



★ wellington electricity™

Default Price-Quality Path Compliance

Wellington Electricity Lines Limited

Annual Compliance Statement

09 June 2015

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1. Introduction

Clause 11.2(a) of the *Electricity Distribution Services Default Price-Quality Path Determination 2012 (2012 DPP Determination)* requires that all non-exempt electricity distribution businesses (**EDB's**) provide a written statement that confirms whether or not they have complied with the following aspects of the 2012 DPP Determination for the relevant assessment period:

- The price path as per clause 8 of the 2012 DPP Determination; and
- The quality standards as per clause 9 of the 2012 DPP Determination.

This statement is Wellington Electricity Lines Limited (**WELL**) Annual Compliance Statement (**the Statement**) for the annual Assessment Period ended 31 March 2015.

Attachment 6 of this Statement provides the Auditor's report relating to this Statement as required by clause 11.6 of the 2012 DPP Determination. WELL confirms that the form of the Auditor's report is consistent with the form specified in Schedule 3A of the 2012 DPP Determination.

Attachment 5 of this Statement contains the Director's certificate signed by one director of WELL, as required by clause 11.3(m) of the 2012 DPP Determination. This certificate certifies that the information contained in this Statement is true and accurate. The attached Directors certificate is in the form required by Schedule 3B of the 2012 DPP Determination.

1.1. Compliance with 2012 DPP Determination's price – quality requirements

This Statement is made in accordance with the requirements of clause 11.1 of the 2012 DPP Determination.

In respect of the Assessment Period ended 31 March 2015, WELL confirms it has complied with the price path in clause 8 and the quality standards in clause 9.

The remainder of this Statement includes:

- Sufficient information to support the statement above, including:
 - o Information relating to the amount of allowable notional revenue, the amount of notional revenue, prices, quantities, units of measurement associated with all numeric data, and other relevant data, information, and calculations;
 - o Information relating to Pass-Through Costs, including both the forecast amounts and the actual amounts for the Assessment Period, and information relevant to the variance between the forecast and actual amounts;
 - o Information relating to Recoverable Costs, including both the forecast amounts and the actual amounts for the Assessment Period, and information relevant to the variance between the forecast and actual amounts;
 - o Information relating to indirect transmission charges including the amounts of indirect transmission charges approved by the Commission for the Assessment period;
 - o Information relating to any price restructures as referred to in clause 8.5 of the 2012 DPP Determination and information of the kind set out in clause 11.3(g) paragraphs (i) and (ii) of the 2012 DPP Determination that demonstrates:
 - If clause 8.5(a) applies, whether or not the restructuring has of itself increased the allowable notional revenue above that which would have applied if the restructuring had not occurred, using both the previous and restructured Prices and Quantities;
 - If clause 8.5(b) applies, whether or not the restructuring has of itself increased the revenue above that which would have applied if the restructuring had not occurred,

using both the previous and restructured Prices and Quantities, and reasoning why it is not practicable for WELL to demonstrate the effects of the restructuring on allowable notional revenue; and

- If clause 8.6 applies, why it is not practicable to demonstrate the effects of the restructuring on allowable notional revenue or revenue.
- o Assessed Values and Reliability Limits for the Assessment Period, relevant SAIDI and SAIFI statistics and calculations (including those in Schedule 2 of the 2012 DPP Determination), the annual reliability assessments for the two immediately preceding extant Assessment Periods, and other relevant data and information;
- o A description of policies and procedures which WELL has used to record the SAIDI and SAIFI statistics for the Assessment Period;
- o Information relating to specific transactions including transactions resulting in an amalgamation or merger, transactions resulting in consumers being supplied by a different EDB and large transactions;
- o If System Fixed Assets were transferred from Transpower, SAIDI and SAIFI statistics and calculations (including those in Schedule 2 of the 2012 DPP Determination) for the Assessment Period in which the transfer was completed that demonstrate whether or not the transfer increased the Assessed Values;
- o If an alternative approach is used to demonstrate compliance as referred to in clause 10.3, an explanation as to why that alternative approach was needed; and
- o The date on which the statement was prepared.

1.2. Disclaimer

The information contained in the Statement has been prepared for the express purpose of complying with the requirements of clause 11 of the 2012 DPP Determination. The Statement has not been prepared for any other purpose. WELL expressly disclaims any liability to any other party who may rely on the Statement for any other purpose.

Representations in this Statement made by WELL relate solely to the services offered on the electricity distribution network in the Wellington region.

2. Price Path Compliance

This section of the Statement provides information on WELL’s compliance with the price path for the Assessment Period ended 31 March 2015. Under clause 11.2 of the 2012 DPP Determination WELL is required to:

- Provide a written statement that states whether or not the Non-Exempt EDB has complied with the price path in clause 8; and
- Provide sufficient information to support the compliance or non-compliance.

WELL notes that:

- Tables contained in this Section of the Statement are aggregates of the detail provided at Attachment 1 that reflect the price multiplied by the appropriate quantity for each pricing category; and
- For presentation purposes some numbers in this document have been rounded. In most cases calculations are based on more detailed numbers (i.e. to more decimal places than shown in this document). This may cause small discrepancies or rounding inconsistencies when aggregating some of the information presented in this document. These discrepancies do not affect the overall compliance calculations which have been based on the more detailed information.

2.1. Price path compliance as at 31 March 2015

In order to demonstrate compliance with the price path, WELL is required to demonstrate that its Notional Revenue for the Assessment Period has not exceeded the Allowable Notional Revenue for the Assessment Period.

As demonstrated by Table 1 below, Notional Revenue (NR₂₀₁₅) is less than Allowable Notional Revenue (R₂₀₁₅) by an amount of \$495,141. WELL has therefore complied with the price path calculated in accordance with clause 8.4 of the 2012 DPP Determination for the disclosure year ended 31 March 2015.

Determination Requirement	Actual notional revenue divided by allowable notional revenue at the assessment date	Is not to exceed	One
Compliance Formula	$\frac{NR_{2015}}{R_{2015}}$	≤	1
WELL Result	$\frac{104,353,482}{104,848,623} = 0.9953$	≤	1

Table 1: Price path compliance

The summary calculation of NR₂₀₁₅ is provided in Table 2 below.

WELL's Actual Notional revenue, $NR_{2015} = \sum P_{i,2015} Q_{i,2013} - K_{2015} - V_{2015}$	
Calculation Components	Amount (\$)
$\sum P_{i,2015} Q_{i,2013}$ – the sum of the i^{th} prices during any part of the Pricing Period 1 April 2014 to 31 March 2015 multiplied by the corresponding base quantities for the Pricing Period 1 April 2012 to 31 March 2013	182,790,466
K_{2015} – the sum of all Pass-Through Costs for the Pricing Period 1 April 2014 to 31 March 2015	3,279,977
V_{2015} – the sum of all Recoverable Costs for the Pricing Period 1 April 2014 to 31 March 2015	75,157,007
Total Actual Notional Revenue as at 31 March 2015	104,353,482

Table 2: WELL's Actual Notional Revenue NR₂₀₁₅

WELL's Allowable Notional Revenue, $R_{2014/15} = (\sum P_{i,2013/14} Q_{i,2012/13} - K_{2013/14} - V_{2013/14} + (R_{2013/14} - NR_{2013/14}))(1 + \Delta CPI_{2014/15})(1 - X)$	
Calculation Components	Amount (\$)
$P_{i,2013/14}$ – is the i^{th} Price during any part of the Pricing Period 1 April 2013 to 31 March 2014	165,911,873
$Q_{i,2012/13}$ – is the Quantity corresponding to the i^{th} Price for the Pricing Period 1 April 2012 to 31 March 2013	
$K_{2013/14}$ – is the sum of all Pass-Through Costs for the Pricing Period 1 April 2013 to 31 March 2014	2,856,761
$V_{2013/14}$ – is the sum of all Recoverable Costs for the Pricing Period 1 April 2013 to 31 March 2014	59,386,684
$R_{2013/14}$ – is the allowable notional revenue for the Fourth Assessment period	106,700,891
$NR_{2013/14}$ – is the notional revenue for the Fourth Assessment period	106,523,285
$R_{2013/14} - NR_{2013/14}$ = difference between Rt-1 and NR t-1	177,606
$\Delta CPI_{2014/15}$ – is the derived change in the CPI to be applied during the Assessment Period t, being equal to: $\Delta CPI_{2014/15} = \frac{CPI_{Dec,2012} + CPI_{Mar,2013} + CPI_{Jun,2013} + CPI_{Sep,2013}}{CPI_{Dec,2011} + CPI_{Mar,2012} + CPI_{Jun,2012} + CPI_{Sep,2012}} - 1$	(4,706/4,661)-1 =0.97%
CPI _{q, t} is the CPI for the quarter q of year t	
X – is the rate of change for WELL	0.00%
Total Allowable Notional Revenue as at 31 March 2015	104,848,623

Table 3: WELL's Allowable Notional Revenue R₂₀₁₅

2.2. Pass-Through and Recoverable Costs

Table 4 below provides the breakdown of Pass-Through and Recoverable Costs incurred by WELL during the Assessment Period.

Description	Year to 31 March 2015 (\$000) Actual	Year to 31 March 2015 (\$000) Forecast	Variance (\$000)
Pass-Through Costs			
Council Rates	2,434	2,177	257
Commerce Commission Levies	279	255	24
Electricity Authority Levies	504	409	95
Electricity and Gas Complaints Commissioner Levies	63	67	(4)
Total Pass-Through Costs	3,280	2,908	372
Recoverable Costs			
Electricity Lines Service Charge payable to Transpower	65,695	65,695	-
Transpower New Investment Contract Charge	1,274	1,216	58
Avoided Transmission Charges	137	270	(133)
Clawback	8,051	8,051	-
Total Recoverable Costs	75,157	75,232	(75)
Total Pass-Through and Recoverable costs	78,437	78,140	297

Table 4: Comparison of WELL's actual and forecast Pass-Through and Recoverable Costs

The overall variance between WELL's actual and forecast Pass-Through and Recoverable Costs for the current Assessment Period is due to actual costs incurred differing from estimates made at the time of setting prices and is in relation to:

- Council Rates: are the total cost of council rates charged to WELL by local authorities for the year ended 31 March 2015;
- Commerce Commission Levies: are charged to WELL by the Ministry of Business Innovation and Employment under the *Commerce (Levy on Suppliers of Regulated Goods and Services) Regulations 2009* for the year ended 31 March 2015.
- Electricity Authority's Levies: include all applicable components (Common Quality, Registry and Consumer, Transmission, Other Activities and MACQS Reform invoice lines) charged to WELL by the Electricity Authority under the *Electricity Industry (Levy of Industry Participants) Regulations 2010* for the year ended 31 March 2015;
- Electricity and Gas Complaints Commissioner (**EGCC**) Levies: are charged to WELL by the EGCC for the complaint resolution process.

- Electricity Lines Service Charge and New Investment Charge: reflect the total charges paid by WELL to Transpower for the year ended 31 March 2015. These charges are determined in accordance with the Transmission Pricing Methodology set out in the *Electricity Industry Participation Code 2010*;
- Avoided Transmission Charges: are payments made to generators connected to the distribution system that cause transmission charges to be avoided.

Clawback: In 2012 the Commerce Commission reset the default price-quality path applying for the regulatory period from 2010/11 to 2014/15. The Commission's 2012 determination allows WELL to recover in the 2014/15 year a revenue short fall of \$8.051m relating to the 2012/13 year¹.

2.3. Price restructures

WELL confirms that it has not restructured its prices that applied during the Assessment Period that ended on the Assessment Date 31 March 2015.

2.4. Transactions involving non-exempt EDBs

WELL confirms that there have been no transactions resulting in:

- an amalgamation or merger;
- consumers being supplied by a different EDB;
- increased/decreased electricity distribution services by more than 10%; and
- increased/decreased revenue from supply of electricity distribution services by more than 10%.

2.5. Transmission assets

WELL has not purchased any transmission assets from Transpower during the Assessment period.

¹ As defined in Schedule 1E of the Electricity Distribution Services Default Price-Quality Path Determination 2012

3. Quality Standards

3.1. Quality standards assessment as at 31 March 2015

This section of the Statement provides information on WELL's compliance with the quality standards under clause 9 of the 2012 DPP Determination for the Assessment Period ended 31 March 2015.

3.2. Assessed Values and Reliability Limits

Clause 9.1 of the 2012 DPP Determination requires WELL to demonstrate that for the Assessment Period it:

- Complies with the annual reliability assessment specified in clause 9.2 of the 2012 DPP Determination; or
- Has complied with the annual reliability assessments for the two immediately preceding extant assessment periods.

Table 5 below shows that for the current Assessment Period WELL has complied with the reliability limits for SAIDI and SAIFI as outlined in clause 9.2 of the 2012 DPP Determination.

Requirement	Assessment	Limit	Assessment/Limit	Variance
SAIDI	38.757	40.744	0.951	-1.987
SAIFI	0.586	0.602	0.973	-0.016

Table 5: WELL's reliability performance for the current Assessment Period

Further detailed calculations in relation to the assessment in Table 5 are provided at Attachment 3 of this Statement.

3.3. Policies and procedures used for recording SAIDI and SAIFI statistics

Clause 11.3(i) of the 2012 DPP Determination requires WELL to describe the policies and procedures which it has used to record the SAIDI and SAIFI statistics for the Assessment Period.

WELL submits that the primary control system used to record the SAIDI and SAIFI statistics for the Assessment Period is the ENMAC SCADA system (the **system**). The system provides information about major devices operating on the network (e.g. circuit breaker status) and can normally be remotely controlled (e.g. open or close the circuit breaker). In addition, other devices on the network including fuses, manual switches and some circuit breakers are represented in the system. Although these devices are operated in the field manually, their status (e.g. open or closed) is updated in the system by the network controller at the time of manual field operation. In particular, the system records:

- All planned and unplanned outages of 11 kV and greater;
- All unplanned outages less than one minute in duration (including successful auto-reclose events), however, the SAIDI and SAIFI details are not counted; and
- Outages using manual logs, system and manual data entered in the Reliability Report Sheet.

The system includes a database that stores the outage information, as well as being a live system. The recording of outage information undergoes a process of manual validation by the Network Control Manager and the Asset Engineer to ensure the correctness of the data before being entered in the Reliability Report Sheet.

The current procedure that is followed to capture network performance information for planned and unplanned outages is shown in Figure 1 below and described in section 3.3.1:

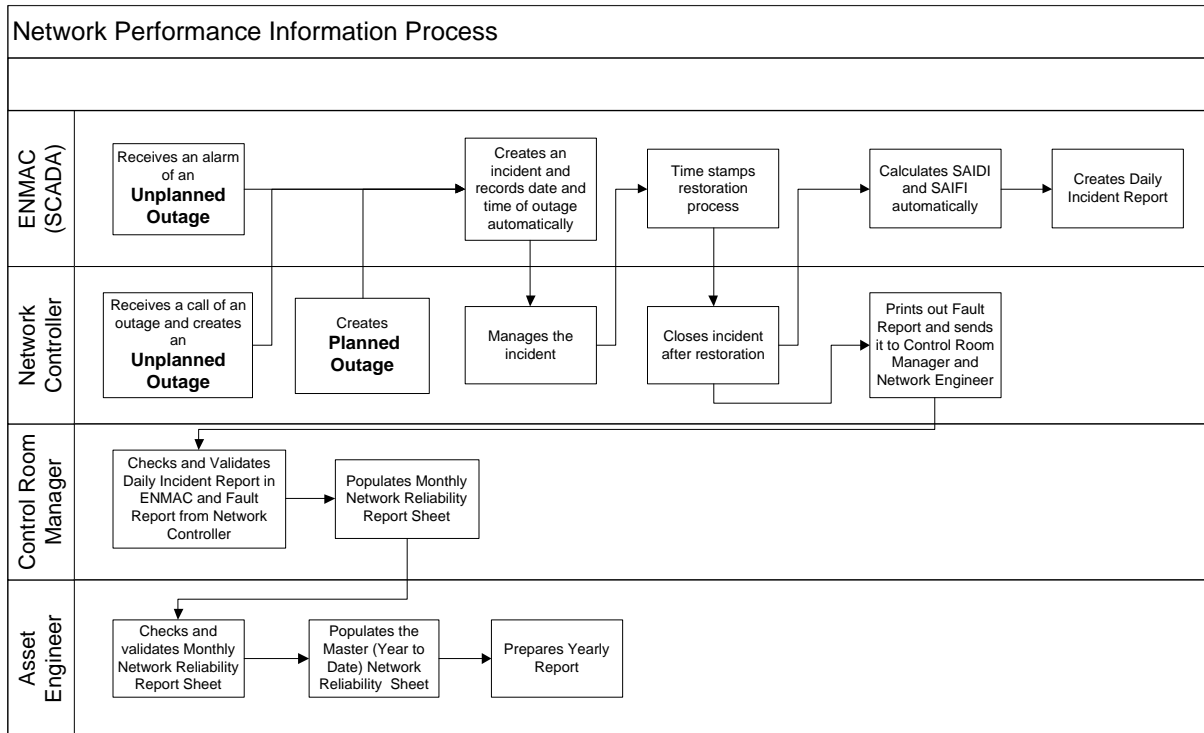


Figure 1: Summary of process for capturing network outage information

3.3.1 Process for outage data capture

For unplanned outages, the initial indication is provided by the system and the fault is time stamped, along with subsequent switching operations. Where the outage relates to a non-system indicating device, such as a drop-out fuse, the outage is recorded from the time the faultman confirms on site that it is an HV fault, then subsequent switching operations are completed on the system (as a system mimic) and are time stamped. Where the fault is notified by a customer reporting no-power, and is then subsequently found to be an HV fault, the start time is taken from the time of the first phone call notification. In some cases, there is no means to confirm the time the fault actually occurred until it is notified to WELL or discovered in the field.

The system automatically creates an incident when a telemetered device is opened due to a fault. The fault is automatically recorded by the system to keep details of the switching procedure which includes the time of switching operations. The total number of customers is included in the system's database and the system computes the SAIDI and SAIFI statistics automatically.

After an outage is resolved, an outage report is generated by the system which the Network Control Room Manager validates with the notes of the Network Controllers. The information that is validated is as follows:

- Date outage started and ended;
- Time outage started and ended;

- Duration of outage;
- Number of customers impacted;
- Total customers minutes lost (based on switching operations);
- Total customer number (on network);
- SAIDI for outage;
- SAIFI for outage;
- Fault type; and
- Fault cause.

The data in system is reviewed for accuracy, particularly for non-system controlled devices where the incident is generated by the Network Controller. There may be a short time delay between the action in the field occurring, and the time the system is updated (e.g. field device manually operated at 3.10pm, system updated at 3.12pm, but with an action entered timestamp of 3.10pm which was recorded in the manual switching log). Accuracy of this data is confirmed by the system timestamp.

The Network Control Room Manager confirms this by reviewing the system reports (generated automatically) with the fault report kept by the Network Controller to ensure the times are correctly recorded in the system, and where necessary make corrections.

Once confirmed as accurate, the final system individual event reports are compiled into a Monthly Network Reliability Report which is used for the monthly reporting of SAIDI and SAIFI indices. This report is sent to the Asset Engineer for final validation and is entered into a Master (Year to Date) Reliability Spreadsheet and is used for the reporting of yearly performance.

For planned outages, the proposed switching operations are entered into the system by the Network Controller prior to the event. During the event the system creates an incident and the Network Controller enters the time the operation occurred. Some planned works appear as outages, however due to LV back feeds or the use of generators there is no loss of supply. Whether the planned events result in an outage or not is validated by the Network Control Room Manager by confirming with the Network Control Room who refer to the job specific documents, before it is entered in the monthly reliability report sheet as an outage.

The records of planned and unplanned events occur automatically in the system. All data is provided directly from the system.

Attachment 1: Summary Notional Revenue

- For each tariff element the base quantity (number of end consumers or annual energy of all consumers) was retrieved from the appropriate information systems for the year ended 31 March 2013.
- Prices applicable for the Assessment Period have been taken from WELL's published price schedules.
- Base quantities were multiplied by the price applicable to determine the Notional Revenue for the Assessment Period.

Charge Type	2013 Tariff Code	Base Quantity (2012/13)	Base Q Unit	2014/15 Price	Price Unit	Notional Revenue 2014/15
Fixed	G001-FIXD	-	ICPs	0.0411	\$/day	-
Variable	G001-24UC	3,457,575	ICPs	0.1592	\$/kWh	550,446
Fixed	G002-FIXD	15,728,550	ICPs	0.0411	\$/day	646,443
Variable	G002-24UC	19,029,180	ICPs	0.1592	\$/kWh	3,029,445
Fixed	G100-FIXD	6,539,871	ICPs	0.1500	\$/day	980,981
Variable	G100-24UC	87,958,149	ICPs	0.1215	\$/kWh	10,686,915
Variable	G100-NITE	1,267,714	ICPs	0.0206	\$/kWh	26,115
Fixed	G101-FIXD	2,014,482	ICPs	0.1500	\$/day	302,172
Variable	G101-24UC	21,711,258	ICPs	0.1215	\$/kWh	2,637,918
Variable	G101-CTRL	9,187,093	ICPs	0.0569	\$/kWh	522,746
Variable	G101-NITE	384,945	ICPs	0.0206	\$/kWh	7,930
Fixed	G102-FIXD	28,423,564	ICPs	0.1500	\$/day	4,263,535
Variable	G102-AICO	401,564,040	ICPs	0.0954	\$/kWh	38,309,209
Variable	G102-NITE	5,688,838	ICPs	0.0206	\$/kWh	117,190
Fixed	G103-FIXD	93,172	ICPs	0.1500	\$/day	13,976
Variable	G103-24UC	1,234,331	ICPs	0.1227	\$/kWh	151,452
Fixed	G104-FIXD	2,543,840	ICPs	0.9000	\$/day	2,289,456
Variable	G104-24UC	82,208,407	ICPs	0.0875	\$/kWh	7,193,236
Variable	G104-NITE	2,030,162	ICPs	0.0196	\$/kWh	39,791
Fixed	G105-FIXD	1,217,183	ICPs	0.9000	\$/day	1,095,465
Variable	G105-24UC	29,859,438	ICPs	0.0875	\$/kWh	2,612,701
Variable	G105-CTRL	11,652,131	ICPs	0.0296	\$/kWh	344,903
Variable	G105-NITE	726,357	ICPs	0.0196	\$/kWh	14,237
Fixed	G106-FIXD	12,810,906	ICPs	0.9000	\$/day	11,529,816
Variable	G106-AICO	421,421,198	ICPs	0.0633	\$/kWh	26,675,962
Variable	G106-NITE	10,803,191	ICPs	0.0196	\$/kWh	211,743
Fixed	G107-FIXD	136,519	ICPs	0.9000	\$/day	122,867
Variable	G107-24UC	6,706,379	ICPs	0.0906	\$/kWh	607,598
Fixed	G108-FIXD	-	ICPs	0.1500	\$/day	-
Variable	G108-24UC	-	ICPs	0.1215	\$/kWh	-
Variable	G108-CTRL	-	ICPs	0.0569	\$/kWh	-
Variable	G108-NITE	-	ICPs	0.0196	\$/kWh	-
Fixed	G109-FIXD	-	ICPs	0.9000	\$/day	-
Variable	G109-24UC	-	ICPs	0.0875	\$/kWh	-
Variable	G109-CTRL	-	ICPs	0.0296	\$/kWh	-
Variable	G109-NITE	-	ICPs	0.0196	\$/kWh	-
Fixed	GV02-FIXD	1,755,981	ICPs	0.5847	\$/day	1,026,722
Variable	GV02-24UC	44,551,957	ICPs	0.0671	\$/kWh	2,989,436
Variable	GV07-FIXD	3,878,647	ICPs	1.4463	\$/day	5,609,687
Variable	GV07-24UC	354,863,959	ICPs	0.0467	\$/kWh	16,572,147
Fixed	GV14-FIXD	139,171	ICPs	8.1951	\$/day	1,140,522
Variable	GV14-24UC	58,880,629	ICPs	0.0551	\$/kWh	3,244,323
Fixed	GV30-FIXD	94,214	ICPs	11.6739	\$/day	1,099,840
Variable	GV30-24UC	74,446,812	ICPs	0.0228	\$/kWh	1,697,387
Fixed	GV99-FIXD	107,478	ICPs	29.4367	\$/day	3,163,812
Variable	GV99-24UC	187,903,014	ICPs	0.0102	\$/kWh	1,916,611
Variable	GV99-DAMD	600,628	ICPs	9.0631	\$/kVA/month	5,443,554
Fixed	GX02-FIXD	-	ICPs	0.5318	\$/day	-
Variable	GX02-24UC	-	ICPs	0.0611	\$/kWh	-
Fixed	GX07-FIXD	2,037	ICPs	1.3149	\$/day	2,678
Variable	GX07-24UC	125,274	ICPs	0.0425	\$/kWh	5,324
Fixed	GX14-FIXD	5,615	ICPs	7.4500	\$/day	41,832
Variable	GX14-24UC	2,145,696	ICPs	0.0502	\$/kWh	107,714
Fixed	GX30-FIXD	30,883	ICPs	10.6126	\$/day	327,753
Variable	GX30-24UC	46,664,132	ICPs	0.0207	\$/kWh	965,948
Fixed	GX99-FIXD	82,207	ICPs	22.8980	\$/day	1,882,375
Variable	GX99-24UC	318,477,095	ICPs	0.0081	\$/kWh	2,579,664
Variable	GX99-CAPY	60,290,630	ICPs	0.0192	\$/kVA/day	1,157,580
Variable	GX99-DAMD	919,852	ICPs	7.4286	\$/kVA/month	6,833,216
Fixed	GC60-FIXD	6,692	ICPs	0.0509	\$/day	341
Variable	GC60-24UC	83,324,231	ICPs	0.0016	\$/kWh	133,319
Variable	GC60-CAPY	17,625,439	ICPs	0.0329	\$/kVA/day	579,877
Variable	GC60-DOPC	220,129	ICPs	13.1446	\$/kW/month	2,893,504
Variable	GC60-PWRF	16,434	ICPs	9.7241	\$/kVA/month	159,803
Fixed	GU60-FIXD	5,809	ICPs	0.0509	\$/day	296
Variable	GU60-24UC	76,352,299	ICPs	0.0016	\$/kWh	122,164
Variable	GU60-CAPY	13,682,678	ICPs	0.0329	\$/kVA/day	450,160
Variable	GU60-DOPC	180,622	ICPs	13.6866	\$/kW/month	2,472,101
Variable	GU60-PWRF	19,588	ICPs	9.7241	\$/kVA/month	190,472
Fixed	GR60-FIXD	730	ICPs	0.0509	\$/day	37
Variable	GR60-24UC	2,027,940	ICPs	0.0016	\$/kWh	3,245
Variable	GR60-CAPY	1,435,158	ICPs	0.0329	\$/kVA/day	47,217
Variable	GR60-DOPC	10,187	ICPs	16.4935	\$/kW/month	168,017
Variable	GR60-PWRF	225	ICPs	9.7241	\$/kVA/month	2,184
Standard Charges Total (\$)						180,015,106
Non Standard Charges Total (\$)						2,775,360
Notional Revenue Total (\$)						182,790,466

Attachment 2: Annual reliability assessment for extant Assessment Periods

The tables below show the reliability assessments for the current Assessment period and prior two Assessment Periods:

Third Assessment Period (2013)

Requirement	Assessment	Limit	Assessment/Limit	Result
SAIDI	43.290	40.744	1.063	>1
SAIFI	0.573	0.602	0.952	<1

Fourth Assessment Period (2014)

Requirement	Assessment	Limit	Assessment/Limit	Result
SAIDI	78.876	40.744	1.936	>1
SAIFI	1.107	0.602	1.839	>1

Fifth Assessment Period (2015)

Requirement	Assessment	Limit	Assessment/Limit	Result
SAIDI	38.757	40.744	0.951	<1
SAIFI	0.586	0.602	0.973	<1

Attachment 3: Calculation of SAIDI and SAIFI

WELL's SAIDI Boundary Value, $B_{SAIDI} = e^{(\alpha_{SAIDI} + 2.5\beta_{SAIDI})}$	
Calculation Components	Amount
α_{SAIDI}	-2.979
β_{SAIDI}	5.254
Total SAIDI Boundary Value as at 31 March 2015	9.724

WELL's SAIFI Boundary Value, $B_{SAIFI} = e^{(\alpha_{SAIFI} + 2.5\beta_{SAIFI})}$	
Calculation Components	Amount
α_{SAIFI}	-7.333
β_{SAIFI}	5.893
Total SAIFI Boundary Value as at 31 March 2015	0.237

WELL's SAIDI Reliability Limit, $SAIDI_{LIMIT} = \mu_{SAIDI} + \sigma_{SAIDI}$	
Calculation Components	Amount
μ_{SAIDI}	33.897
σ_{SAIDI}	6.847
Total SAIDI Reliability Limit as at 31 March 2015	40.744

WELL's SAIFI Reliability Limit, $SAIFI_{LIMIT} = \mu_{SAIFI} + \sigma_{SAIFI}$	
Calculation Components	Amount
μ_{SAIFI}	0.517
σ_{SAIFI}	0.085
Total SAIFI Reliability Limit as at 31 March 2015	0.602

Attachment 4: Customer numbers for SAIDI and SAIFI

Year	Total Customers	Customers Impacted*	Customer Minutes Lost
04/05	157,410	60,717	6,288,957
05/06	158,555	80,086	4,980,787
06/07	159,625	103,168	5,583,921
07/08	161,476	83,057	5,111,293
08/09	162,625	86,274	5,745,190
09/10	163,591	111,077	8,626,989
10/11	164,081	88,112	5,699,846
11/12	164,602	111,645	7,551,791
12/13	164,705	92,851	7,129,945
13/14	164,797	180,928**	31,437,753**
14/15	165,113	96,140	6,399,229

WELL purchased the Wellington network on 24 July 2008 from Vector. Vector maintained operational control until July 2009 for SAIDI and SAIFI. Necessary information for the period up to July 2009 was sourced from Vector.

* The number represents the total number of customers affected by the outages. It may be that a customer was affected by an outage more than once.

**These numbers are based on the total outages (including the outages during the Major Event Days) for the regulatory year.

Attachment 5: Director's certificate

Schedule 3B: Form of Directors' Certificate on Annual Compliance Statement

I, Richard C. Pearson, being director of Wellington Electricity Lines Limited certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached Annual Compliance Statement of Wellington Electricity Lines Limited, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2012* are true and accurate.



Director

9 June 2015

Note: Section 103(2) of the Commerce Act 1986 provides that no person shall attempt to deceive or knowingly mislead the Commission in relation to any matter before it. It is an offence to contravene section 103(2) and any person who does so is liable on summary conviction to a fine not exceeding \$10,000 in the case of an individual or \$30,000 in the case of a body corporate.

Attachment 6: Auditor's Report



AUDITOR'S REPORT ON ANNUAL COMPLIANCE STATEMENT

To the Directors of Wellington Electricity Lines Limited ("WELL").

We have audited the attached Annual Compliance Statement on pages 5 to 12 and 15 to 19, which is an Annual Compliance Statement in respect of the default price-quality path prepared by WELL for the period of 1 April 2014 to 31 March 2015 (the "assessment period") and dated 9 June 2015 for the purposes of clause 11 of the Electricity Distribution Default Price-Quality Path Determination 2012 (the "Determination").

In relation to the price path set out in clause 8 of the Determination, our audit included an examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 5 to 12 and 15 to 19 of the Annual Compliance Statement.

In relation to the SAIDI and SAIFI statistics for the Reference Period and the Assessment Period ended on 31 March 2015, including the calculation of the Reliability Limits and the Assessed Values, which are relevant to the quality standards set out in clause 9 of the Determination, our audit included examination, on a test basis, of evidence relevant to the amounts and disclosures contained on pages 5 to 12 and 15 to 19 of the Annual Compliance Statement.

Our audit also included an assessment of the significant estimates and judgments, if any, made by WELL in the preparation of the Annual Compliance Statement and an assessment of whether the basis of preparation has been adequately disclosed.

Directors' Responsibilities

The Board of Directors (the "Board") of WELL are responsible for the preparation of the Annual Compliance Statement in accordance with the Determination and for such internal control as the Directors determine is necessary to enable the preparation of an Annual Compliance Statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the Annual Compliance Statement based on our audit. We conducted our audit in accordance with International Standards on Auditing, International Standards on Auditing (New Zealand) and Standard on Assurance Engagements 3100: *Compliance Engagements*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Annual Compliance Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Compliance Statement. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Annual Compliance Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to WELL's preparation of the Annual Compliance Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Annual Compliance Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have no relationship with or interests in WELL, other than in our capacity as auditor (including other regulatory audit services) and the provision of taxation advice.

Opinion

In our opinion, the Annual Compliance Statement of Wellington Electricity Lines Limited for the Assessment Period ended on 31 March 2015, has been prepared, in all material respects, in accordance with the Determination.

Limitations and Use of this Independent Assurance Report

This independent assurance report has been prepared solely for the Directors of WELL and the Commissioners of the New Zealand Commerce Commission in accordance with the Determination. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Directors of WELL and the Commissioners, or for any purpose other than that for which it was prepared.

Because of the inherent limitations in evidence gathering procedures, it is possible that fraud, error or non-compliance may occur and not be detected. As the procedures performed for this engagement are not performed continuously throughout the assessment period and the procedures performed in respect of WELL's compliance with the Determination are undertaken on a test basis, our engagement cannot be relied on to detect all instances where WELL may not have complied with the Determination. Our opinion has been formed on the above basis.

Our audit was completed on 9 June 2015 and our opinion is expressed as at that date.

Chartered Accountants
Wellington, New Zealand

This audit report relates to the Annual Compliance Statement in respect of the default price-quality path prepared by Wellington Electricity Lines Limited for the period 1 April 2014 to 31 March 2015 included on Wellington Electricity Lines Limited's website. Wellington Electricity Lines Limited's Board of Directors are responsible for the maintenance and integrity of Wellington Electricity Lines Limited's website. We have not been engaged to report on the integrity of Wellington Electricity Lines Limited's website. We accept no responsibility for any changes that may have occurred to the Annual Compliance Statement since they were initially presented on the website.

The audit report refers only to the Annual Compliance Statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Annual Compliance Statement. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited Annual Compliance Statement and related audit report dated 9 June 2015 to confirm the information included in the audited Annual Compliance Statement presented on this website.