



Commerce Act (Electricity Distribution Thresholds) Notice 2004

Threshold Compliance Statement

Section 1 - Price Path Threshold

19 May 2008

Price path threshold assessment as at 31 March 2008

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Introduction

- 1.1 This threshold compliance statement ("the Statement") is submitted by Vector Limited ("Vector") pursuant to s7(1)(a) of the Commerce Act (Electricity Distribution Thresholds) Notice 2004 ("the Notice").
- 1.2 The Notice relates to the performance of electricity lines businesses as part of the Commerce Commission's ("the Commission") development and operation of a regulatory regime for such businesses, pursuant to Part 4A of the Commerce Act 1986.
- 1.3 The Notice requires lines businesses to publicly disclose information relevant to the assessment of their performance against the thresholds.
- 1.4 This section of the Statement pertains to the requirements of the Commission's price path threshold for the 31 March 2008 assessment date.
- 1.5 Vector, along with other lines businesses, is required to demonstrate that notional revenue calculated in accordance with the Notice has not increased by more than CPI-X (Vector's X is equal to 0) and changes in pass through costs, for the period from 1 April 2007 to 31 March 2008.
- 1.6 In this Statement Vector demonstrates that it has complied with the price path threshold requirements.
- 1.7 Tables contained in the Statement are aggregates of the attached appendices that reflect the price multiplied by the appropriate quantity for each pricing category.

Exclusions

- 1.8 Only a subset of Vector's services are relevant to the Commission's consideration under the Notice; namely electricity distribution goods or services or services directly related to electricity distribution.
- 1.9 Accordingly, as provided for in the Notice (definition of 'specified services'), Vector has excluded a range of services from this Statement. Where services related to electricity distribution are excluded, Vector has complied with the regulations by demonstrating that there is workable or effective competition for the provision of those services.
- 1.10 Without prejudice to future compliance statements, Vector has taken a conservative approach to service exclusions. For example some services provided to large consumers and charter payments that could be considered for exclusion have not been excluded. Vector reserves its right to justify further service exclusions to the Commission in the future.

Disclaimer

- 1.11 The information contained in this Statement has been prepared for the express purpose of complying with the requirements of the Notice. This statement has not been prepared for any other purpose. Vector Limited expressly disclaims any liability to any other party who may rely on this statement for any other purpose.

Statement of compliance

2.1 As required by s7(1)(a) of the Notice, the Statement:

- (a) provides evidence in the form of revenues, notional revenues, prices, base quantities, pass-through costs, units of measurement associated with all numeric data, list of excluded services (and the reasons and supporting evidence for excluding these services);
- (b) provides evidence in the form of SAIDI and SAIFI statistics, relevant information from asset management plans, and other data, information, and calculations that confirm Vector's non-compliance with the reliability criteria (s6(1)(a) and (c)) due to reasons outside Vector's reasonable control;
- (c) provides a description of policies and procedures used by Vector to record SAIDI and SAIFI statistics; and
- (d) includes such other information as Vector considers is sufficient to enable the Commission to properly determine whether or not the thresholds have been breached.

Public disclosure

2.2 As required by s7(1), Vector has disclosed and published the Statement on the Internet, including:

- (a) a report on the Statement signed by Vector's auditor (KPMG), as required by s7(1)(b) of the Notice ("the Auditor's Report"); and
- (b) a certificate duly signed by two Directors of Vector, as required by s7(1)(c) of the Notice ("the Certificate").

2.3 As required by s7(8), Vector hereby advises the Uniform Resource Locator ("URL") for accessing the Statement, the Auditor's Report and the Certificate to be http://www.vector.co.nz/information_disclosure/electricity_thresholds.php

2.4 Copies of the Statement (containing the Auditor's Report and the Certificate) are available from 101 Carlton Gore Road, Newmarket, Auckland.

Price path threshold requirement (s5(1)(a) of the Notice)

3.1 As required by s5(1)(a), in order to demonstrate compliance with the price path threshold, lines businesses are required to demonstrate that their notional revenue at the assessment date has not exceeded the allowable notional revenue under the CPI-X price path at that assessment date. As outlined in the calculation below, Vector complies with this requirement.

Notice Requirement	Actual notional revenue divided by allowable notional revenue at the assessment date	Is not to exceed	One
Notice expression	$\frac{NR_{2008}}{R_{2008}}$	\leq	1
Vector Result	$\frac{\$393,580,352}{\$394,915,976} = 0.9966$	\leq	1

3.2 The summary calculation of NR_{2008} and R_{2008} is provided below.

Vector's Allowable Notional Revenue, $R_{2008} = R_{2007}(1 + \Delta CPI_{2008})(1 - X)$	
Calculation Components	Amount
R_{2007} – is the allowable notional revenue under the CPI-X price path at 31 March 2007	\$385,750,003
ΔCPI_{2008} – the average change in the consumer price index over the calendar year that ends during the assessment period (calculated in accordance with the following expression): $\Delta CPI_{2008} = \frac{CPI_{Q1,2007} + CPI_{Q2,2007} + CPI_{Q3,2007} + CPI_{Q4,2007}}{CPI_{Q1,2006} + CPI_{Q2,2006} + CPI_{Q3,2006} + CPI_{Q4,2006}} - 1$	$(4092/3997) - 1 = 2.38\%$
Where $CPI_{Qj,y}$ is the consumer price All Groups Index SE9A figure published by Statistics New Zealand for the quarter j in the calendar year y	
X – is the "X factor" value specified in Schedule 1 of the Notice for the distribution business, subject to <i>clause 5(3)</i>	0
Total Allowable Notional Revenue as at 31 March 2008	\$394,915,976

Vector's Actual Notional revenue, $NR_{2008} = \sum P_{i,2008} Q_i - K_{2008}$

Calculation Components	Amount
$\sum P_{i,2008} Q_i$ – the sum of the prices as at 31 March 2008 multiplied by the corresponding base quantities for the year ending 31 March 2003	\$542,007,822
K_{2008} – the sum of all pass-through costs for the assessment period	(\$148,427,470)
Total Actual Notional Revenue as at 31 March 2008	\$393,580,352

Second price path threshold requirement (s5(1)(b) of the Notice)

- 4.1 Under s5(1)(b), the notional revenue of a distribution business at any time during an assessment period is not to exceed the greater of the allowable notional revenue of the distribution business at the assessment date on which that assessment period ends and the allowable notional revenue of the distribution business at the previous assessment date.
- 4.2 Vector complies with s5(1)(b) of the Notice as Vector's notional revenue throughout the assessment period does not exceed the allowable notional revenue of \$394,915,976 at the assessment date.

Specified Services

- 5.1 To demonstrate compliance all prices for specified services multiplied by the appropriate base quantities need to be summed.
- 5.2 The tables below set out all assessable revenue sources for Vector with the corresponding notional revenues for the relevant date.

Description		Appendix	Year ended 31 March 2008
5.3	Auckland residential and small commercial notional revenue.	1	\$175,129,744
5.4	Northern and Wellington notional revenue excluding asset specific and non-standard.	2	\$230,034,712
5.5	Northern and Wellington asset specific and non-standard notional revenue.	3	\$31,986,131
5.6	Auckland Network, non-standard notional revenue.	4	\$11,040,068
5.7	Auckland Network, commercial and industrial notional revenue (excluding on-peak).	5	\$57,181,339
5.8	Wellington Network, utility rate notional revenue	6	\$2,291,989
5.9	Auckland, Northern and Wellington on-peak notional revenue.	7	\$34,343,839
5.10	Total Specified Services		\$542,007,822

Pass-Through Costs

6.1 The table below provides the break down of pass-through costs incurred by Vector over the assessment period.

Description	Year to 31 March 2008 (million) Actual
Transmission	\$141.589
Utility Rates Summary	\$5.484
EC Levy Summary	\$1.354
Total	\$148.427

6.2 The transmission quantities are the sum of actual charges paid or payable for the year ending 31 March 2008.

6.3 The total cost of utility rates charged to Vector and applicable to the electricity business for the year ending 31 March 2008 are the total expensed in the financial year to 31 March 2008.

6.4 The EC Levies include all applicable components (Common Quality, Registry and Consumer, Transmission, Other Activities and MACQS Reform invoice lines) paid or payable for the year ending 31 March 2008.

Excluded Services

- 7.1 Vector operates in the instantaneous reserves market. The market is fully contestable and income is derived as a result of a competitive tendering process and is not associated with the conveyance of electricity.
- 7.2 The following activities are excluded services in accordance with paragraph (e) of the definition of specified services s3(1) as these income sources are not related to electricity distribution and/or are non conveyance activities:
- (a) Vector Gas: Vector's Gas Business, which is a separate business that includes Vector's gas distribution network in Auckland and the gas distribution and transmission networks formerly operating as NGC.
 - (b) Vector Communications: Vector's Telecommunication Network, which is a separate business operating high bandwidth fibre optic communication networks.
 - (c) Vector's electricity, telecommunications and gas training institute Utilitech, which offers technical and safety training across a wide range of markets (and in competition to other training providers).
 - (d) Vector's energy metering services formerly operating as NGC and the joint venture between Vector and Siemens which are both energy (gas and electricity) metering service providers.
 - (e) Stream: 70% owned by Vector, providing time-of-use metering and metering information services to commercial and industrial organisations for the purposes of improved energy management opportunities for businesses.
 - (f) Treescape: 50% owned by Vector, providing vegetation management and tree trimming services to third parties, including territorial authorities.
 - (g) Advertising revenue generated through the ownership of billboards, where Vector provides public display space to advertising companies at selected properties.
 - (h) Electrical work carried out at the request of consumers on their property.
 - (i) Use of network poles by third parties e.g. Telecommunication companies (noting that there are options available to network operators other than use of Vector's poles).
 - (j) Miscellaneous other revenue, for example, rentals received from properties, profit on sale of assets and interest received.

7.3 The following activities are excluded services in accordance with paragraph (d) of the definition of specified services s3(1) as these income sources are derived from clearly contestable activities for the provision of which there is workable or effective competition:

- (a) Management services to other companies, such as the provision of Linelogix, a product used to provide proactive outage notification by retailers to their customers.
- (b) Rental income from generator hire, where Vector sources and provides stand-by generation.
- (c) Where requested by consumers, any income from sourcing power quality equipment.
- (d) Call centre management of fault calls for some retailers.
- (e) MARIA registry management service for embedded network operators.
- (f) Miscellaneous other revenue, for example, value added services from products like MIDEL transformer fluid.

7.4 The following activities are excluded services in accordance with paragraph (i) of the definition of specified services s3(1) as they are contestable activities for the provision of which there is workable or effective competition:

- (a) Connections services.
- (b) Disconnection services.
- (c) Reconnection services.

Vector allows other suitably trained and authorised service providers to undertake connection, disconnection and reconnection services.

7.5 Vector receives income from parties requiring network extensions or alterations, reflecting the level of investment undertaken by Vector. This has been excluded from the price path threshold compliance calculation because;

- (a) Vector contributes to the total cost of the extension. Assets are vested in Vector on behalf of consumers, but consumers can also elect to own the works or vest them in a third party. Examples of such situations include shopping malls, retirement villages, and residential subdivisions. Additionally, third parties can select the contractors to construct the works.

- (b) Consumers may choose to contract with a third party to construct and maintain such assets, rather than providing Vector with a contribution. Therefore, workable or effective competition exists for such services and customer contributions are appropriately excluded. (Refer also to the Commerce Commission Investigation Ref J5131, which is publicly available).

Appendix 1 Auckland residential and small commercial notional revenue

- For each price plan or load group the base quantity (number of end consumers or annual energy of all consumers) were retrieved from the appropriate information systems for the year ending 31 March 2003.
- Prices applicable for the assessment period have been taken from Vectors published price schedules.
- Where Vector has re-structured prices during the assessment period and the price no longer has a one for one relationship to the base quantities, the base quantity has been mapped to the price at the assessment date.
- Base quantities were multiplied by the price applicable to the price plan or load group to determine the notional revenue for the assessment period.
- Residential embedded networks in the Auckland Vector network previously owned by UnitedNetworks now charged at Vector Auckland rates are incorporated into the Vector base quantities below (refer to the 2007 Threshold Compliance Statement for more detail on the background to this issue).
- Commercial and Industrial embedded networks in the Auckland Vector network previously owned by UnitedNetworks are shown separately in Appendix 5.

Appendix 1							
Auckland residential and small commercial notional revenue							
THRESH1.0 b-7							
Sum (\$)							175,129,744
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
VEC	Variable	RR-V	1,704,627,536	kWh	0.0619	\$/kWh	105,516,444
VEC	Variable	RE-V	132,024,682	kWh	0.0723	\$/kWh	9,545,385
VEC	Variable	SS-V	147,839,855	kWh	0.0659	\$/kWh	9,742,646
VEC	Variable	SM-V	569,828,744	kWh	0.0578	\$/kWh	32,936,101
VEC	Fixed	RR-F	223,061	ICPs	0.1325	\$/day	10,787,788
VEC	Fixed	RE-F	34,259	ICPs	0.1325	\$/day	1,656,851
VEC	Fixed	SS-F	16,640	ICPs	0.2332	\$/day	1,416,364
VEC	Fixed	SM-F	13,307	ICPs	0.7264	\$/day	3,528,165

Appendix 2 Northern and Wellington notional revenue excluding asset specific and non-standard

- For each price plan or load group the base quantity (number of end consumers or annual energy of all consumers) was retrieved from the appropriate information systems for the year ending 31 March 2003.
- Prices applicable for the assessment period have been taken from Vector's published price schedules.
- Where Vector has re-structured prices during the assessment period and the price no longer has a one for one relationship to the base quantities, the base quantity has been mapped to the price at the assessment date.
- Base quantities were multiplied by the price applicable to the price plan or load group to determine the notional revenue for the assessment period.
- In each year Vector has mapped the appropriate base quantity directly to the price at each respective assessment date, i.e. the mapping used for this compliance statement is not dependent on the mapping used for the 2006 compliance statement.
- The base quantities have been updated to reflect the addition of two ICPs who have moved asset specific price options contained in Appendix 3 to standard price options contained in this appendix.

Appendix 2								
Northern and Wellington notional revenue excluding asset specific and non-standard								
THRESH1.0 b-7								
Sum (\$)							230,034,712	
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)	
UNG	Fixed	08G	160	ICPs	0.3901	\$/day	22,782	
UNG	Fixed	09G	2	ICPs	0.7424	\$/day	542	
UNG	Fixed	11G	1	ICPs	0.1163	\$/day	42	
UNG	Fixed	20G	1	ICPs	0.7424	\$/day	271	
UNG	Fixed	G01	52	ICPs	0.0000	\$/day	0	
UNG	Fixed	G02	65	ICPs	0.0000	\$/day	0	
UNG	Fixed	G11	49,475	ICPs	0.1163	\$/day	2,100,189	
UNG	Fixed	G12	83,848	ICPs	0.1163	\$/day	3,559,306	
UNG	Fixed	G13	3,521	ICPs	0.1163	\$/day	149,465	
UNG	Fixed	G14	2,508	ICPs	0.1163	\$/day	106,463	
UNG	Fixed	G15	2,041	ICPs	0.1564	\$/day	116,513	
UNG	Fixed	G16	1,412	ICPs	0.1564	\$/day	80,605	
UNG	Fixed	G17	5	ICPs	0.1564	\$/day	285	
UNG	Fixed	G18	1	ICPs	0.1564	\$/day	57	
UNG	Fixed	G20	11,271	ICPs	0.7424	\$/day	3,054,170	
UNG	Fixed	G21	201	ICPs	0.7424	\$/day	54,466	
UNG	Fixed	G22	94	ICPs	8.8685	\$/day	304,278	
UNG	Fixed	G23	87	ICPs	8.8685	\$/day	281,619	
UNG	Fixed	G24	9	ICPs	21.0868	\$/day	69,270	
UNG	Fixed	G26	6	ICPs	25.3041	\$/day	55,416	
UNG	Variable	01G/AICO	63,500	kWh	0.1354	\$/kWh	8,598	
UNG	Variable	02G/AICO	6,635	kWh	0.1354	\$/kWh	898	
UNG	Variable	08G_N/A	292,000	kWh	0.0551	\$/kWh	16,089	
UNG	Variable	09G_N/A	60,590	kWh	0.0529	\$/kWh	3,205	
UNG	Variable	10G/24UC	2,226	kWh	0.0633	\$/kWh	141	
UNG	Variable	10G/CT17	872	kWh	0.0633	\$/kWh	55	
UNG	Variable	10G/CTUD	1,526	kWh	0.0633	\$/kWh	97	
UNG	Variable	10G/NITE	1,600	kWh	0.0137	\$/kWh	22	
UNG	Variable	10G/T24U	56,265	kWh	0.0633	\$/kWh	3,562	
UNG	Variable	11G/TAIC	162,245	kWh	0.0633	\$/kWh	10,270	
UNG	Variable	12G/TAIC	5,677	kWh	0.0633	\$/kWh	359	
UNG	Variable	20G/CT17	6,607	kWh	0.0529	\$/kWh	350	
UNG	Variable	20G/CTUD	10,190	kWh	0.0529	\$/kWh	539	
UNG	Variable	20G/NITE	27,630	kWh	0.0529	\$/kWh	1,462	
UNG	Variable	20G/T24U	13,946,794	kWh	0.0529	\$/kWh	737,785	
UNG	Variable	G01/24UC	2,842,456	kWh	0.1354	\$/kWh	384,869	
UNG	Variable	G02/24UC	15,574,116	kWh	0.1354	\$/kWh	2,108,735	
UNG	Variable	G11/AICO	177,498,228	kWh	0.0633	\$/kWh	11,235,638	
UNG	Variable	G11/NITE	3,712,478	kWh	0.0137	\$/kWh	50,861	
UNG	Variable	G11/PROJ	93,355,081	kWh	0.0633	\$/kWh	5,909,377	
UNG	Variable	G12/AICO	513,028,975	kWh	0.0633	\$/kWh	32,474,734	
UNG	Variable	G12/NITE	12,007,991	kWh	0.0137	\$/kWh	164,509	
UNG	Variable	G12/PROJ	247,099,978	kWh	0.0633	\$/kWh	15,641,429	
UNG	Variable	G13/24UC	24,532,704	kWh	0.0804	\$/kWh	1,972,429	
UNG	Variable	G13/CTRL	6,402,736	kWh	0.0377	\$/kWh	241,383	
UNG	Variable	G13/NITE	1,240,823	kWh	0.0137	\$/kWh	16,999	

Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
UNG	Variable	G14/24UC	8,566,756	kWh	0.0804	\$/kWh	688,767
UNG	Variable	G14/CTRL	2,522,718	kWh	0.0377	\$/kWh	95,106
UNG	Variable	G14/NITE	1,510,998	kWh	0.0137	\$/kWh	20,701
UNG	Variable	G15/AICO	10,046,912	kWh	0.0484	\$/kWh	486,271
UNG	Variable	G15/NITE	15,352	kWh	0.0484	\$/kWh	743
UNG	Variable	G16/AICO	21,626,530	kWh	0.0484	\$/kWh	1,046,724
UNG	Variable	G16/NITE	8,801	kWh	0.0484	\$/kWh	426
UNG	Variable	G17/24UC	32,193	kWh	0.0484	\$/kWh	1,558
UNG	Variable	G17/CTRL	7,188	kWh	0.0484	\$/kWh	348
UNG	Variable	G18/24UC	1,443	kWh	0.0484	\$/kWh	70
UNG	Variable	G18/CTRL	752	kWh	0.0484	\$/kWh	36
UNG	Variable	G20/24UC	263,881,648	kWh	0.0529	\$/kWh	13,959,339
UNG	Variable	G20/CTRL	1,287,221	kWh	0.0529	\$/kWh	68,094
UNG	Variable	G20/CTUD	6,817,876	kWh	0.0529	\$/kWh	360,666
UNG	Variable	G20/CTUN	549,402	kWh	0.0529	\$/kWh	29,063
UNG	Variable	G20/NITE	2,797,915	kWh	0.0529	\$/kWh	148,010
UNG	Variable	G20/PROJ	83,450,150	kWh	0.0529	\$/kWh	4,414,513
UNG	Variable	G20TAIC	9,471	kWh	0.0529	\$/kWh	501
UNG	Variable	G21/24UC	4,397,698	kWh	0.0529	\$/kWh	232,638
UNG	Variable	G22/24UC	3,115,756	kWh	0.0373	\$/kWh	116,218
UNG	Variable	G22/CTUD	82,906	kWh	0.0373	\$/kWh	3,092
UNG	Variable	G22/NITE	45,262	kWh	0.0124	\$/kWh	561
UNG	Variable	G23/24UC	554,952	kWh	0.0373	\$/kWh	20,700
UNG	Variable	G24/24UC	464,742	kWh	0.0297	\$/kWh	13,803
UNG	Variable	G26/24UC	307,090	kWh	0.0297	\$/kWh	9,121
UNW	Fixed	08W	938	ICPs	0.5029	\$/day	172,178
UNW	Fixed	09W	2	ICPs	0.9582	\$/day	699
UNW	Fixed	20W	9	ICPs	1.2222	\$/day	4,015
UNW	Fixed	21W	1	ICPs	4.3999	\$/day	1,606
UNW	Fixed	22W	3	ICPs	15.4940	\$/day	16,966
UNW	Fixed	23W	8,372	ICPs	1.2222	\$/day	3,734,774
UNW	Fixed	24W	1,340	ICPs	4.3999	\$/day	2,151,991
UNW	Fixed	25W	308	ICPs	15.4940	\$/day	1,741,835
UNW	Fixed	26W	270	ICPs	22.3148	\$/day	2,199,124
UNW	Fixed	W01	16	ICPs	0.0000	\$/day	0
UNW	Fixed	W02	119	ICPs	0.0000	\$/day	0
UNW	Fixed	W11	54,132	ICPs	0.1500	\$/day	2,963,727
UNW	Fixed	W12	113,880	ICPs	0.1500	\$/day	6,234,930
UNW	Fixed	W13	123	ICPs	0.1500	\$/day	6,734
UNW	Fixed	W14	5	ICPs	0.1500	\$/day	274
UNW	Fixed	W15	5,199	ICPs	0.2015	\$/day	382,373
UNW	Fixed	W16	4,253	ICPs	0.2015	\$/day	312,798
UNW	Fixed	W17	19	ICPs	0.2015	\$/day	1,397
UNW	Fixed	W27	26	ICPs	0.9582	\$/day	9,093
UNW	Fixed	W28	77	ICPs	28.3297	\$/day	796,206
UNW	Fixed	W29	19	ICPs	27.6256	\$/day	191,584
UNW	Variable	08W_N/A	1,711,850	kWh	0.0686	\$/kWh	117,433
UNW	Variable	09W_N/A	27,010	kWh	0.0707	\$/kWh	1,910
UNW	Variable	11W/TAIC	37,865	kWh	0.0680	\$/kWh	2,575
UNW	Variable	12W/TAIC	200	kWh	0.0680	\$/kWh	14
UNW	Variable	13W/TAIC	20,152	kWh	0.0374	\$/kWh	754
UNW	Variable	20W/TAIC	76,944	kWh	0.0391	\$/kWh	3,009
UNW	Variable	21W/TAIC	364	kWh	0.0440	\$/kWh	16
UNW	Variable	22W/TAIC	6,766	kWh	0.0154	\$/kWh	104
UNW	Variable	23W/TAIC	181,474,819	kWh	0.0391	\$/kWh	7,095,665
UNW	Variable	24W/TAIC	71,963,289	kWh	0.0440	\$/kWh	3,166,385
UNW	Variable	25W/TAIC	23,738,706	kWh	0.0154	\$/kWh	365,576
UNW	Variable	26W/TAIC	23,354,741	kWh	0.0141	\$/kWh	329,302
UNW	Variable	DEFT/NTH	3,079	kWh	0.1338	\$/kWh	412
UNW	Variable	W01/24UC	81,854	kWh	0.1338	\$/kWh	10,952
UNW	Variable	W02/24UC	15,304,737	kWh	0.1338	\$/kWh	2,047,774
UNW	Variable	W11/AICO	301,115,912	kWh	0.0680	\$/kWh	20,475,882
UNW	Variable	W11/NITE	74,207	kWh	0.0159	\$/kWh	1,180
UNW	Variable	W12/AICO	1,006,462,690	kWh	0.0680	\$/kWh	68,439,463
UNW	Variable	W12/NITE	2,022,039	kWh	0.0159	\$/kWh	32,150
UNW	Variable	W13/24UC	1,133,614	kWh	0.0884	\$/kWh	100,211
UNW	Variable	W13/CTRL	85,084	kWh	0.0374	\$/kWh	3,182
UNW	Variable	W14/24UC	20,616	kWh	0.0884	\$/kWh	1,822
UNW	Variable	W14/CTRL	16,359	kWh	0.0374	\$/kWh	612
UNW	Variable	W15/AICO	16,295,728	kWh	0.0576	\$/kWh	938,634
UNW	Variable	W15/NITE	2,580	kWh	0.0576	\$/kWh	149
UNW	Variable	W16/AICO	47,553,080	kWh	0.0576	\$/kWh	2,739,057
UNW	Variable	W16/NITE	1,945	kWh	0.0576	\$/kWh	112
UNW	Variable	W17/24UC	242,390	kWh	0.0576	\$/kWh	13,962
UNW	Variable	W17/CTRL	1,988	kWh	0.0576	\$/kWh	115
UNW	Variable	W27/24UC	5,885,716	kWh	0.0707	\$/kWh	416,120
UNW	Variable	W27/CTRL	14,062	kWh	0.0707	\$/kWh	994
UNW	Variable	W28/24UC	10,170,726	kWh	0.0116	\$/kWh	117,980
UNW	Variable	W28/CTRL	146,087	kWh	0.0081	\$/kWh	1,183
UNW	Variable	W28TTAIC	752,251	kWh	0.0081	\$/kWh	6,093
UNW	Variable	W29/24UC	1,956,859	kWh	0.0116	\$/kWh	22,700
UNW	Variable	W29TTAIC	212,446	kWh	0.0081	\$/kWh	1,721

Appendix 3 Northern and Wellington asset specific and non-standard notional revenue

- ICPs with connected capacities in excess of 300 kVA in the Wellington and Northern Regions that have asset specific charges are assessed annually with an individual price. Each customer is therefore treated as an individual pricing category. Where a consumer has upgraded/downgraded their connection Vector has moved them to the applicable price category.
- ICPs with connected capacities in excess of 300 kVA in the Wellington and Northern Regions that have asset specific charges also have a published reactive charge. The charge is fully variable, and is avoidable by customers installing their own power factor correction equipment.
- The structure and application of this charge is such that the quantities cannot be definitively identified and hence revenue from reactive charges has been excluded from the notional revenue calculation. Compliance with the substance of s5(1) has been demonstrated through an alternative approach (as provided for under s 5(5)), namely that the rate and its application has been unchanged since prior to 8 August 2001.
- The previous threshold compliance statement contained 639 G40-G49 and 60G ICPs. Of this total three have moved to on-peak pricing plans and have been included in Appendix 7, two have changed to small commercial plans and have been included in Appendix 2, and one has been decommissioned. The remaining 633 have been charged on the same basis as previous threshold compliance statements.
- The 301 Northern 40W standard asset specific load group ICPs continue to be charged on the same methodology as with previous threshold compliance statements. For this group of customers, Vector's price threshold calculations have been updated to ensure that prices relating to the GXP of each customer reflect the appropriate base quantity.
- There are 3 ICPs in the base quantities for the Northern 60W asset specific load group that have been calculated separately in the same manner as the previous threshold compliance statements.

Appendix 3							
Northern and Wellington asset specific and non-standard notional revenue							
THRESH1.0 b-7							
Sum (\$)							31,986,131
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
UNW		G40-G49 & 60G	633	ICPs			21,039,632
UNW		G40-G49 & 60G	534,504,737	kWh			
UNW		40W	301	ICPs			10,352,816
UNW		40W	295,842,886	kWh			
UNW		60W	3	ICPs			593,683
UNW		60W	25,608,491	kWh			

Appendix 4 Auckland Network, non standard notional revenue

- Vector's non-standard contracts fall into four categories:
 1. Fixed Contract Charge
 2. Standard Charges less Fixed Discount
 3. Street lighting
 4. Embedded generation

Appendix 4 Auckland Network, non standard notional revenue THRESH1.0 b-7							
Sum (\$)							11,040,068
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue [\$]
VEC	Fixed Contract	99001_APL-002	12	months	40,000	\$/month	480,000
VEC	Fixed Contract	99002_APL-001,3,4	12	months	90,759	\$/month	1,089,104
VEC	Fixed Contract	99006_AIA-1,2,3,4,5	12	months	153,049	\$/month	1,836,584
VEC	Fixed Contract	99004_FPA-001	12	months	19,444	\$/month	233,327
VEC	Fixed Contract	99005_FPH-001	12	months	15,909	\$/month	190,904
VEC	Fixed Contract	99009_PAC-001,2	12	months	272,650	\$/month	3,271,804
VEC	Fixed Contract	99007_WIR-001	12	months	10,409	\$/month	124,907
VEC	Fixed Contract	99003_WCFD,FM-001	12	months	44,817	\$/month	537,800
VEC	Fixed Contract	99016_ACI-002,3	12	months	51,667	\$/month	620,000
VEC	Discount on Standard	99008	12	months	-	\$/month	0
VEC	Discount on Standard		12	months	-	\$/month	0
VEC	Discount on Standard		12	months	-	\$/month	0
VEC	Discount on Standard		12	months	-	\$/month	0
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99012	12	months	15,612	\$/month	187,344
VEC	Streetlighting	99011_MCCS-001	12	months	91,007	\$/month	1,092,089
VEC	Streetlighting		12	months	-	\$/month	0
VEC	Streetlighting		12	months	-	\$/month	0
VEC	Streetlighting		12	months	-	\$/month	0
VEC	Streetlighting		12	months	-	\$/month	0
VEC	Streetlighting		12	months	-	\$/month	0
VEC	Embedded Generation	99018	12	months	5,400	\$/month	64,800

Appendix 5 Auckland Network, commercial and industrial notional revenue (excluding on-peak)

- As per Appendix 1, the calculation for commercial and industrial consumers on the ex-UnitedNetworks embedded networks are shown in this appendix.
- The previous threshold compliance statement showed 11 HV customers. For this compliance period, this option has been discontinued. All 11 customers have been moved onto the on-peak pricing methodology and have been included in Appendix 7.

Appendix 5							
Auckland Network, commercial and industrial notional revenue (excluding on-peak)							
THRESH1.0 b-7							
Sum (\$)							57,181,339
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
VEC	HV		0	ICP			
VEC	HV		0	kVA			0
VEC	HV		0	kVA			0
VEC	HV		0	kWh			0
VEC	TX		763	ICP			
VEC	TX		4,834,947	kVA			2,950,259
VEC	TX		2,466,644	kVA			14,739,113
VEC	TX		890,951,454	kWh			11,525,320
VEC	TX Derived		90	ICP			
VEC	TX Derived		218,617	kVA			137,876
VEC	TX Derived		33,493	kVA			0
VEC	TX Derived		7,388,471	kWh			443,614
VEC	LV3		1939	ICP			
VEC	LV3		4,278,879	kVA			3,154,420
VEC	LV3		1,901,016	kVA			11,355,514
VEC	LV3		596,109,751	kWh			8,101,256
VEC	LV3 Derived		750	ICP			
VEC	LV3 Derived		1,085,320	kVA			901,948
VEC	LV3 Derived		305,081	kVA			0
VEC	LV3 Derived		61,373,806	kWh			3,502,550
VEC	Ex Embedded TX		18	ICP			
VEC	Ex Embedded TX		4,843	kVA			44,208
VEC	Ex Embedded TX		32,478	kVA			180,557
VEC	Ex Embedded TX		9,683,701	kWh			144,705

Appendix 6 Wellington network, utility rate notional revenue

- Several territorial local authorities in the greater Wellington region introduced a utility rate levy from 1 July 2002.
- Due to the timing of their introduction, and in light of ongoing increases as other councils seek to introduce these, a levy was introduced by Vector such that the utility rates cost would be recovered transparently through a separate fixed daily charge applied to each point of connection to the network.

Appendix 6							
Wellington network, utility rate notional revenue							
THRESH1.0 b-7							
Sum (\$)							2,291,989
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
UNG	Fixed	Council Utility Charge	186,333	Connection	0.0337	\$/day	2,291,989

Appendix 7 Auckland, Northern and Wellington on-peak notional revenue

- On-peak pricing was introduced on 1 April 2006. Please refer to the previous threshold compliance statement for a synopsis on the issues associated with the introduction of new base quantities related to the new on-peak pricing structure.
- The base quantities in this appendix have been updated to reflect the addition of 3 Wellington ICPs who have moved from the asset specific price options contained in Appendix 3 and the 11 Auckland ICPs who have moved from the industrial HV price options contained in Appendix 5.
- The 11 HV consumers on the Auckland network did not have half hourly metering required for on-peak pricing during the base quantity period. Vector has profiled the half hourly data for these customers using the same process as outlined in the previous threshold compliance statement.

Appendix 7							
Auckland, Northern and Wellington on-peak notional revenue							
THRESH1.0 b-7							
Sum (\$)							34,343,839
Network	2002/2003 Charge Type	2002/2003 Tariff Code	Base Quantity (Q)	Base Q Unit	2007/2008 Price (P)	Price Unit	P*Q Notional Revenue (\$)
VEC	Variable	ALI60_24UC	656,579,705	kWh	0.0013	\$/kWh	853,554
VEC	Demand	ALI60_DOPC	1,009,028	kW	13.2116	\$/kW	13,330,876
VEC	Demand	ALI60_DOPU	497,554	kW	13.692	\$/kW	6,812,508
VEC	Demand	ALI60_DOPR	146	kW	16.6946	\$/kW	2,444
VEC	Connection	ALI60_CAPH	2,285,686	kVA-month	0.0258	\$/kVA/day	1,798,575
VEC	Reactive	ALI60_PWRF	253,660	kVAr	7	\$/kVAr	1,775,621
UNG	Variable	GLI60_24UC	165,963,908	kWh	0.001	\$/kWh	165,964
UNG	Demand	GLI60_DOPC	249,823	kW	8.7038	\$/kW	2,174,412
UNG	Demand	GLI60_DOPU	214,529	kW	9.0626	\$/kW	1,944,192
UNG	Connection	GLI60_CAPH	48,000	kVA-month	0.0219	\$/kVA/day	31,974
UNG	Connection	GLI60_CAPT	846,900	kVA-month	0.0219	\$/kVA/day	564,141
UNG	Reactive	GLI60_PWRF	62,777	kVAr	7	\$/kVAr	439,437
UNW	Variable	WLI60_24UC	168,187,577	kWh	0.0011	\$/kWh	185,006
UNW	Demand	WLI60_DOPC	213,370	kW	8.8023	\$/kW	1,878,149
UNW	Demand	WLI60_DOPU	130,743	kW	9.1484	\$/kW	1,196,089
UNW	Demand	WLI60_DOPR	34,343	kW	10.911	\$/kW	374,721
UNW	Connection	WLI60_CAPH	252,000	kVA-month	0.0257	\$/kVA/day	196,991
UNW	Connection	WLI60_CAPT	444,000	kVA-month	0.0257	\$/kVA/day	347,079
UNW	Reactive	WLI60_PWRF	38,872	kVAr	7	\$/kVAr	272,107