



POWERco
GAS DISTRIBUTION
PRICING
SCHEDULE

1 OCTOBER 2016

Why have prices changed?

Powerco is regulated under the Commerce Commission Gas Distribution Services Default Price-Quality Path Determination 2013 (“the DPP”), which permits “allowable notional revenue”, as defined by the DPP, to change in proportion to the movement in the Consumer Price Index (CPI) each year. Prices are also permitted to include an adjustment for Commerce Commission levies and local body rates applying to network assets, as these costs are outside Powerco’s control.

The final prices contained in the pricing schedule reflect an average annual increase in charges, in nominal terms of 1.55%. This increase includes a CPI adjustment of 0.33% and the adjustment for levies and local body rates permitted by the DPP.

The prices applied to the tariff groups on our distribution network are set in accordance with our published pricing methodology. For the pricing year commencing 1 October 2016, we have made some adjustments to remove pricing anomalies, but have generally sought to maintain maximum pricing stability and pricing consistency for the different tariff groups and regional networks. The pricing schedule attached shows the prices for each tariff group effective from 1 October 2016.

Our pricing methodology document can be found on our internet site at the following location and a copy may also be requested from Powerco’s head office:

<http://www.powerco.co.nz/Publications-and-Disclosures/Pricing-Schedules/Gas/>

Powerco is responsible for the natural gas network in the Taranaki, Hawke's Bay, Manawatu, Horowhenua and Wellington regions. Last year, Powerco constructed around 30km of pipeline to enable more New Zealanders to connect to the gas network. It also connected over 1300 customers to the network for free, as well as spending between \$5-\$6 million maintaining a safe and reliable gas supply for consumers. Powerco is New Zealand's second largest electricity and gas distribution utility with around 420,000 consumers connected to its networks. Keeping the public safe while continuing to add value for consumers is Powerco's prime objective.

DISCLOSURE OF POWERCO'S NEW GAS DISTRIBUTION CHARGES EFFECTIVE 1 OCTOBER 2016

Powerco is regulated under the Commerce Act 1986. Under the regulated price-quality path determined by the Commerce Commission the weighted average of Powerco's gas pipeline prices, net of pass-through and recoverable costs, may not increase by more than the change in the Consumer Price Index each year. For 1 October 2016 the regulated price increase is 1.55%. We are required to disclose the charges that make up the distribution part of a natural gas invoice under clause 2.4.19 of the Gas Distribution Information Disclosure Determination 2012. However, we are not required to publicly disclose distribution charges if the estimated number of consumers that will be subject to the charge is fewer than five. Other gas network charges or conditions may apply and this schedule should be read in conjunction with the full Powerco pricing schedule available on our website. All charges exclude GST (Goods and Services Tax).

SCHEDULE OF END-CONSUMER LOAD GROUP CHARGES (excluding GST)

Hawkes Bay						
Distribution Charges Effective 1 October 2016				Estimated number of consumers	Previous Charges	
Load Group	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$18.2135	\$0.07	1,089	\$0.0000	\$17.8794
G11	\$0.5752	\$5.0139	\$0.02	3,421	\$0.5752	\$4.8599
G12	\$1.2528	\$4.0615	\$0.01	161	\$1.1932	\$3.9753
G14	\$3.6601	\$3.4792	\$0.01	77	\$3.4858	\$3.4053
G16	\$4.5519	\$3.2862	\$0.01	63	\$4.3352	\$3.2323
G18	\$8.2693	\$3.2905	\$0.01	7	\$7.9512	\$3.2686

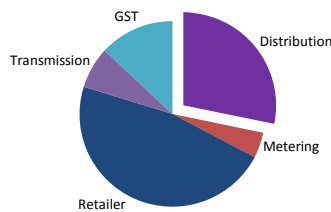
Manawatu & Horowhenua						
Distribution Charges Effective 1 October 2016				Estimated number of consumers	Previous Charges	
Load Group	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$18.2135	\$0.07	5,157	\$0.0000	\$17.8794
G11	\$0.5752	\$5.0139	\$0.02	14,951	\$0.5752	\$4.8599
G12	\$1.3693	\$4.0770	\$0.01	321	\$1.3166	\$4.0101
G14	\$3.9807	\$3.9414	\$0.01	86	\$3.9026	\$3.8959
G16	\$5.2006	\$3.8913	\$0.01	73	\$5.0737	\$3.8464
G18	\$9.4733	\$3.4529	\$0.01	12	\$9.1974	\$3.4130

Wellington						
Distribution Charges Effective 1 October 2016				Estimated number of consumers	Previous Charges	
Load Group	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$19.6589	\$0.07	7,706	\$0.0000	\$19.3363
G11	\$0.5823	\$6.1471	\$0.02	21,625	\$0.5823	\$6.0462
G12	\$0.9599	\$5.9847	\$0.02	450	\$0.9411	\$5.8864
G14	\$6.0373	\$5.7373	\$0.02	117	\$5.9189	\$5.6431
G16	\$8.7783	\$5.1001	\$0.02	69	\$8.6061	\$5.0412
G18	\$13.4964	\$4.9174	\$0.02	10	\$13.2317	\$4.8727

Hutt Valley & Porirua						
Distribution Charges Effective 1 October 2016				Estimated number of consumers	Previous Charges	
Load Group	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$19.6589	\$0.07	5,327	\$0.0000	\$19.3363
G11	\$0.5823	\$6.1471	\$0.02	23,701	\$0.5823	\$6.0462
G12	\$0.9237	\$5.6328	\$0.02	610	\$0.8881	\$5.5403
G14	\$5.5064	\$5.7326	\$0.02	135	\$5.3984	\$5.6385
G16	\$9.0390	\$4.6220	\$0.02	44	\$8.8617	\$4.5686
G18	\$13.8854	\$4.4582	\$0.02	12	\$13.6132	\$4.4067

Taranaki						
Distribution Charges Effective 1 October 2016				Estimated number of consumers	Previous Charges	
Load Group	Fixed (\$/day)	Variable (\$/GJ)	Variable (c/kWh)		Fixed (\$/day)	Variable (\$/GJ)
G06	\$0.0000	\$17.9707	\$0.06	5,595	\$0.0000	\$17.5036
G11	\$0.5752	\$4.4896	\$0.02	12,511	\$0.5752	\$4.1699
G12	\$1.8689	\$3.4286	\$0.01	191	\$1.8322	\$3.3395
G14	\$4.4902	\$1.7683	\$0.01	115	\$4.2968	\$1.7223
G16	\$6.3523	\$1.7002	\$0.01	36	\$6.0788	\$1.6560
G18	\$10.2928	\$1.6296	\$0.01	12	\$9.8969	\$1.6108

Average Residential Household Gas Energy Bill



From *The New Zealand Gas Story - 2nd Edition* (Gas Industry Company, April 2014)

For an average New Zealand residential household, gas distribution prices represent approximately 30% of the final gas energy bill.

TYPICAL CHARACTERISTICS OF DIFFERENT LOAD GROUP CUSTOMERS

Residential / Small Commercial		
G06	Less than or equal to 10 scm/hr and annual gas usage of less than 16GJ *	Low-volume residential customers
G11	Less than or equal to 10 scm/hr and annual gas usage equal to 16GJ or greater *	Standard residential customers Small commercial customers: Small cafes, fish and chip shops, pizza shops
Commercial		
G12	Greater than 10 scm/hr and less than or equal to 25 scm/hr	Restaurants, small apartment/office buildings, small to mid-sized motels
G14	Greater than 25 scm/hr and less than or equal to 60 scm/hr	Hotels, large motels, shopping complexes, swimming pools
G16	Greater than 60 scm/hr and less than or equal to 140 scm/hr	Large office buildings, apartment blocks, commercial kitchens
G18	Greater than 140 scm/hr and less than or equal to 200 scm/hr	Commercial laundries, dry cleaners

* Consumers meeting the criteria can choose which load group G06 or G11 to belong to.
Scm/h = standard cubic metres per hour (gas flow rate) GJ = gigajoules (measure of gas)



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