

Pricing Guide

A guide to Buller Electricity's pricing for 2021/22

This guide details how we determine Buller Electricity's prices for delivering electricity to end use consumers connected to our network. This includes the prices to distribute electricity within our region and Transpower's prices to transmit electricity to our region. It does not discuss the prices of other industry participants such as generators, retailers or metering providers.

In the interest of providing an easy-to-understand overview of Buller Electricity's pricing the full details of how we determine our prices are not included here, but these details can be found in the Pricing Methodology we published on our website [here](#).

We welcome any feedback you may have on this guide, or any other aspect of Buller Electricity's operations and performance – please contact us by phone 03 788 8171, email info@bullernetwork.co.nz, or visit our office at 24 Robertson St, Westport.

About Buller Electricity

- Website www.bullerelectricity.co.nz
- Number of consumer connections 4,700
- Network maximum demand (MW) 10.5
- Electricity delivered annually (GWh) 49.6
- Value of network assets (\$M) 28.9

Buller Electricity (BEL) owns and operates the electricity distribution network that provides power to consumers located on the northern West Coast of the South Island, New Zealand. The BEL distribution region extends from Meyville Bay in the south (5km north of Punakaiki), to Karamea in the north. Established in 1947, the Company is owned via the [Buller Electric Power Trust](#).

Our Pricing Principles & Objectives

Our approach to pricing is based on some key principles & objectives:

- **Actual Cost** – It is important that our pricing reflects the actual cost of delivering electricity across our network so that consumers are incentivized to make informed decisions about electricity and alternative energy sources such as gas & solar
- **Simple, Stable, Affordable, Efficient & Fair Approach** – We seek to find an appropriate balance between these competing factors while providing a reliable service which provides value to our community
- **Shared Network Efficiencies** – Our distribution network is shared by all connected users which creates efficiencies and benefits which can be passed onto all users
- **Appropriate Return on Investment** – We aim to make a rate of return that is appropriate for us to maintain, operate and develop our network & business for the future benefit of our community
- **Regulatory Considerations** – We are required to operate under & consider a wide range of Regulations which influence our pricing including, Low User Fixed Charge Regulations, the Electricity Authority's Distribution Pricing Principles, Distributed Generation Regulations
- **Pricing Methodology** – Full details of how we determine our Delivery Prices can be found in our [Pricing Methodology](#)

The Electricity Industry

The electricity system is designed to transmit/convey electricity from generation (source of electricity) to end use consumer connections and usually involves four key stages:

Generation

The vast majority of New Zealand's electricity is produced in bulk at large power stations located at distance from major load centres (metropolitan areas). These stations are owned and operated by private and semi government-owned companies including Contact Energy, Genesis Energy, Meridian Energy, Mercury, Todd Energy and Trustpower. While these companies sell their electricity into the wholesale electricity market for supply to Electricity Retailers, most of them are also Electricity Retailers and are commonly referred to as Gentailers. Increasingly customers are generating some of their own electricity, in particular by installing solar panels.

Transmission

Transpower is the state-owned enterprise responsible for ensuring that the electricity produced at major generation stations is available to the regions/areas where it is required by end use consumers. Electricity is transmitted using the national grid – the network of high voltage power lines, tall pylons & substations that can be seen throughout the country.

Distribution

Also known as lines companies or network companies, distributors own the lower voltage power lines and distribution networks in local areas. These networks take bulk electricity supply from the national grid and distribute it to connected industries, businesses and homes. Buller Electricity is one of smallest of New Zealand's 29 electricity distributors.

Electricity Retailers

Sometimes referred to as power companies, electricity retailers purchase electricity from the wholesale market to sell to residential, industrial and business customers. They also typically provide or arrange for metering, billing, payment processing and customer service.

Billing for Use of Our Network

The electricity bill you receive from your Electricity Retailer includes the cost of generating, transmitting, and distributing electricity, and retailing services, including metering costs. Buller Electricity is paid directly by your Electricity Retailer for your use of our network.

Buller Electricity Distribution Pricing Categories

In order to achieve our pricing objectives and facilitate cost effective implementation & administration, consumer connections are grouped into Price Categories which have similar network use characteristics – maximum demand, connection capacity and other delivery cost drivers. Buller Electricity’s existing Price Categories are listed below, where a key connection parameter is the Anytime Maximum Demand (AMD).

For our pricing AMD is defined as the maximum of the average demand (in units of kW) over all half-hour electricity market trading periods. We encourage our larger network users (AMD >15kW) to notify us of material change of use at their connections so that we able to ensure that our charging is appropriate.

Price Category	Price Category Description	Anytime Maximum Demand (AMD)	No. of Connections
RSU	Residential Standard User	AMD ≤ 15kW	1,380
RLU	Residential Low-User	AMD ≤ 15kW	2,723
G15	General Connection – Small	AMD ≤ 15kW	409
STL	Streetlight Connection	AMD ≤ 15kW	45
G69	General Connection – Medium	69kW ≥ AMD > 15kW	86
DFM	Dairy Farm Connection		70
GHH	General Connection – Large	1,000kW ≥ AMD > 69kW	6
STK	Large Industrial Connection	> 1,000kW	1
Total			4,720

Charging Components & Chargeable Capacity

The charging for use of our network consists of Fixed and Variable Charge Components.

Fixed Charge Components

This is determined by the number of days each connection is ‘energised’ – connected and able to use electricity from our network – in combination with the half-hour Anytime Maximum Demand (AMD) for larger users (>15kW demand):

- **Fixed Daily Charge (\$/Day)** – For connections with an AMD less than ≤ 15kW
- **Fixed Capacity Charge (\$/kW/Day)** – For connections with an AMD >15kW (and all Dairy Farms) – determined using the Chargeable Capacity (kW) for a connection (see the information below on AMD & Chargeable Capacity assessment)

Variable Charge Components

- **Volume Charge (\$/kWh)** – Volume prices apply to the amount of electricity used, but at different rates depending on the following:
 - Interruptible or not interruptible usage e.g. continuous supply (Uncontrolled) or electric water heating (Controlled)
 - When the usage occurs e.g. Day/Night
 - Volume is priced as either Uncontrolled/Controlled or Day/Night depending of the customers preference and how their installation/metering is setup
 - The usage is for a specific purpose e.g. streetlighting

Anytime MD & Charge Capacity Assessment Process

Our pricing uses the AMD as the Chargeable Capacity rather than the Connection Capacity (design or maximum capacity of the connection) as is most commonly the case for the implementation of distribution pricing.

The Chargeable Capacity is currently reassessed on an annual/bi-annual basis subject to the availability of Smart Meter data, or as otherwise deemed appropriate following an upgrade or material change of use. Chargeable Capacity is determined for the 12-month period ending August and applied for charging at the start of the following financial year (1 April). Full details of our Chargeable Capacity assessment process are provided in our [Pricing Policy](#).

Pricing – Residential Connections

Residential connections are categorised as being either Standard User or Low User. Distributors are required to provide a Low User category for primary residences which limits the Fixed Daily Charge to \$0.15/Day. It has recently been announced that the Low Fixed Charge Regulations will be phased out over a 5-year period from 1 April 2022¹. Our residential pricing is provided below (excluding GST):

Description	Units	Standard User Connections	Low User Connections
Price Category Code		RSU	RLU
Fixed – Daily Charge	\$/Con/Day	1.4900	0.1500
Variable – Uncontrolled Volume	\$/kWh	0.0954	0.1561
Variable – Controlled Volume	\$/kWh	0.0477	0.1093
Variable – All Inclusive Volume	\$/kWh	0.0859	0.1467
Variable – Day Volume	\$/kWh	0.1145	0.1873
Variable – Night Volume	\$/kWh	0.0382	0.0624

¹ <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-consultations-and-reviews/electricity-price/phasing-out-low-fixed-charge-tariff-regulations/>

Pricing – Non-Residential General Connections

Our pricing for non-residential general connections is detailed below (excluding GST):

- Connections with a half-hour Anytime Maximum Demand (AMD) $\leq 15\text{kW}$ are categorised as Small General Connections and a Fixed Daily Charge applies
- Connections with an AMD $>15\text{kW}$ are categorised as a Medium General Connections
- Connections with an AMD $>69\text{kW}$ and where half-hour data is used for billing are categorised as Large General Connections
- A Fixed Capacity Charge applies to Medium & Large Connections based on the Chargeable Capacity

Description	Units	Small Connections	Medium Connections	Large Connections
Price Category Code		G15	G69	GHH
Fixed – Daily Charge	\$/Con/Day	2.5800		
Fixed – Capacity Charge	\$/kW/Day		0.5829	0.7502
Variable – Uncontrolled Volume	\$/kWh	0.0975	0.0738	0.0699
Variable – Controlled Volume	\$/kWh	0.0488	0.0369	
Variable – Day Volume	\$/kWh	0.1170	0.0886	0.0839
Variable – Night Volume	\$/kWh	0.0390	0.0295	0.0280

Pricing – Street Light & Dairy Farm Connections

Due to the specific network use characteristics of Street Light and Dairy Farm connections we had decided that it is appropriate that they have their own Price Categories. Our pricing for these connections is detailed below (excluding GST).

Description	Units	Street Lighting Connections	Dairy Farms Connections
Price Category Code		STL	DFM
Fixed – Daily Charge	\$/Con/Day	2.2500	
Fixed – Capacity Charge	\$/kW/Day		0.4072
Variable – Uncontrolled Volume	\$/kWh		0.0806
Variable – Controlled Volume	\$/kWh		0.0403
Variable – Day Volume	\$/kWh		0.0967
Variable – Night Volume	\$/kWh		0.0322
Variable – Street Lighting Volume	\$/kWh	0.1055	