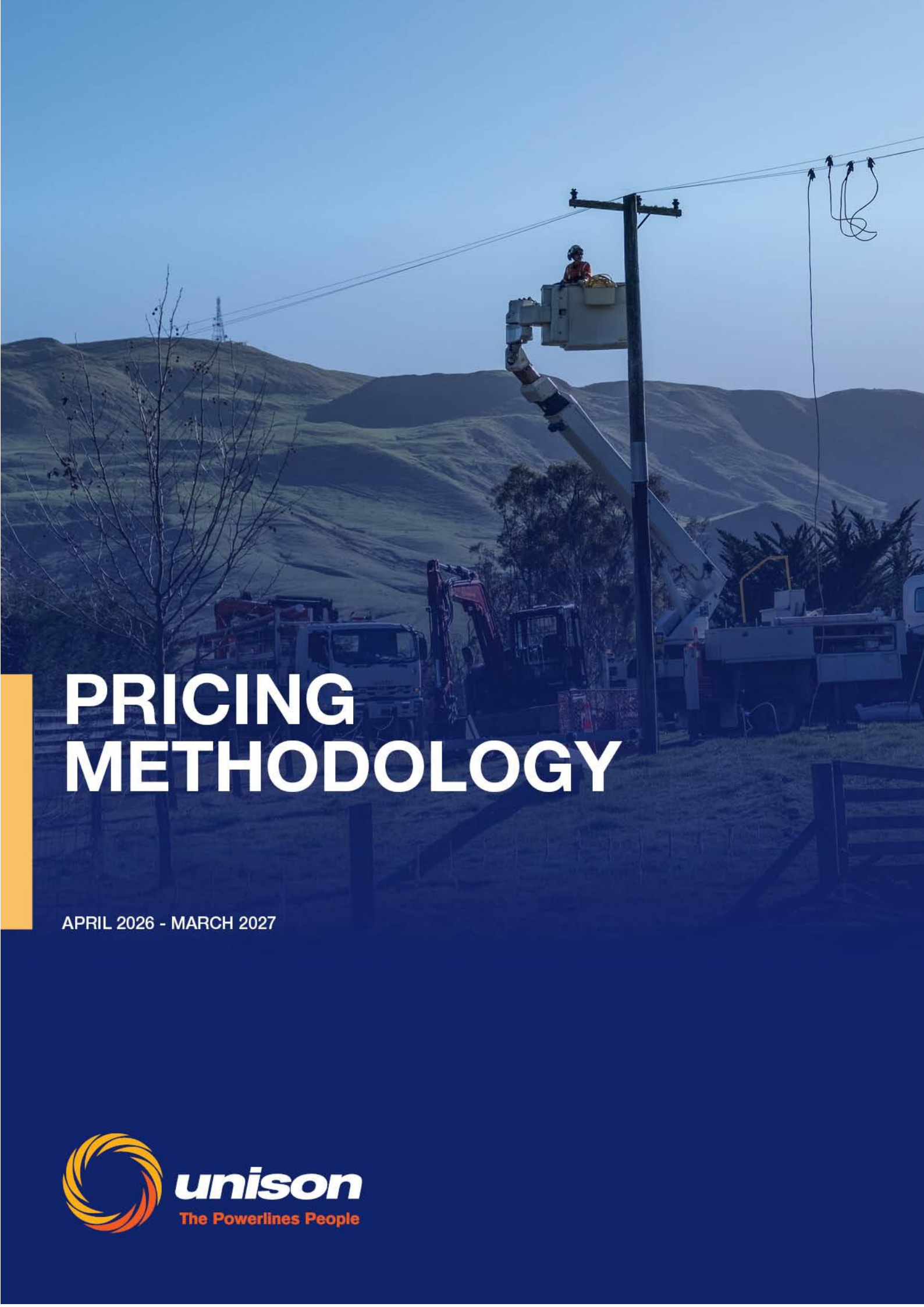

PRICING METHODOLOGY

APRIL 2026 - MARCH 2027

unison
The Powerlines People

EXECUTIVE SUMMARY

Unison Networks Limited ('Unison', 'we', 'our' or 'us') review our pricing annually to meet company, industry, legislative and regulatory requirements.

This Pricing Methodology sets out our pricing structure for the 2026/27 pricing year. It is prepared pursuant to requirement 2.4 of the Electricity Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024 (Information Disclosure Determination).

This document will help you understand how we set our prices, including the methods used to determine revenues, consumer groups and allocation of costs of providing and maintaining the network.

The maximum allowable revenue that we can recover through distribution prices is established through the Default Price-Quality Path 4 Determination (DPP4). The total revenue for the 2026/27 year is $21.1m more than allowed in the 2025/26 year. This includes forecasts for designated costs that can be passed through into our prices (above the net allowable revenue limit).

The Commerce Commission (Commission) sets the maximum revenues price-quality regulated Electricity Distribution Businesses (EDBs) can earn for a five-year period. The DPP4 regulatory period started on 1 April 2025 and will run until 31 March 2030. The regime applies the Commission's methods to forecast inflation and cost of capital. Operating and capital expenditure input EDB's actual or forecast expenditure, with trends and other adjustments applied. The increase in overall revenue we can receive between 2026 and 2030 reflects the forecast investment needed in network growth and resilience to support consumers, and to be reimbursed for the actual costs of inflation and cost of capital between 2019 and 2025 (the previous regulatory period – DPP3).

Current and future price changes need to be smoothly implemented to minimise short-term price shocks. Even the moderate increases in distribution charges that are planned during DPP4 could have consequential impacts on certain consumers. To ensure consumers can make considered decisions around any investment in decarbonisation, generation options, and load management, our pricing strategy should be forward-looking yet conservative. Unison has introduced price options that give a benefit, to a small degree, to consumers who inject energy back into the network during peak load periods. Investigating the use of financial incentives to manage investment needs and offering flexible load options will also encourage consumers to consider non-traditional connection arrangements.

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1. WHO IS UNISON?

1.1 Background

Unison own and operate the electricity distribution networks in Hawke's Bay, Taupō and Rotorua. The electricity network spans almost 10,000km in length, connecting approximately 120,000 homes and businesses to the national transmission network through eight Grid Exit Points (GXP). We invoice retailers for the use of the network who, in turn, include these charges along with the cost of energy purchased and their own administration costs in the final power bill they provide to consumers. We are the fifth largest electricity distributor in New Zealand in terms of numbers of connections and total network demand. Our supply area is shown in *Figure 1*.

We are owned by the Hawke's Bay Power Consumers' Trust (HBPCT). The Trust holds shares on behalf of Hawke's Bay power consumers connected to Unison's network. We have been serving the community and providing a service in this sector for over 80 years.

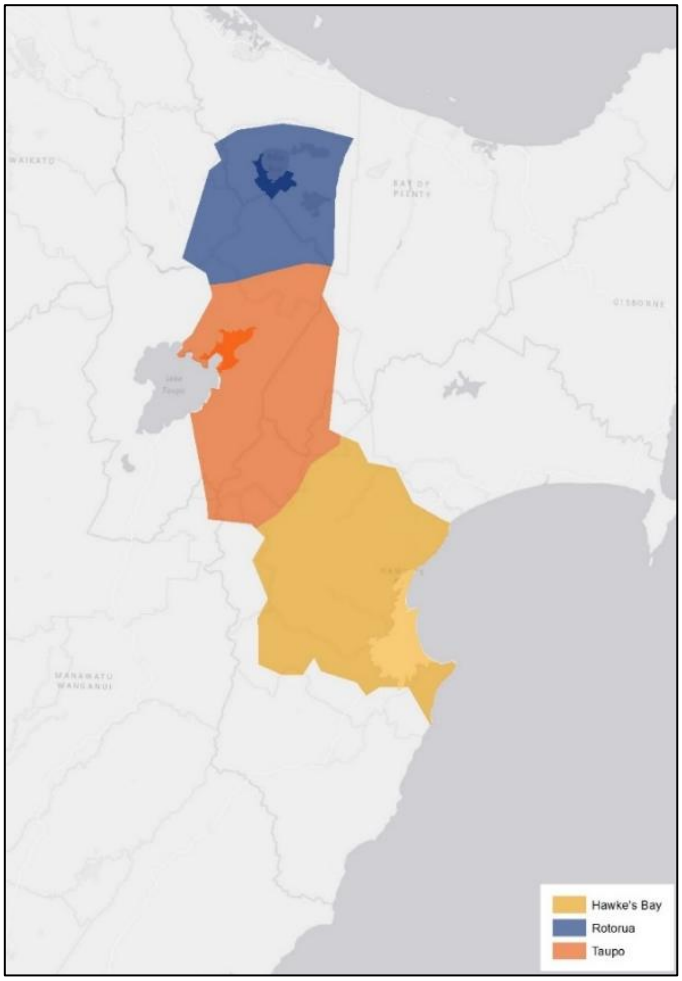

Figure 1: Map of Regions in Unison's Network

1.2 Unison's Distribution Network

Our network covers four large urban areas, with a combination of commercial, industrial, and dense urban connections. Our network also spans large tracts of rural land with very diverse agricultural and horticultural use. We have a peak loading of 338MW, which typically occurs during winter months, and driven primarily by residential use patterns. Annually, we distribute approximately 1,730GWh to consumers.

In the Hawke's Bay region, the network is concentrated around the two main urban areas of Hastings and Napier, with smaller substations covering the outlying rural areas. The main industries in this region are agriculture and horticulture based, with much of the large industrial load located relatively close to a GXP. See *Figure 2*.

Rotorua and Taupō share demographic similarities, which differ to Hawke's Bay. The two cities have a strong tourism focus and a significant proportion of residential connections are holiday homes. They have commercial and heavy industry mainly focused around timber and dairy, some distance from the GXP. See *Figures 3 and 4*.

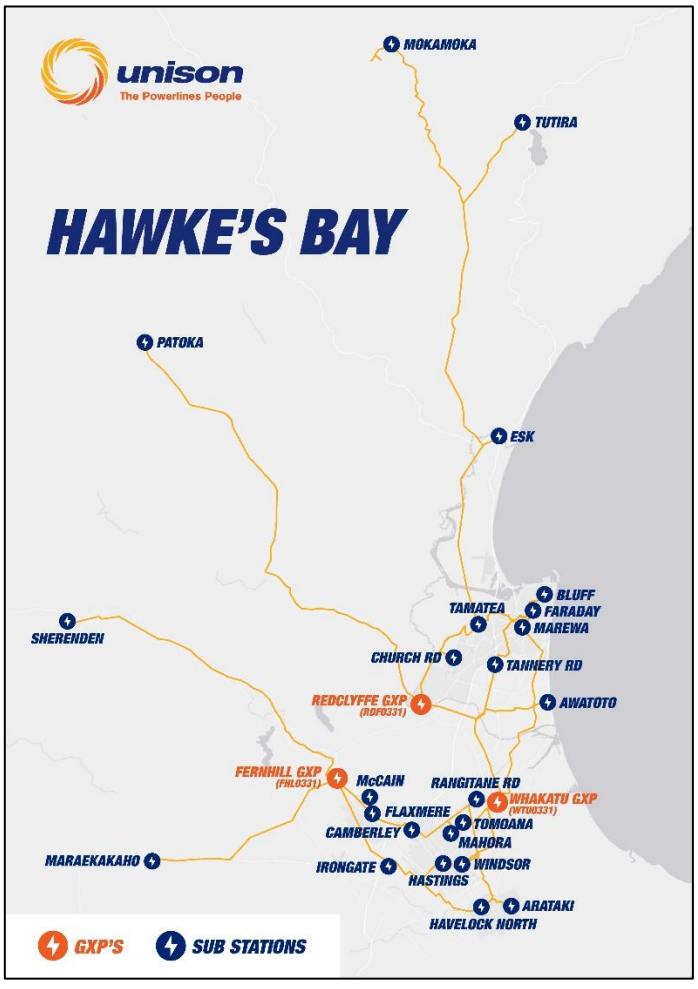

Figure 2: Hawke's Bay Distribution Network

Figure 3: Taupō Distribution Network

Figure 4: Rotorua Distribution Network

2. HOW ELECTRICITY PRICES ARE REGULATED

2.1 Overview

As a non-exempt electricity distribution business (EDB), we are regulated by the Commerce Commission (Commission) and the Electricity Authority (Authority), which guides our approach to setting prices. The Commission sets out how much revenue we can earn from prices while the Authority oversees and monitors our approach to setting prices. The Authority was established under the Electricity Industry Act 2010, which also provides the framework for the regulation of the electricity industry.

2.2 Commerce Commission

2.2.1 Commerce Act 1986

The Commission regulates EDBs because they are natural monopolies, no other service provider can cost efficiently replicate Unison's network and deliver electricity lines services to consumers. The Commerce Act 1986 promotes competition in markets for the long-term benefits of consumers, and where there is not enough competition to protect consumers, Part 4 of the Act establishes a regulatory regime that aims to replicate the outcomes consumers would benefit from in a competitive market. This applies to EDBs.

2.2.2 Default Price-Quality Paths

Part 4 of the Commerce Act requires the Commission to periodically set Default Price-Quality Paths (DPPs) for electricity distributors. These determinations detail:

- how much revenue we may recover across our network in each pricing year (Allowable Revenue) for our conveyance services, and
- the quality and reliability standards that we must meet to maintain quality of supply.

The DPP allows Unison to increase its core revenues from the delivery of network services on average by the Consumer Price Index (CPI) most years. However, every five years prices and revenues are 'reset' to ensure revenues are fully aligned with forecast costs for the next five years. In the year beginning 1 April 2020, Unison's revenues were reset, with much lower average prices than previously, due to the fall in interest rates at that time[1].

The Commission confirmed the new DPP (DPP4) in November 2024 to cover the revenue that non-exempt distributors can recover for the period from 1 April 2025 to 31 March 2030.

2.2.3 Information Disclosure

EDBs must also ensure they meet the information disclosure requirements under the Commission's Electricity Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024. This Determination aims to ensure sufficient information is readily available to the Commission, stakeholders and the public to assess whether the business is performing under Part 4 of the Commerce Act. This Pricing Methodology is covered under clauses 2.4.1 to 2.4.5 of the Information Disclosure Determination.

[1] Electricity Distribution Services Default Price-Quality Path Determination 2020 was the applicable determination for the 2020-2025 regulatory period.

2.3 Electricity Authority

2.3.1 Pricing Principles

We have applied the Authority's 2019 Distribution Pricing Principles to developing the structure and allocation of our prices[2].

The Authority's recent reform of the Pricing Principles made changes to:

- promote cost reflectivity
- focus on the essential elements of efficient pricing, and
- continue to recognise that distributors should have regard to transaction costs, consumer impacts and uptake incentives.

While compliance with the Pricing Principles is voluntary, the Information Disclosure Determination requires each distributor to either:

- demonstrate consistency with the Pricing Principles, or
- provide reasons for any inconsistencies.

Refer to *Appendix A* for details of how this Pricing Methodology aligns with the Pricing Principles.

2.3.2 Distribution Pricing Reform

In the 2025/26 year, the Authority were more heavily involved in leading reform of distribution pricing. This included a significant piece of work around connection pricing and distributed generation.

1. Connection pricing

Under existing rules each distributor can develop their own pricing methodologies for new and upgraded connections. Requirements have been implemented that will increase reporting on all consumer connections and upgrades from 1 April 2026. While the initial changes will not necessarily alter the way Unison charges for these services, they will introduce a reporting and calculation regime that should allow the Authority to compare approaches by all distributors.

Unison are supportive of the intent to ensure consumers are charged fair and transparent prices to connect to the network and also supports making sure existing consumers do not bear excessive costs as a result of low up-front charges.

2. Recognition of injection during peak periods.

Unison have had Residential and General (small non-residential) plans in place where energy use at peak network times result in higher charges than outside peak times. The Authority has introduced a requirement for all distributors to take a step further and reward households and small businesses for injection into the network at peak times.

Unison has introduced a code with a negative rate, meaning that injection into our network during expected peak-load periods will deliver credits. The availability of accurate data to substantiate the volume of injection that could occur is limited. As such, Unison have been conservative in this initial year so that we can measure the impact of these credits without over-incentivising consumers. Delivering unsustainable credits in the first year, and then needing to reduce the value in subsequent years, may send the wrong message to consumers and cause inefficient investment.

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[2] Note, the Authority published Practice Note (Distribution Pricing: Practice Note Second Edition v2.2, 2022) to assist with the practical interpretations of the Pricing Principles.

3. Compulsory time varied residential plans

The Authority has taken an extra step towards encouraging consumers to engage at a retail level with Time of Use (TOU) plans. Unison has had TOU plans for a number of years and have increased the requirement for retailers to utilise these options. From 1 April 2026 all residential connections with a communicating smart meter will be required to be on TOU plans. Unison are well placed to complete this transition and expect in excess of 80% of residential and general consumers to be submitting data through our TOU plans.

4. Removal of non-permanent residential plans

The plans for residential connections but not permanently occupied, DNR, were scheduled to be removed when the low-fixed-charge (LFC) regulations were completely removed in April 2027. The requirement mentioned above to provide TOU plans for all connections with smart meters has encouraged removal a year earlier as introducing a separate TOU plan for DNR connections, only to remove it the following year, did not seem reasonable. As a result, all connections currently in DNR plans will be moved to non-LFC compliant plans based on the availability of the communicating smart meter.

5. Removal of dedicated transformer charges

Commercial connections that have sole use of a dedicated transformer have had additional daily charges based on the size of the transformer, however, there were a number of anomalies and inefficiencies in allocating these charges. Some connections had genuinely dedicated assets while others, even though there was only a single connection attached, were used to back-feed when required. Others had streetlight connections which do not appear as individual ICPs. Because of these inconsistencies, the decision was taken this year to remove these charges. Going forward, as new connections and upgrades are completed, consumers will typically have increased up-front charges for the increased value of transformers they require so there is often no reason to also increase the use of system charges.

6. Change in management of power factor

All commercial connections with full TOU metering, MC3 and above, have had automated power factor charges applied each month. These charges are designed effectively as a penalty for poor power impacting the network and other connections. The charges have not led, however, to much corrective action on this issue. Unison will continue to measure power factor each month but instead of automated charging a reporting function will allow Unison network staff to interact with the customer concerned and provide support and solutions to correct. There will remain options to charge customers if they show no intention to correct the on-site issues.

2.4 Low Fixed Charge Regulations

We are required to provide low user prices in line with the Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004 (LFC Regulations). The LFC Regulations are currently being phased out over a five-year period that started on 1 April 2022 and will end on 1 April 2027.

The key requirements of these regulations, which apply to the 2026/27 year, are:

- Unison must offer a fixed daily charge to residential consumers of no more than $0.90 per day excluding GST, and
- a consumer on the low fixed charge daily rate should pay the same or less than a residential consumer on a comparable non-low fixed charge price plan at an annual consumption of 8,000kWh.

These requirements have a significant impact on our prices and price structure as outlined in *Section 5*.

2.5 Distributed Generation

Our policies and procedures for the installation and connection of distributed generation are in accordance with the requirements of Part 6 of the Electricity Industry Participation Code 2010. More information about distributed generation can be found on our website (https://www.unison.co.nz/tell-me-about/electricity/solar-energy/distributed-generation/).

2.6 Related Pricing Information

In addition to this Pricing Methodology, we also have the following pricing-related information available on our website https://www.unison.co.nz/.

Document	Purpose
Pricing Policy and Schedules	Full details of eligibility for price categories, price options or capital contributions.
Price-Quality Path Statements	Disclosures to demonstrate our compliance with the price and quality limits set under the DPP.
Capital Contributions Policy	A regulatory disclosure which describes how we calculate a customer's contribution towards a new or modified connection or relocation of network assets.
Distributed Generation	Information for customers connecting distributed generation to their home or business, along with solar pricing information.
Pioneer Scheme	Information on the scheme in place from 1 April 2026 relating to the management of First Mover Disadvantage in capital contributions.

3. OUR CONSUMER GROUPS

3.1 Rationale for Grouping Consumers

We group consumers firstly by the size of their connection to the network. As connection size increases, the demands placed on the network and the level of investment required to support the connection increases. In addition, we recognise that residential connections generally have different load profiles from other small connections. Residences have characteristics that allow more specific price options to be applied, such as recognition of controlled hot water load as a material proportion of loads.

As connection size increases there are different requirements placed on the network, and different metering possibilities, so different pricing options become available and are more readily understood by commercial entities. At very large industrial sites, a specific measure of inputs and network impact results in individual prices.

Figure 5 illustrates the classification of consumers into different groups:

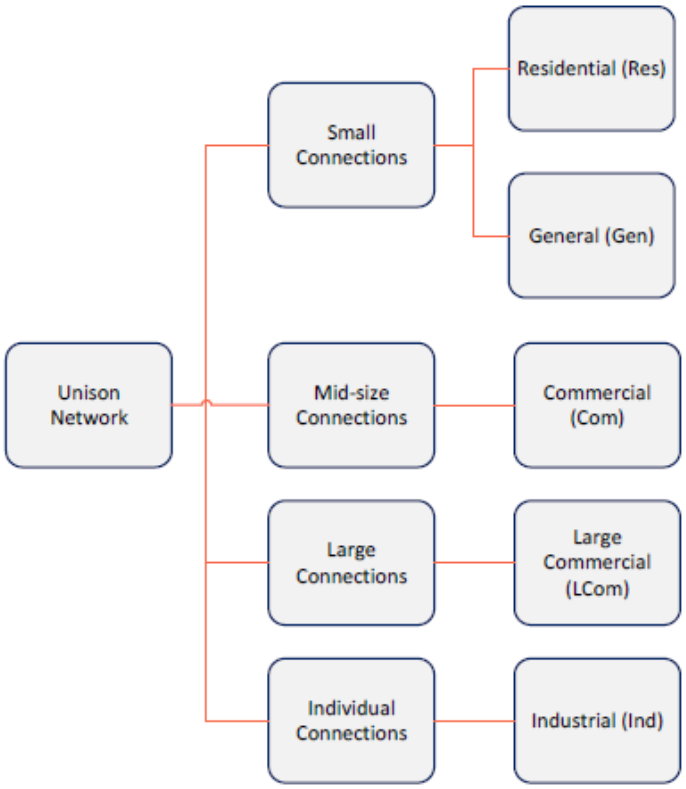

Figure 5 – Consumers by Group

4. OUR PRICING APPROACH

4.1 Overview of Our Pricing Strategy

This section describes our pricing strategy including the context in which we have set our prices and the strategic considerations impacting future changes in the structures of our prices.

New technologies, changes in regulatory requirements, and changing consumer opportunities and preferences, will have a significant impact on our pricing over the next several years.

Our Pricing Methodology describes the process used to determine:

- the total dollar value of operating and capital costs that we can recover from network users, and
- a fair allocation of these costs to the different consumer groups that use the network through the delivery prices we charge.

The prices we charge should meet the following objectives:

- recover the costs we incur in providing our network services to consumers
- fairly allocate the costs to consumers based on the use of those services
- signal the value of consumers adjusting their usage to reduce the load and costs on the network, and
- be as stable as possible to avoid financial disruption to consumers making long-term decisions on electrical equipment (including distributed generation and battery storage equipment).

4.2 Residential Approach

4.2.1 Overview

Around 85% of connections to our network are residential. Historically, most residential use followed a similar pattern of morning and evening peak consumption. While the numbers of consumers installing solar panels, utilising battery storage and taking up EVs remain comparatively small, it is increasing. As these technologies become more prevalent on our network, peak behaviour patterns may change. By maintaining off-peak rates at zero the placement of additional load is clearly indicated. This will help optimise the efficient utilisation of the network.

4.2.2 LFC Regulations

The LFC Regulations provide limitations on the level of fixed charges that can be charged on a large portion of residential connections. They have a universal impact on the structure of residential charges because of the linkage between:

- LFC price plans, and
- standard price plans.

The LFC Regulations have the effect of increasing the significance of variable charges on an individual consumer's overall power bill. High variable charges inefficiently discourage electricity use and penalise higher users even if they are utilising non-peak demand periods. The transition away from the LFC Regulations is a critical enabler of future price structures that are far more cost-reflective, by enabling marginal variable price signals to be set at more cost-reflective levels. This pricing year is the last where LFC Regulations apply. When the regulation controlling daily charges for residential connections is removed distributors and retailers will have more discretion in the level of daily charge they will be charged. Unison will be planning our approach to residential pricing for the following pricing year. See also *point 2.4*.

4.2.3 Residential Price Reforms

Our price reforms in recent years have been forward-looking, anticipating the increased emphasis on fixed daily charges and the removal of LFC Regulations. We instituted an increasing level of mandate for retailers to place consumers on our TOU plans which has increased the accuracy with which we calculate our variable TOU rates.

The Authority have implemented further requirements that will compel distributors to place all residential connections that have communicating AMI meters on a TOU pricing plan. As Unison already have similar requirements in place with retailers, the change to placement of connections is less drastic than would otherwise be the case. While Unison allowed more flexibility in the past, all connections with the relevant flag notified in the electricity registry will now be moved from 1 April 2026.

Unison's residential price plan (DNR) that applied to residential connections but not permanently occupied has now been removed. While the cost of these connections was the same as a typical residential connection, use was often substantially less and they did not contribute a reasonable share of total annual revenue. Unison planned to remove this category once the LFC Regulations were removed but moved it forward a year due to the requirement for connections with AMI meters to be placed on TOU plans. Adding a specific TOU plan for DNR or placing connections with AMI metering on a different plan to those that do not have these meters was inequitable. See also *point 2.3.2*.

The Authority now requires distributors to offer an incentive for residential connections that have on-site generation. Unison have introduced a negative price for generation during peak-load periods. The peak-load periods have been set with a combination of expected peak network constraints along with simplicity for retailers and consumers. By matching these peak periods with the times of injected generation, there is a clear message that reducing load during these periods benefits the network.

Further specific information on future changes to residential price categories is provided in *Section 8*.

4.3 Commercial Approach

In broad terms, the size of the connection to the network is in direct proportion to the value of network assets required to provide the desired service. The larger the connection, the higher the charges. We have a number of commercial price brackets based on common fuse sizes to reflect fair pricing of connection capacity in groups. These eight commercial categories have increasing fixed daily charges as the fused capacity increases but all have the same variable pricing. Therefore, network costs are strongly aligned to the capacity required.

The variable charges for larger commercial connections have two dimensions:

- Anytime Maximum Demand that is measured on the largest half hour of demand that occurs during each month, and
- On-Peak Demand that is measured on the maximum half hour of demand occurring during the on-peak period each month.

The hours relating to On-Peak Demand are the historical periods where the network is exposed to the highest demand peaks. These periods are the same all year. While it is predictable that the highest peaks each year will occur during these hours, it is not predictable exactly which day or even which month this will happen (predominately as a result of weather). To provide consumers, particularly large consumers, with a degree of stability around decisions to manage their load, keeping a predictable on-peak period is important. While at some stages during the year a consumer may reduce load and receive a benefit when the network does not require it, any load reduction during peak periods will assist the network for those periods when peak demand is occurring.

Our peak pricing is somewhat blunt in delivering precise pricing signals for when peak network demand occurs, however, it does indicate the value of load shifting to lessor demand periods. Unison installed a new billing platform in 2025 which allows additional flexibility in our pricing. A review of how anytime demand and on-peak demand is calculated will be conducted with more innovative and reflective pricing a possibility in the near future.

Two changes made to commercial pricing in this period are the removal of dedicated equipment charges and removal of automated power factor charges. While both options had potential to allocate costs to customers with a higher level of service or with a greater impact on network costs, compared similar connections, it was not effective in practice.

With increasing industrial and commercial process heat conversions (from gas to electricity), we anticipate those users will require increased network capacity. Commercial pricing options currently in place will deliver fair pricing especially for larger capacity connections, where demand charges encourage commercial customers to consider opportunities to manage peak capacity requirements. Where capacity upgrades are required, prices and capital contributions will provide cost-reflective signals of the costs of upgrade.

4.4 Industrial Approach and Non-standard Pricing

The largest and most complex of connections (around 100), are priced individually. These 'Industrial' connections, on non-standard pricing, use the specific asset traces that apply solely to their sites and the activity that has been measured against the cost drivers applying to the network. A non-standard pricing arrangement may be entered into where:

- a site has greater than 1MVA of installed capacity, or
- the site has significantly different connection characteristics, or
- the site is separate from the remainder of the network, or
- significant capital investment is undertaken by Unison for supplying that consumer.

This delivers the ultimate in reflective pricing in the form of a fixed daily price that applies for the pricing year. Where commercial customers require capacity upgrades, our **FC0021 Capital Contributions Policy** ensures that the combination of prices and capital contributions reflect the costs of capacity upgrades.

The overall allocation methodology applying to all price categories also impacts industrial connections which are essentially priced as a separate price category.

4.5 Distributed Generation

We have a number of distributed generators on the network (meaning the generation feeds directly into the distribution network without being delivered through Transpower assets).

4.6 Consideration of Pricing Practice Note

In December 2021, the Authority released a revised Practice Note to assist EDBs in developing their pricing strategies. A revised Practice Note was also produced in October 2022. The guidance envisages a profound shift in the way in which EDBs set prices including:

- recommendations for 100% fixed charges in areas of the network where there is no congestion, and
- highly segmented costing models that have the potential for prices to be set at a highly granular level, such as network zones served by particular zone substations.

We have been influenced in the ongoing direction of prices by this publication and will continue to move where practical in the direction indicated. We continue to increase the application of fixed charges across price categories. The limitation imposed through the LFC Regulations is progressively being removed, therefore, we are increasing daily fixed charges in our LFC compliant categories, M11 and TLU, at the maximum allowable rate. The daily fixed charges applying to residential connections that are not within the LFC compliant categories, M12 and THU, have been increased at the same rate in this pricing year to ensure the impact of increased prices will not be disproportionately allocated to higher than average users.

We have used input from an independent consultancy to establish target fixed rates through a Long Run Marginal Cost (LRMC) calculation. These initial calculations suggested that while the LFC regulations remain in place the daily fixed charges for the Standard price category would be $1.70 per day. This would maintain the required balance between the low user and standard user price categories. An increase from $1.35 to $1.50 in both the Hawke's Bay and Rotorua/Taupō regions was accepted as a compromise that would minimise price shocks for this year. Once the LFC Regulations are completely removed, we will have the opportunity to place all residential connections in a pricing plan without regulatory restrictions on the fixed rate. A more granular and complete LRMC calculation will allow us to set the fixed rate using a recognised economic guideline. There are also other considerations relating to consumer affordability and acceptance of increasing fixed rates that will need to be addressed.

4.7 Consumer Considerations

In the annual price-setting process, we take into account several consumer considerations:

- Prices are as transparent as possible to aid consumer understanding of how their prices are determined.
- Prices logically relate to each other:
    - progressions between price categories follow a consistent pattern
    - within each price category, prices consistently reflect the costs and benefits of the consumption at different times (e.g. lower rates for controlled load)
    - options are priced to reflect future benefits, (e.g. off-peak rates and night rates are at levels that encourage additional load to be concentrated at these times), and
    - residential TOU prices reflect that, while there is no broad congestion on our network, there is a future benefit in:
        - moving discretionary load, or
        - adding additional load to generally low-load periods.
- The same pricing structure applies across each of our regions, to support a simple and robust pricing approach.
- Price shocks to individual consumers or groups of consumers are minimised. This will be increasingly challenging as feed-in costs such as transmission continue to increase along with regulated revenue allowances.

As our pricing continues to follow a cost-reflective route, the increases in revenue requirement and, therefore, distribution prices should impact those consumer groups that most influence the revenue required. It is anticipated that as consumers and businesses move their total energy spend towards electricity and away from petrol, diesel and natural gas, they will notice an increase in their power bill. This is entirely reasonable as demand increases, and experts believe the total energy cost of each

household will reduce. We are looking for opportunities to maximise energy efficiency and minimise the potential for increased energy hardship within our regions, as well as fairly reflect the investment needs for electricity lines services.

We have historically not differentiated use of system pricing between rural and urban consumers. While it is recognised there is potential for some increased cost allocation for connections that are further from the GXP, Unison manages this by increasing the unit rate cost of connection for new rural connections.

Increased differentiation of cost-of-service pricing to a more granular level of the network, such as at a zone-substation level, is not currently in place. This would be a profound change to network pricing, and we believe it would require substantial industry engagement to make operational. It is also noted that we have not seen this level of granularity operate anywhere else in the world.

5. HOW WE SET OUR PRICES

5.1 What We Consider

We consider a number of factors when setting our prices so they reflect the costs of supplying electricity distribution services to consumers and help consumers make informed decisions regarding their electricity usage. The factors we consider are detailed below, including regulatory requirements, network characteristics and consumer behaviour. All influence how we set our prices.

5.2 We Follow the Pricing Principles

We use the Authority's Pricing Principles to guide our pricing approach. The principles are:

(a) Prices are to signal the economic costs of service provision, including by:

  (i) being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs);

  (ii) reflecting the impacts of network use on economic costs;

  (iii) reflecting differences in network service provided to (or by) consumers; and

  (iv) encouraging efficient network alternatives.

(b) Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.

(c) Prices should be responsive to the requirements and circumstances of end users by allowing negotiation to:

  (i) reflect the economic value of services; and

  (ii) enable price/quality trade-offs.

(d) Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives.

Refer to *Appendix A* for details of how this Pricing Methodology aligns with the Pricing Principles.

5.3 We Identify Pricing Regions

5.3.1 Overview

Our network is clearly divided geographically into two regions, Hawke's Bay and Taupō/Rotorua, which are completely separated in terms of distribution assets. See *Section 1* for further information on our network's regions.

5.3.2 Hawke's Bay Region

The Hawke's Bay distribution network is supplied by three Transpower GXPs: Fernhill, Redclyffe and Whakatu. As shown in the network map in *Section 1*, the network is concentrated around the two main urban centres of Hastings and Napier, with smaller substations covering the outlying rural areas.

Most connections in Hawke's Bay are well interconnected with opportunities for back-feed capability, which allow us to offer good quality supply continuity. The back-feed capability was used through Cyclone Gabrielle, and despite the significant damage at the Redclyffe substation, temporary repair of these back feeds enabled the restoration of power to urban Napier and rural Hawke's Bay communities. However, the back feeds lack resilience as a permanent solution and resolving the permanent impact to the network is ongoing.

There are retail sectors supplying the resident population in both main urban centres along with commercial office space located in both CBDs. The main industries in Hawke's Bay, with concentrated load demand, are generally agriculture and horticulture based. These industries showed considerable growth in recent years, particularly the large-scale packhouses and cool stores. Much of this growth has centred around the Whakatu area, near the Whakatu GXP, and Omahu Road area, which connects primarily to the Fernhill GXP.

There is longstanding large industry based in Awatoto with some additional growth being seen in the Tomoana area where Watties has been established for many years. While Cyclone Gabrielle flooded the Awatoto industrial area and destroyed the Awatoto substation, a significant rebuild is in process, with a temporary solution in place while a more permanent resilient replacement is designed and constructed. Much of the industry that was established before Gabrielle remains, with load predictions sustained.

Photo: Maraetōtara, Hawke's Bay

5.3.3 Taupō and Rotorua

While the Taupō and Rotorua network regions are also geographically separated there are factors that encourage Unison to regard both areas as a single pricing region. In 2002 the distribution assets were purchased by Hawke's Bay Network from United Networks and Vector after Unison Networks, as it is now known, was established. Pricing for the Taupō/Rotorua region was separately calculated from this time under the Default Price-Quality Path. This ensured there was no cross-subsidisation between regions. In addition, Unison is owned by the Hawke's Bay Power Consumers' Trust (HBPCT) with the consumers connected to the Hawke's Bay network receiving the benefits of ownership.

Photo: Wharewaka, Taupō

Taupō and Rotorua also share demographic similarities, which differ to Hawke's Bay. There is a very strong tourism focus to the two cities, with extensive retail, hospitality, and accommodation businesses. A large proportion of residential connections are holiday homes or holiday rentals, only used on an occasional basis. This results in consumption patterns quite different to a typical residence. Weather patterns are also similar for Taupō and Rotorua compared to Hawke's Bay.

Both Taupō and Rotorua have commercial and heavy industry mainly focused around the timber and dairy sectors. In contrast to Hawke's Bay, where much of the large industrial load is located relatively close to a GXP, there are a number of large industrial loads in Rotorua and Taupō where the GXP is some distance away. This impacts prices applying to these customers.

5.3.4 Network Characteristics Comparisons

The table below shows that, on average, Hawke's Bay residences consume more energy per annum than those in Rotorua/Taupō. Commercial connections also have a higher consumption.

While averages do not paint a complete picture, the nature of distribution pricing means that grouping connections together is a requirement to be able to deliver a workable pricing structure.

Network Characteristic	Hawke's Bay	Rotorua/Taupō
Residential		
Connections (ICPs)	58,450	45,150
Consumption (kWh)	394,780,000	301,620,000
kWh/ICP	6,754	6,680
General		
Connections (ICPs)	6,035	3,680
Consumption (kWh)	46,172,000	28,018,000
kWh/ICP	7,652	7,620
Commercial		
Connections (ICPs)	3,495	3,675
Consumption (kWh)	327,645,000	260,655,000
kWh/ICP	93,750	70,950
Industrial		
Connections (ICPs)	53	50
Consumption (kWh)	209,994,000	105,585,000
kWh/ICP	3,962,000	2,111,700

Table 1: Average Connection Consumption by Region

5.4 We Use Price Signals

5.4.1 Overview

Price signals are used to recognise and influence behaviour. If there is a network cost advantage in consumers moving their consumption from one period to another, a price signal may be used to communicate this. Likewise, if a consumer is considering a future load, a price signal could influence either the uptake of the new load or at least allow a consumer to recognise the true cost of operating at certain times.

Recognising the patterns of activity of different consumer groups can allow beneficial price signals to be aligned with this activity and be applied where the cost and benefit best align.

While, across Unison as a whole, there are no immediate constraint issues that require strong signalling to influence consumer behaviour and reduce demand on the network, future issues are expected. Therefore, price signals to manage demand may be beneficial. These are described in *points 5.4.2 – 5.4.7* below.

5.4.2 Hot Water Controlled Load

Peak loads in a residential setting are predictable to the point where peak loads on the network typically occur at breakfast time or early evening on cold winter days. In both Hawke's Bay and Rotorua/Taupō, this activity is the dominant factor that pushes network assets close to maximum capacity. While this is well recognised, what cannot be predicted in advance is which days during winter this will reach maximum levels.

Having the flexibility available to reduce load during these periods by controlling hot water heating is a significant advantage that reduces the required build size of the network. It is in the best interest of all consumers to maintain the additional load-control infrastructure and administrative costs to actively manage hot water load control. As such, pricing for hot water supply is reduced compared to supply for other household uses. This is a price signal that compensates for the potential inconvenience of losing hot water over peak-demand times and encourages consumers to continue keeping that supply controllable.

5.4.3 *Time of Use Consumption Pricing*

We have had Time of Use (TOU) pricing options available for residential consumers for many years, initially comprising peak and off-peak pricing along with separate Control rates as well. However, there was very little uptake, so an additional rate was included, a Shoulder rate. This allowed a reduced off-peak rate and reduced the possibility of too large a variation between the on-peak and off-peak rates. In addition, Unison implemented mandates on approximately 50% of residential connections to move to the TOU plans from the legacy plans.

The Authority now requires all residential and general connections that have communicating AMI meters to be placed in TOU price plans. This reinforces Unison's approach. The remaining connections falling in this category will be moved from 1 April 2026.

A LRMC calculation was completed that delivered a peak rate for residential connections below the rate we are applying in this pricing year. In order to deliver this idealised peak rate there would be a large differential between the daily rates on the LFC price plan and the standard plan. The indicative daily rate if all residential connections were placed on a single price category would be $2.75 for Hawke's Bay and $2.60 for Rotorua/Taupō. In order to maintain a reasonable balance between the LFC and Standard plans considering both fixed and variable rates a daily rate for the standard plan of $1.50 was established. Unison will consider the updated LRMC calculation for the next pricing year when daily rates can be set according to the distributor's best judgement.

The negative price set to deliver a positive incentive for injecting energy during peak hours was influenced by the same LRMC calculation. This suggested a maximum peak value of 6c/kWh in Hawke's Bay and 4c/kWh in Rotorua/Taupō. Unison have provided a conservative initial price of 4c/kWh across both regions. While offering this price could, at certain times, be of benefit to Unison in managing network peaks there is little current data to quantify the value. Once retailers submit data against the new code we will better understand the consequences. By the time prices are set for the following year, winter submissions will be available, which is the key seasonal opportunity for Unison to see an advantage in incentivising injection.

5.4.4 *On-peak Demand*

Larger commercial connections are priced using full TOU metering, which supplies more precise and granular data flows. In addition to fixed daily rates, anytime and on-peak demand pricing are used for these connections. While it is acknowledged that monthly application of AMD may not relate directly to a price signal for available network peak capacity, it is a fairer allocation of costs when the price structure is based on fused capacity brackets and a general signal that the network is built to provide capacity for peak loads and not average loads. The on-peak demand charge, however, relates directly to the periods where peak network demands are likely to occur. These charges signal the cost of investment in capacity for network peak demand and inform consumers that reducing peak loads in these periods will reduce total consumer bills and provide the opportunity to maintain the existing network without early reinforcement. LRMC calculations reinforce the use of demand prices, especially on-peak demand, with charges ranging from between $5.50 and $8.50 per kW per month across the

region. The weighted average peak-demand charge in Hawke's Bay is $8.60 and $7.90 in Rotorua/Taupō.

5.4.5 Future Discretionary Load

As technology evolves and becomes more socially attractive and affordable there is potential for increased load requirements to occur within a short period of time. The most imminent and obvious new load is the use of EVs. There are already several EVs in use across the network and, while a number of commercial chargers are being used, the majority are charged in residential premises.

It is expensive for the network (and consequently consumers) to upgrade the network to provide for all this increased demand at peak times. Managing this discretionary demand load through price signals allows us to get the most out of our existing assets. Our objective is to spread the anticipated overall increased electricity use of consumers throughout the day and avoid additional use at peak times. Sending a price signal to consumers that shows where any future discretionary load could be placed to least impact the network is important with these potentially large loads on the horizon.

The three-part residential TOU price plans mentioned earlier, offer a very low off-peak price while not requiring the on-peak rates to be too high. The current demand profile for residential connections on our network show, in general, that a higher peak price is not required to flatten existing load, but it does provide a clear financial signal for directing new load to off-peak periods.

5.4.6 Costs of Increased Capacity

In the commercial price categories, the increasing daily rate is the most obvious signal that increased network investment is required to align with the increase in capacity. The commercial price categories are set to minimise the number of connections on the borders of each category by using typical fuse sizes as limits. This allows a finite number of prices and relates directly to the planning for network growth and asset requirements. A consumer that upgrades or downgrades their on-site activity and/or equipment will be able to measure the cost or savings to their business.

5.4.7 Power Factor

Some large equipment can create inefficiencies on their own connections and increase costs on the whole network. Unison had implemented automated monthly power factor charges for larger commercial categories where meters capable of recognising and measuring this occurrence are available. This year, the automated charging has been removed and a report and review system has been introduced instead. Unison prefers consumers take steps to improve their power factor and believe that automated charging has not been effective in achieving this. Reviewing issues each month and then talking with consumers about what they need to improve seems like a better approach. Some charges may still be required but this would be a secondary measure. The process will be assessed this year and reviewed before next year's prices are set.

5.5 Residual Revenue

Aside from the use of price signals to reflect current and future network costs, revenue should be recovered in the least distortionary way. Ideally, this could be achieved through fixed daily prices, however, constraints from the LFC Regulations and social acceptance, or lack of, means we have been conservative in moving towards stronger fixed rates.

The staged reform of the LFC Regulations allows us to reduce residential variable charges and supports the move to price stability and reduced-price distortion. In the short-to-medium term, however, we consider it unlikely that the level of fixed prices can recover all residential revenue requirements. Currently this would mean a daily fixed rate in Hawke's Bay of $2.75 and $2.60 in

Rotorua/Taupō. We expect this would concern consumers, especially those with relatively low consumption.

Industrial pricing currently delivers a wholly fixed price plan for the 100 plus most complex connections. In the commercial categories fixed prices deliver between 50% to 80% of total distribution revenue on average across the categories.

It is important to recognise the constraints that apply in practice for distribution pricing to influence consumer behaviour. Larger commercial consumers will see the distribution component of their power bill transparently represented and, therefore, can incorporate Unison price signals into their strategy for managing their energy costs. Residential and small business consumers, however, currently see little if any evidence of our price signals. As retail packages evolve, and there is evidence of more diversity across retailers, then having distribution price signals in place should increase the opportunity for retailers to align some of their plans to take advantage of these signals.

6. PRICES FOR THE 2026/27 REGULATORY YEAR

6.1 Revenue for 2026/27

The table below shows the total revenue allowance for Unison for the 2026/27 year.

Revenue 2026/27 ($000)	Hawke's Bay	Rotorua/ Taupō	Unison
Net Allowable Revenue	86,815	65,503	152,318
Pass-through and Recoverable Costs	20,450	16,914	37,364
Revenue Draw down FY27	8,822	6,762	15,584
Total Allowable Revenue	**116,087**	**89,180**	**205,267**
Forecast Other Regulated Revenue	600	400	1,000
Forecast Revenue from prices	115,491	88,759	204,250
2025/26 Forecast Revenue	102,593	78,905	181,498
% Change	13.2%	13.0%	13.1%

Table 2: Revenue for 2026/27

6.2 Allocation of Net Allowable Revenue

The allocation of net allowable revenue incorporates not just installed assets but also installed capacity and recognises the level of overhead assets, and the different costs that apply more specifically to them.

Total Net Allowable Revenue	$ 000	%
Hawke's Bay	86,815	57.0
Rotorua/Taupō	65,503	43.0
Total Network	**152,319**	**100.0**

Table 3: Total Net Allowable Revenue by Region

6.3 Pass-through and Recoverable Costs

The table below shows the pass-through and recoverable costs that have been forecast for the period.

Pass-through and Recoverable costs ($000)	Hawke's Bay	Rotorua/ Taupō	Unison
Quality Incentive	(87)	(66)	(153)
OPEX Incentive	(2,928)	(2,199)	(5,128)
CAPEX Incentive	(2,224)	(1,671)	(3,895)
Innovation Project Allowance	88	66	153
FENZ Levy	74	55	128
Recoverable Costs	**(5,079)**	**(3,815)**	**(8,894)**
Transmission	24,639	19,026	43,666
Local Body Rates	244	1,241	1,485
Commerce Commission Levy	235	176	411
Electricity Authority Levy	357	251	608
Utilities Dispute Levy	54	36	90
Pass-through Costs	**25,529**	**20,729**	**46,258**
Total Pass-through and Recoverable	**20,450**	**16,914**	**37,364**

Table 4: Pass Through and Recoverable Costs

6.4 Revenue Wash-up Draw Down Amount

The revenue wash-up draw down amount accounts for:

- revenue over or under achieved compared to forecast
- the variance in pass-through and recoverable costs compared to forecast, and
- the application of actual CPI compared to the modelled amount.

Forecasts are completed using information sourced in November and December of the year before the prices come into effect. This means that some level of variation is understandable over the time period involved.

The table below shows the calculation method for reaching the wash-up being passed through into 2026/27 prices. This was taken directly from the Commission's work paper issued with the compliance statement.

Revenue wash-up draw down amount	Unison
Wash-up Amount FY25	13,168
Adjusted closing wash-up amount	15,147
	28,315
@ cost of capital n-1 (5.29%)	29,813
@ cost of capital n (6.02%)	31,607
Less RY26 drawdown @ cost of capital n	16,023
Revenue Wash-up Draw Down Amount	**15,584**

Table 5: Opening Wash-up Account Balance

6.5 Price Changes for 2026/27

The price changes instituted in the 2026/27 pricing year are detailed below:

Residential Low Fixed Charge	The fixed daily rate for LFC compliant price plans, M11 and TLU, was increased from 75c per day to 90c per day. To maintain overall residential revenue the variable rates also increased.
Residential Standard Fixed Charge	The standard residential fixed daily charge increased from $1.35 to $1.50 to maintain a similar level of overall increase as in the low fixed charge price categories.
Removal of DNR price category	The DNR price category housed residential connections that were not a permanent place of residence. The requirement to move many of these connections to a TOU plan necessitated the removal of this category a year earlier than was planned.
Introduction of a peak injection price	An injection price with a negative rate has been included in Residential TOU, General TOU and Small Commercial price categories. This was a requirement from the Authority to recognise that injection into the network during peak hours offered a network benefit.
Removal of dedicated equipment charges	The additional daily charges applied to transformers that are solely dedicated to a single connection have been removed. The revenue that we would have received from these charges has been allocated to the larger commercial categories.
Power factor charges	The automated monthly charges for poor power factor have been removed. Power factor will continue to be measured each month and reported on through the billing platform.
Commercial connection price increase	Commercial connections will see an increase in fixed charges that will account for most of the increased revenue requirement. There is also a small increase in variable rates to balance the price increases across price categories.

7. HOW WE ALLOCATE COSTS TO EACH CONSUMER GROUP

7.1 Cost Components

We use a range of allocators to apportion costs to each consumer group (as detailed in *Section 3*. The cost component and allocator are shown in the table below.

Cost Component	Allocator	Reason for Allocator
Regulatory Allowances and Incentives	Regional Installed Asset Value	All connections are subject to these costs. A combination of asset allocation and capacity delivers a greater allocation to larger connections.
	Installed Capacity	
OPEX – Routine and Corrective Maintenance	Regional Installed Asset Value	These costs are more directly impacted by the value of assets required to service the connections.
OPEX – Asset Replacement and Renewal		
Return on Investment		
Depreciation		
Fire and Emergency Levies		
OPEX – Service Interruptions	Installed Capacity	While all connections will contribute to these costs, larger connections will generally incur larger costs than smaller connections.
OPEX – System Operations		
OPEX – Business Support		
OPEX – Vegetation	Overhead Assets	The proportion of overhead assets in each region and price category is a good proxy for exposure to vegetation costs.
Transmission Charges		
Connection charges	Capacity of Connection	The level of Transpower investment is based on the capacity requirements of the network.
New Investment Contracts		
Benefit-based charges	Annual gross usage (kWh)	Annual use is a stable measure that is difficult to manipulate on a connection-by-connection basis.
Residual charges	Capacity of Connection and Annual Gross Usage (kWh)	A combination that recognises year on year changes in activity and offers stability of capacity.

Inter-control Centre Communications Protocol (ICCP)	Capacity of Connection	Relatively small charges that are best allocated on a stable measure from year to year.
Transition charges		
Pass-through Costs		
Commerce Commission Levies	Regional Installed Asset Value	The levies are assessed on network asset value.
Local Body Rates	Number of Connections	All connections are subject to these costs, which are location based.
Electricity Authority Levy	kWh of Consumption	The dominant method of basis for the levy.
Utilities Disputes Levy	Number of Connections	Levies are based on numbers of connections.

Table 6: Cost Component Allocators

7.2 Our Approach to Allocating Costs

7.2.1 Overview of Allocators

Our approach to the allocation of costs is to ensure allocators are:

- reasonable
- fair, and
- simple to measure and apply.

Where a cost is directly driven by a variable, costs are allocated in proportion to that variable. By using the range of allocators we do, total required revenue can be modelled across price categories. The range of connections on the network in terms of size, intensity of demand, and volume of usage requires a combination of allocators to deliver reliable guidance on expected annual revenue.

7.2.2 Installed Asset Value

Electricity distribution networks are required to provide the assets to connections so that they can source the energy they require to achieve their goals. Assets are often utilised by multiple parties with a comparatively long asset life.

Each asset on our network is allocated a Replacement Value and all connections that use an asset are allocated a proportion of this Replacement Value based on a measured or assessed capacity of connection.

The individual asset allocation values for each connection are accumulated into the appropriate price category so that a total utilised asset value is derived.

7.2.3 Assessed Level of Capacity

Our network is built to service the types of connection prevalent in that part of the network. In a residential area the assets employed to build the network meet criteria, allowing for diversity, and is not dependant on the consumption of individual connections. Likewise, as commercial connections require larger capacity, they are allocated a larger portion of the existing assets than smaller sized connections. While the demand and consumption at a particular site will vary from year-to-year, the assets employed do not. An assessed level of capacity produces a more stable asset allocation.

While pricing, particularly of smaller connections, is generally based on consumption, this is not a good proxy for allocating assets. Distribution assets are installed to meet demand requirements, not volumes consumed.

7.2.4 *Transmission Charge Allocation*

Transmission charges are allocated in a way that most reasonably mirrors the Transmission Pricing Methodology. Gross annual consumption and connection capacity are measurable at a distributor level therefore offer Unison a verifiable allocation methodology. Residual charges which comprise approximately 70% of current transmission charges use a combination of consumption and capacity. Because capacity usually stays the same each year, this provides stability in allocation over time. Gross consumption may see variability between price categories if there is a long term trend in usage. Over time, as benefit-based charges increase, and as new projects are completed, the residual charge will decrease. Having both of these charges at least partially allocated on the same basis will allow continuity across pricing years and reduce the likelihood of price shocks.

Connection charges and Investment Contracts are allocated based on the capacity each connection services.

The transmission charges that apply to each region, Hawke's Bay, Taupō and Rotorua, are allocated across the whole of each region. For instance, while there are three GXPs in the Rotorua region, and they all have different cost levels, these charges are accumulated so there is no advantage or disadvantage for a connection to be serviced by the Owhata GXP, for instance, instead of the Rotorua GXP. While currently there is limited connectivity between the three GXPs this may not be the case in the future so stability in transmission charges is achieved through this method from year to year.

7.2.5 *Allocators Across Connection Sizes*

The tables below show the relative value of each allocator across connections of the same size:

Hawke's Bay	No. of Connections	Consumption (kWh 000)	Assets RV ($ 000)	Capacity (kW 000)
Residential / General	64,265	436,700	355,300	980
Unmetered	225	4,280	31,800	2
Commercial (up to 200A)	3,105	126,950	92,480	180
Large Commercial	390	200,680	57,380	150
Industrial	53	209,995	27,680	90

Table 7: Hawkes's Bay Allocator by Connection Size

Rotorua/Taupō	No. of Connections	Consumption (kWh 000)	Assets RV ($ 000)	Capacity (kW 000)
Residential / General	48,470	326,450	257,640	790
Unmetered	355	3,188	19,400	5
Commercial up to 200A	3,425	148,675	96,290	190
Large Commercial	250	111,980	35,920	90
Industrial	50	105,585	37,600	46

Table 8: Rotorua/Taupō Allocator by Connection Size

7.3 Price Signals

7.3.1 Practice Note

The Authority's Practice Note suggests the revenue recovered from cost-reflective price signals will be specifically defined with the residual revenue requirement recovered using non-distortionary methods. Because the LFC Regulations provide significant constraint on fixed charges, residual revenue recovery for residential customers leads to significant distortions to variable charges, such that marginal price signals are by necessity above efficient levels. This effect will improve significantly over time with the LFC transition to permit higher fixed daily charges, which will consequently lessen cost recovery through variable charges, as well as allowing for significant simplifications of price plans in future.

7.3.2 Residential

Our LFC-compliant plan has a fixed price of 90c and our Standard plan has a fixed price of $1.50 per day. These rates have increased by the maximum allowable level of 15c for both plans so that the increased revenue requirement can be equitably spread over all residential users.

7.3.3 General

General connections have the same or less capacity as residential, but the type of use is not based around a residential home. Some connections in this group have the ability to use hot water control to reduce load, however, compared to residential this is significantly reduced on average, and the price signal offered is reduced to reflect this.

The TOU plan, TCU, is offered in this category and with the increased mandate from the Authority there will be an increased number of connections moved from the non-TOU to the TOU plan. The load shift potential with these connections appears to be much less but as more connections submit time-based data there will be a greater opportunity to be more exact on how the balance of rates between peak, shoulder and off-peak should align.

7.3.4 Commercial

As in general connections, hot water load control in small to medium-sized commercial connections is often available. However, the load able to be dropped is a smaller proportion of overall consumption. Hot water consumption in residences will typically be approximately 40% of total consumption but in commercial businesses this is more likely to be 5% or less.

Unison do not currently offer TOU price options in the commercial plans, MC1 and MC2, but with structural changes planned for the next pricing year it is anticipated that this will be included.

In medium to large sized commercial connections full TOU metering allows for more reflective pricing options to be used. On-peak demand aligns with the times that the network is likely to encounter peak demands. These businesses can make decisions about demand shifting and whether this is a cost-effective practice for them. While the AMD rate signals the cost of providing capacity, it is less reflective of peak demand periods.

7.4 Forecast vs Target Revenue

We endeavour to match forecast revenue to the targets for each customer group based on cost allocations. It is necessary to work within existing structures and limit as much as practical any possible rate shocks.

By introducing additional allocators last year to more fairly represent target revenue across price categories there were revenue shifts required between regions and categories. This has reduced in this pricing year although there will always be some degree of progression relating to long term trends.

As you will see in the tables below, forecast and target revenue is tightly aligned across Residential, General and Commercial categories in Hawke's Bay. There is still some divergence in the large Commercial and Industrial categories, although relatively small. We would expect to be able to move even closer to alignment in the next pricing year.

The Rotorua/Taupō allocations are not quite as tightly aligned. There has been an adjustment required between regions with slightly more revenue required in Rotorua/Taupō compared to Hawke's Bay. This has needed to be managed this year and should be more tightly aligned in the next pricing year as well. With higher increases for this region, we have been more cautious to minimise the potential for price shocks.

The tables below show the forecast revenue against modelled target revenues by region.

Hawke's Bay	Target Revenue ($,000)	% of total revenue	Forecast Revenue ($,000)	% of total revenue
Residential / General	71,967	62.4%	73,231	63.4%
Unmetered	3,635	3.1%	2,389	2.0%
Commercial	17,578	15.3%	17,235	14.9%
Large Commercial	13,292	11.5%	13,651	11.9%
Industrial	8,905	7.7%	8,993	7.8%
Region	**115,377**		**115,500**	

Table 9: Hawke's Bay Forecast vs Target Revenue

Rotorua/Taupō	Target Revenue ($,000)	% of total revenue	Forecast Revenue ($,000)	% of total revenue
Residential / General	50,290	56.6%	50,296	56.7%
Unmetered	2,244	2.5%	1,193	1.3%
Commercial	18,376	20.7%	18,800	21.2%
Large Commercial	7,589	8.5%	7,749	8.7%
Industrial	10,350	11.6%	10,725	12.1%
Region	**88,847**		**88,763**	

Table 10: Rotorua/Taupō Forecast vs Target Revenue

Note

We do not seek to exactly match forecast and target revenues within each designated customer category. This is because variances in allocators from year-to-year would cause undue price instability and discontinuities between price levels in different categories. We take a long-term view in considering the implications of cost allocation models.

7.5 Revenue by Price Category

We use several price categories within each customer group to deliver more granular pricing and to recognise types and sizes of connection. This also allows price signals to align with consumer activity and network requirements.

As price categories become more segmented, and consumers can seek to change their category during the year, it is more challenging to forecast precise revenues and volumes to each category.

This occurs more often in residential connections where consumers can make active choices about whether they choose a standard or LFC compliant category and also depends on the metering options where an upgrade of the meter could allow TOU pricing.

The following table sets out the expected sources of revenues across our consumer base for the coming year by Price Category.

Forecast Revenue by Price Category		Hawke's Bay		Rotorua/Taupō	
		(000's)	%	(000's)	%
Residential / General	DNR	0	0.0	0	0.0
	M11	1,668	1.4	1,130	1.3
	M12	2,689	2.3	2,017	2.3
	TLU	26,171	22.7	17,931	20.2
	THU	34,485	29.9	24,494	27.6
	NDA	1,299	1.1	1,035	1.2
	TCU	6,919	6.0	3,690	4.2
Unmetered	U01, U02, U03	2,389	2.0	1,193	1.3
Commercial	MC1	12,963	11.2	15,106	17.0
	MC2	4,262	3.7	3,695	4.2
Large Commercial	MC3	5,260	4.6	3,032	3.4
	MC5	2,483	2.1	2,264	2.6
	MC6	1,622	1.4	840	0.9
	MC7	1,612	1.4	494	0.6
	MC8	1,110	1.0	627	0.7
	MC9	1,564	1.4	491	0.6
Industrial	I60	8,993	7.8	10,725	12.1

Table 11: Expected Sources of Revenue by Price Category

8. OUR FUTURE PRICING DIRECTION

8.1 Overview

In this section, we detail our immediate plans for changes in our pricing approach and the long-term outlook.

The segmentation into connection size, specifically residential use, has historical relevance and continues to reflect not only the increased network costs, as the size of connection increases, but also the specific load profile changes that apply to residential connections compared to similar-sized connections not involving a residence.

8.2 Residential

8.2.1 Overview

There remain good reasons why residential connections are treated differently from similar sized non-residential connections. While there is variation between residences there are also many similarities. Timing of use is relatively predictable. This allows efficient network design reducing potential overbuild. It also means that price codes within the residential price categories are reasonably forecastable.

As people adopt advancing technology, the ability to measure consumption by period and within geographic areas, potentially suburb by suburb, will become important to recognise changes in behaviour. The obvious complexities of when EVs are charged, when battery storage is optimised, and local generation occurs, needs to be measured on a localised basis to recognise potential network constraints.

Hot water control remains an important tool that we will use to manage network constraints, congestion and, where outages occur, minimise consumer impact.

8.2.2 Time of Use

Unison commenced a transition to mandatory TOU pricing in 2022/23. This has ensured that, with the introduction of the Authority mandate this year, the continued transition will be more manageable than would otherwise have been the case. Approximately 30% of residential connections remain on non-TOU price plans but this will reduce to 7% once the mandate is enforced from 1 April 2026.

Unison have elected to remove the DNR price category for non-permanent residences so that an additional TOU price plan was not added for what would likely be only one year. The connections that have been on the DNR category will be moved to a Standard price plan dependant on the meter status. This may impact the proportion of Peak, Shoulder and Off-peak submissions we receive because these connections do not necessarily follow normal residential patterns. Many are holiday homes or used as holiday rental accommodation.

8.2.3 New Technologies

As mentioned above, the most obvious technology that will affect future residential consumption levels are EVs. The other major technology that will affect consumption patterns, prices, and management of network peaks is the installation of roof-top solar in conjunction with batteries. Installations continue and, while overall numbers are not very high, there is a possibility of uneven location, and therefore localised constraints.

The Authority now requires a credit rate be applied when small connections inject into the network during peak-load periods. Unison has aligned this with our current peak-load periods. The availability of data to substantiate the levels of injection that could occur is limited so Unison has been

conservative in both the rate and the periods that will apply. By the next pricing period, submission data will help us clarify the impacts on peak-load reduction and what the revenue impacts are.

8.2.4 *LFC Regulations Transition and Daily Fixed Rate*

With LFC Regulations transition now in its last year there will be key decisions to be made on the future direction of residential price categories. For this year we have set the daily rate for LFC compliant price categories, M11 and TLU, at 90c per day.

The table below provides an indicative view of how we expect residential price categories to simplify over time as the daily fixed rate increases.

Daily Fixed Rate – Residential Connections						
Year Starting	Apr 22	Apr 23	Apr 24	Apr 25	Apr 26	Apr 27
DNR	$1.50	$1.60	$1.70	$2.00	Closed	
M11	30c	45c	60c	75c	90c	Closed
M12	$1.15	$1.22	$1.35	$1.35	$1.50	$1.50
TLU	30c	45c	60c	75c	90c	Closed
THU	$1.15	$1.22	$1.35	$1.35	$1.50	$1.50

Table 12: Anticipated Residential Daily Fixed Rates

8.3 General

The General category holds a wide variety of connections, with a large variation in the types and timing of consumption. The connection size is like residential connections, but consumption patterns vary significantly within this category.

A small change to the maximum capacity for a general connection was made last year to improve alignment with the residential price categories.

There have been a number of questions from consumers about their connections being regarded as commercial through their retailer when they are servicing non-commercial connections. This should be alleviated in many cases where a consumer has a residential and a general connection on their power bill, when the general daily rates and residential rates are the same or at least very similar. While we are not quite attaining this balance between general and residential just yet, we expect to once the LFC Regulations end.

8.4 Commercial

The commercial categories have been priced on relatively reflective options for some time and there has been little change that has occurred apart from small realignments to the fixed prices.

Commercial categories have seen an increased emphasis placed on the fixed daily component of the overall revenue requirement. The brackets established, based on the physical fusing of the connection, defines the level of fixed price each connection is subject to.

The successful installation in late 2025 of a new billing platform will allow a step change in possible pricing approaches. We expect to remove the commercial brackets completely in the future and base the fixed charges payable solely on the fused or agreed capacity of each connection. In addition, the method for measuring monthly anytime maximum demand is very simple currently, a single monthly maximum half hour. Future options include an average of the highest 10 or 20 half hours, using the

10th highest or a number of other options that would better reflect the impact on network demand. This will also allow changes to be made to the On-Peak Demand measure.

Smaller commercial connections are predominantly charged on their consumption and the introduction of TOU pricing for these connections is desirable. This would offer all consumers that are charged on their consumption the opportunity to gain financially by shifting load to low-demand periods.

Flexibility service providers may look at medium to large commercial businesses earlier than at a residential level because of the financial benefits that could be seen at an individual connection. For Unison to benefit from this activity some revision of our commercial pricing options may need to occur. Remaining open to industry innovation in this area will be important.

8.5 Industrial

The largest and most complex connections on the network are included in the Industrial price category. These connections are priced individually based on the specific costs they impose on the network. An assessment of the level of assets each connection utilises along with the required capacity required, the amount of energy they use, and any special conditions agreed between the business and Unison.

Once the total annual revenue base is established, a fixed daily charge that will apply for the pricing year is calculated. As new large connections are established, and as large commercial connections upgrade their capacity requirements, there will be a slow increase in the number of connections in the Industrial price category.

While each industrial connection entails an increased level of administrative time, the whole network benefits from the precise reflective charges that result.

Currently, the fully fixed price methodology delivers a predictable distribution charge for these large customers. As pricing signals increase their impact on network performance and investment, there will be opportunities to improve the pricing signals in this price category as well. There is a good opportunity to work with retailers and aggregators in the future to achieve strong network benefits from managing load from some industrial customers. This is likely to be done on a site-by-site basis as it relates to the immediate network.

9. HOW WE ENGAGE WITH OUR CUSTOMERS

9.1 Consumer Surveys

We regularly survey consumers in relation to interactions with us during the year. We also gather opinions on cost relativities, quality of power supplied, outages experienced, and generally how satisfied consumers are with the services we deliver.

Unison surveyed 400 consumers between May and July 2024 from across both the Hawke's Bay and Rotorua/Taupō regions. There was a mix of residential and commercial consumers, both urban and rural.

The survey responses are summarised in the following sections.

9.1.1 Consumer Satisfaction

Overall satisfaction was strong and consistent with 83% of consumers satisfied with Unison and its performance. That level of satisfaction has been very consistent over the last 12 years of surveying our consumers. Consumers rated Unison's overall performance highly across both Hawke's Bay and Central regions (range from 78% to 84%).

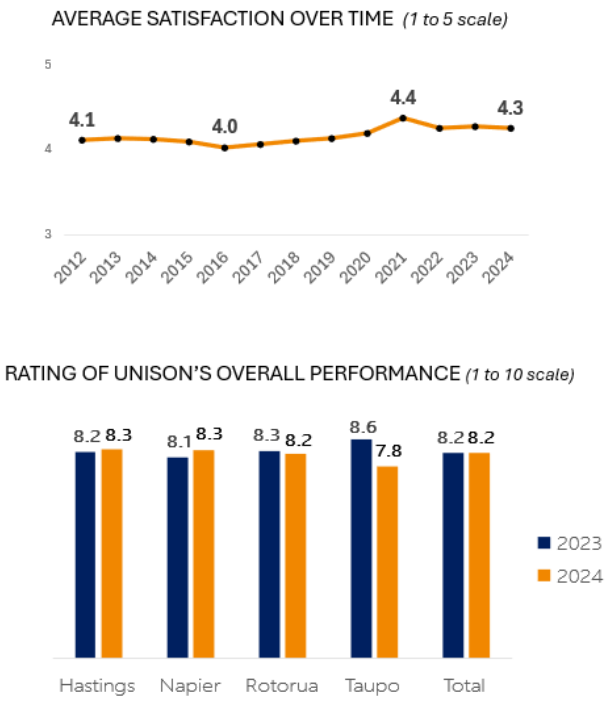

Figure 6: Consumer Satisfaction

9.1.2 Service Ratings

We had strong ratings for core service attributes such as power quality, continuity, restoration and communication.

Pricing was the only attribute to decline, likely reflecting the cost of living pressures consumers are experiencing. Rotorua customers are the least satisfied with pricing (5.3 vs 6.5 for Hastings).

We performed above a benchmark in a survey our research company does across New Zealand for all service attributes.

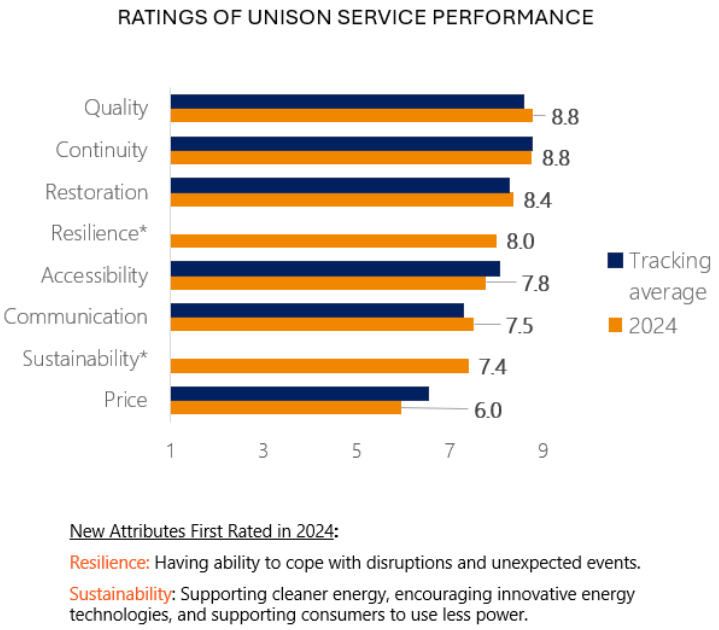

Figure 7: Unison's Service Performance Ratings

9.1.3 Key Service Attributes

Consumers' rating of our performance for sustainability and resilience had the biggest influence on their overall satisfaction with us. These two new attributes were only introduced into the survey in 2024. Their prominence highlights the impact that climate change and decarbonisation are having on consumers' priorities for electricity and our industry sector.

The Central region influences differed somewhat. Accessibility was the chief influencer on their ratings, followed by sustainability and continuity.

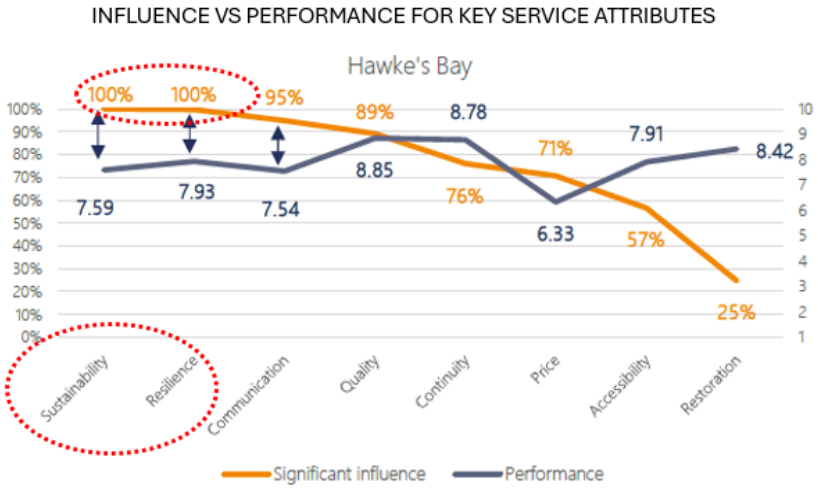

Figure 8: Key Service Attributes

9.1.4 Improvement Suggestions

In relation to operational improvements, 60% of those surveyed offered suggestions on areas they would like to see improved. Cost and affordability were the most common requests, followed by communication topics.

COST	Costs, cheaper prices	44%
COMMUNICATION	More, better, prompt communication Better updates on outages, communication in emergencies	24%
ASSET MGNT	Underground cables / upgrade poles / tree trimming	14%
RESILIENCE	Power reliability / resilience / future proofing	12%
PLANNING	Substations planning / risks mitigation	8%

Figure 9: Consumers' Suggestions for Improvement

9.1.5 Consumers' Future Focus Areas

Consumers were asked what they want the future focus of electricity performance to be. They rated resilience and affordability attributes the highest (9 out of 10).

Decarbonisation and sustainability were also important, but not as much as affordability or resilience. Two thirds of consumers are willing to pay a bit more in their bills to see these future goals advanced.

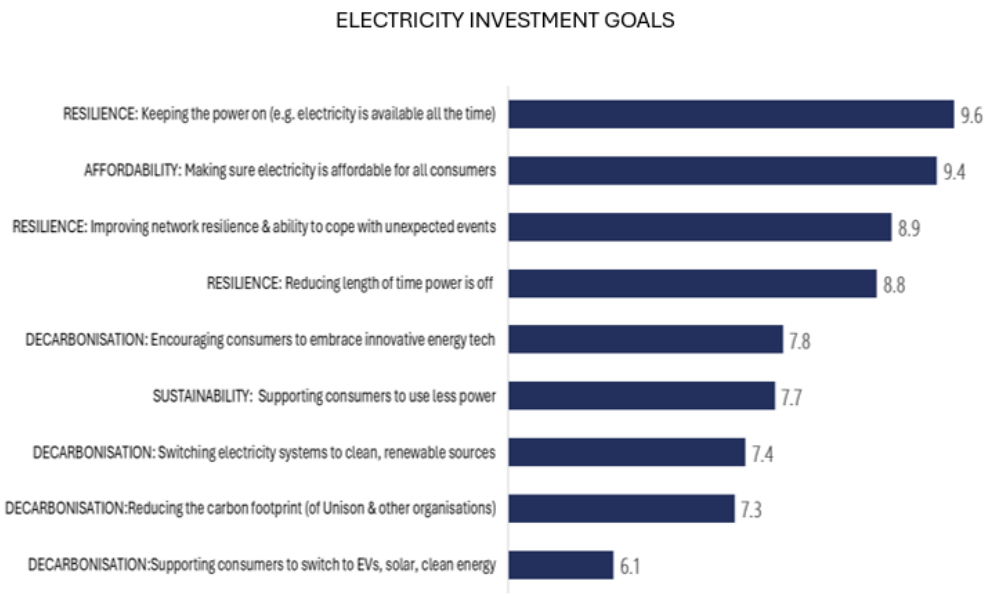

Figure 10: Consumers' Future Focus Areas

9.1.6 *Affordability*

Cost and affordability are a priority for our consumers. However, other attributes like sustainability, resilience and communication did have a bigger influence on the actual ratings of current Unison performance. This suggests affordability is more a goal consumers want us to have front of mind going forward, rather than it being a source of dissatisfaction or an outright problem for now.

PROOF POINTS OF AFFORDABILITY FOCUS

PRICE = lowest ranked of eight service attribute ratings	5.9 vs 7.8 avg
Cheaper Prices = Most suggested service improvement	26%
Future Investment = Affordability was #1 ranked future goal	9.4 out of 10
2nd most common reason for consumer 'dissatisfaction'	(Small sample. N =15 /405)

Figure 11: Consumers' Affordability Focus

9.2 Overall Customer Satisfaction

Overall, customer satisfaction with Unison has been consistent over the last 12 years. Our core service measures are tracking well compared to long term averages, with accessibility and price being the attributes tracking below the average. Key to Unison's investment plan is the balance of cost, performance and risk which considers the price and quality trade off required to manage consumers' expectations alongside prudent asset management in the long-term interests of consumers.

The Commerce Commission decided the maximum revenue Unison can charge its consumers in FY26. The Commission had to consider how to manage price shocks to consumers and ensure a fair recovery of the costs of investment for EDBs. In this upcoming pricing period, consumers will experience the impact of an unfortunate confluence of factors: network growth, resilience, and under recovery of past inflation and costs of debt.

DEFINITIONS

AMD	Anytime Maximum Demand – a measure of consumers' peak use of Unison's network at any time in a given month. AMD is measured in kilowatts (kW). Unison calculates AMD by multiplying by two the energy in kilowatt-hours (kWh) it delivers over the half hour period when the consumer's peak use of its network occurred in that month.
Authority	The Electricity Authority – the electricity regulator who ensures distributors apply and comply with key regulations governing the electricity industry.
Code	The Electricity Industry Participation Code 2010 – sets out the rules made by the Electricity Authority under section 36 of the Electricity Industry Act 2010.
Commission	The Commerce Commission – sets the regulation for cost recovery and price setting known as the Default Price-Quality Path.
Consumer	Any person who is a party to an agreement with a retailer for the supply of electricity by means of Unison's distribution network.
Consumer Group	A category of consumers for which Unison develops its pricing. These categories reflect groups of consumers with a common: • site usage (e.g. place of residence versus place of business), and • capacity and metering.
Cost Allocation Model	The methodology used by Unison to allocate costs to their consumer groups.
CPI	Consumer Price Index.
Customer	A direct customer of Unison's receiving line function services or a retailer whose customers use Unison's (the distributor) network.
Demand	The rate at which electricity is being used expressed in kilowatts (kW).
DG	Distributed generation – electricity generation that is connected and distributed within the Unison network.
DPP	Default Price-Quality Path – set by the Commerce Commission to control the level of revenue and prices distributors can set.
DPP Determination	Electricity Distribution Services Default Price-Quality Path Determination 2025.
EDB	Electricity Distributor Business – a company that distributes electricity within New Zealand. Unison is an EDB.
Generator	An organisation that owns or operates generating units that inject electricity into the network.
GWh	Giga Watt hour – unit of electrical energy equal to one thousand megawatt hours.
GXP	Grid Exit Point – a point of connection where Unison's network connects to, and receives electricity from, the national transmission system run by Transpower.
ICCP	Inter-control Centre Communications Protocol.

ICP	Installation Control Point – a point of connection on the distributor's (Unison) network, which: • Unison nominates as the point at which a retailer is deemed to supply electricity to a consumer, and • the connection point has the attributes set out in the Code.
kVA	Kilovolt Amp – a unit of measure for how much power is being provided through a business or home's electrical circuits or technology. It is the apparent power expressed in thousand volt-amps.
kW	Kilowatt – (1000 x watts) – a unit of measure of power or electricity.
kWh	Kilowatt hour – the amount of electricity consumed in an hour.
LFC Regulations	Electricity (Low Fixed Charge Tariff Option for Domestic Electricity Consumers) Regulations 2004.
Loss code	Distributors determine loss factors applying on their networks against which traders should submit consumption to the reconciliation manager. Each loss factor has a specified loss code that is stated in CM2002-Loss Factors Methodology and Disclosure (unison.co.nz) available on Unison's website.
LRMC	Long Run Marginal Cost
Network	The lines and associated equipment owned or operated by a distributor (Unison) in a continuous geographic area or areas.
Power factor	The ratio of active power to apparent power (kW divided by kVA).
Price category	A category of charges identified as a price category in Unison's Pricing Policy and Schedules (CM0001). It defines the delivery charges applicable to a particular group of ICP's with a common capacity need or usage behaviour.
Price option	The price option within a price category that gives consumers a choice of how the energy they consume is collated and charged. The options available are usually determined by the configuration of metering and load control equipment used by the consumer.
Pricing period	1 April to 31 March year.
Retailer	The company that supplies electricity to consumers with installations connected to the distributor's network.
Temporary generator	Short-term portable equipment that injects electricity into the network.
TOU	Time of Use – a consumer's site where half-hour metering is installed. These values are used for the calculation of charges.
Transmission	The movement of electricity from its place of generation through the grid injection points to grid exit points.
Transmission charge	Charge incurred by Unison for transmission of electricity from the national grid operated by Transpower to Unison's network. This enables Unison to deliver power to its network users. In this document, this term also has the meaning defined under Pass-through Costs in Part 3 of the Electricity Distribution Services Input Methodologies (IM

	Review) Amendment Determination 2023 dated 13 December 2023. It excludes settlement residual rebates passed on to consumers and retailers.
Unison	Unison Networks Limited – the distributor.
WACC	Weighted Average Cost of Capital – a measure of the return on shareholder capital that distributors can achieve under the Default Price-Quality Path regulations set by the Commerce Commission.

APPENDIX A – ALIGNMENT WITH PRICING PRINCIPLES

As noted earlier, we have prepared this Methodology considering the Distribution Pricing: Practice Note – August 2019 (Practice Note) and the second edition of the Distribution Pricing Practice Note, released in October 2022. This Practice Note sets out a number of principles that distributors are expected to formally demonstrate they adhere to. We consider that we have historically adhered to the new principles because of their reasonable nature.

In this section, we set out how we consider we meet the Authority's pricing principles. Each principle is stated, followed by commentary.

Signal economic costs

(a) Prices are to signal the economic costs of service provision, including by:

(i) being subsidy free (equal to or greater than avoidable costs, and less than or equal to standalone costs);

(ii) reflecting the impacts of network use on economic costs;

(iii) reflecting differences in network service provided to (or by) consumers; and

(iv) encouraging efficient network alternatives.

Unison operates in two regions, Hawke's Bay and Taupō/Rotorua. As such, Unison prices these regions independently to ensure the revenue achieved in each region does not exceed a WACC return as calculated using the Commission's Financial Model for the DPP.

Unison interprets the requirement for subsidy-free prices, as requiring that for each consumer group, the revenues obtained from that consumer group should not:

- be below the cost of connecting that consumer group to the network (incremental costs), or
- exceed the costs of serving that consumer group, as if they were the only consumer group (stand-alone costs).

These bounds are extremely wide as there are extensive shared assets on Unison's network. If Unison stopped supplying any consumer group there would be a limited reduction in costs and assets as different consumer groups are integrated on the network.

To improve implementation of this principle, Unison engaged an independent consultant to estimate the avoidable and standalone costs on our network across each consumer group and for each region based on disclosed data. Disclosed Information Disclosure data is both audited and publicly available. The conservative approach adopted minimised the risk of cross subsidisation between consumer groups or regions by overstating rather than understating avoidable costs.

Standalone costs were also estimated using ID data to minimise the risks of cross subsidisation but also because grid-connected supply of electricity is currently the lowest cost option.

See Figure 12 below for a summary of results for each customer load group. This shows the forecast revenue for each group falls within the range between Standalone and Avoidable.

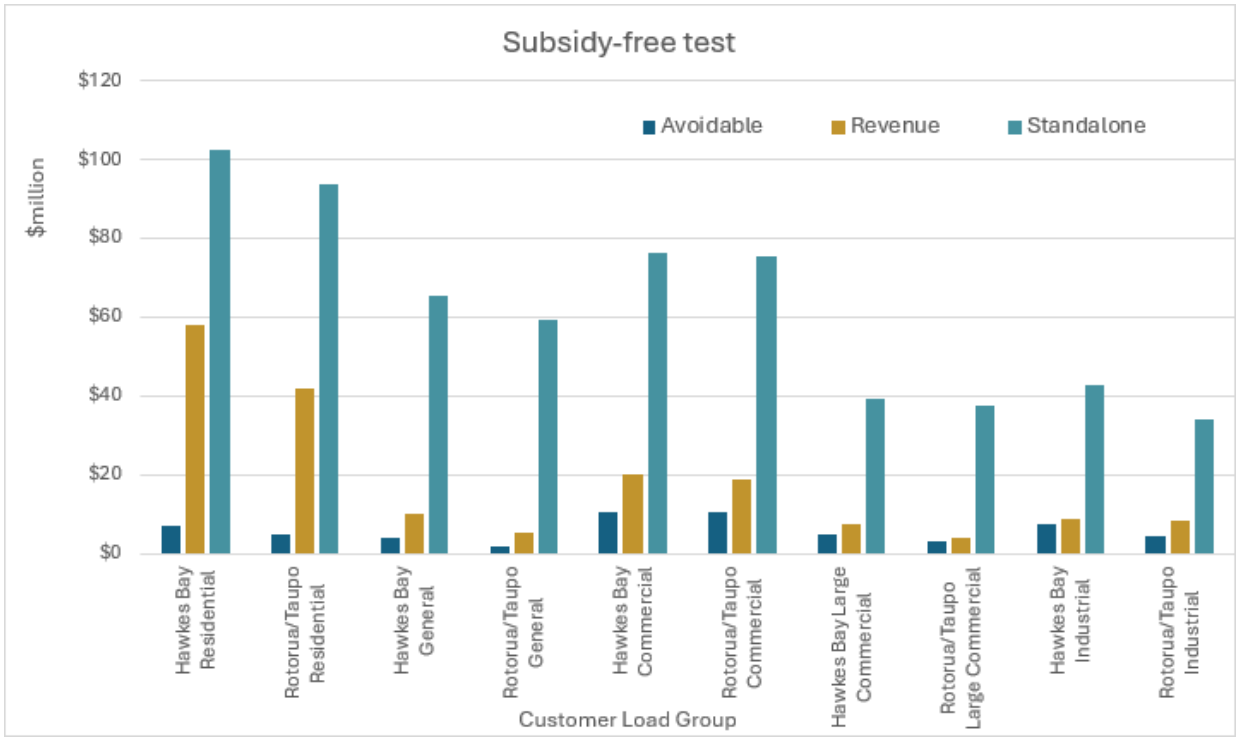

Figure 12: Customer Load Group

Unison's pricing structure is based on capacity-usage. Unison relies on differentials between controlled and uncontrolled usage (residential), and its TOU charges to signal the value of consuming outside of peak periods (when capacity is less constrained). The impact of such price signals intends to decrease the need to invest in additional network capacity.

As consumers increase their demand (and use of network capacity), where practicable they pay increased line charges.

For small capacity consumers (e.g. with no TOU metering), it is assumed that as volumes increase their use of network capacity increases. Additionally, because Unison offers different rates for controlled and uncontrolled use, there are incentives for consumers to have controllable loads (e.g. water heating, which makes up a material proportion of consumers' consumption, normally around 40% of their usage). As smart meters become more common, Unison will enhance its price structures to further encourage consumers to shift discretionary loads outside of peak periods. Unison has adjusted the relativity between on-peak and off-peak residential TOU prices and introduced a shoulder period to allow a reduced off-peak rate without requiring too strong a signal to reduce demand at peak times. As Unison mandate an increased number of residential connections onto these rates there will be an increased understanding of potential load shift in this price category.

- For consumers in the commercial group, Unison signals the costs of additional capacity usage through increasing fixed charges as consumers increase their nominated capacity. For those consumers with TOU metering (mandatory on Unison's network above 138kVA), charges are based on on-peak demands, providing a direct price signal to reduce demands in peak periods.
- For large industrial consumers, where they require increases in capacity to serve their needs or additional equipment to meet their security of supply objectives, Unison prices such requests individually. Therefore, such consumers face the costs of their additional requirements directly.

Unison has not adopted an approach where price relativities are based on an assessed value of the economic costs of providing incremental network capacity. Unison has instead evolved both its consumer categorisation

and price structures over time to create a structure where consumers face charges reflective of the relative costs of consuming at different times.

(b) Where prices that signal economic costs would under-recover target revenues, the shortfall should be made up by prices that least distort network use.

Consumers overall get the best outcomes from incremental pricing changes that promote intergenerational equity (fairness between generations of consumers). Subsequently, Unison has progressively (as opposed to sharply) moved towards pricing structures where price signals are incorporated into plans. TOU residential plans are mandated to a level where most residential connections have prices at a distribution level that clearly show the more desirable timing of load. Accumulative plans are important where metering or communication technology place hurdles for TOU application. Signals are still in place for accumulative plans, particularly the recognition and reduced price for controlled load.

Network-wide constraints are not of a significance to impose strong price signals, however, constraints are often manifesting themselves in narrower locations which means an overall structure of price signalling is valuable. Unison has also extended the TOU mandate to small non-residential connections to encourage similar 'network-friendly' behaviour.

Our next step is to provide TOU pricing for small to medium sized commercial connections so that they too can manage the timing of their load to benefit the network and reduce the cost of future network investment.

While offering meaningful price signals to manage current and anticipated constraints, Unison has moved towards a stronger emphasis on fixed daily charges. Many connections do not place excessive demands on current network capacity so there should be little reason to limit use of existing assets.

Prices responsive to end users

(c) Prices should be responsive to the requirements and circumstances of end users by allowing negotiation to:

(i) reflect the economic value of services, and

(ii) enable price/quality trade-offs.

At the time of connection, and subsequently if consumer load requirements change, there are options available to ensure the connection best serves the consumer. For many residential consumers, connections are established on a typical capacity and these connections are priced on the same basis as other residential consumers. For commercial connections, Unison has multiple capacity bands with increasing fixed daily charges so that a consumer does not need to pay for a larger connection than they require. In addition, we have retained an Anytime Maximum Demand component to our commercial pricing. While this component is small in terms of the overall monthly charges that we apply, it recognises that commercial consumers retain flexibility in reducing their charges in months where they may not require their full capacity of connection.

It is generally not practical to negotiate with consumers (particularly small consumers) to provide different price-quality trade-offs, given the shared nature of the network. Unison establishes performance metrics pertaining to different zones (e.g. fault restoration times for rural versus urban consumers) and periodically surveys consumers about their price-quality preferences. The results of previous Unison's surveys have shown that consumers, on average, are not willing to pay more for a higher quality of service. The most recent survey, post Cyclone Gabrielle, shows a willingness to invest in resilience. For larger consumers with specific requirements, Unison enters specific discussions with such consumers to establish quality requirements.

Unison sets specific charges for large industrial consumers to ensure that charges reflect the economic costs of service provision (thereby discouraging uneconomic bypass and allowing such consumers to negotiate their specific needs). There will be opportunities at the time of connection or upgrade for these consumers to discuss the practicalities and cost implications of a reduced level of security, n supply instead of n-1 for instance. Unison is cautious in these instances to ensure a high level of understanding of the consequences of this type of decision and the potential long-term nature of requiring a later increase in asset build.

Unison also allows smaller residential generators to:

- connect to Unison's network
- utilise the distribution network for delivering their generation to other connections, i.e. to 'import' electricity to Unison's network, and
- Unison does not charge additional network charges for the imported component of their network usage arising from generation injected into the network.

Connection costs associated with facilitating the connection of distributed generation may be applicable, as per Unison's distributed generation policy and in accordance with the Code. For further details on connection of distributed generation and charges refer to Unison's public website www.unison.co.nz.

As smart meters become more common on the network, and with lower off-peak signals in place, there are increased incentives for consumers to invest in technology to avoid consumption in network peaks (e.g. appliances with timer functions or use of batteries and other distributed generation to reduce network demands) and move discretionary load to low demand periods. Some retailers are prepared to look more closely at actively promoting price options using Unison's TOU rates.

Transparent development of prices

Because of Unison's peak/control-period prices, consumers have a clear value against which to assess network alternatives or behavioural changes. Many consumers, particularly major consumers, turn on generators, reduce demand or both, in response to Unison's pricing. Some large industrial users have received significant price reductions as a direct result of them reducing their network demand during periods of peak consumption. Most of Unison's residential consumers heat their water through controlled meters in response to Unison's controlled rate prices.

(d) Development of prices should be transparent and have regard to transaction costs, consumer impacts, and uptake incentives.

Our development of prices:

Is transparent*:*

- Through this disclosure statement, Unison provides information on the costs it allocates to different consumer groups.
- In addition to this disclosure, Unison publishes a pricing policy which details the different charges between price categories and options. Consumers can review charges and weigh up costs for changing capacity requirements or load profile and the resulting benefits. Every year there is formal consultation between retailers and Unison on pricing strategy, price category and price development.

Has regard to transactions costs, consumer impacts, and uptake incentives:

- Unison updates the allocation of costs through its cost of service model annually. The cost of service model itself is only altered where a strong case exists for such alteration, thereby encouraging consumers to alter their behaviour in line with the signals sent by Unison's price structure. Where Unison identifies a potentially significant change to the pricing structure (such as, the proposed change from capacity to

demand based charges for large commercial consumers) this is highlighted to retailers with as much lead time as practicable to encourage behavioural response to the change.

- Unison endeavours to ensure that any price changes made, limit price shocks to any consumer group in line with regulation and standard industry practice.
- Unison endeavours to maintain its pricing structure and differentials between prices, so consumers who make investments (for example, in controllable loads) due to the savings between controlled and uncontrolled rates can realise the savings expected when the original investment was made.
- Unison recognises the need to minimise undue complexity for retailers, subject to its legitimate business needs to signal costs to consumers and ensure equity between consumers. All retailers are subject to the same price schedules. Therefore, Unison considers its prices are economically equivalent across all retailers. Unison also aims to maintain a price structure that minimises the potential for error in the price category or price option allocation.

APPENDIX B – CERTIFICATION

unison
The Powerlines People

Schedule 17: Certification for Year-beginning Disclosures

Pursuant to Schedule 17

We, Robert Wheater and Dan Druzianic, being directors of Unison Networks Limited certify that, having made all reasonable enquiry, to the best of our knowledge:

a) the following attached information of Unison Networks Limited prepared for the purposes of clauses 2.4.1, 2.6.1, 2.6.3, 2.6.6 and 2.7.2 of the Electricity Distribution Information Disclosure Determination 2012 in all material respects complies with that determination.

b) The prospective financial or non-financial information included in the attached information has been measured on a basis consistent with regulatory requirements or recognised industry standards.

c) The forecasts in Schedules 11a, 11b, 11c, 12a, 12b, 12c and 12d are based on objective and reasonable assumptions which both align with Unison Networks Limited's corporate vision and strategy and are documented in retained records.

Robert Wheater
Director

Date: 26 March 2026

Dan Druzianic
Director

Date: 26 March 2026

APPENDIX C – DOCUMENT INFORMATION

Document contributors

Contributors	Name and Position Title	Approval Date
Owner	Grant Sargison Pricing Manager	10/03/2026
Authoriser	Tarryn Butcher Regulatory Manager	17/03/2026
Approver	Jason Larkin General Manager Customer, Commercial and Regulatory	31/03/2026

Key dates

Published Date 31/03/2026

Related references

Legislation and Guidance

Unison's pricing methodology and prices are guided by, and comply with, key legislation, regulations and guidelines governing the electricity industry, including:

- Commerce Act 1986
- Electricity Distribution Information Disclosure Determination 2012
- Electricity Distribution Information Disclosure (amendments related to IM Review 2023) Amendment Determination 2024
- Electricity Industry Act 2010
- Electricity Industry Participation Code 2010
- Electricity Authority: Distribution Pricing: Practice Note – August 2019
- Electricity Authority: Distribution Pricing: Practice Note, Second Edition v2.2, 2022
- Electricity Authority Pricing Scorecard reports
- Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Regulations 2004
- Electricity (Low Fixed Charge Tariff Option for Domestic Consumers) Amendment Regulations 2021

Unison Policies

- CM0001 Pricing Policy and Schedules for 2026 to 2027
- FC0021 Capital Contributions Policy