

Key features of this year’s price review

(for prices applying from 1 April 2026)

Orion provides electricity delivery services to electricity retailers and some directly contracted major customers. Prior to 1 April each year we review our delivery prices and pricing policy and issue an updated set of prices and documentation defining how we apply charges.

This document provides a brief summary of the key changes we have applied in this year’s update. Full details are available for download from our website, see our:

- *Pricing Policy* document for full details on how we apply charges,
- *Methodology for deriving delivery prices* document for details on how we establish prices and price structures, and
- *Connections and extensions methodology* document for additional charges that apply for new and modified electricity supplies.

For more information, please contact Orion’s revenue team.

Regulated price increase

Orion operates under a regulated default price-quality path (DPP) which was updated and reset by the Commerce Commission to apply for the 5-year period beginning 1 April 2025. Initially the price path reset provided a 23% increase in regulated revenue, and the following 4 years include a CPI based increase, together with a range of allowances.

The following table provides a breakdown of the overall movement in the components making up our delivery prices applying from 1 April 2026:

Distribution cost allowances	Regulated allowances for operations, maintenance, administration and asset-based costs	+12% +\$27.8m
Transmission related costs	Charges from Transpower for the national grid, and related regulatory allowances vary from year to year	+18% +\$12.4m
Regulatory costs and levies (including incentives and adjustments)	The DPP includes incentives relating to expenditure and reliability, and includes adjustments for variations	-13% -\$2.0m
Network growth and other factors	When chargeable quantities increase we must set lower prices to remain within the revenue limit set under the DPP and vice-versa	+2%
Overall price increase		+14.5%

On average prices are increasing by 14.5%. Each of our pricing categories has a different exposure to the components that are increasing and reducing, so the impact can vary. In summary, our average category movements are:

- The annual charges for a typical residential connection are increasing by 13.7%,
- for an average general business connection, the increase is 15.5% per year, and
- for major and irrigation connections, the annual increase is 15.8%.

Pricing methodology

In establishing our prices, we have updated our cost allocation model. This model is presented in our published pricing methodology document which shows the basis for allocating costs and the return we expect to achieve for each connection category.

We consider a range of issues when setting prices, but we think the most important objective is to set prices that appropriately reflect our costs. This approach encourages customers to use electricity when it is economically appropriate to do so, and any cross-subsidy between users is minimised.

Loading and other changes lead to variations in our cost allocation from year to year and, over time, we adjust prices to reflect the longer-term trends in these factors.

Pricing reform

We have made several material changes to our prices effective 1 April 2026. The changes we have made to our pricing approach are listed in the table below.

Consumer Category	Description of the changes made effective 1 April 2026
Residential Low User	<p>The general fixed daily supply charge will increase from 75 cents to 90 cents as per the phase-out of the Low Fixed Charge Regulations.</p> <p>From 1 April 2026, we have transitioned the fixed/variable split from 31% fixed / 69% variable split to 33% fixed / 67% variable. We were able to make this change while:</p> <ul style="list-style-type: none"> • Making small immaterial changes to our pricing methodology • Avoiding perverse impacts on consumers • Remaining compliant with the low fixed charge regulations <p>With the 2026 pricing year marking the final year of the low fixed charge regulations, we will review our allocation of costs between fixed and variable charges from 1 April 2027. Our aim is to ensure a smooth transition while continuing to maintain strong peak price signals through our variable charges.</p>
Residential Standard User Small general connection - GEN(GC1) Medium general connection - GEN(GC2)	<p>From 1 April 2026 Orion has introduced peak injection tariff for winter months only (1 May to 31 August). The prices for injection have been set based on Orion's LRMC, while incorporating an adjustment factor.</p> <p>We've reviewed our peak pricing for this group and are starting a transition to align with Orion's LRMC.</p>
Large general connection - GEN(GC3)	<p>We've reviewed our peak pricing for this group and are starting a transition to align with Orion's LRMC.</p> <p>Orion will conduct a review of peak injection tariffs for large business connections throughout 2026.</p>
Two-way power flow	<p>With the introduction of peak injection tariffs on residential and small business (<=69kVA) as required by the Electricity Authority decision and Code change. Orion is removing the 2WAY price categories.</p> <p>Retailers have been notified of the ICPs and the new applicable pricing category.</p>

Loss factors and loss factor codes

There are no changes to how our loss factors are structured, and the loss factor values themselves remain the same. The loss factors that apply from 1 April 2026 are shown in the table below.

You can also find the full schedule of these loss factors on the pricing page of our website.

Code	Loss Factor	Description
LVL	1.0452	Low voltage metered connections (230v or 400v)
11L	1.0229	11kV metered connections
SLL	1.0068	Connection specific factors (HV)
FSL	1.0068	Connection specific factors (HV)

Associated service prices and Connection charges and Fees schedule

The associated service prices are currently under review which will be updated in late February.

We are also updating our Connections Pricing Methodology to align with recent Electricity Authority Code changes. Once finalised, the updated methodology will be available on our website prior to 1 April.

Export credits

Export credits will continue for irrigation connections, major customers and larger customer connections as these customers are not eligible for the new winter peak injection available to residential and small business (<=69kVA) connections. We believe it is appropriate to keep providing export credits under our existing policy for these customers until such time as we derive an alternative form of consideration.

This year we have reviewed the factors supporting the credits and applied a 20% increase to reflect the benefits of distributed generation that align with periods of peak demand on our network.

Further information

Our pricing documentation including current and previous price schedules and our updated pricing methodology document are available on our website at www.oriongroup.co.nz/DeliveryPricing

Any queries can be directed to our revenue team at Orion revenueteam@oriongroup.co.nz.