

## About our 2023 Price Changes

Electra is part of the [power supply chain](#). We own and maintain the lines and cables that deliver electricity to homes and businesses in Horowhenua and Kapiti. You pay your retailer for the electricity you use (and any adjustments if you generate power and feed it back into the network).

Electra has among the lowest average bills compared to other lines companies, and we expect to maintain this excellent position against our peers into the future.

Our costs make up around 27% of the total price you pay for electricity. This portion of your electricity bill allows us to invest in and maintain our network and ensure your power supply is safe and resilient now and in the future. More details are available from [ea.govt.nz](http://ea.govt.nz).

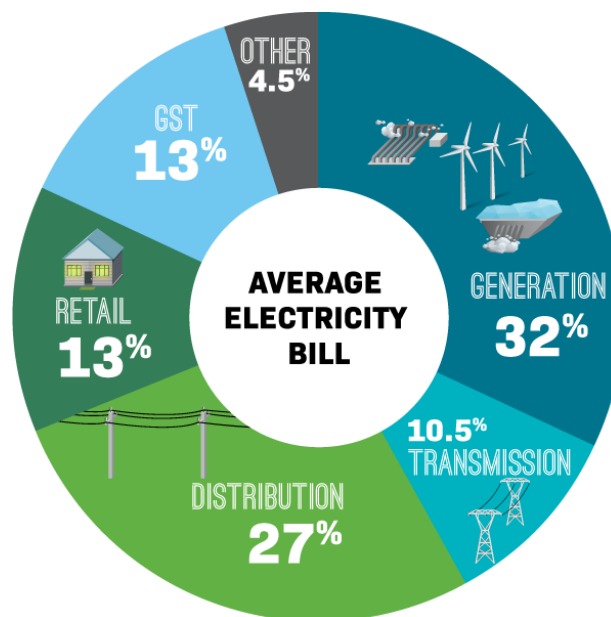


Figure 1 What makes up the charges on your power bill [Source: ea.govt.nz](http://ea.govt.nz)

We also pass on Transpower's charges to you. This is the cost of getting electricity from the power stations where it's generated to our network. This makes up 10.5% of your electricity bill.

We review our prices every year to ensure we can continue to meet electricity demand as the communities we serve continue to grow, and the way our customers use electricity changes.

### ◆ What you need to know about our pricing:

- Our pricing covers the cost of building, operating and maintaining the electricity network across the Horowhenua and Kapiti districts.
- As a 100% consumer-owned network company, we work hard to deliver a safe and reliable electricity supply to everyone connected to our network.
- We also provide an annual Price Discount that we return everyone connected to our network via their electricity account. This is provided to your retailer in late February. You can learn more about our Price Discount and your eligibility here on our website [electra.co.nz](http://electra.co.nz).

◆ **Our latest price changes will take effect from 1 April 2023**

- We began our consultation process in September 2022 with your retailer and in March 2023 we advertised our new pricing for the coming year, effective from 1 April 2023.
- You can see what our new pricing is here on our website [electra.co.nz](https://www.electra.co.nz).
- Your electricity retailer is not required to pass our price changes through to you, but most do. If they do, they need to give you one month's notice.
- It is possible your electricity retailer will have other costs they need to pass through to customers at the same time (given distribution is only one part of their overall price) so your total electricity price increase may be higher.

◆ **Why have prices increased?**

- Each year we review our pricing to make sure it still reflects the cost of operating (maintaining and building) the electricity network. There are a lot of factors contributing to the overall cost of operating the network, such as:
  - Increased costs imposed by regulators, \$1.2m due to the Electricity Authority (EA).
  - Increased transmission costs (\$1.5m) to deliver electricity over the national grid (operated by Transpower) to individual network companies.
  - Increases to the costs of the equipment and materials we use on the network.
- This year we have experienced considerable cost pressures across every one of these factors and, despite our best efforts, it has not been possible to absorb the financial impact of these cost increases.
- For 2023, the key contributors to the increase in our charges have been:
  - **Regulatory:** in 2022 the EA conducted a review of electricity pricing, consulting with market participants on perceived inequities with the way certain costs are allocated or charged to customers. There were two key decisions made as a result:
    - Loss and Constraint Excess (a surplus created when more is paid for wholesale electricity than generators get for making it) must now be paid to electricity retailers who may pass this saving through to their customers. Historically these surpluses have been allocated to network companies who have passed them on to customers through lower network pricing. While the overall impact should be cost neutral for customers, it will mean the network portion of a customer's electricity account will become noticeably higher now these surpluses have been reallocated to electricity retailers.
    - Low User charges are to be phased out – Megan Woods, Minister of Energy said *“While the low fixed charge regulations were intended to help some struggling households, they can put more of a financial burden on those who don't qualify for low fixed charges, particularly larger families and those living in poorly insulated homes who have higher electricity needs and have to pay the much higher standard fixed charge”*.
  - **Transmission Pricing Methodology (TPM):** the EA has made changes to the way transmission costs will be passed on to network companies, with network companies situated nearer to electricity generators paying lower costs and those further away paying more. Electra is facing substantial increases, and these will need to be passed on to customers. Due to the way the TPM changes have been made, the benefits from the work Electra historically did to minimise our Transpower costs has gone, causing especially large price increases for Residential Customers.

- **Plant, equipment & materials:** Building and maintaining an electricity network is an expensive business. Equipment replacement, along with population and business growth all requires investment to meet increasing needs. We have committed to investing \$138m in our network over the next 10 years to meet these anticipated needs. Increasing equipment and material costs, a strong global demand, higher shipping and freight costs, and inflation all impact on costs. These issues are expected to continue for some time yet.
- As a result, we have had to change our pricing to reflect the increased costs to our business and pass this through to the electricity retailers who operate on our network.

◆ **Customer Impact**

	Average Increase per week	Average %	Consumers
Low Users, General	\$2.83	16%	23,962
Low Users, TOU	\$2.78	18%	13,195
Low Users, TOU + EV	\$3.09	23%	9
Standard Users, General	\$3.73	14%	1,974
Standard Users, TOU	\$3.25	17%	6,914
Standard Users, TOU + EV	\$4.29	21%	3
Industrial	\$30.74	8%	264

Table 1 Customer Impact (TOU Time of use, EV Electric Vehicle)

The impact to very low users on the low user plan can be significantly higher than the average as the daily charge makes up a greater proportion of their bill.

The impact for these customers is 15 cents extra per day to Electra, retailers may also apply an increase of the same amount. This will reduce the cross subsidy standard customers are paying for low users, and there is no overall benefit to Electra specifically from this change.

The graph below shows how the proportion the fixed charge in a bill will increase over this phase out period. More information is available from the MBIE low user phase out website [mbie.govt.nz](http://mbie.govt.nz).

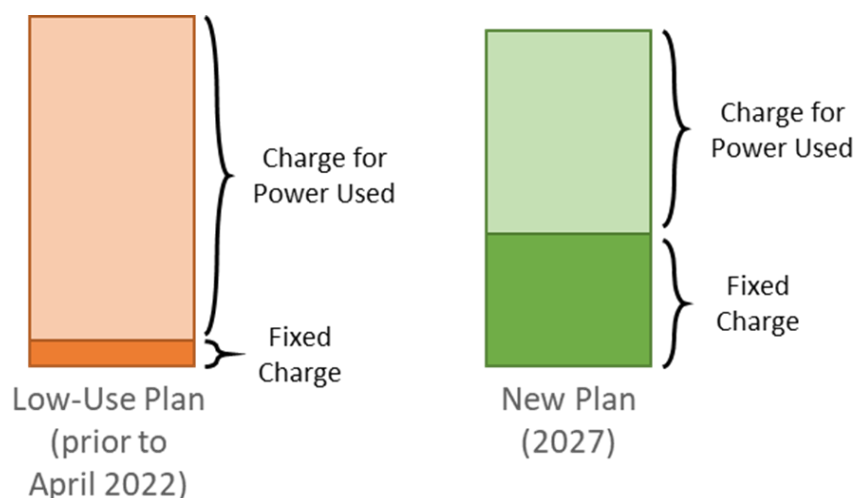


Figure 2 Low user pricing changes Source: MBIE

- ◆ **Where can you go for help and information about your electricity account and usage?**
  - **Your electricity retailer:** your electricity provider can discuss your current pricing plan with you and check they don't have a plan more suited to your needs.
  - **Powerswitch:** You can visit [www.powerswitch.org.nz](http://www.powerswitch.org.nz) to compare your current pricing plan and provider against other electricity retailers operating on the Electra network. This is a free and independent service.
  - **Energy Efficiency and Conservation Authority (EECA):** EECA is a government agency responsible for promoting energy efficiency and conservation. You can learn more about how you can make energy savings in your home at <https://www.eeca.govt.nz/strategic-focus-areas/energy-efficient-homes/>
  
- ◆ **Need to contact us about our latest pricing?** You have some options:
  - Call our call centre on 0800 353 2872.
  - Send an email to [pricing@electra.co.nz](mailto:pricing@electra.co.nz).
    - Make sure you provide us with your ICP number(s).
    - Due to the volume of enquiries, it may take us up to 10 working days to investigate and respond.