

Powerco Gas Network
Price Derivation 2009/10

Hawke's Bay

Original Load Groups	2G05		2G07		2G11		2G12		2G14		2G16		2G18	
	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ
Opening Prices	0	18.5739	0.0886	12.1072	0.4429	3.4850	0.6449	6.4450	2.0153	2.2571	2.2571	2.2168	4.0306	2.1484
New Load Groups	Removed		2G06		2G11		2G12		2G14		2G16		2G18	
Step 1 (Methodology 3.3.1): Merge G05 and G07 load groups Merge G05 and G07 load groups; create fully variable tariff equal to former G07 tariff. Revenue shortfall to G11 variable.			0	14.4900	0.4429	3.5418	0.6449	6.4450	2.0153	2.2571	2.2571	2.2168	4.0306	2.1484
			-100.0%	19.7%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 2 (Methodology 3.3.2): Harmonise tariffs Harmonise tariffs: G11 variable increased by 10% for Hawke's Bay and Hutt Valley; 8% in Taranaki			0	14.4900	0.4429	3.8960	0.6449	6.4450	2.0153	2.2571	2.2571	2.2168	4.0306	2.1484
				0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 3 (Methodology 3.3.3): Rebalance fixed/variable revenue recovery Rebalance fixed/variable revenue recovery: increase fixed charges by 10%, except for commercial tariffs in Taranaki, where fixed charges are already high; and except for G12 in Manawatu, where fixed charges are also relatively high, compared to other G12 tariffs			0	14.4900	0.48719	3.8960	0.70939	6.4450	2.21683	2.2571	2.48281	2.2168	4.43366	2.1484
				0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%
Step 4 (Methodology 3.3.4): Restructure Taranaki tariffs Restructure Taranaki tariffs and move to harmonise with other rural networks: decrease fixed rates for G12, G14, G16, and G18 and increase variable rates for G12, G14, G16			0	14.4900	0.4872	3.8960	0.7094	6.4450	2.2168	2.2571	2.4828	2.2168	4.4337	2.1484
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Decrease G12 variable charges to ensure that they are less than the G11 variable within region (Hawke's Bay, Wellington, Hutt Valley)			0	14.4900	0.4872	3.8960	0.7094	3.6600	2.2168	2.2571	2.4828	2.2168	4.4337	2.1484
				0.0%	0.0%	0.0%	0.0%	-43.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In Manawatu/Horowhenua, increase G12 variable and decrease G14 variable to ensure both fit pricing patterns of decreasing variable charges with increasing capacity														
In Hutt Valley/Porirua, increase fixed G12 tariff to bring it more in line with G12 tariffs in other regions														
Step 5 - further rebalancing														
Apply CPI increase to all prices not previously adjusted, with the exception of Wellington			0	14.4270	0.4872	3.8960	0.7094	3.6600	2.2168	2.3440	2.4828	2.3022	4.4337	2.2311
				-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	0.0%	3.9%	0.0%	3.8%
Minor adjustment of prices to ensure compliance with revenue cap			0	14.4270	0.4850	3.8960	0.7094	3.6600	2.2168	2.3440	2.4828	2.3022	4.4337	2.2311
				0.0%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed prices for 2009/10			0.0000	14.4270	0.4850	3.8960	0.7094	3.6600	2.2168	2.3440	2.4828	2.3022	4.4337	2.2311
Change from 2008/09 prices			n/a	n/a	9.5%	11.8%	10.0%	-43.2%	10.0%	3.9%	10.0%	3.9%	10.0%	3.8%

Powerco Gas Network
Price Derivation 2009/10

Manawatu & Horowhenua

Original Load Groups	3G05		3G07		3G11		3G12		3G14		3G16		3G18	
	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ
Opening Prices	0	19.3938	0.0886	12.9271	0.4429	4.3048	1.0480	3.2245	2.9020	3.9500	3.7888	3.4663	8.0612	3.0633
New Load Groups	Removed		3G06		3G11		3G12		3G14		3G16		3G18	
Step 1 (Methodology 3.3.1): Merge G05 and G07 load groups Merge G05 and G07 load groups; create fully variable tariff equal to former G07 tariff. Revenue shortfall to G11 variable.			0	15.3300	0.4429	4.3689	1.0480	3.2245	2.9020	3.9500	3.7888	3.4663	8.0612	3.0633
			-100.0%	18.6%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 2 (Methodology 3.3.2): Harmonise tariffs Harmonise tariffs: G11 variable increased by 10% for Hawke's Bay and Hutt Valley; 8% in Taranaki			0	15.3300	0.4429	4.3689	1.0480	3.2245	2.9020	3.9500	3.7888	3.4663	8.0612	3.0633
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 3 (Methodology 3.3.3): Rebalance fixed/variable revenue recovery Rebalance fixed/variable revenue recovery: increase fixed charges by 10%, except for commercial tariffs in Taranaki, where fixed charges are already high; and except for G12 in Manawatu, where fixed charges are also relatively high, compared to other G12 tariffs			0	15.3300	0.4872	4.3689	1.0480	3.2245	3.1922	3.9500	4.1677	3.4663	8.8673	3.0633
				0.0%	10.0%	0.0%	0.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%
Step 4 (Methodology 3.3.4): Restructure Taranaki tariffs Restructure Taranaki tariffs and move to harmonise with other rural networks: decrease fixed rates for G12, G14, G16, and G18 and increase variable rates for G12, G14, G16														
Decrease G12 variable charges to ensure that they are less than the G11 variable within region (Hawke's Bay, Wellington, Hutt Valley)														
In Manawatu/Horowhenua, increase G12 variable and decrease G14 variable to ensure both fit pricing patterns of decreasing variable charges with increasing capacity			0	15.3300	0.4872	4.3689	1.0480	3.8049	3.1922	3.6932	4.1677	3.4663	8.8673	3.0633
				0.0%	0.0%	0.0%	0.0%	18.0%	0.0%	-6.5%	0.0%	0.0%	0.0%	0.0%
In Hutt Valley/Porirua, increase fixed G12 tariff to bring it more in line with G12 tariffs in other regions														
Step 5 - further rebalancing														
Apply CPI increase to all prices not previously adjusted, with the exception of Wellington			0	15.3300	0.4872	4.5394	1.0480	3.8049	3.1922	3.6932	4.1677	3.5998	8.8673	3.1812
				0.0%	0.0%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	0.0%	3.8%
Minor adjustment of prices to ensure compliance with revenue cap			0	15.2940	0.4850	4.5394	1.0480	3.8049	3.1922	3.6932	4.1677	3.5998	8.8673	3.1812
				-0.2%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed prices for 2009/10			0.0000	15.2940	0.4850	4.5394	1.0480	3.8049	3.1922	3.6932	4.1677	3.5998	8.8673	3.1812
Change from 2008/09 prices			n/a	n/a	9.5%	5.4%	0.0%	18.0%	10.0%	-6.5%	10.0%	3.9%	10.0%	3.8%

Powerco Gas Network
Price Derivation 2009/10

Wellington

Original Load Groups	4G05		4G07		4G11		4G12		4G14		4G16		4G18	
	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ
Opening Prices	0	20.9013	0.0886	14.4346	0.4429	5.8123	0.6990	9.3148	5.5643	5.5533	6.8354	5.4255	7.7909	5.2398
New Load Groups	Removed		4G06		4G11		4G12		4G14		4G16		4G18	
Step 1 (Methodology 3.3.1): Merge G05 and G07 load groups Merge G05 and G07 load groups; create fully variable tariff equal to former G07 tariff. Revenue shortfall to G11 variable.			0	16.4300	0.4429	5.9061	0.6990	9.3148	5.5643	5.5533	6.8354	5.4255	7.7909	5.2398
			-100.0%	13.8%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 2 (Methodology 3.3.2): Harmonise tariffs Harmonise tariffs: G11 variable increased by 10% for Hawke's Bay and Hutt Valley; 8% in Taranaki														
Step 3 (Methodology 3.3.3): Rebalance fixed/variable revenue recovery Rebalance fixed/variable revenue recovery: increase fixed charges by 10%, except for commercial tariffs in Taranaki, where fixed charges are already high; and except for G12 in Manawatu, where fixed charges are also relatively high, compared to other G12 tariffs			0	16.4300	0.4872	5.9061	0.7689	9.3148	6.1207	5.5533	7.5189	5.4255	8.5700	5.2398
				0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%
Step 4 (Methodology 3.3.4): Restructure Taranaki tariffs Restructure Taranaki tariffs and move to harmonise with other rural networks: decrease fixed rates for G12, G14, G16, and G18 and increase variable rates for G12, G14, G16														
Decrease G12 variable charges to ensure that they are less than the G11 variable within region (Hawke's Bay, Wellington, Hutt Valley)			0	16.4300	0.4872	5.9061	0.7689	5.7752	6.1207	5.5533	7.5189	5.4255	8.5700	5.2398
				0.0%	0.0%	0.0%	0.0%	-38.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In Manawatu/Horowhenua, increase G12 variable and decrease G14 variable to ensure both fit pricing patterns of decreasing variable charges with increasing capacity														
In Hutt Valley/Porirua, increase fixed G12 tariff to bring it more in line with G12 tariffs in other regions														
Step 5 - further rebalancing Apply CPI increase to all prices not previously adjusted, with the exception of Wellington														
Minor adjustment of prices to ensure compliance with revenue cap			0	16.4140	0.4850	5.9061	0.7689	5.7752	6.1207	5.5533	7.5189	5.4255	8.5700	5.2398
				-0.1%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed prices for 2009/10			0.0000	16.4140	0.4850	5.9061	0.7689	5.7752	6.1207	5.5533	7.5189	5.4255	8.5700	5.2398
Change from 2008/09 prices			n/a	n/a	9.5%	1.6%	10.0%	-38.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%

Powerco Gas Network
Price Derivation 2009/10

Hutt Valley & Porirua

Original Load Groups	5G05		5G07		5G11		5G12		5G14		5G16		5G18	
	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ
Opening Prices	0	18.9334	0.0886	12.4667	0.4429	3.8444	0.3628	6.4490	3.0633	3.7888	7.2551	2.9874	11.2857	2.9423
New Load Groups	Removed		5G06		5G11		5G12		5G14		5G16		5G18	
Step 1 (Methodology 3.3.1): Merge G05 and G07 load groups Merge G05 and G07 load groups; create fully variable tariff equal to former G07 tariff. Revenue shortfall to G11 variable.			0	14.6500	0.4429	3.9044	0.3628	6.4490	3.0633	3.7888	7.2551	2.9874	11.2857	2.9423
			-100.0%	17.5%	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 2 (Methodology 3.3.2): Harmonise tariffs Harmonise tariffs: G11 variable increased by 10% for Hawke's Bay and Hutt Valley; 8% in Taranaki			0	14.6500	0.4429	4.2949	0.3628	6.4490	3.0633	3.7888	7.2551	2.9874	11.2857	2.9423
				0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 3 (Methodology 3.3.3): Rebalance fixed/variable revenue recovery Rebalance fixed/variable revenue recovery: increase fixed charges by 10%, except for commercial tariffs in Taranaki, where fixed charges are already high; and except for G12 in Manawatu, where fixed charges are also relatively high, compared to other G12 tariffs			0	14.6500	0.4872	4.2949	0.3991	6.4490	3.3696	3.7888	7.9806	2.9874	12.4143	2.9423
				0.0%	10.0%	10.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%	10.0%	0.0%
Step 4 (Methodology 3.3.4): Restructure Taranaki tariffs Restructure Taranaki tariffs and move to harmonise with other rural networks: decrease fixed rates for G12, G14, G16, and G18 and increase variable rates for G12, G14, G16														
Decrease G12 variable charges to ensure that they are less than the G11 variable within region (Hawke's Bay, Wellington, Hutt Valley)			0	14.6500	0.4872	4.2949	0.3991	4.1273	3.3696	3.7888	7.9806	2.9874	12.4143	2.9423
				0.0%	0.0%	0.0%	0.0%	-36.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
In Manawatu/Horowhenua, increase G12 variable and decrease G14 variable to ensure both fit pricing patterns of decreasing variable charges with increasing capacity														
In Hutt Valley/Porirua, increase fixed G12 tariff to bring it more in line with G12 tariffs in other regions			0	14.6500	0.4872	4.2949	0.5260	4.1273	3.3696	3.7888	7.9806	2.9874	12.4143	2.9423
				0.0%	0.0%	0.0%	31.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 5 - further rebalancing														
Apply CPI increase to all prices not previously adjusted, with the exception of Wellington			0	14.6500	0.4872	4.2949	0.5260	4.1273	3.3696	3.9346	7.9806	3.1024	12.4143	3.0556
				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.8%	0.0%	3.8%	0.0%	3.9%
Minor adjustment of prices to ensure compliance with revenue cap			0	14.6140	0.4850	4.2949	0.5260	4.1273	3.3696	3.9346	7.9806	3.1024	12.4143	3.0556
				-0.2%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Proposed prices for 2009/10			0.0000	14.6140	0.4850	4.2949	0.5260	4.1273	3.3696	3.9346	7.9806	3.1024	12.4143	3.0556
Change from 2008/09 prices			n/a	n/a	9.5%	11.7%	45.0%	-36.0%	10.0%	3.8%	10.0%	3.8%	10.0%	3.9%

Powerco Gas Network
Price Derivation 2009/10

Taranaki

Original Load Groups	6G05		6G07		6G11		6G12		6G14		6G16		6G18	
	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ	fixed/day	variable/GJ
Opening Prices	0	17.2447	0.0886	10.7780	0.4429	2.1558	5.2398	1.1994	7.5324	0.5404	14.5102	0.4837	18.1538	0.6852
New Load Groups	Removed		6G06		6G11		6G12		6G14		6G16		6G18	
Step 1 (Methodology 3.3.1): Merge G05 and G07 load groups Merge G05 and G07 load groups; create fully variable tariff equal to former G07 tariff. Revenue shortfall to G11 variable.			0	13.1000	0.4429	2.2840	5.2398	1.1994	7.5324	0.5404	14.5102	0.4837	18.1538	0.6852
			-100.0%	21.5%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 2 (Methodology 3.3.2): Harmonise tariffs Harmonise tariffs: G11 variable increased by 10% for Hawke's Bay and Hutt Valley; 8% in Taranaki			0	13.1000	0.4429	2.4667	5.2398	1.1994	7.5324	0.5404	14.5102	0.4837	18.1538	0.6852
				0.0%	0.0%	8.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 3 (Methodology 3.3.3): Rebalance fixed/variable revenue recovery Rebalance fixed/variable revenue recovery: increase fixed charges by 10%, except for commercial tariffs in Taranaki, where fixed charges are already high; and except for G12 in Manawatu, where fixed charges are also relatively high, compared to other G12 tariffs			0	13.1000	0.4872	2.4667	5.2398	1.1994	7.5324	0.5404	14.5102	0.4837	18.1538	0.6852
				0.0%	10.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Step 4 (Methodology 3.3.4): Restructure Taranaki tariffs Restructure Taranaki tariffs and move to harmonise with other rural networks: decrease fixed rates for G12, G14, G16, and G18 and increase variable rates for G12, G14, G16			0	13.1000	0.4872	2.4667	4.7158	1.6192	6.7792	0.7295	13.0592	0.6772	16.3384	0.6852
				0.0%	0.0%	0.0%	-10.0%	35.0%	-10.0%	35.0%	-10.0%	40.0%	-10.0%	0.0%
Decrease G12 variable charges to ensure that they are less than the G11 variable within region (Hawke's Bay, Wellington, Hutt Valley)														
In Manawatu/Horowhenua, increase G12 variable and decrease G14 variable to ensure both fit pricing patterns of decreasing variable charges with increasing capacity														
In Hutt Valley/Porirua, increase fixed G12 tariff to bring it more in line with G12 tariffs in other regions														
Step 5 - further rebalancing Apply CPI increase to all prices not previously adjusted, with the exception of Wellington														
Minor adjustment of prices to ensure compliance with revenue cap			0	13.1000	0.4850	2.4667	4.7158	1.6192	6.7792	0.7349	13.0592	0.7110	16.3384	0.6900
				0.0%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.7%	0.0%	5.0%	0.0%	0.7%
Proposed prices for 2009/10			0.0000	13.1000	0.4850	2.4667	4.7158	1.6192	6.7792	0.7349	13.0592	0.7110	16.3384	0.6900
Change from 2008/09 prices			n/a	n/a	9.5%	14.4%	-10.0%	35.0%	-10.0%	36.0%	-10.0%	47.0%	-10.0%	0.7%