

Delivery pricing for major customer connections – Summary

2 February 2017

Orion maintains a specific pricing category for large connections, generally those greater than 300 kVA.

In our pricing we aim to reflect our costs, and how electrical demands contribute to our costs. We do this to achieve a fair allocation of costs, and also to reward customers with lower charges where they can reduce their impact on our network.

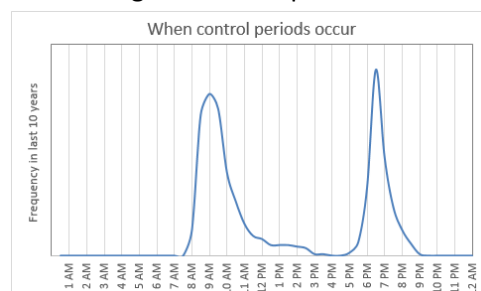
We apply the following price components:

Component	Price basis and quantity measurement	Main costs reflected
Fixed charge	\$/connection/day Number of connections to our network.	Fixed costs associated with administration, eg processing metering information and maintenance of quantities.
Control period charge (CPD)	\$/kVA/day Average electrical load during our signalled network peaks. Measured as the average demand during signalled control periods between 1 May and 31 August, then applied from 1 April the following year.	Much of our upstream network is sized to meet the brief periods of highest loading, and this component reflects each customer's contribution to those peaks.
Nominated maximum demand charge (NMD)	\$/kVA/day Highest electrical load ever reached. Measured as the average of the 12 highest half hour demands in the previous 12 months, and increased if this is higher than the current quantity.	Closer to each connection, the network is sized to meet the highest load of each connection, and this component reflects this anytime maximum loading level.
Metered maximum demand charge (MMD)	\$/kVA/day Highest load in the previous year. Measured as the average of the 12 highest half hour demands Monday to Friday, 7am to 9pm, 1 January to 31 December, then applied from 1 April the following year.	We have a range of costs that are not dependent on peak loading levels, to the extent that these are not covered in the charges above, this component provides a basis for allocating the balance of these costs between connections in proportion to their changing demands.
Dedicated equipment charges	\$/item/day Items of dedicated equipment including transformers, metering equipment or dedicated cabling	The cost of specific or additional items of equipment that we provide.

Your opportunity to save

Any reduction in electricity use during control periods provides the best opportunity for customer savings. Customers that lower load during signalled control periods, reduce their contribution to our costs, and reduce their charges. At current prices, every 1 kilowatt reduction during the control period will save about \$177 in annual charges.

A control period is signalled in response to high loading levels which occur on the coldest working day mornings and evenings. We aim to signal a total of 80 to 100 hours during the highest loading times. This graph shows when these have occurred over the last 10 years.



We signal when control periods occur with email and text message notifications, and we can provide automatic ripple switches to automate responses – many customers use these and actively respond.

We are happy to meet your electricity needs during control periods, but this pricing approach provides choice. If it's more efficient for you to delay activities, or to use an alternative fuel source, then this provides the option.

You don't have to respond to all the control periods. We calculate the average load, so even responding and reducing load half the time provides a saving.

Here's an example of our charges with current prices:

(1 April 2017 prices, for a 31 day month, excluding GST)

	Prices	Quantity	Days	Charge
Fixed charge	1.8900 \$/conn/day	1 connection	31	\$58.59
Peak charge (control period demand)	0.4857 \$/kVA/day	250.0 kVA	31	\$3,764.18
Nominated maximum demand charge	0.1049 \$/kVA/day	525.0 kVA	31	\$1,707.25
Metered maximum demand charge	0.0848 \$/kVA/day	525.0 kVA	31	\$1,380.12
Equipment charges				
Transformer capacity	0.0133 \$/kVA/day	750 kVA	31	\$309.23
Extra switches	3.5400 \$/switch/day	0 switches	31	\$0.00
Underground cabling	3.1700 \$/km/day	0.0 km	31	\$0.00
Overhead lines	2.0000 \$/km/day	0.3 km	31	\$18.60
11kV metering equipment	4.2900 \$/conn/day	0 connections	31	\$0.00
Total monthly charge				\$7,237.97

FAQ

Why separate out this group? Large connections often have dedicated transformers and generally don't use our low voltage network, which we reflect with lower overall pricing. They also have metering which measures electrical demands by time of day, allowing us to better reflect costs.

How much do new connections pay? We determine initial chargeable quantities based on the capacity requested for a new connection, and these apply from the date the new connection is livened. Sometimes initial usage is low but we don't provide reduced charges for the low utilisation in order to minimise the extent to which these costs fall to other customers.

Why separate out dedicated equipment charges? We charge separately for some equipment to reflect situations (and charge less) where customers provide their own equipment. Separating these charges provides choice for customers to use alternatives.

Is the control period charge applied in summer as well? All daily prices are applied all year. Some quantities are only measured in winter, but are then used for a full year – this captures the higher cost winter period but spreads the cost out, to avoid higher winter charges.

What about the other charges on my account? Our charges cover the delivery of electricity only – the national grid and our local distribution network. Electricity retailers also charge for generation, metering and other retail costs associated with your electricity supply.

What are my charges? Just drop us an email at billing&support@oriongroup.co.nz and we'll send you a schedule showing current prices, quantities and charges for your connections (if possible, let us know the ICP numbers for your connections).

Want to know more? This is a brief summary of the main points. Section 5 of our pricing policy at www.oriongroup.co.nz/PricingPolicy has full details of how we measure quantities and apply prices.