



# Pricing Policy

**For price applying from 1 April 2024**

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## 1. Introduction

This document states the basis for charging for our electricity delivery services, applicable from 1 April 2024, as referenced in our distributor agreements with retailers and directly contracted customers. It provides details on the process and methods we use to set chargeable quantities, apply prices, and invoice charges. We generally update this document each year to reflect any changes in our pricing policy.

Details on how we set our pricing structure and derive prices are provided in the document *Methodology for deriving delivery prices*, and details on the application of our export credits for approved connections with distributed generation are provided in the document *Export credits policy* (both available from our website).

Charges apply to connections in five categories, in summary:

Category	Summary of charging basis
Streetlighting	A fixed (\$/connection/day) charge is applied for each streetlighting connection. In addition, these connections attract the time-of-use volume charges described for general connections.
General	<p>A fixed (\$/connection/day) charge is applied for each connection, as well as time-of-use volume (\$/kWh) charges, which are calculated from total energy volumes that are reconciled between retailers. A separate low power factor charge may be applied on a set daily basis (\$/kVAr/day) for the assessed reactive load at sites that have a substandard power factor (this charge is only applied in exceptional circumstances).</p> <p>From 01 April 2024 we have further segmented the general price categories by recategorizing the GEN code to RES, this is to clearly indicate the price for residential consumers. We are transitioning the fixed charge to a capacity-based charge over time. We are also introducing controlled and uncontrolled daily fixed charges.</p> <p>The categories are:</p> <p>Residential General Connections (RES): Residential</p> <p>General Group 1 (GC1): Small SME up to 15 kVA</p> <p>General Group 2 (GC2): Medium SME from 16 kVA – 69 kVA</p> <p>General Group 3 (GC3): Large SME 70 kVA and above</p>
Irrigation	An irrigation specific pricing category where we apply a fixed (\$/kW/day) charge based on the capacity of the installation. These connections also contribute to our volume charges described for general connections. We provide rebates for irrigation connections that provide access to interruptible load and those that have appropriate power factor correction equipment installed. Irrigation is not generally used during our winter-based peaks (which occur only during the coldest weather conditions), and these connections avoid our winter based peak charges.
Major customer	<p>A category for larger commercial connections, with charge components for:</p> <ul style="list-style-type: none"> <li>fixed (\$/connection/day),</li> <li>control period demand (\$/kVA/day, updated annually, average load during Orion’s control period),</li> <li>nominated maximum demand (\$/kVA/day, initially nominated, then increased where higher loadings are observed),</li> <li>metered maximum demand (\$/kVA/day, updated annually, highest loads during weekdays), and</li> <li>dedicated equipment (\$/day or similar).</li> </ul> <p>The chargeable quantities for these components are calculated and set for each connection in the category.</p>
Large capacity	Individually assessed prices and charge structure.

Orion determines which category applies for each connection. The calculation of chargeable quantities for each connection category is described in the following sections of this document.

Subject to the provisions in our distributor agreements, monthly charges are invoiced in an “actual invoice” (as defined in distributor agreements) dated the end of the month for which services are provided, sent out by the 10th working day of the following month, and due for payment on the 20th (or the following business day, if the 20th is not a business day). The actual invoice includes a monthly invoice and contract charge which is applied when other delivery services are being provided and charged for. The actual invoice also includes initial charges for the previous month and wash-ups for the prior 7 months. Wash-ups capture changes or revisions that have occurred for Reconciliation Manager (RM) revision months R1, R3 and R7 only.

Connection specific fixed and demand based daily charges are not generally applied in respect of periods where a connection is not energised. Generally, this means that we apply charges to the retailer recorded on the Electricity Authority’s registry for connections with status code 002 (energised), 888 (distributor only connection) and those with a status reason code of 5 (reconciled elsewhere). We may also apply charges where we determine that a connection is energised but the registry has not been updated.

## 2. Streetlighting connections

Orion owns and maintains a low voltage network of lines and cables dedicated to the provision of streetlighting (including lighting of some parks and reserves). To a large extent, this network runs alongside our regular low voltage network; it is the fifth wire on our overhead lines and the fifth core of our underground cables. These circuits are switched on at night and off in the mornings, using a combination of light sensors and timers and our ripple signalling system.

To reflect the-use of our network, we maintain a specific category for streetlighting connections. All private and publicly owned dedicated lighting connections supplied from our streetlighting circuit are included within this connection category. Electricity used by streetlighting contributes to, and is charged together with, the peak and volume charges described for general connections in section 3 below. In addition, we apply a fixed (dollars per day) charge for each connection. The prices are available in our schedule of Delivery prices, available on our website.

The chargeable quantity for the fixed charge is the number of streetlighting connections that we record against each streetlighting ICP. For many streetlighting ICPs there is only one connection, but shared unmetered load carries a connection quantity of less than one (or some fraction greater than one) and distributed unmetered load ICPs represent many streetlighting connections. A number of the private streetlight connections are administered as “shared unmetered load” as set out in the Electricity Industry Participation Code. The streetlight ICP is recorded as a “distributor only” ICP on the registry, and the fixed charge is split between the benefiting ICPs. We assess the benefiting ICPs based on access and security amenity provided by the light. Customers at individual ICPs can elect not to participate in the shared allocation and the light will be disconnected if all benefiting customers elect not to participate. While we will maintain and adjust the record of benefiting ICPs, the “shared unmetered load” option is closed, and no new or existing lights will be accepted as shared unmetered load.

### 3. General connections

Our general connection category includes all temporary connections, residential connections, and SME connections, including a number of sites with half-hour interval metering, but excludes connections that belong to the other connection categories (those in the streetlighting, irrigation, major customer and large capacity connection categories).

Two pricing components apply, a fixed daily charge per connection and energy volume charges which are based on the total electricity volume delivered to all general connections, as measured at Transpower’s grid exit points (GXPs) and other injection points from embedded generation and reconciled between retailers by the reconciliation manager. We use a wash-up process to revise retailer invoices as switching occurs and revised allocations of energy become available from the reconciliation manager. At the time a wash-up is performed, the previously invoiced amount is reversed out and replaced with a new amount calculated using the revised quantities. The invoice states both the newly calculated amount and the reversal, resulting in either a net credit or debit.

The prices are available in our schedule of *Delivery prices*, available on our website.

General connections may also be subject to our low power factor charge, described below. Interruptibility and power factor correction rebates are not available to connections categorised as general connections (see irrigation connections category).

#### 3.1. Fixed charge

A fixed daily charge applies to all connections in our general connection category. The price is specified as dollars / connection / day, and the charge is applied for the number of days that each connection is with a retailer during the month. ICPs that represent multiple connections (e.g., ICPs for distributed unmetred load) will attract a daily connection charge for each connection associated with that ICP.

We have introduced a fixed controlled daily charge. A consumer is eligible for the controlled price category, if the metering information in the registry details any of the below:

Metering Installation details	Flag	Result
Registry content codes	CN, *IN, NO or NB	Controlled
Control Device Certification Flag	Y	Controlled
Metering component Type	L	Controlled

With the exceptions of ICPs where their registry content codes only contain UN (Uncontrolled), these ICPs will default to, uncontrolled.

For consumer in these price categories with load connected to Orion’s Load Control System, Orion may control this load at any time for a maximum of 8 hours in any 24-hour period.

The chargeable days are determined using the retailer and status for each ICP on the Electricity Authority’s registry. Charges are included for ICPs with an “energised” status (status code 002) and for those recorded as “reconciled elsewhere” (status reason code 5). We may also include charges for ICPs if we determine that there is a retailer responsible, and the power is on but where these attributes have not been updated on the registry.

Charges are based on the retailer and status recorded on the registry at the point our billing cycle is run. Any backdated changes affecting the prior 7 months. are also captured in our wash-up amount.

### 3.2. Volume charge

The volume charge (using dollars / kWh prices) is based on each retailer's reconciled energy volumes. We apply a price for peak, shoulder, off peak, super off peaks periods and an inclusive weekend rate. The volume chargeable quantity is calculated from the reconciled real energy at each of our grid exit points (which includes a share of any export from embedded generation), as follows:

#### Calculation of quantities:

Retailer's chargeable capacity volume, by period (kWh)	=	Reconciled real energy for retailer (kWh)	less	Retailer's major customer, and large capacity connection loss adjusted real energy (kWh)
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Energy volumes for independently reconciled embedded networks (connections categorised as "LE" ICPs for reconciliation) are not included in the reconciliation of their parent grid exit point, and the reconciliation of volumes *within* these embedded networks is not used in our pricing. We charge for our delivery service to these "LE" ICP connections using our major customer pricing and:

- energy volumes for embedded networks that contract with a retailer for Orion's delivery service (regardless of whether they are globally reconciled or not) are added to that retailer's reconciled real energy volumes then deducted off with the rest of the major customer deduction,
- energy volumes for embedded networks that contract directly with us for delivery services are not added to any retailers' volumes.

#### Charges and wash-ups

We use the reconciliation manager's initial reconciliation to establish chargeable quantities for the current billing month, and the reconciliation manager's 1 month, 3 month and 7 month wash-ups feed into our wash-up covering prior months.

The Reconciliation Manager's 14 month wash up is not reflected in billing, but in exceptional circumstances, where we consider it appropriate, we may apply additional wash-ups up to 24 months after the charges are initially applied. These circumstances may arise, for example, where the reconciliation manager agrees to provide additional wash-ups in its reconciliation process.

#### Low power factor charge

We may apply an additional low power factor charge in situations where a connection's power factor is materially below 0.95 lagging with adverse (or possible future adverse) impacts on our delivery service (in our opinion).

We will determine a chargeable kVAr, generally based on twice the largest difference between the recorded kVArh and one third of the recorded kWh in the same half-hour period, between 7am and 9pm on weekdays. If metering information is not available for this assessment, we will install temporary power quality metering and determine an appropriate chargeable kVAr.

Once the chargeable kVAr is established, the charge is applied as a set daily amount (dollars / kVAr / day) until such time as we reassess the chargeable kVAr, or the charge is removed.

To enable corrective action to be taken, we will generally provide 3 months' notice to the affected customer and their retailer before applying or increasing a low power factor charge.

At any time, a customer (or their retailer) may ask us to reassess the power factor at a connection with a low power factor charge (or notice of). We will carry out the reassessment within a reasonable period of time and adjust or remove the low power factor charge accordingly. Where we find that the power factor remains materially below 0.95 lagging, we will charge the cost of the reassessment to the party that requested the reassessment.

The low power factor charge does not apply to streetlighting or irrigation connections.

### 3.3. Controlled load management options

Within the general connection pricing category, we maintain several controlled load options which are proposed for hot water heating. We maintain these options as a service to Retailers, who generally maintain retail pricing plans that align, and customers can elect an option that suits their needs (via request to their retailer). The following table sets out the options available, how it relates to the charge components above, and the conventional retail pricing plans that align with the options.

Water heating option	Service level	Impact on charges	Common retail pricing plans
Night only	Turned on for 7 ½ hours between 9pm and 7am each night	Connected load avoids all peak charges and is only on during the lower priced night periods	Day / Night Day / Night and weekend Night (when the water heater has its own dedicated meter and/or register)
Night with afternoon boost	Turned on for 7 ½ hours between 9pm and 7am each night, and on for 3 hours between noon and 4pm each day	Connected load avoids the majority of peak charges and approximately half of all heating (depending on usage patterns) is at the lower night and weekend volume price.	Day / Night Day / Night and weekend Night Plus or Night Boost (when the water heater has its own dedicated meter and/or register)
Night with weekend boost	Turned on for 7 ½ hours between 9pm and 7am each night, and on for 4 hours between 9am and 4pm each Saturday and Sunday	Connected load avoids all peak charges and is only on during the lower priced night and weekend periods	Day / Night and weekend
Night 8	Turned on for 8 hours between 9pm and 7am each night Reserved for use only where Orion has provided approval	Connected load avoids all peak charges and is only on during the lower priced night periods	Day / Night Day / Night and weekend
Peak control	Off during peaks and emergencies. We aim to limit control to <ul style="list-style-type: none"> <li>no more than 4 hours in any 8-hour period for residential, and</li> <li>no more than 2 hours in any 5-hour period for business.</li> </ul>	Connected load contribution to peak charges is reduced, but most heating occurs during the higher weekday volume price.	Economy Composite Inclusive Controlled (when the water heater has its own dedicated meter and/or register)
Near continuous supply (emergency only)	In normal supply circumstances the supply is left on 24 hours every day. Supply may occasionally be interrupted during capacity emergencies with the aim of avoiding wider outages.	There is no benefit to charges. Connected load contributes to peak charges, and the majority of heating occurs during the higher weekday volume price.	Anytime 24 Continuous



#### 4. Irrigation connections

We provide a specific irrigation pricing category which is mandatory for irrigation connections with a pump capacity greater than 20kW, except that:

- the category is optional for irrigation connections with a pump capacity between 20 kW and 40 kW that are solely used for non-commercial<sup>1</sup> purposes, and
- irrigation for sports fields (including golf courses) and flood pumps are not classified as irrigation connections.

For the above categorisation, the capacity considered is the combined capacity of the water pumping motors at the connection (excluding other ancillary motors, such as rig drives). Connections in this category are required to remain as dedicated irrigation connections and must remain separate from other types of loads (e.g., an irrigation connection and a house cannot be combined into a single supply).

For historical reasons, and as a result of reductions in pump size, some irrigation connections with 20 kW or less pump capacity are included in this pricing category. The customer or retailer for these connections may elect to apply to Orion for the connection to be recategorized as a general connection from the first of the month following the date of application. New connections with pump capacity of 20 kW or less will not be placed in the irrigation category – they will be placed in the general connection category.

The following price components apply for connections in this category:

- Capacity charge – dollars / kW / day based on the chargeable capacity
- Interruptibility rebate – dollars / kW / day based on the chargeable capacity
- Power factor correction rebate – dollars / kVAr / day based on the reactive power rating of installed capacitors
- Volume charges – dollars / kWh as described for general connections

The capacity charge and rebates are applied, on a daily basis only, during the period 1 October to 31 March. Volume charges apply year-round and are applied together with the volume charges for general connections. The prices and rebates are available in our schedule of *Delivery prices*, available on our website.

Charges are based on the retailer, status, chargeable capacity, and rebate metrics recorded on the registry at the point our billing cycle is run. Any backdated changes affecting the prior 7 months are also captured in our wash-up invoice.

Orion will carry out audits of irrigation connections from time-to-time to check that the relevant quantities are correct, and that any necessary equipment is functioning correctly.

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<sup>1</sup> Non-commercial use is determined by Orion, generally meaning that the scale of production matches the on-site domestic consumption and no sales are derived from the irrigated land.

#### 4.1. Capacity charge

Orion determines and updates each irrigation connection's chargeable capacity (kW) based on the sum of the installed pump-motor nameplate ratings at the connection, including an allowance for associated motors (for example, booster pump motors) that normally or regularly operate while the irrigator is being used. Single motors driving rigs (including hydraulic power packs) are added at the nameplate rated capacity of the electric motor. Where multiple rig drive motors are installed, they are added at the operating rating documented by the designer/installer, and in the absence of such documentation, 0.5 kW per irrigation span.

As the category is intended for dedicated irrigation connections, any non-compliant load that is found will be added at its fused capacity (or Orion's estimate of capacity) until such time as the load can be separated off to an alternative supply. For example, a 60-amp residential supply will be added as 13.8 kW.

As an alternative, we consider either:

- Metered chargeable capacity – on application from a customer or their retailer, to cater for customers that consistently operate their irrigation pumps below their rated capacity, we will consider assessing a connection's chargeable capacity based on half-hour metered loadings.

The assessment will generally be based on the highest half-hour loading during the previous three irrigation seasons, but not less than a third of the kVA rating of the transformer supplying the irrigation pump.

We will update the assessment annually to apply from 1 October each year and apply changes where a material different level of loading is observed. This option will only be available where the retailer makes suitable half-hour interval metering data available to us.

- or -

- Individual assessed chargeable capacity – where it's not practical or appropriate to apply the standard approach or the metered chargeable capacity, Orion may assess a chargeable kW demand for a connection.

Changes to the chargeable capacity (for example, when a pump is upgraded, or a customer applies for a metered chargeable capacity) will generally apply from the first of the month following any new assessment or upgrade.

#### 4.2. Interruptibility rebate

An optional interruptibility rebate is available to retailers in respect of larger irrigation connections that provide us with the ability to interrupt supply in emergencies.

The purpose of this rebate is to reduce the need for Orion to invest in contingency assets that are needed to provide backup following faults on our network. If we can interrupt some irrigation loads there can be sufficient capacity remaining in the network to continue with supply to more essential loads, such as dairy sheds. The savings from this reduced investment supports the rebate and lowers the overall cost of electricity delivery.

The interruptibility rebate is based on the load that can be interrupted at the connection, and to be eligible to join the arrangement at least 50 kW of load must be available to be interrupted<sup>2</sup>. Then, to remain in the arrangement, the retailer must:

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<sup>2</sup> Existing participating irrigation connections with less than 50 kW are able to remain in the arrangement

- ensure that an appropriate interruptibility relay programmed to the channel that we allocate, is installed, and maintained at the connection (and report any changes to the relay to us), and
- maintain metering equipment at the connection that, at least, records kWh loading levels on a half-hour interval basis, and provide this to Orion monthly using an industry standard format<sup>3</sup>.

To establish which ripple control channel should be installed, please call our contact centre on 0800 363 9898. Alternatively, you can look up the control channel coding using the “Search ICP” facility on our website (see [www.oriongroup.co.nz/SearchICP](http://www.oriongroup.co.nz/SearchICP)). Orion will use the metering information to assess and update the interruptible load from time to time, and to validate the load response when an interruptibility event occurs.

In an emergency, we may interrupt delivery to irrigation connections under this rebate arrangement. Emergencies include:

- failure of a line resulting from severe weather, such as high winds,
- a fault on the network resulting from a car hitting a pole,
- a fault in switchgear or a transformer at a district substation, and
- a capacity shortage on Transpower’s grid that affects our ability to provide delivery services.

In any one area, we expect such events to occur approximately once in five years, with a maximum duration of eight hours, and once in ten years with a maximum duration of 48 hours. There could be more or longer interruptions under extreme circumstances.

We will restore delivery of electricity to the irrigation load as soon as practicable but will give priority to the restoration of delivery to other loads.

In addition, we will periodically interrupt delivery to irrigation connections to test the level of load response. These tests may occur at any time of the day and will be carried out without warning. Tests will not last more than 40 minutes, and, under normal circumstances, we will not carry out more than one test per season.

### **4.3. Power factor correction rebate**

The power factor correction rebate is available to retailers in respect of irrigation connections that have appropriate power factor correction equipment installed and maintained.

In rural areas, the amount of real power that we can deliver is restricted by the reactive power demanded by irrigation loads. The purpose of this rebate is to provide a financial incentive to meet our minimum power factor correction requirements to reduce this delivery restriction.

The rebate is based on the amount of kVAr of power factor correction capacitance at the connection. To be eligible for the rebate, the electricity retailer or electrical contractor must provide us with the value of reactive power capacity (kVAr), determined by nameplate rating on the capacitors that are installed at the irrigation connection. Where the capacitance is measured to be different to the nameplate rating the rebate may be adjusted accordingly. Where the capacitance provided is not sufficient to achieve a power factor of 0.90, then no rebate will be applied (and we may require remedial work to be undertaken to meet the requirements in Orion’s Network Code<sup>4</sup>).

<sup>3</sup> The requirement for half-hour interval metering was introduced from 1 April 2019. The small number of connections that did not have appropriate metering as at this date were exempt from this eligibility requirement until 1 April 2020.

<sup>4</sup> See <https://www.oriongroup.co.nz/customers/the-network-code/>

The rebate is limited to the capacitance required to achieve a unity power factor. While connections must meet our minimum power factor requirement in all situations, the amount of the rebate is further limited to the capacitance required to correct a power factor of 0.8 to unity. In practise, this means that the power factor correction rebate (kVAr) is capped at 75% of the chargeable capacity (kW).

For pump-motors with variable speed drives or active filters that increase the effective power factor, we apply an estimate of an equivalent correction capacitance, proportioned based on 25 kVAr per 100 kW of pump-motor nameplate rating (based on correcting the power factor from 0.87 to 0.95).

## 5. Major customer connections

Orion's major customer connection category caters for the connections with larger loads and reconciled embedded networks. These connections take delivery in bulk, are able to provide accurate half-hour interval metering data by connection, and generally do not use our low voltage network.

In summary, we apply five pricing components in respect of major customer connections. These are:

- fixed (\$/connection/day),
- control period (\$/kVA/day, the loading level when the network peaks occur),
- nominated maximum demand (\$/kVA/day, the capacity available for the connection),
- metered maximum demand (\$/kVA/day, the actual peak load reached each year), and
- dedicated equipment (\$/day or similar).

The following sections describe the electricity delivery pricing and charging basis, including our process for determining chargeable quantities. The actual delivery prices are provided in Orion's schedule of *Delivery prices* available on our website (see <http://www.oriongroup.co.nz/DeliveryPricing>).

Orion determines the connections that are categorised as major customer connections. Our assessment is generally based on loading levels where we consider any contracted capacity (for new or modified connections) and/or the 100<sup>th</sup> highest half-hour loading in recent 12-month periods, and:

- the underlying real (kW) load may instead be assessed where the apparent (kVA) load includes an excess of reactive loading as a result of a non-compliant power factor, and
- where this loading or export level is between 150 kVA and 300 kVA the customer (or their retailer) may elect to be classified as a major customer connection, or
- where this loading or export level is above 300 kVA the connection will be classified as a major customer connection.

However:

- irrigation connections, streetlighting connections, temporary connections and large capacity connections will not be categorised as major customer connections,
- reconciled embedded networks will be classified as major customer connections.

Orion will review the connections that are classified as major customer connections from time to time and when requested by the customer or their retailer. Where appropriate, Orion will reclassify connections (providing appropriate notice to affected retailers and customers). These reclassifications will generally only take effect from 1 April of each year. Where an existing general connection becomes a major customer connection, we will estimate the chargeable quantities based on the latest information available.

All prices are expressed as daily prices and charges are applied monthly (and vary depending on the number of days in each month, or the number of days for which the chargeable quantities apply).

Charges are applied based on the retailer and status recorded on the registry, and on our records of chargeable quantities at the point our billing cycle is run. Any backdated changes affecting the prior 7 months are also captured in our wash-up invoice.

### 5.1. Fixed charge

A fixed daily price applies to each individually metered connection to our network. Where there are additional connections at a location that meet our current criteria for totalising of charges (see section 5.4 below), then excluding the first connection, the additional connections instead attract the lower “additional connection” fixed charge.

### 5.2. Control period demand charge

This is based on the contribution to the peak load on the entire network. The chargeable control period demand (CPD) is the average apparent power (kVA) during the complete real-time half hours (i.e., those beginning or ending on the hour) within our ripple signalled control periods which occur during the winter season, May through August. For existing major customer connections, the chargeable CPD is generally updated annually. If there is less than five hours of control period in a season, we will continue with the result from the previous season.

In summary:

Control period season (winter):	1 May to 31 August
Updated control period demand notified by:	28/29 February of the following year
Updated control period demand applied from:	1 April to 31 March of the following years

### 5.3. Control period incidence and duration

Control periods occur when, in the absence of load management, our network load would exceed predetermined trigger points, and we notify these periods using our ripple system, text messages and emails. To focus on the period of highest loading, we set and adjust the trigger points with the aim of accumulating 80 to 100 hours of signalled control period during the winter season (May to August).

Control period loads are measured over the integral half hours (i.e., half hours beginning or ending on the hour) within the period our control period ripple channel is turned on. The time between when we turn the control period ripple channel on, and the beginning of the next integral half hour provides an opportunity for customers to respond and lower loading levels.

Text and email alert messages are also sent out at the start and end of each control period. The service is provided at Orion’s discretion, and it relies on several third-party service providers. We initiate the alerts when the control period ripple channel is switched, and it generally takes a few minutes for them to get through. These alerts are not guaranteed – occasionally they are delayed for long periods or lost altogether. To register for the text or email alert service, send a request to [loadmanagement@oriongroup.co.nz](mailto:loadmanagement@oriongroup.co.nz).

Control periods have a minimum duration of one integral half hour and typically last 2 to 3 hours. We aim to limit the duration of individual control periods to no more than 4 hours but, in extreme conditions, they can extend to 6 hours or more. The accumulated duration of the control period over a season can vary between approximately 20 and 150 hours, depending on the weather, but we aim to set and adjust our trigger parameters to accumulate between 80 and 100 hours per season.

Major customer connections are split between two control period groups (group 1 and group 2) so that we can stagger the change in load when control periods start and finish. Both groups receive approximately the same incidence and duration of control periods. We maintain separate ripple channels, text, and email alerts for each group.

#### 5.4. Nominated maximum demand charge

Also referred to as the “booked capacity”, this is initially based on requested capacity for new or upgraded connections (subject to a minimum of 300 kVA), and then increased to reflect any higher loading levels on a monthly review basis.

The nominated maximum demand will be increased from the 1<sup>st</sup> of the month (following the monthly review) where the greater of:

- the average of the 12 anytime maximum half hour kVA loads, or
- half the average of the 12 anytime maximum half hour kVA exports

from the previous 12 months is found to exceed the current level by a threshold of 10 kVA or more.

As an example of the timing of the monthly review:

Review month	November
Loading information assessed	November to October prior
Updates notified by:	Mid November
Updates effective from:	1 December following

The monthly review is intended to capture seasonal and other normal variations in loading to reflect the long-term capacity that Orion needs to reserve for the connection. A separate network application is needed where there is to be a permanent increase or decrease in demand because of changes in usage at the premise. This allows Orion to consider what upgrades or changes might be required and the terms on which this can be provided. Surplus capacity over and above the nominated demand (including surplus capacity established following an application to reduce the nominated demand) is not reserved for the customer’s future use, and Orion may:

- utilise the capacity to provide supply to other customers,
- remove assets that provide the additional capacity, or resize assets, and/or
- physically restrict the capacity available to the customer (for example, with fusing) to reflect the reduced nominated maximum demand.

All changes are subject to the following:

- The minimum nominated maximum demand is 300 kVA,
- For new connections, the initial nominated maximum demand will generally be set to 70% of the requested capacity, and for upgraded connections it will generally be increased by 70% of the requested capacity increase,
- Customers may apply for a reduction in the nominated maximum demand where loading levels remain materially lower (for example, following a permanent change in behaviour), and where this is evident in loading levels over the prior year. Reductions will not be provided within 3 years after a connection is first commissioned or upgraded to provide additional capacity requested by the customer. Reductions are not backdated. As noted above, any surplus capacity created by any such reduction is not reserved for the customer’s future use,

- Any increase or request for an increase within 12 months of a reduction being applied will, in addition to any other terms, include a requirement to pay the additional amount had the original reduction not been applied (but capped at the requested level, if this is lower than the original level),
- Where a customer has more than one major customer connection at one location supplied by the same electricity retailer, we may use the lower combined (totalised) or after-diversity loadings of the sites for the nominated maximum demand. Factors considered include the cost of interconnection within the customer’s premises, the investment implications on our network and the supply security requirements,
- The monthly review may be carried out using less than a year’s metering information where metering information is not available at the time the review is undertaken.

### 5.5. Metered maximum demand charge

This is based on each connection’s own peak load, updated annually to reflect increases, and decreases in loading levels and subject to a minimum of 300 kVA.

The metered maximum demand is reviewed annually based on metering from the previous calendar year and set to the greater of:

- the average of the 12 highest weekday half hour kVA demands (Monday to Friday, between 7am and 9pm), or
- half the average of the 12 highest anytime half hour kVA demands, or
- 300 kVA.

This effectively means that, subject to the 300 kVA minimum charge level, night and weekend loads need to be more than double the weekday loads before there is an impact on charges, and above this level, night and weekend loads are charged at half the rate of weekday loads.

#### In summary:

Assessment period:	1 January to 31 December
Updates notified by:	28/29 February following
Updates effective from:	1 April to 31 March following

The metered maximum demand is subject to the same consideration of combined (totalised) or after-diversity loadings noted for the nominated maximum demand above. However, it does not include an assessment of export.



## 5.6. New and modified connections, special circumstances

For new major customer connections (including where an existing connection is newly classified as a major customer connection) and significantly modified connections, Orion establishes initial “deemed quantities” that apply for the control period demand, nominated maximum demand, and metered maximum demand charges based on the information available, and may subsequently reassess these earlier than 1 April of each year if loading levels exceed the deemed<sup>5</sup> quantities. Where appropriate, the initial nominated maximum demand is set and adjusted using the approach described in 5.4 above. Other deemed quantities will be updated in the normal cycle once sufficient loading information is available at normal operating levels – usually a full winter season loading information for the control period update, and at least 8 months loading information for the metered maximum demand update.

For new major customer connections, the deemed quantities generally apply from the date of livening. In some circumstances, such as where livening occurs to allow the completion of construction, the deemed quantities may apply from a later date. In such cases the status of the connection will be reviewed from time to time.

Customers may apply for chargeable quantities to be reduced and reset where significant changes in plant at the premise create a long-term change in demand. As noted in section 5.4 above, any surplus capacity created as a result of such reductions is not reserved for the customer’s future use and may be utilised by Orion to provide supply to other customers.

At Orion’s discretion and in exceptional circumstances, alternative chargeable quantities may be set for a period to recognise special circumstances, for example, following an extreme event where a customer is unable to operate its plant for an extended period.

Any changes to chargeable quantities resulting from an early reassessment will generally apply from the 1<sup>st</sup> of the month following the reassessment (changes will not be back dated).

## 5.7. Equipment charges

We charge separately for some permanently installed equipment that we own and that is dedicated in servicing a major customer connection to reflect differences between connections (for example, this approach results in lower delivery charges where a customer provides its own transformers).

Equipment charges are applied for:

- Extra switchgear
- 11kV metering equipment
- Transformer capacity, and
- Dedicated 11kV lines and cables

For dedicated equipment, we provide standard maintenance, replacement (at the end of the asset’s useful life), and component certification (where appropriate).

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<sup>5</sup> We use “deemed” because these initial quantities do not necessarily reflect metered quantities.

We generally charge customers for initial (non-recoverable) installation costs (including foundations, labour, and miscellaneous charges for plant and materials used) when the connection is established, upgraded, or reconfigured. Customers fund the full initial cost of any dedicated lines or cables and our dedicated equipment charge for these assets covers maintenance and replacement only (we do not apply the dedicated equipment charge for up to the first 100 metres of dedicated line or cable). Any additional services or other equipment changes are provided on a 'fee for service' basis.

Extra switchgear includes circuit breakers, oil switches, overcurrent relays or air brake isolators that are provided over and above the switchgear configuration installed for our normal security standard.

Transformer capacity is normally based on the rating of the dedicated transformer. Where a transformer is shared, the chargeable transformer capacity is based on the standard size transformer that would otherwise be provided to meet the nominated maximum demand. Transformer charges are based on the actual capacity of the transformer, including situations where the nominated maximum demand capacity may be higher or lower.

For us to provide and maintain this equipment the customer must provide reasonable access. For maintenance of underground cables, access should not be unreasonably encumbered. Where reasonable access is not provided, we will generally charge for any costs associated with re-routing cables to resolve a fault.

## **6. Large capacity connections**

Orion has a large capacity connection category to accommodate very large connections that require individual pricing consideration because of their size, security of supply requirements and/or impact on the local network to which they connect.

Pricing and charge structures are individually negotiated and charged directly to the customer.

## **7. Changes between connection categories**

Orion may change the category for any connection in line with the category descriptions above. Generally, Orion will only change (or accept requests to change) category with effect from 1 April of each year. The most likely changes are general connections becoming major customer connections (due to load growth) and vice versa.

In some situations, where a category change occurs on a date other than 1 April, Orion may determine adjustments to chargeable quantities to negate under or over charging relating to timing differences between the pricing approaches for the categories.

## **8. Transmission loss, constraint and excess rebates and ancillary services charges (“SRAM”)**

The monthly transmission loss, constraint and excess rebates and ancillary service charges paid or charged to Orion by Transpower are allocated to all the electricity retailers (including all “traders” as that term is defined in the Electricity Industry Participation Code) that operate on our network, and directly billed customers who pay us line charges directly. We credit the rebate amount we receive in any month to the retailers and directly billed customers, based on their network total reconciled real energy (kWh load) for the same month. This amount is not washed-up. We charge retailers for any ancillary service charges on the same basis.

## **9. Billing and invoicing**

Subject to the provisions in our distributor agreements, monthly charges are invoiced in an “actual invoice” (as defined in distributor agreements) dated the end of the month for which services are provided, sent out by the 10th working day of the following month, and due for payment on the 20th (or the following business day, if the 20th is not a business day). The actual invoice includes a monthly invoice and contract charge which is applied when other delivery services are being provided and charged for. The actual invoice also includes initial charges for the previous month and wash-ups for the prior 7 months. Wash-ups capture changes or revisions that have occurred for Reconciliation Manager (RM) revision months R1, R3 and R7 only.

### **9.1. Data and metering requirements**

Orion obtains data from the reconciliation manager and uses this in the calculation of volume charges for streetlighting connections, general connections and irrigation connections. We also manage the data associated with capacity charges and rebates for irrigation connections.

In addition, retailers must ensure that appropriate metering equipment is installed and must provide to Orion:

- (i) half hour real (kWh) and reactive (kVArh) load and, where measured, export information for ICPs in the major customer (MCC) and Large Capacity (LCC) connection categories, reconciled embedded networks, connections with generators that participate in our peak or control period-based credits and for all other ICPs with category 3 metering or above, and

(ii) half hour real (kWh) consumption information for ICPs in the Irrigation (IRR) pricing category with advanced category 1 or category 2 metering (to the extent that the information is available).

We require the half hour interval metering data to be provided in a format consistent with the industry standard information protocol EIEP3 version 11 (available from the Electricity Authority’s website). The use of the EIEP3, when exchanging half hourly volume information, is regulated by the Electricity Authority under Schedule 12A.2 clause 3 of the Electricity Industry Participation Code 2010.

Half hour information in respect of multiple ICPs may be combined into a single EIEP3 file. Where half hour information for 10 or more ICPs is provided it must be combined into a single EIEP3 file for (i), a single EIEP3 file for (ii) or a single EIEP3 file for both.

Half hour metering data must be provided separately for each ICP (even when we subsequently combine or totalise loadings). Real (kWh) and reactive (kVArh) volumes for load and export (where measured) must not be offset.

Orion requires that all connections with synchronised embedded generation (including synchronised battery storage and photo voltaic generation) have export metering and that exported volumes are submitted to the reconciliation manger. For connections that have approval for export credits, the export volumes must also be submitted to Orion.

Embedded network operators that contract directly with us for delivery services are required to submit the half-hour interval metering data to Orion for their connection to our network. Generally, this obligation is fulfilled by a retailer acting for the embedded network operator.

The information must be provided monthly by 5pm on the 5<sup>th</sup> business day of the following month.

**9.2. Invoicing**

We provide the following information in support of our monthly delivery services invoices:

Delivery invoice	Delivery charge totals for the initial month and credit re-billing (wash-up) charges for Reconciliation Manager (RM) months R1, R3 and R7 – within an 8-month cycle. Non-RM wash up months are not included.
Delivery charges calculation(s)	Summary of chargeable quantities, prices, and charges.
EIEP1	Itemised chargeable quantities and charges by ICP for all fixed streetlighting, general, irrigation and major customer connection pricing components. A separate file is supplied for the invoice month and for each of the 3 months included in the wash-up period. Excludes export credits, SRAM Loss and Constraint Excess pass-through, miscellaneous adjustments and the invoice and contract charge.
EIEP2	Chargeable quantities and charges for the streetlighting, general and irrigation time-of-use volume based on network total reconciled volumes. A separate file is supplied for the invoice month and for each of the 3 months included in the wash-up period.

Settlement Residual Allocation Methodology (SRAM)	Details for the retailer of the SRAM pass-through and ancillary charges that Orion has passed directly to the retailer and directly billed customers
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### 9.3. Pricing information on the Registry

The “registry” is a database of all electricity connections in New Zealand which is provided by the Electricity Authority. The registry allows retailers and distributors to manage the process of switching customers between retailers by facilitating the exchange of information and enabling energy flows between retailers to be reconciled. Orion is required to maintain information relating to delivery pricing on the registry, and we populate the pricing fields against each ICP as follows:

Field Name	Data type	Populated with
Event date	dd/mm/yyyy	The date the pricing information applies from (usually the first of the month following any change or update)
Price category	char 15	Code for the pricing category that applies to the ICP. Codes are: LIG Streetlighting connection RES Residential – Controlled URES Residential – Uncontrolled GENGC1 General Group 1 – Controlled UGENGC1 General Group 1 - Uncontrolled GENGC2 General Group 2 – Controlled UGENGC2 General Group 2 – Uncontrolled GENGC3 General Group 3 – Controlled UGENGC3 General Group 3 - Uncontrolled IRR Irrigation connection MCC(...) Major customer connection. The bracketed term additionally identifies: G1/G2 – whether the connection belongs to group 1 or group 2 for control periods (see section 5.3) DIRECT – denotes connections where customers contract directly with Orion for delivery services (and are charged directly) LCC Large capacity connections (directly contracted) For new connections Orion always determines the applicable price category in advance of livening, and therefore does not use “placeholder” price category codes.
Loss code	char 7	Code defining the appropriate loss factors that apply for the ICP. Refer to Orion’s published schedule of loss factors. In summary, the codes are: LVL Low voltage metered connections (230V or 400V) 11L 11kV metered connections SSL, FSL Connection specific factors for 11kV connections in our LCC price category
Chargeable capacity	num 10	For irrigation connections only, this field is populated with the chargeable capacity (in kW). For all other connections, this field is blank. Contact Orion for chargeable capacities for major customer connections.
Installation details	char 30	For general connections, this is populated with details of any low power factor charge, if one applies, as follows:

		<p>LOWPF### Low power factor charge, where ### is the chargeable kVAr (with up to 2 decimal places)</p> <p>For irrigation connections, this is populated as a multivalued field, separated with a pipe ( ) to show the credit quantities for rebates (if any), as follows:</p> <p>PFC#xx Irrigation power factor correction rebate, xx is the creditable kVAr (with up to 2 decimal places)</p> <p>INT#xx Irrigation interruptibility rebate, xx is the creditable kW (with up to 2 decimal places)</p> <p>For major customer connections, this field is used in free form to advise if metered quantities are totalised with another connection for the purpose of delivery charging.</p>
Direct billed status	char 60	Populated with "Distributor" for connections where we contract with and charge the customer directly for delivery services.
Direct billed details	char 60	Not populated

#### 9.4. Price component codes

For each delivery price component, we set a "price component code" for use in our mandatory "electricity information exchange protocol" files, and these codes are also shown on our delivery price schedule. Within these files, rebate prices and export credits are quoted as negative values.

Price component codes are:

Price category	Price category code (as recorded on the Registry)	Price component	Price component code
Streetlighting connections	LIG	Fixed charge	STFXD
		Time-of-use volume charge	
		Weekend	WKD
		Peak (Mon to Fri, 7:00am to 11:00am and 5:00pm to 10:00pm)	P
		Shoulder (Mon to Fri, 5:00am to 7:00am and 11:00am to 5:00pm)	SH
		Off Peak (Mon to Fri, 10:00pm to 3:00am)	OP
		Super Off Peak (Anytime between 3:00am to 5:00am)	SOP
General connections	RES	Fixed charge – Residential Controlled	RESFXD
	URES	Fixed charge - Residential Uncontrolled	URESFXD
	GENGC1	Fixed charge – General Group 1 Controlled	GC1FXD
	UGENGC1	Fixed charge – General Group 1 Uncontrolled	UGC1FXD
	GENGC2	Fixed charge – General Group 2 Controlled	GC2FXD
	UGENGC2	Fixed charge – General Group 2 Uncontrolled	UGC2FXD
	GENGC3	Fixed charge – General Group 3 Controlled	GC3FXD
	UGENGC3	Fixed charge – General Group 3 Uncontrolled	UGC3FXD
		Time-of-use volume charge	
		Weekend	WKD
		Peak (Mon to Fri, 7:00am to 11:00am and 5:00pm to 10:00pm)	P
		Shoulder (Mon to Fri, 5:00am to 7:00am and 11:00am to 5:00pm)	SH
		Off Peak (Mon to Fri, 10:00pm to 3:00am)	OP
		Super Off Peak (Anytime between 3:00am to 5:00am)	SOP
	Low power factor charge	LOWPF	

Price category	Price category code (as recorded on the Registry)	Price component	Price component code
Irrigation connections	IRR	Capacity charge Power factor correction rebate Interruptibility rebate Time-of-use volume charge Weekend Peak (Mon to Fri, 7:00am to 11:00am and 5:00pm to 10:00pm) Shoulder (Mon to Fri, 5:00am to 7:00am and 11:00am to 5:00pm) Off Peak (Mon to Fri, 10:00pm to 3:00am) Super Off Peak (Anytime between 3:00am to 5:00am)	ICCAP ICPFC ICIRR  WKD P SH OP SOP
Major customer connection	MCC(G1), or MCC(G2), or MCC(G1-DIRECT), or MCC(G2-DIRECT)	Fixed charge Fixed charge (additional connections) Peak charge (control period demand) Nominated maximum demand Metered maximum demand  Equipment Charges Extra switches 11kV Metering equipment 11kV Underground cabling 11kV Overhead lines Transformer capacity	MCFXD MCFXDA MCCPD  MCNMD MCMMD  EQESW EQMET EQUGC EQOHL EQTFC
Large capacity connections	LCC	Codes not defined as customers are charged directly	
Export credits	Any	0 - 30kW generation Anytime credits (without PV) Anytime credits (with PV) 0 - 30kW generation Peak period credits (with or without PV)  30 - 750kW Control period credits Real power credit Reactive power credit	EXPA EXPAPV  EXPPP  EXPCP1 EXPCP2