

Update of indicative transmission charge estimates

In December 2016, we published the Transmission Pricing Methodology (TPM) – Second Issues Paper Supplementary Consultation document. Appendix F of that paper contained indicative estimates of transmission charges under a proposed new TPM.

Concept Consulting (which undertook the modelling of charges) has recently advised that there was a calculation error that affected some results. This involved the omission of some input data for one scenario.

Consequently, we have provided a [corrected version of Appendix F](#). In addition, an updated set of estimated charges is set out in the document below (pages 2 and 3), which shows the changes from correcting for the error. For most customers, there is relatively little (or no) change to their estimated charges. The impact of the error is within what could be expected under an alternative, but valid application of the same TPM guidelines.

As with the transmission charge estimates in the December 2016 paper, the revised estimates are based on assumptions and simplifications in some areas, and should therefore be treated as broadly indicative only.

While the updated charge estimates are similar to those published previously (and remain indicative in nature), we are releasing them to ensure transparency around estimated financial impacts.

Table 1 – Indicative transmission charges (excluding connection) for the ‘no WACC adjustment’ scenario

No WACC Adjustment	Data as published in Dec 2016 (\$m/year)	Corrected (\$m/year)	Change (\$m/year)	Change as %
Alpine Energy	11.3	11.2	-0.1	-0.7%
Aurora Energy	21.8	21.9	0.1	0.5%
Buller Electricity	1.0	0.9	0.0	-0.5%
Centralines	1.8	1.8	0.0	-1.0%
Counties Power	12.9	13.8	0.9	6.8%
Eastland Network	4.6	4.6	0.0	-1.0%
Electra	8.2	8.1	0.0	-0.3%
Electricity Ashburton	7.9	7.9	0.0	0.0%
Electricity Invercargill	4.4	4.4	0.0	0.9%
Horizon	7.0	7.0	0.0	0.0%
Lakeland Network	0.2	0.2	0.0	0.2%
Mainpower	9.3	9.4	0.1	0.6%
Marlborough Lines	5.6	5.6	0.0	-0.5%
Network Tasman	11.7	11.7	0.0	0.3%
Network Waitaki	4.4	4.5	0.1	1.1%
Northpower	19.4	19.5	0.1	0.4%
Orion	53.4	53.8	0.4	0.7%
OtagoNet JV	5.5	5.3	-0.1	-2.3%
Powerco	81.1	80.8	-0.2	-0.3%
Scanpower	1.3	1.3	0.0	-0.7%
The Lines Company	5.7	5.8	0.0	0.7%
The Power Company	11.5	11.5	0.0	-0.3%
Top Energy	6.1	6.3	0.2	3.3%
Unison	27.5	27.3	-0.2	-0.6%
Vector	238.1	238.1	0.0	0.0%
Waipa Power	6.7	6.7	0.0	-0.1%
WEL Networks	24.6	24.9	0.3	1.1%
Wellington Electricity	47.9	48.1	0.2	0.5%
Westpower	3.7	3.7	0.0	0.0%
Oji Fibre	8.2	8.2	0.0	-0.3%
Daiken MDF	0.9	0.9	0.0	-3.0%
Juken	0.8	0.9	0.0	3.3%
Kiwirail	0.7	0.7	0.0	0.7%
Methanex	0.8	0.8	0.0	-2.2%
Norske Skog	1.3	1.3	0.0	0.0%
NZ Steel	7.6	7.8	0.1	1.8%
NZ Aluminium Smelter	47.4	45.3	-2.1	-4.6%
Pan Pac	5.8	5.9	0.1	1.2%
Rayonier	0.7	0.7	0.0	-2.1%
Refining NZ	4.3	4.3	0.0	0.4%
Winstones	3.2	3.1	-0.1	-2.8%

Table 2 – Indicative TPM charges (excluding connection) for the ‘with WACC adjustment applied’ scenario

WACC Adjustment Applied	Data as published in Dec 2016 (\$m/year)	Corrected (\$m/year)	Change (\$m/year)	Change as %
Alpine Energy	10.0	9.5	-0.4	-4.3%
Aurora Energy	19.1	18.5	-0.6	-3.0%
Buller Electricity	0.8	0.8	0.0	-3.8%
Centralines	1.6	1.5	-0.1	-3.9%
Counties Power	11.4	12.0	0.6	4.8%
Eastland Network	4.1	3.9	-0.2	-4.2%
Electra	7.2	7.0	-0.2	-3.3%
Electricity Ashburton	9.9	9.8	-0.1	-1.4%
Electricity Invercargill	3.9	3.8	-0.1	-2.5%
Horizon	6.7	6.5	-0.2	-3.8%
Lakeland Network	0.2	0.2	0.0	-3.4%
Mainpower	8.2	8.0	-0.2	-2.8%
Marlborough Lines	5.0	4.8	-0.2	-3.9%
Network Tasman	10.3	10.0	-0.3	-3.1%
Network Waitaki	3.9	3.8	-0.1	-2.3%
Northpower	18.3	19.1	0.8	4.4%
Orion	47.0	45.8	-1.2	-2.6%
OtagoNet JV	4.8	4.5	-0.3	-5.9%
Powerco	71.6	69.3	-2.3	-3.3%
Scanpower	1.2	1.1	0.0	-3.6%
The Lines Company	5.1	4.9	-0.1	-2.5%
The Power Company	10.1	9.8	-0.4	-3.7%
Top Energy	5.3	5.4	0.1	1.8%
Unison	24.3	23.4	-0.9	-3.7%
Vector	220.3	231.7	11.4	4.9%
Waipa Power	5.9	5.8	-0.2	-3.0%
WEL Networks	21.8	21.4	-0.4	-1.7%
Wellington Electricity	42.3	41.3	-1.0	-2.5%
Westpower	3.7	3.7	-0.1	-1.9%
Oji Fibre	7.2	7.0	-0.2	-3.3%
Daiken MDF	0.8	0.7	0.0	-6.5%
Juken	0.7	0.7	0.0	1.8%
Kiwirail	0.7	0.7	0.0	0.7%
Methanex	0.7	0.7	0.0	-5.3%
Norske Skog	1.3	1.3	0.0	0.0%
NZ Steel	7.6	7.8	0.1	1.8%
NZ Aluminium Smelter	41.9	38.7	-3.1	-8.1%
Pan Pac	5.8	5.9	0.0	0.5%
Rayonier	0.6	0.6	0.0	-5.5%
Refining NZ	4.1	4.2	0.2	4.4%
Winstones	2.8	2.7	-0.2	-6.0%