

UNISON DG PRICING CATEGORY

FAQs

WHAT IS CHANGING?

From 1 April, Unison is introducing a new price category for Distributed Generation (DG) customers. This price category will be comprised of a fixed component, and a variable component, with a 'Low User' option for those using less than 8,000kWh/year. As with all distribution pricing, these costs are included within the retailers' charges.

The DG price category is mandatory for all new DG consumers after 1 April 2016. For existing DG customers, they will remain on their existing

price category through until 31 March 2019, after which the DG price category will also be mandatory.

The below question and answer sheet should be used to respond to common questions from Unison customers, regarding the new price category.

NOTE: The industry is moving away from the term 'tariff' to price. This change is reflected in the information below.

Q WHY IS UNISON INTRODUCING A DG PRICE CATEGORY?

A Unison's distribution pricing includes various price categories, reflecting the different ways in which customers use electricity. These different price categories are all designed to ensure that users contribute fairly to the development, operation and maintenance of the electricity network, and to signal the costs of investing in additional network capacity. *For example, consumers gain a discount if their hot water cylinder is available to be controlled by Unison, recognising this helps the company control demand on the network during peak times (generally winter evenings).*

Distributed generation consumers (for example, people with solar panels) can significantly reduce the amount of electricity they use during the day. However, Unison must build and maintain a network to support the delivery of electricity at peak demand, which is during the winter evenings – a time when most distributed generation systems, such as solar panels, are not helping to reduce the network peak.

Effectively, DG consumers can avoid a significant amount of their network charges based on the existing price structure, however Unison's costs of operating and maintaining the network to meet peak demand are not reduced, meaning DG (solar) consumers use of the network is effectively being subsidised by other consumers. While Unison supports people choosing to install their own generation, our aim is to ensure other customers without distributed generation don't pay higher prices as a result.

The introduction of a DG price category ensures that DG customers share a fair and equitable amount of the network cost to meet demand.

As this is the first year Unison will have a DG price category, we expect to refine our approach over time, for example, by introducing seasonal variation in our prices, or daily peak/off-peak structures.

Q I ALREADY HAVE A DG INSTALLATION ON UNISON'S NETWORK – ARE MY PRICES FOR ELECTRICITY GOING UP?

A Not initially. Unison is 'grandparenting' the current price categories for our existing DG customers, meaning the new DG price category will not apply to you for a period of three years from 1 April 2016. You will remain on your current price category through to 31 March 2019, after which the DG price category will apply.

Q I'M CONSIDERING INSTALLING SOLAR DG – HOW BIG AN IMPACT WILL IT HAVE ON MY POWER BILL?

A The introduction of a DG price category ensures that DG customers share a fair and equitable amount of the network cost to meet demand. Overall, you should not notice a significant change to the amount you pay for network charges, as the pricing structure is designed to recoup the same amount as that paid by customers without distributed generation.

Unison has an online solar calculator which can help you determine if installing solar DG is a good investment, which includes factors such as the DG price category, the amount of electricity used, and any finance costs for purchase and installation of solar equipment. This can be viewed at www.unison.co.nz/solar-calculator.

Q WHAT ARE THE DG PRICES?

A Unison's pricing schedules can be found online, under Pricing & Disclosure.

Price Category	Description	Fixed Charge	Variable Charge	
			Uncontrolled	All Inclusive
HAWKE'S BAY				
G11 DGEN	DG Low User	\$0.15 per day	17.2c per kWh	15c per kWh
G12 DGEN	DG Standard User	\$1.805 per day	9.65c per kWh	7.45c per kWh
CENTRAL REGION				
G11 DGEN	DG Low User	\$0.15 per day	16.05c per kWh	13.95c per kWh
G12 DGEN	DG Standard User	\$1.755 per day	8.75c per kWh	6.55c per kWh

Q IS UNISON THE ONLY DISTRIBUTOR INTRODUCING THIS PRICE CATEGORY?

A No, Unison is not the only electricity distributor introducing this charge.

The Electricity Authority is encouraging electricity distributors throughout New Zealand to adopt service-based pricing, reflective of the actual benefits consumers receive from the electricity network, and fairly allocates the shared costs of the network to all consumers.

Q CAN I EXPECT THE DG PRICE TO INCREASE NEXT YEAR?

A Unison reviews all pricing annually, within the regulations set by the Commerce Commission, to ensure pricing stays reflective of the cost to operate, maintain and develop the network.

Q WHY DO THE CHARGES VARY BETWEEN HB, TAUPO AND ROTORUA?

A As required by the Commerce Commission, each region's pricing is assessed independently to ensure no one region subsidises another.