Notes on developing order of magnitude impacts of draft Code for lines companies:

We estimated that an 'upper bound' impact on network companies would be about 0.5% of annual revenues. This would only be reached with high uptake and 100% default. We expect this potential 'pain sharing' would be substantially less than that shouldered by

We considered that qualifying retailers would be a subset of retailers who are listed on the attached sheet. We utilised energy settlement amounts to approximate the lines charges for those retailers (very rough estimate) based on the March 2020 billings. (Attached)

A number of retailers will be ineligible due to ownership and the ability to secure their own financing, lack of demonstrated need, or lack of underlying financial stability.

Assuming 2% of the retail market by volume, represents a similar % of lines charges, this equates to 0.4% of annualised billings. (Unison suggested 8-9% of monthly billings, but did not explain their basis)

Note 1: This ratio does not adjust for direct connect customers who pay their own transmission/distribution charges. Also assumes that lines charges are proportional to energy consumption.
Note 2: This 0.4% cost assumes all qualified retailers default.

Relative pain:

Assuming an even distribution of bad debt, the top 6 gentailers could shoulder 93% of new bad debt themselves. Its not unreasonable to view the 6 larger generator/retailers as shouldering 10 times the pain of the 6 lines companies covered in the draft Code.

Under one model new bad debt (representing 0.8% of retailer revenue), the impact on the top 6 retailer/generators would be $38.3m. (Yes power are planning for 12% of businesses not paying) The cost under the draft Code to distributors would be approximately $3.4m[1] for two months of deferred billing if it covered 2% of lines customers and none was repaid..

Over a year, as mentioned above, we anticipate the total cash to be committed to be less than 0.5% of annual billings, and there is a good chance this will be recovered (deferral, not waiver). This is an imposition, however we should remember that any variable lines charges are impacted by natural variation, such as a cool winter vs a warm winter.

[1] Assumes $170m in monthly billings, 50% of lines billings captured by the scheme. 100% default rate.

Retailer market share by ICP count and energy settlement amounts

Entity ID	Retailer	ICP count	ICP share (%)	S 9(2)(b)(ii) [redacted]
SPEL	South Pacific Energy	6	0	
SUPE	Supercharged Energy	6	0	
PLTM	Platinum Power Retail	8	0	
EMHT	EMHTrade	10	0	
PLUS	Plus Energy	18	0	
KEAE	Kea Energy	30	0	
ECOS	Ecosmart	36	0	
ETRN	eTrading	41	0	
STAK	Stack Energy	71	0	
LITE	Lighthouse Energy	145	0.01	
BCPL	Body Corporate Power	150	0.01	
HANE	Hanergy	196	0.01	
FOGY	For Our Good	340	0.02	
YESP	YES Power	342	0.02	
IDPL	ID Power	513	0.02	
GIVE	Paua to the People	576	0.03	
PRME	Prime Energy	1247	0.06	
PION	Pioneer Energy	1501	0.07	
OURP	Ourpower	1570	0.07	
SIMP	Simply Energy	2742	0.13	
ECOT	Ecotricity	7711	0.36	
CLUB	Energy Club NZ	11553	0.53	
FLCK	Flick Electric	20253	0.93	
SWCH	Vocus	31383	1.45	
ELKI	Electric Kiwi	53886	2.48	
PUNZ	Pulse Energy Alliance	75201	3.46	
TODD	Nova Energy	103292	4.76	
TRUS	TrustPower	268027	12.34	
MERI	Meridian Energy	321968	14.83	
MRPL	Mercury NZ	356063	16.4	
CTCT	Contact Energy	412953	19.02	
GENE	Genesis Energy	499599	23.01	
	TOTAL			
	Non-retailer purchasers			

S 9(2)(b)(ii) [redacted]

S 9(2)(b)(ii)