of this paper

1. This paper provides a summary of the submissions received by Horizon Energy Distribution Limited (“Horizon Energy”) on its proposal to:
 - a. amalgamate Standard Domestic, Non-Standard Domestic, and N1 Capacity Tariffs,
 - b. introduce small scale distributed generation tariffs
 - c. introduce a reactive energy tariff
 - d. remove the capacity concession on urban and rural tariffs
2. The paper does not contain an exhaustive list of points made in submissions on the proposal, but rather the key themes observed in submissions.

The consultation process

3. On 23 October 2015 Horizon Energy issued a consultation paper, which sought feedback from interested parties on:
 - a. amalgamating Standard Domestic, Non-Standard Domestic, and N1 Capacity Tariffs,
 - b. introducing small scale distributed generation tariffs
 - c. introducing a reactive energy tariff
 - d. removing the capacity concession on urban and rural tariffs
4. The consultation paper proposing these changes is available from Horizon Energy’s website at: <http://www.horizonenergy.net.nz/disclosures/pricing-methodology-tariffs>.
5. The consultation ran from 23 October to 20 November 2015.

Submissions received

6. Horizon Energy received six submissions on the consultation paper, from the parties listed in the below Table 1.

Table 1 - List of parties that made submissions

Retailers	Consumers
Contact Energy	Whakatane Mill Ltd
Genesis Energy	
Meridian Energy	
Mighty River Power	
Nova Energy	

Summary of key themes raised in submissions

This section provides a summary of the key themes raised in submissions.

7. **Amalgamation of the Standard Domestic, Non Standard Domestic and N1 Capacity tariffs** – overall comments were supportive of the proposal. The proposal involved splitting the Domestic Consumer Group and establishing a new Consumer Group, Standard. There was some concern raised at the use of a “Domestic” group that contained N1 Capacity customers. Horizon Energy will be offering the amalgamated group as being a “Standard” tariff. The definition of the Standard tariff is for a two phase 60A supply or less, where the consumer is not eligible for the low fixed user tariff under the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004.
8. **Introduction of small scale distributed generation tariffs** – overall comments were supportive of the proposal. Horizon Energy will retain individual codes for tariff types to facilitate data interpretation and allow for injection charges in the future. Horizon Energy will introduce a distribution tariff for low fixed users.
9. **Introduction of a reactive energy tariff** – overall comments were supportive of the proposal. By way of introducing a fixed reactive energy tariff, Horizon Energy is maintaining the path to transition line charges towards more cost reflective tariffs where

there is a requirement to ensure capacity and quality of service within the network is maintained. Horizon Energy considers there is a sufficient amount of time being given to consumers before the charge comes into effect from 1 April 2017. Horizon Energy will work with retailers to communicate the changes to consumers.

10. **Remove capacity concession urban and rural tariffs** – overall comments were supportive of the proposal. Horizon Energy will proceed with this proposal.

Summary of submissions

11. The main body of this report summarises feedback received on Horizon Energy's proposal to change pricing tariffs see Horizon Energy's website at: <http://www.horizonenergy.net.nz/disclosures/pricing-methodology-tariffs>.

12. Submitters' comments are in alphabetical order.

General comments on amalgamation of the Standard Domestic, Non Standard Domestic and N1 Capacity tariffs.

Five submissions provide general comments on Horizon Energy's proposal to amalgamate these price tariffs – Contact Energy, Genesis Energy, Meridian Energy, Mighty River Power, and Nova Energy. Of these:

13. Contact Energy although supportive of one price, would prefer the existing price tariffs be retained, trading off between rationalisation of tariffs and minimising processing impact with Retailers. Suggestions were made as to wording of both existing and proposed tariffs.

14. Genesis Energy and Meridian Energy are supportive of the amalgamation.

15. Mighty River Power do not support this proposal, as they feel they will lose visibility of which tariffs relate to Residential and/or Small commercial users and those which are eligible for the low fixed user charges. They also disagreed with the use of the word Domestic in the naming structure for the amalgamated tariff.

16. Nova Energy although supportive of the amalgamation recommended using an alternative title for this group.

General comments on the introduction of small scale distributed generation tariffs.

Four submissions provide general comments on Horizon Energy's proposal to include small scale distributed generation tariffs – Contact Energy, Genesis Energy, Meridian Energy, and Mighty River Power. Of these:

17. Contact Energy would prefer one code for domestic customers including low user customers and one code across all capacity groups, two tariff codes in total. They were concerned that Horizon Energy had missed the low user group.
18. Genesis Energy is not opposed to the introduction of this tariff.
19. Meridian Energy is unsure why multiple codes are proposed.
20. Mighty River Power supports the introduction of distributed generation tariffs, but not the structure. They were concerned that Horizon Energy had missed the low user group.

General comments on the introduction of a reactive energy tariff.

Six submissions provide general comments on Horizon Energy's proposal to introduce a reactive energy charge – Contact Energy, Genesis Energy, Meridian Energy, Mighty River Power, Nova Energy and the Whakatane Mills Ltd. Of these:

21. Contact Energy agree with the proposal to monitor the power factor, but are concerned whether or not the method of an annual as opposed to a monthly charge would provide the right signals to customers. Concern was also expressed on how to best communicate and educate the Consumers.
22. Genesis Energy is supportive of both the introduction of this tariff and the advance warning.
23. Meridian Energy are supportive of the approach but are concerned about communicating and educating customers on what the charge means as well as any future change to the CMP fixture amount.

24. Mighty River Power do not object to this proposal and recommend Horizon Energy communicate and educate any affected Customers directly.

25. Nova Energy supports the introduction of this tariff, but recommends the calculation of a power factor be done during peak load periods only. They also recommended only applying the reactive energy charge to sites where compliant time of use metering is installed. They have requested assistance in communicating the reasoning behind the introduction of the Reactive energy tariff and how it is to be applied.

26. Whakatane Mills Ltd is not supportive of the idea.

General comments on the removal of capacity concessions for urban and rural tariffs.

Three submissions provide general comments on Horizon Energy's proposal to introduce a reactive energy charge – Contact Energy, Genesis Energy and Meridian Energy. Of these:

1. Contact Energy has no issues with the proposal.
2. Genesis Energy supports the change.
3. Meridian Energy supports the change.

Final Revised Price Tariff table effective 1 April 2016

As a result of the above submissions, Horizon Energy have finalised the pricing tariffs as shown in the table below.

**HORIZON ENERGY DISTRIBUTION LIMITED
LINE CHARGES
EFFECTIVE 1 APRIL 2016**

Pursuant to requirements of the Electricity Distribution Information Disclosure Determination 2012

Consumer Group (Note 1)	2016/17 Tariffs (excluding Goods and Services Tax)			
	Commencement date	Line Charges (including Pass-Through Costs)		Distributed Generation
		Fixed Tariff Code (Note 2)	Variable Tariff Code (Note 2)	Variable Tariff Code (Note 2)
DOMESTIC				
(LUDU) Domestic LFC Urban	1 April 2016	HET001	HET012	HET152
(LUDR) Domestic LFC Rural	1 April 2016	HET003	HET013	HET153
STANDARD				
(NDU) Standard User - Urban	1 April 2016	HET034	HET054	HET154
(NDR) Standard User - Rural	1 April 2016	HET035	HET055	HET155
GENERAL Specials				
(UV) U/Veranda Lights - Not available for new connections	1 April 2016	HET009		
(EF) Electric Fence - Not available for new connections	1 April 2016	HET006		
(SL) Street Lights	1 April 2016	HET131		
(PCM24) PCM24 hour - Not available for new connections	1 April 2016	HET115		
(PCMN) PCM Night only - Not available for new connections	1 April 2016	HET116		
Capacity Groups				
(N2U) 3ø 60A (15 - 42 kVA)	1 April 2016	HET017	HET041	HET141
(N2R) 3ø 60A (15 - 42 kVA)	1 April 2016	HET023	HET046	HET146
(N3U) 3ø 100A (43 - 70 kVA)	1 April 2016	HET018	HET042	HET142
(N3R) 3ø 100A (43 - 70 kVA)	1 April 2016	HET024	HET047	HET147
(N4U) 3ø 150A (71 - 100 kVA) Not available for new connections	1 April 2016	HET019	HET043	
(N4R) 3ø 150A (71 - 100 kVA) Not available for new connections	1 April 2016	HET025	HET048	
(N5U) > 3ø 150A (> 100 kVA) Not available for new connections	1 April 2016	HET020	HET044	
(N5R) > 3ø 150A (> 100 kVA) Not available for new connections	1 April 2016	HET026	HET049	
Network Maximum Demand (NMD)				
Variable Charge	1 April 2016		HET077	HET177
Capacity Charge	1 April 2016	HET074		
Demand Charge	1 April 2016	HET076		

Notes:

- Consumer Group codes (in brackets) are inclusive of Horizon Energy Distribution Limited ("Horizon Energy") fixed and variable tariff codes. Consumer Group codes are used in the Metering and Reconciliation Information Agreement (MARIA) Registry.
- Horizon Energy tariff codes, used for Electricity Information Exchange Protocol (EIEP) reporting, are identified alongside each line charge tariff. Retailers should use these codes for reporting purposes.
- Pass-Through Costs include; Transmission Charges, Local Authority Rates, Commerce Act Levies, Electricity Authority Levies, and Electricity and Gas Complaints Commissioner Scheme Levies.