

Annual Price Review

Auckland Gas Distribution Network

From 1 October 2018

Vector owns and operates the gas distribution network in the greater Auckland region and delivers gas to approximately 109,000 homes and businesses – see adjacent map.

Parts of this document meet the Gas Distribution Information Disclosure Determination 2012 (consolidated 2015) requirements for Vector to publicly disclose prices.

From 1 October 2018, prices are decreasing by a weighted average of -0.9%. The price reduction is associated with: a decrease in pass-through and recoverable costs (-\$1.3m), partially offset by an increase in CPI (+1.58%).

Only the variable component of standard prices has been reduced; on average by about 1.7%. The fixed component of standard prices for each price category remains unchanged.

The decision to reduce only the variable component of prices reflects the fact that the majority of our costs are fixed and sunk, so increasing the fixed portion of revenues aligns the recovery of revenues with the way costs are incurred.

Changes to individual prices will vary from the weighted average price decrease above. This is due to differences in individual consumption levels within price categories. Customers on standard prices will not face an individual price increase.

Further information on our gas pricing methodology can be found at: <http://vector.co.nz/disclosures/gas/pricing-methodology>.

Our gas distribution prices, including previous prices, are set out in the following page. Please note that all prices are exclusive of GST.



Prices for standard gas consumers from 1 October 2018
(previous price, if changing)

Consumer Group	Load size scm/h	Description	Price category code	Number of consumers	Daily (-FIXD) \$/day	Volume (-24UC) \$/kWh
Mass Market		Residential	GA0R	100,000	0.35	0.0195 <i>(0.0199)</i>
	≤ 10	Business	GA01	2,400	0.63	0.0123 <i>(0.0125)</i>
Small Commercial	> 10 & ≤ 40	Small Commercial	GA02	2,800	1.12	0.0100 <i>(0.0101)</i>
Large Commercial	> 40 & ≤ 200	Large Commercial	GA03	940	4.79	0.0077 <i>(0.0078)</i>
Industrial	> 200	Industrial	GA04	140	14.70	0.0051 <i>(0.0052)</i>
	> 200	Large Industrial	GA05	20	203.00	0.0011

Vector offers six price categories for Auckland gas distribution network customers depending on the customer's connection size and their connection type.

Fixed prices (-FIXD) apply to the number of days each customer is connected to Vector's Auckland gas distribution network. Volume prices (-24UC) apply to all gas distributed to each customer.

Price category information

The **GA0R** price category applies to all residential customers. A residential customer is where the customer's metered point of connection is for a home, not normally used for any business activity.

The **GA01 - GA05** price categories apply to non-residential customers.

Load size for non-residential customers is measured in standard cubic metres per hour (scm/h) and is based on either the installed equipment or meter capacity.

Customers with a load size greater than 200scm/h may choose between the **GA04** and **GA05** price categories. Customers may not move between these price categories more than once in any 12-month period.

A customer whose typical usage is above 130,000,000 kWh per annum may be subject to non-standard prices, at Vector's discretion.

Loss factors from 1 October 2018 *(previous rate, if changing)*

Price category code	Loss factor code	Distribution losses with respect to the gate station meter	Distribution loss factors with respect to the customer meter
All	VEAG1	1.26%	1.0127

For further information

To discuss how Vector's distribution prices are applied to customer bills, customers should contact their gas retailer.

Extent of prices

Vector's distribution prices published in this schedule relate to the cost of owning, operating, and maintaining the network as it currently exists but do not include amongst other things, energy charges for the gas customers use, transmission charges, metering charges, the cost of reading meters and the cost of customer fittings or appliances.

For Vector to supply any new or changed distribution service, including but not limited to; changes to security or service levels, the connection to the network of additional connections and the modification, relocation or removal of current connections, Vector may apply non-standard prices other than those outlined in this schedule on a case by case basis.

Should Vector forecast a potential price breach under the regulated price path, then Vector may provide a refund or rebate of gas distribution charges directly to the gas retailer to avoid such a breach.