

## Unison Price Change FAQ's – 2016

Please note that your electricity retailer sets the final price for consumers. Unison charges the retailer of electricity distribution, and it is up to the retailer what amount they pass on to you, the customer. These questions and answers have been developed to provide general background information on our price changes.

Question	Answer
<p><b>How are Unison's prices changing in 2016/17?</b></p>	<p>This year Unison will be raising average overall line charges by 1.5% from 1 April 2016. This increase consists of Unison's distribution price increase 0.4%, and the remaining 1.1% is the pass-through of Transpower's price increase.</p> <p>Unison is this year also introducing a distributed generation (DG) price category for all new connections from 1 April 2016. All existing DG customers will remain in their existing price category until 1 April 2019, at which point the category becomes mandatory for all DG connections. The DG pricing schedule is included in Unison's full 2016/17 price schedule, available on Unison's website under Pricing and Disclosure.</p>
<p><b>How much are Unison's line charges increasing by?</b></p>	<p><b>Hawkes' Bay Increase</b> – overall average increase of 3.2%. For an average household using around 8,000 kWh's per year charges will increase by \$2.67 per month if retailers pass this on in full.</p> <p><b>Rotorua and Taupo Increase</b> – overall average increase of 0.8%. For an average household using around 8,000 kWh's per year charges will increase by \$0.67 per month if retailers pass this on in full.</p>
<p><b>Why does the increase vary between HB, Taupo and Rotorua?</b></p>	<p>As required by the Commerce Commission, each region's pricing is assessed independently to ensure no one region subsidises another.</p>
<p><b>Why are the transmission charges increasing?</b></p>	<p>Unison pays the national grid operator, Transpower, to deliver electricity to our distribution networks over the national grid. Transpower recovers its costs to distribute electricity to the regions by setting charges based on the previous year's 'peak demand' behaviour, which is measured by the top 100 peak demands occurring during the year, for each customer connected to the grid.</p> <p>Because Unison can't control the amount of peak demands caused by its end-consumers, the Commerce Commission has ruled that lines companies (Unison) can pass these Transpower charges on to consumers in full.</p> <p>In recent years, Transpower has been in "catch-up" mode, by investing significantly in ensuring that the national grid is resilient and can reliably and efficiently deliver power from generators all around the country to meet demand. Transpower expects to invest a further \$1.7 billion over the period 2015/16 to 2019/20 in ensuring a resilient national grid.</p>
<p><b>What portion of my total electricity monthly account represents the Unison (Network) component?</b></p>	<p>This can vary depending on the individual customer's electricity usage patterns, but on average, for a low user residential customer, the total network component including transmission charges would represent about 48% of a customer's total monthly electricity account. Of this 48%, Transpower's transmission charge, passed through by Unison is 13% of a customer's total monthly electricity account.</p>
<p><b>How is the Commerce Commission involved?</b></p>	<p>Because Unison is the sole provider of electricity network services, its prices are regulated by the Commerce Commission. Their legislative objective is to promote the long-term benefits of consumers, by ensuring that regulated lines companies have incentives to invest and innovate, provide a quality of service to consumers, and are limited in their ability to earn excessive profits.</p> <p>In 2012, the Commerce Commission issued its 'Price-Quality Path' ruling, which</p>

	<p>specifies the level of prices Unison requires to be a sustainable business in line with these objectives, through to 2020.</p> <p>The Commerce Commission also sets specific targets for Unison's network reliability.</p>
<b>Will Unison use the price increases to improve the reliability and security of my electricity supply?</b>	<p>Unison continues to make significant investments within its Network, delivering improved reliability and security of supply to our customers through our Smart Network strategy. The changes in Unison's prices will ensure that Unison can maintain the current levels of service for its consumers.</p>
<b>I am a large commercial consumer on Unison's network, how will I be affected by these price changes?</b>	<p>Unison continues to refine its commercial prices to better reflect electricity demand and utilisation of Unison's distribution assets. For further information, please contact Unison Customer Care Manager Danny Gough, on 06 873 9361 to discuss what impact this may have on your business electricity costs.</p>
<b>Is this price increase to help offset costs associated with your other (Fibre/Contracting) businesses?</b>	<p>No – UnisonFibre and Unison Contracting are separate business entities with separate profit and loss sheets. As such, their financial performance is not linked to Unison Networks.</p> <p>In setting Unison's default price path, the Commerce Commission excludes activities that are not electricity distribution.</p>
<b>How do Unison's charges compare with other lines companies?</b>	<p>It is difficult to compare charges between lines companies because local factors affect our costs. A high density network, like Vector in Auckland, will typically be cheaper because they have more customers per kilometer to share the costs over. Whereas, a lower density network like Buller Electricity which serves West Coast of the South Island, will always have higher costs because there are fewer customers per kilometer of lines.</p> <p>There are other factors at play too, like how much electricity is used per customer, what level of reliability is provided by the network etc. Accordingly, only broad comparisons can be drawn.</p> <p>From information disclosure data, the 2013 report published by Price Waterhouse Cooper covering the period from 2008 to 2011 ranked Unison 11<sup>th</sup> lowest out of 28 networks in New Zealand in revenues per customer.</p>
<b>Will the dividend increase to Hawke's Bay consumers?</b>	<p>Dividend pay-outs are determined by the Hawke's Bay Power Consumers Trust, which owns Unison Networks.</p> <p>Each year Unison pays out a dividend to the Trust, which in turn is available to the Trust for distribution to its shareholders, the electricity customers of Hawke's Bay.</p> <p>Unison's Statement of Corporate Intent sets out a commitment to sustainably increasing the level of dividend consistent with the investment in the network. The Trust may choose to use some of this payment to invest in projects such as undergrounding of electricity cables.</p> <p>The remainder of the profits retained by Unison are used to re-invest in the network.</p>
<b>What can people do to reduce the impact of increases in electricity prices?</b>	<p>It is important for consumers to shop around for the best deal from the electricity retailers. There can be a difference of over \$400 per annum between the cheapest retailer and the most expensive in Hawke's Bay, Taupo and Rotorua. It is now very easy to switch electricity suppliers and the process is normally completed in less than ten days. Consumers can find out more information by accessing <a href="http://www.whatsmynumber.co.nz">http://www.whatsmynumber.co.nz</a> or <a href="http://www.powerswitch.co.nz">http://www.powerswitch.co.nz</a>.</p> <p>Local budget advisors and Citizens Advice Bureau can also help consumers to work out how to switch to cheaper electricity providers or make sure they are on the right pricing plan. Also on the Powerswitch website, consumers can find tips to help save electricity. Making sure hot water cylinders are well insulated and on a 'controlled-rate' price category can make a significant difference to power bills.</p>