

Electricity price changes effective 1 April 2024

Powerco's prices are increasing by around 7.6%¹ from 1 April 2024.

Table 1: Breakdown of price changes by component and Region

Component	Eastern		Western	Overall
	Tauranga	Thames Valley		
Distribution	8.1%	9.7%	10.0%	9.5%
Transmission	1.6%	1.2%	1.2%	1.3%
Overall	6.7%	7.3%	8.1%	7.6%

The distribution component makes up around 75% of the total network charge, and prices are increasing by an average of 9.5%. Transmission and other third-party costs make up around 25% of the total network charge, and prices are increasing by an average of 1.2%.

The total network charge we pass to your retailer depends on how and when you use the network, as it is based on several components (eg fixed and variable). This network charge reflects the costs of providing distribution and transmission services to you and can change from year to year.

Average changes by region and consumer group

The price changes can vary between regions and between consumer groups. This reflects the different costs of supply and uses of the network within those regions and groups.

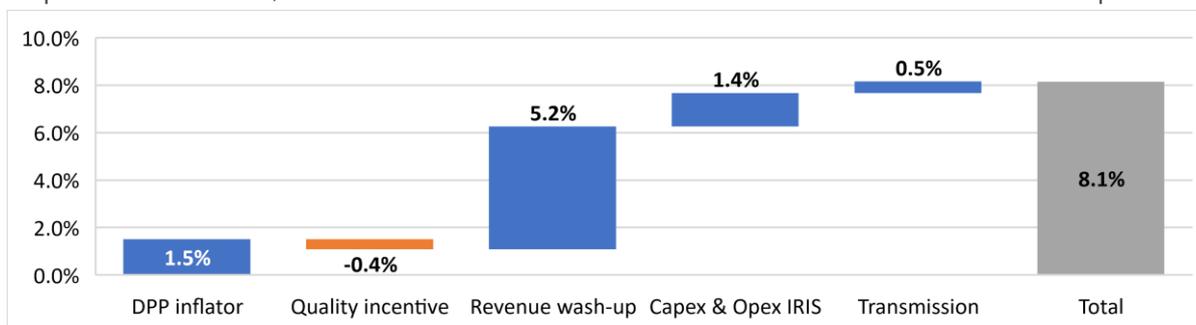
Table 2: Breakdown of price changes by Region and component

Consumer Group	Eastern		Western	Overall
	Tauranga	Thames Valley		
Mass Market	7.7%	7.3%	8.8%	8.2%
Commercial	4.4%	5.7%	6.0%	5.3%
Industrial	5.0%	7.8%	5.1%	5.9%
Overall	6.7%	7.3%	8.1%	7.6%

Drivers of the changes

Our forecast allowable revenue for the year beginning 1 April 2024 is up by 8.1% compared to last year. Due to forecast growth in customers and usage, the overall price increase will be 7.6%.

As per the chart below, the main increase in allowable revenue comes from a revenue washup:



¹The 7.6% price change differs from the 8.1% revenue change figure referred to elsewhere. 7.6% reflects the average actual change in prices, while 8.1% reflects the forecast increase in revenue, the difference being higher volumes this year.

This washup is driven by CPI inflation being higher than forecast during the year ending 31 March 2023, and the difference being added to allowable revenue for this year.

The next largest contributor is the 'DPP inflator', which is the fixed inflation adjustment of the prior year's net allowable revenue. This is set at approximately 2.0%, although on a weighted basis contributes 1.5% of the revenue change from 1 April 2024.

Other changes to our pricing

1. Western Region billing methodology

From 1 April 2024 our Western Region will move from a GXP-based billing methodology to an ICP-based billing methodology for small customers. This will not significantly change the way these customers are billed by retailers but will result in the existing Price Categories being replaced, and some additional ones.

2. Phasing out of Low Fixed Charge tariffs

The electricity low fixed-charge tariff option is being phased out by the Government over five years and started from 1 April 2022. This change re-balances the cost burden between high users and low users, as often the cost to supply energy is no different.

In line with this, the daily fixed charge for low user tariffs will rise from 45 cents per day to 60 cents per day from 1 April 2024. This change is revenue neutral on an overall basis.

3. Introduction of Summer/Winter pricing differential

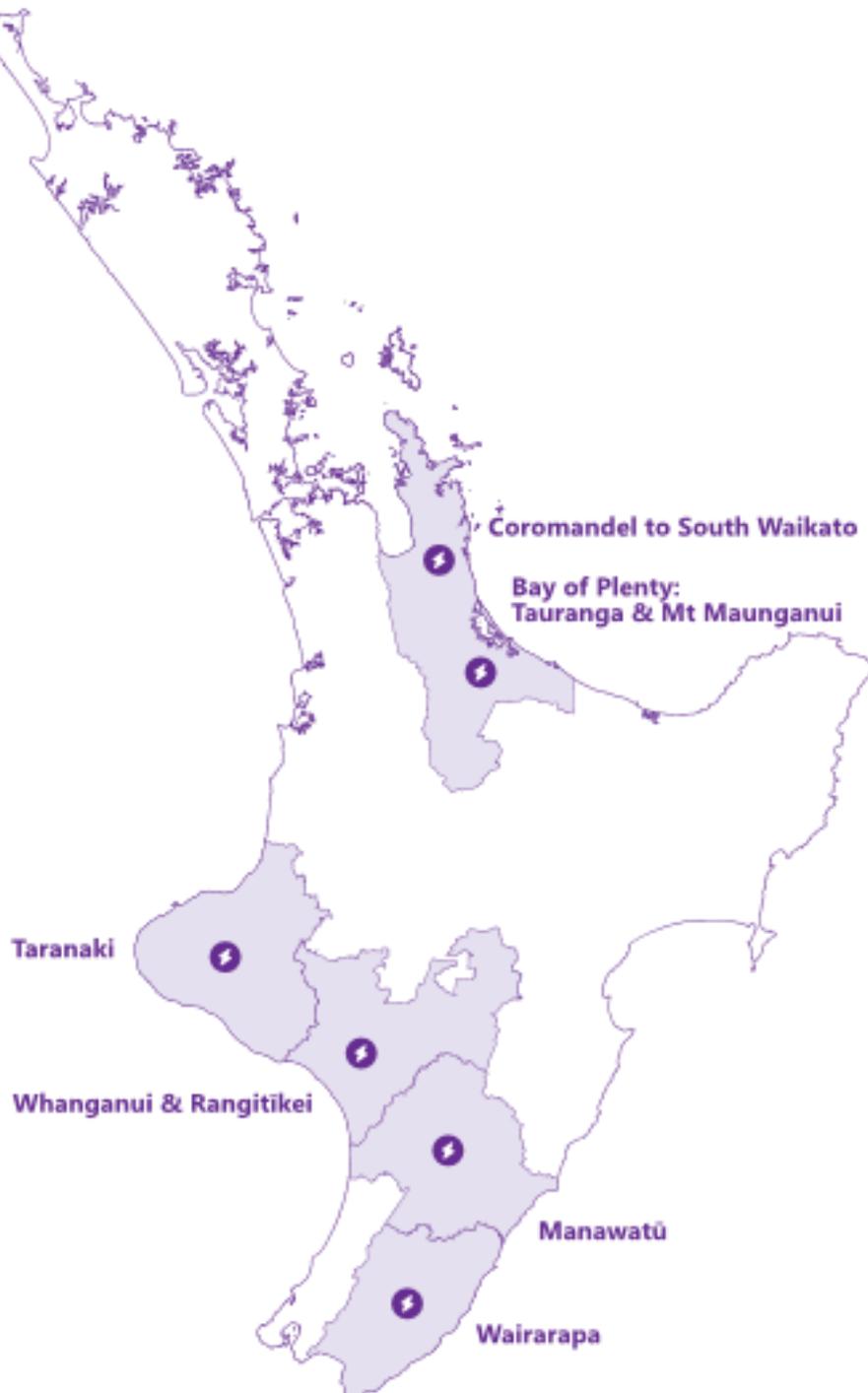
We have introduced a Summer/Winter split in the Peak tariff rate, to better signal when network peaks occur, and incentivise customers to shift load away from these times. The differential has been kept relatively small, as we assess the impact on customers of these price signals.

Want to know more?

Further details of our pricing, and the changes implemented this year, can be found in the electricity pricing² section of our website, these documents include:

- Pricing Methodology
- Pricing Policy
- Pricing Schedules
- Pricing Roadmap

Any questions? Contact our Pricing team: pricing@powerco.co.nz. They'd love to hear from you.



² <https://www.powerco.co.nz/who-we-are/disclosures-and-submissions/electricity-pricing>