Nelson Electricity Limited

Default Price-Quality Path
Annual Compliance Statement
1 April 2022 – 31 March 2023 Assessment Period

21 August 2023

(Revised 15 November 2023)

Contents

1. Introduction

Nelson Electricity Limited is subject to price-quality regulation under Part 4 of the Commerce Act 1986. The Commerce Commission has set a Default Price-Quality Path (DPP) which applies to Nelson Electricity Limited from 1 April 2020.

This annual compliance statement is published in accordance with clause 11.4 of the 2020 DPP Determination, and applies to the third assessment period, commencing 1 April 2022 and ending 31 March 2023.

2. Date prepared

This statement was prepared on 21 August 2021.

The annual compliance statement was revised on 15th November 2023 due to a calculation error for the Total Actual Allowable Revenue (AAR) in Table 2. This error has also impacted in the calculated Wash-up Amount in Table 1.

3. Wash-up amount

3.1 Statement of compliance

As demonstrated in Table 1 in Section 3.2, and consistent with clause 8.6 of the 2020 DPP Determination Nelson Electricity Limited has complied with the wash-up amount calculation for the third assessment period.

3.2 Wash-up amount calculation

Table 1

Wash-up amount RY23		
Term	Description	Value ($000)
Actual allowable revenue (AAR)	*Sum of actual net allowable revenue, actual pass-through and recoverable costs and revenue wash-up draw down amount*	9,175
Actual revenue (AR)	*Sum of actual revenue from prices plus other regulated income*	8,576
Revenue foregone (RV)	*Actual net allowable revenue x (revenue reduction percentage - 20%) when revenue reduction percentage is greater than 20%, otherwise nil*	-
Wash-up amount	*AAR - AR - RV*	**600**

Further information supporting actual allowable revenue is included in Section 3.2.1.

Further information supporting actual revenue is included in Section 3.2.2.

Further information supporting revenue foregone is included in Section 3.3.3.

3.2.1 Actual allowable revenue

Table 2 below shows the actual allowable revenue for the assessment period consistent with Schedule 1.6 of the 2020 DPP Determination.

Table 2

Actual allowable revenue RY23		
Term	Description	Value ($000)
Actual net allowable revenue (ANAR)	*Amount specified as forecast net allowable revenue for the second assessment period*	6,205
Actual pass-through costs	*Sum of all pass-through costs that were incurred or approved by the Commission in the assessment period*	103
Actual recoverable costs	*Sum of all recoverable costs that were incurred or approved by the Commission in the assessment period*	2,732
Opening wash-up account balance	*The opening wash-up account balance for the third assessment period of the DPP regulatory period as set out in Schedule 1.7*	135
Total actual allowable revenue (AAR)	*Actual net allowable revenue + actual pass-through costs and actual recoverable costs + opening wash-up account balance*	**9,175**

Further information supporting actual pass-through costs, actual recoverable costs and the pass-through balance is included in Appendix A.

3.2.2 Actual revenue

Table 3 below shows actual revenue for the assessment period consistent with clause 4.2 of the 2020 DPP Determination.

Table 3

Actual revenue RY23		
Term	Description	Value ($000)
Actual revenue from prices	*Actual prices between 1 April 2022 and 31 March 2023 multiplied by actual quantities for the assessment period*	8,576
Other regulated income	*Other income associated with supply of electricity distribution services*	-
Total actual revenue (AR)	*Sum of actual revenue from prices plus other regulated income*	**8,576**

Further information supporting actual revenue from prices is included in Appendix B.

3.2.3 Revenue foregone

Table 4 below shows the revenue foregone consistent with clause 4.2 of the 2020 DPP Determination.

Table 4

Revenue foregone RY23		
Term	Description	Value ($000)
Actual net allowable revenue (ANAR)	*Amount specified as forecast net allowable revenue for the second assessment period*	6,205
Revenue reduction percentage (RRP)	*1 - (actual revenue from prices / forecast revenue from prices)*	1.36%
Revenue foregone (RV)	*Actual net allowable revenue x (RRP- 20%) when RRP is greater than 20%, otherwise nil*	**-**

4. Quality standards

4.1 Statement of compliance with planned interruptions quality standards

Nelson Electricity Limited is subject to a planned accumulated SAIDI limit and a planned accumulated SAIFI limit which are assessed for the DPP regulatory period as stated in clause 9.2 of the 2020 DPP Determination.

Table 5 and Table 6 below show the planned accumulated SAIDI and SAIFI limits for Nelson Electricity Limited for the DPP regulatory period and the planned SAIDI and SAIFI assessed values for the third assessment period.

Table 5

Planned interruptions quality standard - SAIDI	
Sum of planned SAIDI assessed values ≤ Planned accumulated SAIDI limit	
Planned accumulated SAIDI limit	180.11
Planned SAIDI assessed value for the first assessment period	5.56
Planned SAIDI assessed value for the second assessment period	10.84
Planned SAIDI assessed value for the third assessment period	23.19
Accumulated Planned SAIDI assessed value	39.59
Compliance result	**Compliant**

Table 6

Planned interruptions quality standard - SAIFI	
Sum of planned SAIFI assessed values ≤ Planned accumulated SAIFI limit	
Planned accumulated SAIFI limit	2.3663
Planned SAIFI assessed value for the first assessment period	0.0331
Planned SAIFI assessed value for the second assessment period	0.1006
Planned SAIFI assessed value for the third assessment period	0.1130
Accumulated Planned SAIFI assessed value	0.2467
Compliance result	**Compliant**

Further information supporting planned SAIDI and SAIFI assessed values is included in Section 4.1.1.

4.1.1 Planned SAIDI and SAIFI assessed values

Table 7 and Table 8 below show Nelson Electricity Limited's planned SAIDI and SAIFI assessed values for the assessment period.

Table 7

Planned SAIDI assessed value RY23		
Term	Description	Value
Class B non-notified interruptions		-
Class B notified interruptions falling outside window		-
$SAIDI_B$	*Sum of Class B non-notified interruptions*	-
Class B notified interruptions falling inside window		46.38
Class B intended interruptions cancelled without notice		
Class B intended interruptions cancelled with notice		
$SAIDI_N$	*Sum of Class B notified interruptions*	46.38
Planned SAIDI assessed value	$SAIDI_B + (SAIDI_N /2)$	23.19

Table 8

Planned SAIFI assessed value RY23		
Term	Description	Value
Planned SAIFI assessed value	*Sum of Class B interruptions commencing within the assessment period*	0.1130

4.2 Statement of compliance with unplanned interruptions quality standards

As demonstrated in Table 9 and Table 10 below, and consistent with clause 9.7 of the 2020 DPP Determination, Nelson Electricity Limited has complied with the unplanned interruptions quality standard.

Table 9

Unplanned interruptions quality standard RY23 - SAIDI		
Unplanned SAIDI assessed value ≤ Unplanned SAIDI limit		
Unplanned SAIDI limit		19.60
Unplanned SAIDI assessed value	*Sum of normalised SAIDI values for Class C interruptions commencing within the assessment period*	6.21
Compliance result		**Compliant**

Table 10

Unplanned interruptions quality standard RY23 - SAIFI		
Unplanned SAIFI assessed value ≤ Unplanned SAIFI limit		
Unplanned SAIFI limit		0.4277
Unplanned SAIFI assessed value	*Sum of normalised SAIFI values for Class C interruptions commencing within the assessment period*	0.1082
Compliance result		**Compliant**

Information about policies, procedures and calculations for measuring planned and unplanned interruptions during the assessment period is in Appendix C.

4.2.1 Major events

Table 11 and Table 12 below show the SAIDI and SAIFI values attributed to major events which occurred during the assessment period.

Further information about major events is included in Appendix D.

Table 11

Unplanned SAIDI major events RY23			
Start	End	Pre-normalised unplanned SAIDI	Normalised unplanned SAIDI
16/06/2022	16/06/2022	14.33	0.18

Table 12

Unplanned SAIFI major events RY23			
Start	End	Pre-normalised unplanned SAIFI	Normalised unplanned SAIFI
16/06/2022	16/06/2022	0.149	0.003

4.3 Statement of compliance with extreme event standard

As demonstrated in Table 13 below, and consistent with clause 9.9 of the 2020 DPP Determination Nelson Electricity Limited has complied with the extreme event standard.

Table 13

Extreme event standard RY23	
Unplanned SAIDI value > 120 minutes, and customer interruption minutes > six million during any 24-hour period, excluding unplanned interruptions from major external factors	
Number of extreme events	Compliance result
-	Compliant

4.4 Quality Incentive Adjustment

Table 14 below shows Nelson Electricity Limited's quality incentive adjustment for the assessment period.

Table 14

Quality Incentive Adjustment RY23		
Term	Description	Value ($000)
SAIDI planned adjustment	$(SAIDI_{planned, target} - SAIDI_{planned, assessed}) \times 0.5 \times IR$	(8)
SAIDI unplanned adjustment	$(SAIDI_{unplanned, target} - SAIDI_{unplanned, assessed}) \times IR$	5
Total adjustment	*SAIDI planned adjustment + SAIDI unplanned adjustment*	(3)
Revenue at risk	*0.02 * ANAR*	124.0943046
Total penalty/reward		(3)
67th percentile estimate of post-tax WACC		4.23%
Quality incentive adjustment		**(3.49)**

The Quality Incentive Adjustment in Table 14 will be recovered in the Nelson Electricity Limited Default Price-Quality Path Annual Compliance Statement for the 1 April 2022 – 31 March 2023 Assessment Period.

Table 15 below shows Nelson Electricity Limited's quality incentive adjustment inputs consistent with Schedule 4 of the 2020 DPP Determination.

Table 15

Quality Incentive Adjustment Inputs RY23					
Term	Units	Value	Term	Units	Value
SAIDI planned interruption cap	minutes	36.02	SAIDI unplanned interruption cap	minutes	19.60
SAIDI planned interruption collar	minutes	-	SAIDI unplanned interruption collar	minutes	-
SAIDI planned interruption target	minutes	12.01	SAIDI unplanned interruption target	minutes	9.53
Planned SAIDI assessed value	minutes	23.19	Unplanned SAIDI assessed value	minutes	6.21
Incentive rate		1,417			
Actual net allowable revenue (ANAR)	$000	6,205			
SAIDI planned interruption target	minutes	12.01	SAIDI unplanned interruption target	minutes	10
Minimum of the planned SAIDI cap and assessed value	minutes	23.19	Minimum of the unplanned SAIDI cap and assessed value	minutes	6
Planned SAIDI subject to incentive	minutes	(11.18)	Unplanned SAIDI subject to incentive	minutes	3
Adjustment (IR x 0.5)	$	709	Adjustment (IR)	$	1,417
SAIDI planned adjustment	$000	(8)	SAIDI unplanned adjustment	$000	5

5. Transactions

Nelson Electricity Limited has not entered into any agreements with another EDB or Transpower for an amalgamation, merger, major transaction or transfer in the assessment period.

6. Director's certification

A Director's certificate in the form set out in Schedule 7 of the 2020 DPP Determination is included as Appendix E.

7. Assurance report

An assurance report meeting the requirements of Schedule 8 of the 2020 DPP Determination is included in Appendix F.

Appendix A – Pass-through and recoverable costs

Pass-through costs

Table 16

Actual and forecast pass-through costs RY23				
Actual pass-through costs	Actual ($000)	Forecast ($000)	Forecast variance ($000)	Explanation for variances
Rates on system fixed assets	37	38	(1)	
Commerce Act levies	22	24	(2)	
Electricity Authority levies	39	42	(3)	
Utilities Disputes levies	6	6	0	
Total actual pass-through costs	**103**	**109**	**(6)**	

Recoverable costs

Table 17

Actual and forecast recoverable costs RY23				
Actual recoverable costs	Actual ($000)	Forecast ($000)	Forecast variance ($000)	Explanation for variances
IRIS incentive adjustment	(30)	(30)	-	
Transmission charges	2,691	2,692	(1)	
New investment contract charges	-	-	-	
System operator services charges	-	-	-	
Avoided transmission charges	-	-	-	
Distributed generation allowance	-	-	-	
Claw-back	-	-	-	
Catastrophic event allowance	-	-	-	
Extended reserves allowance	-	-	-	
Quality incentive adjustment	20	20	-	
Capex wash-up adjustment	21	21	-	
Reconsideration event allowance	-	-	-	
Quality standard variation engineers fee	-	-	-	
Urgent project allowance	-	-	-	
Fire and Emergency NZ levies	31	34	(3)	
Innovation project allowance	-	-	-	
Total actual recoverable costs	**2,732**	**2,736**	**(5)**	

The Quality Incentive Adjustment recovered in Table 17 is the amount as determined in the Nelson Electricity Limited Default Price-Quality Path Compliance Statement for the Assessment Date 31 March 2021.

Opening Wash-up Account Balance

Table 18

Opening Wash-up Account Balance Allowance RY23		
Term	Description	Value ($000)
WU_{2021}	*Washup Amount RY21*	125
67th percentile estimate of post-tax WACC	*As per Clause 4.2*	4.23%
Opening Wash-up Account Balance	$WU_{2021} \times (1 + WACC)^2$	**135**

Appendix B – Prices and quantities

Tables 19a and 19b show the actual prices and quantities for actual revenue from prices for the third assessment period. Note that total includes the 3 month washing up of billed quantities for the 3 months January 2023 – March 2023.

Table 19a. Total Revenue Table using 31 March 2023 Prices and 2022/2023 Quantities

Number of Days: 365

Tariff or Fee	Number of ICPs at 31/03/2023	Billed kWh at 31/3/2023	Billed kVA at 31/3/2023	Billed Days at 31/3/2023	Distribution Charges				Notional Distribution Revenue ($)		Total Revenue ($)
					Fixed			Variable (c/kWh)	Fixed	Variable	
					$/day	c/kVA/day	Other				$P_{,2023}$ $Q_{,2023}$
Group 0											
Streetlights	1	458,914		365	219.00000				79,935		79,935
Unmetered Fixed	37			13,462	0.15000				2,019		2,019
Unmetered Capacity	0		9,858			97.00000			9,562		9,562
Builders Temp	12			3,311	0.80000				2,649		2,649
BT-kWh		2,287						8.10000		185	185
Group 1											
Fixed	4,334		23,587,065.00			2.00000			471,741		471,741
Anytime		15,725,009						6.75000		1,061,438	1,061,438
Controlled		6,519,374						4.25000		277,073	277,073
Nightrate		409,766						3.65000		14,956	14,956
DG		291,458						0.50000		1,457	1,457
Group 2											
Fixed	4,816		38,976,858			7.10000			2,767,357		2,767,357
Anytime		48,884,216						3.30000		1,613,179	1,613,179
Controlled		7,398,968						0.80000		59,192	59,192
Nightrate		818,974						0.20000		1,638	1,638
DG		366,458						0.50000		1,832	1,832
Time of Use											
Metered Installation Charge	89			31,558	1.00000				31,558		31,558
Energy		32,531,158						1.20000		390,374	390,374
Winter Demand			3,671,368			16.80000			616,790		616,790
Capacity Supply (Sum of kVA)			10,189,485			4.91000			500,304		500,304
Power Factor (kVAr)			2,963			0.00000	6.50000		19,260		19,260
DG		9,720						0.50000		49	49
TOU Sealord											
Fixed	1	13,348,122					389,208		389,208		389,208
Power Factor (kVAr)							6.50000		-		-
Direct Connection											
Energy		9,276,471						0.20000		18,553	18,553
Installation	2			730	1.00000				730		730
Winter Demand			624,903			10.30000			64,365		64,365
Capacity Supplied			1,241,000			4.91000			60,933		60,933
Power Factor (kVAr)			12				6.50000		77		77
Transpower Cold Storage			1				35,538		35,538		35,538
Transpower NMDHB			1				93,234		93,234		93,234
DG		6						0.50000		0	0
Σ $P_{,2023}$ $Q_{,2023}$	9,292	135,373,266							**5,145,260**	**3,439,927**	**8,585,187**

Table 19b -Washup Revenue Table using 31 March 2022 Prices and Jan - March 2022 Washu

Number of Days: 365

Tariff or Fee	Number of ICPs at 31/03/2022	Billed kWh at 31/3/2022	Billed kVA at 31/3/2022	Billed Days at 31/3/2022	Distribution Charges				Notional Distribution Revenue ($)		Total Revenue ($)
					Fixed			Variable (c/kWh)	Fixed	Variable	
					$/day	c/kVA/day	Other				$P_{,2022}$ $Q_{,2022}$
Group 0											
Streetlights					221.00000				-		-
Unmetered Fixed				- 0	0.10000				- 0		- 0.02
Unmetered Capacity						98.00000			-		-
Builders Temp					0.60000				-		-
BT-kWh		11						8.10000		1	0.91
Group 1											
Fixed			1,470.00			1.00000			15		14.70
Anytime		- 97,340						8.10000		- 7,885	- 7,884.51
Controlled		- 47,806						4.72000		- 2,256	- 2,256.45
Nightrate		- 11,824						2.09000		- 247	- 247.11
DG		- 1,230						0.50000		- 6	- 6.15
Group 2											
Fixed			1,245			6.58000			82		81.92
Anytime		23,719						3.54000		840	839.64
Controlled		- 9,629						2.02000		- 195	- 194.51
Nightrate		9,267						0.51000		47	47.26
DG		2,125						0.50000		11	10.63
Time of Use											
Metered Installation Charge					1.17000				-		-
Energy		- 9,472						1.10000		- 104	- 104.19
Winter Demand						16.60000			-		-
Capacity Supply (Sum of kVA)						4.47000			-		-
Power Factor (kVAr)			10.5				6.50000		68		68.06
DG		147.9						0.50000	-	1	0.74
TOU Sealord											
Fixed									-		-
Power Factor (kVAr)							6.50000		-		-
Direct Connection											
Energy								0.20000		-	-
Installation					1.17000				-		-
Winter Demand						10.20000			-		-
Capacity Supplied						4.47000			-		-
Power Factor (kVAr)			- 0.078				6.50000		- 1		- 0.50
Transpower Cold Storage									-		-
Transpower NMDHB									-		-
DG		- 0.52						0.50000	-	- 0	- 0.00
Σ $P_{,2022}$ $Q_{,2022}$		- 142,927							**164**	**- 9,794**	**- 9,629.61**

Table 20 shows the forecast revenue from prices for the third assessment period from the price setting compliance statement.

Table 20

Forecast revenue from prices RY23	
Total forecast revenue from prices	8,694

Appendix C – Policies and procedures for measuring planned and unplanned interruptions

Nelson Electricity Limited follows the procedure "NEL Network System Outage Statistics" to record SAIDI and SAIFI statistics. The procedure covers the collection of customer numbers, the assessments required to assess the numbers of customers affected, the times outages occur and where the data is to be stored.

Wherever possible outage times are collected from an accurate electronic source, the SCADA being the preferred source, other sources are from phone records from the Nelson Electricity call centre, fault forms received from the Nelson Electricity fault contractor or referring to written switching instructions.

Calculations of customer minutes are prepared on the switching record for each individual outage based on switching times and ICP records. The customer minutes for each event are then added to the SAIDI/SAIFI Spreadsheet which summarises all events for the year and is used to calculate the annual SAIDI and SAIFI. The number of outages on the Nelson Electricity network is low compared to other Electricity Line Companies and so it is a relatively easy task to manage these data requirements. A hard copy summary of each outage is held on file.

NEL Network System Outage Statistics Procedure

Background:

Nelson Electricity has to collect and record accurate information regarding all transmission, sub-transmission and 11kV outages. The methods and information used have to be robust as the information is used in the disclosure of both SAIDI and SAIFI statistics as part of the Quality Threshold disclosure.

Purpose:

To ensure all information used in the outage statistics information is as accurate as possible. Evidence of outage times and consumer numbers must also be collected.

Scope:

Applies to all outages both planned and unplanned regarding transmission, sub-transmission and 11kV.

Procedure:

The Asset Manager is responsible for the collection, assessment and reporting of all network outage statistics. The information used in the assessments can be from many sources:

- ICP Database
- New Connections
- SCADA system
- Fault forms
- Call Care (fault call reports)
- Control room switching instructions

These sources of information are all valid and defensible sources of information.

ICP Database and New Connections:

The ICP Database and New Connections are updated as ICPs are added and removed from the network. The Business Systems Administrator ensures that these databases are maintained and accurate.

8. **SCADA System:**

The SCADA System installed in 2004 has a detailed reporting function. All reports are time stamped. This gives accurate timings of any 33kV or 11kV feeder outages and restoration times.

9. **Fault Forms:**

Fault forms provided by the NEL fault provider contain times of fault and restoration times recorded from the contractors who were working on the fault. This source of information is used if there are no other sources.

10. **Call Care:**

All fault calls are initially answered by the NEL answer phone service provided by Call Care. All calls are logged and time stamped and all faults reported to NEL the next day. This source of information is used as NEL receives calls as soon as an outage occurs.

Control Room Switching Instructions:

The switching instructions are a valuable source of information. This is used mainly for the restoration times especially when backfeeding areas in the restoration phase.

The Network Manager uses all these sources to evaluate the outage statistics in the SAIDI Stats Spreadsheet.

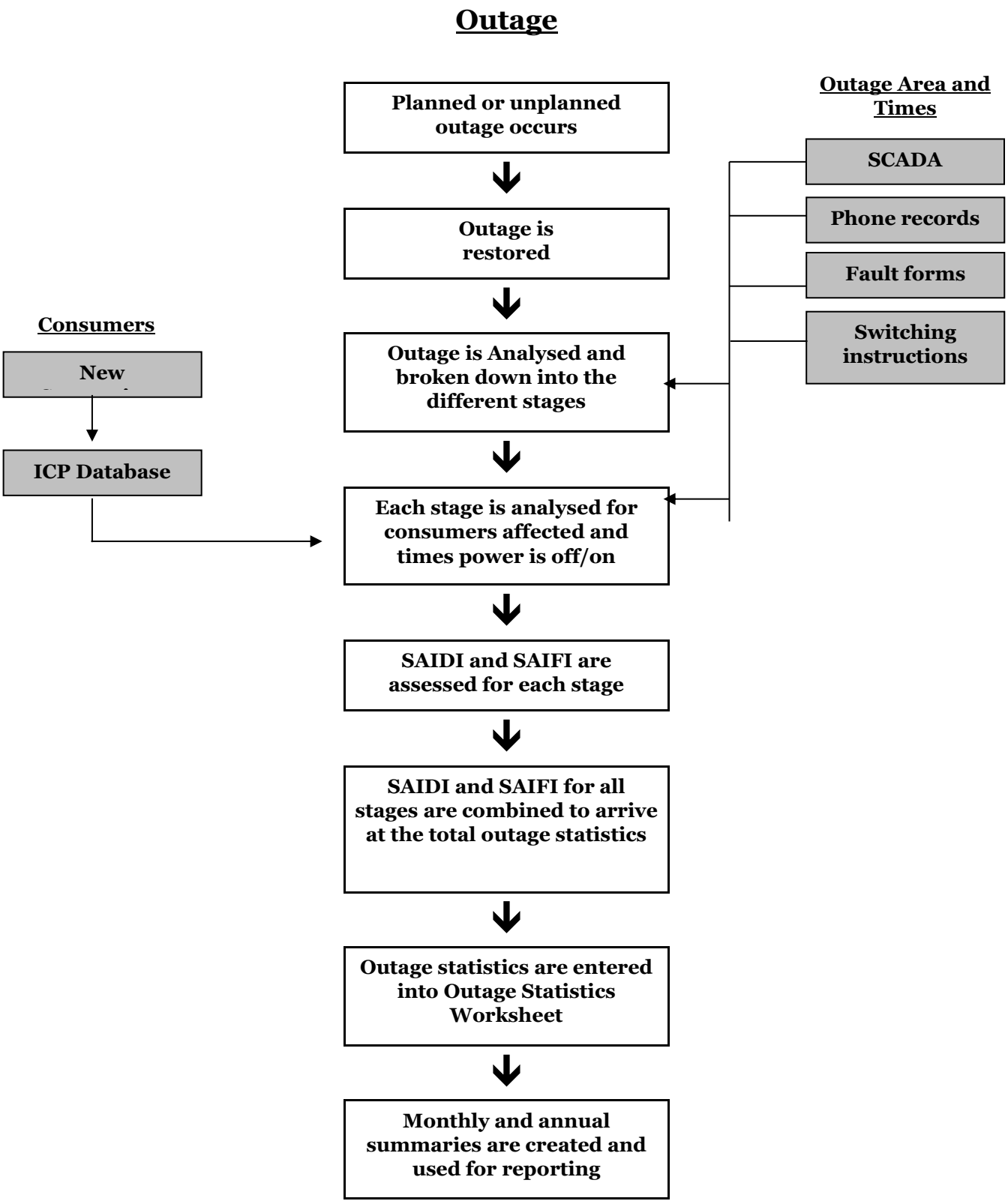
Calculations of customer minutes are prepared on the switching record for each individual outage based on switching times and ICP records. The customer minutes for each event are then added to the SAIDI/SAIFI Spreadsheet which summarises all events for the year and is used to calculate the annual SAIDI and SAIFI. The number of outages on the Nelson Electricity network is low compared to other Electricity Line Companies and so it is a relatively easy task to manage these data requirements. A hard copy summary of each outage is held on file.

The Network Manager reports to the General Manager all individual unplanned outage statistics and provides monthly summaries, which are used and reported to NEL Directors.

The outage statistics are also collected and accumulated for the year from 1 April – 31 March the following year. This accumulated result is used in all the information disclosures including the Quality Assessment disclosure.

The Business System Administrator audits the results to ensure the process and results are accurate.

Outage Statistics Reporting Flow Chart



Appendix D – SAIDI and SAIFI major events

There were two SAIDI and two SAIFI major events that took place during the assessment period, consistent with Schedule 3.2 of the 2020 DPP Determination.

Table 21

Normalisation of unplanned SAIDI major events RY23						
SAIDI unplanned boundary value						**8.68**
1/48th of the SAIDI unplanned boundary value	16/06/2022					
	Half hour commencing	Raw SAIDI value for Class C interruption	Normalised SAIDI value for Class C interruption	Half hour commencing	Raw SAIDI value for Class C interruption	Normalised SAIDI value for Class C interruption
0.1808	12:00 AM		0.00	12:00 AM		0.00
0.1808	12:30 AM		0.00	12:30 AM		0.00
0.1808	01:00 AM		0.00	01:00 AM		0.00
0.1808	01:30 AM		0.00	01:30 AM		0.00
0.1808	02:00 AM		0.00	02:00 AM		0.00
0.1808	02:30 AM		0.00	02:30 AM		0.00
0.1808	03:00 AM		0.00	03:00 AM		0.00
0.1808	03:30 AM	14.33	0.18	03:30 AM		0.00
0.1808	04:00 AM		0.00	04:00 AM		0.00
0.1808	04:30 AM		0.00	04:30 AM		0.00
0.1808	05:00 AM		0.00	05:00 AM		0.00
0.1808	05:30 AM		0.00	05:30 AM		0.00
0.1808	06:00 AM		0.00	06:00 AM		0.00
0.1808	06:30 AM		0.00	06:30 AM		0.00
0.1808	07:00 AM		0.00	07:00 AM		0.00
0.1808	07:30 AM		0.00	07:30 AM		0.00
0.1808	08:00 AM		0.00	08:00 AM		0.00
0.1808	08:30 AM		0.00	08:30 AM		0.00
0.1808	09:00 AM		0.00	09:00 AM		0.00
0.1808	09:30 AM		0.00	09:30 AM		0.00
0.1808	10:00 AM		0.00	10:00 AM		0.00
0.1808	10:30 AM		0.00	10:30 AM		0.00
0.1808	11:00 AM		0.00	11:00 AM		0.00
0.1808	11:30 AM		0.00	11:30 AM		0.00
0.1808	12:00 PM		0.00	12:00 PM		0.00
0.1808	12:30 PM		0.00	12:30 PM		0.00
0.1808	01:00 PM		0.00	01:00 PM		0.00
0.1808	01:30 PM		0.00	01:30 PM		0.00
0.1808	02:00 PM		0.00	02:00 PM		0.00
0.1808	02:30 PM		0.00	02:30 PM		0.00
0.1808	03:00 PM		0.00	03:00 PM		0.00
0.1808	03:30 PM		0.00	03:30 PM		0.00
0.1808	04:00 PM		0.00	04:00 PM		0.00
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0.1808	09:30 PM		0.00	09:30 PM		0.00
0.1808	10:00 PM		0.00	10:00 PM		0.00
0.1808	10:30 PM		0.00	10:30 PM		0.00
0.1808	11:00 PM		0.00	11:00 PM		0.00
0.1808	11:30 PM		0.00	11:30 PM		0.00
Total		14.33	0.18		0.00	0.00

Table 22

Normalisation of unplanned SAIFI major events RY23						
SAIFI unplanned boundary value						**0.1430**
1/48th of the SAIFI unplanned boundary value	16/06/2022					
	Half hour commencing	Raw SAIFI value for Class C interruption	Normalised SAIFI value for Class C interruption	Half hour commencing	Raw SAIFI value for Class C interruption	Normalised SAIFI value for Class C interruption
0.0030	12:00 AM		-	12:00 AM		-
0.0030	12:30 AM		-	12:30 AM		-
0.0030	01:00 AM		-	01:00 AM		-
0.0030	01:30 AM		-	01:30 AM		-
0.0030	02:00 AM		-	02:00 AM		-
0.0030	02:30 AM		-	02:30 AM		-
0.0030	03:00 AM		-	03:00 AM		-
0.0030	03:30 AM	0.1490	0.0030	03:30 AM		-
0.0030	04:00 AM		-	04:00 AM		-
0.0030	04:30 AM		-	04:30 AM		-
0.0030	05:00 AM		-	05:00 AM		-
0.0030	05:30 AM		-	05:30 AM		-
0.0030	06:00 AM		-	06:00 AM		-
0.0030	06:30 AM		-	06:30 AM		-
0.0030	07:00 AM		-	07:00 AM		-
0.0030	07:30 AM		-	07:30 AM		-
0.0030	08:00 AM		-	08:00 AM		-
0.0030	08:30 AM		-	08:30 AM		-
0.0030	09:00 AM		-	09:00 AM		-
0.0030	09:30 AM		-	09:30 AM		-
0.0030	10:00 AM		-	10:00 AM		-
0.0030	10:30 AM		-	10:30 AM		-
0.0030	11:00 AM		-	11:00 AM		-
0.0030	11:30 AM		-	11:30 AM		-
0.0030	12:00 PM		-	12:00 PM		-
0.0030	12:30 PM		-	12:30 PM		-
0.0030	01:00 PM		-	01:00 PM		-
0.0030	01:30 PM		-	01:30 PM		-
0.0030	02:00 PM		-	02:00 PM		-
0.0030	02:30 PM		-	02:30 PM		-
0.0030	03:00 PM		-	03:00 PM		-
0.0030	03:30 PM		-	03:30 PM		-
0.0030	04:00 PM		-	04:00 PM		-
0.0030	04:30 PM		-	04:30 PM		-
0.0030	05:00 PM		-	05:00 PM		-
0.0030	05:30 PM		-	05:30 PM		-
0.0030	06:00 PM		-	06:00 PM		-
0.0030	06:30 PM		-	06:30 PM		-
0.0030	07:00 PM		-	07:00 PM		-
0.0030	07:30 PM		-	07:30 PM		-
0.0030	08:00 PM		-	08:00 PM		-
0.0030	08:30 PM		-	08:30 PM		-
0.0030	09:00 PM		-	09:00 PM		-
0.0030	09:30 PM		-	09:30 PM		-
0.0030	10:00 PM		-	10:00 PM		-
0.0030	10:30 PM		-	10:30 PM		-
0.0030	11:00 PM		-	11:00 PM		-
0.0030	11:30 PM		-	11:30 PM		-
Total		0.1490	0.0030		-	-

SAIDI - Major Event Detail

Information Relating to the 16th June 2022 Event

(i)	Cause	Defective Equipment, 11kV Cable Fault
(ii)	Start Date	16/06/2023
(iii)	Start Time	03:29 am
(iv)	End Date	16/06/2023
(v)	End Time	05:00 am
(vi)	SAIDI RAW	14.33
(vii)	SAIDI Boundary Value	0.18
(viii)	Location	Collingwood Street, Nelson
(ix)	Equipment Involved	11kV cable joint failure
(x)	Response	Locate faulted cable, isolate, backfeed and repair cable
(xi)	Mitigating Factors	Complex underground network and fault location
(xii)	Proposed Mitigation	Install tripping breakers on feeder to sectionalise the circuit and reconfigure 11kV network breakpoints to minimise any future outagecatchments, consumers affected and durations. Increasing online partial discharge testing of 11kV cables.

SAIFI - Major Event Detail

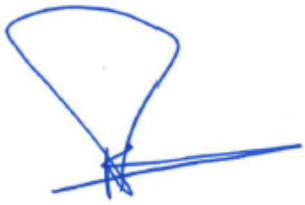
Information Relating to the 16th June 2022 Event

(i)	Cause	Defective Equipment, 11kV Cable Fault
(ii)	Start Date	16/06/2023
(iii)	Start Time	03:29 am
(iv)	End Date	16/06/2023
(v)	End Time	05:00 am
(vi)	SAIFI RAW	0.149
(vii)	SAIFI Boundary Value	0.003
(viii)	Location	Collingwood Street, Nelson
(ix)	Equipment Involved	11kV cable joint failure
(x)	Response	Locate faulted cable, isolate, backfeed and repair cable
(xi)	Mitigating Factors	Complex underground network and fault location
(xii)	Proposed Mitigation	Install tripping breakers on feeder to sectionalise the circuit and reconfigure 11kV network breakpoints to minimise any future outagecatchments, consumers affected and durations. Increasing online partial discharge testing of 11kV cables.

Appendix E – Director's certificate

Form of director's certificate for annual compliance statement

We, Philip Ian Robinson, and Timothy James Cosgrove, being directors of Nelson Electricity Limited certify that, having made all reasonable enquiry, to the best of our knowledge and belief, the attached annual compliance statement of Nelson Electricity Limited, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all the relevant requirements.



Signed .....

Signed .....

Date 21st August 2023

Date 21st August 2023

Appendix F – Assurance report

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INDEPENDENT ASSURANCE REPORT

TO THE DIRECTORS OF NELSON ELECTRICITY LIMITED AND TO THE COMMERCE COMMISSION ON THE ANNUAL COMPLIANCE STATEMENT

FOR THE ASSESSMENT PERIOD ENDED 31 MARCH 2023 AS REQUIRED BY THE ELECTRICITY DISTRIBUTION SERVICES DEFAULT PRICE-QUALITY PATH DETERMINATION 2020 (CONSOLIDATED 20 MAY 2020)

The Auditor-General is the auditor of Nelson Electricity Limited (the company). The Auditor-General has appointed me, Nicole Dring, using the staff and resources of Deloitte Limited, to undertake a reasonable assurance engagement, on his behalf, on whether the Annual Compliance Statement on pages 3 to 26 for the assessment period ended on 31 March 2023 has been prepared, in all material respects, in compliance with the Electricity Distribution Services Default Price-Quality Path Determination 2020 (consolidated 20 May 2020) (the Determination).

Opinion

In our opinion, in all material respects:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems; and
- the company has complied with clauses 11.5 and 11.6 of the Determination in preparing the Annual Compliance Statement for the assessment period ended 31 March 2023.

Basis for opinion

We conducted our engagement in accordance with the Standard on Assurance Engagements (SAE) 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 3100 (Revised) requires that we also comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

We have obtained sufficient recorded evidence and explanations that we required to provide a basis for our opinion.

Directors' responsibilities

The directors of the company are responsible for the:

- preparation of the Annual Compliance Statement under clause 11.4 and in accordance with the requirements in clauses 11.5 and 11.6 of the Determination; and
- identification of risks that may threaten compliance with the clauses identified above and controls which will mitigate those risks and monitor ongoing compliance.

Auditor's responsibilities

Our responsibilities in terms of clause 11.5(e) and schedule 8(1)(b)(vi) and 8(1)(c) of the Determination, are to express an opinion on whether:

- as far as appears from our examination, the information used in the preparation of the Annual Compliance Statement has been properly extracted from the company's accounting and other records, sourced from its financial and non-financial systems; and
- the Annual Compliance Statement, for the assessment period ended 31 March 2023, has been prepared, in all material respects, in accordance with the requirements in clauses 11.5 and 11.6 of the Determination.

To meet these responsibilities, we planned and performed procedures in accordance with SAE 3100 (Revised), to obtain reasonable assurance about whether the company has complied, in all material respects, with clauses 11.5 and 11.6 of the Determination.

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In relation to the wash-up amount set out in clause 8.6 of the Determination, our procedures included recalculation of the wash-up amount in accordance with schedule 1.6 of the Determination and assessing it against the amounts and disclosures contained on pages 3 to 26 of the Annual Compliance Statement.

In relation to the quality standards in clause 9 of the Determination, our procedures included examination, on a test basis, of evidence relevant to the values and disclosures contained on pages 3 to 26 of the Annual Compliance Statement.

In relation to the quality incentive adjustment set out in Schedule 4 of the Determination, our procedures included recalculation of the quality incentive adjustment in accordance with Schedule 4 of the Determination and assessing it against the amounts and disclosures contained on pages 3 to 26 of the Annual Compliance Statement.

An assurance engagement to report on the company's compliance with the Determination involves performing procedures to obtain evidence about the compliance activity and controls implemented to meet the requirements. The procedures selected depend on our judgement, including the identification and assessment of the risks of material non-compliance with the requirements.

Inherent limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance with clauses 11.5 and 11.6 of the Determination may occur and not be detected. A reasonable assurance engagement throughout the assessment period does not provide assurance on whether compliance with clauses 11.5 and 11.6 of the Determination will continue in the future.

Restricted use

This report has been prepared for use by the directors of the company and the Commerce Commission in accordance with clause 11.5 (e) of the Determination and is provided solely for the purpose of establishing whether the compliance requirements have been met. We disclaim any assumption of responsibility for any reliance on this report to any person other than the directors of the company and the Commerce Commission, or for any other purpose than that for which it was prepared.

Independence and quality control

We complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board; and

- quality management requirements, which incorporate Professional and Ethical Standard 3 *Quality Management for Firms that perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Auditor-General, and his employees, and Deloitte Limited and its partners and employees may deal with the company on normal terms within the ordinary course of trading activities of the company. Other than any dealings on normal terms within the ordinary course of trading activities of the company, this engagement, the assurance engagement on the Information Disclosures and the annual audit of the company's financial statements and performance information, we have no relationship with, or interests in, the company.

Deloitte Limited

Nicole Dring
Deloitte Limited
On behalf of the Auditor-General
Christchurch, New Zealand
21 August 2023