



Discount Methodology Disclosure 2017

Purpose

The purpose of this disclosure is to set out the allocation methodology used by WEL Networks Ltd (WEL) for its 2016/17 discount to customers. The Commerce Commission has acknowledged WEL's view that the discount provided to customers is not a Financial Distribution under section 2.4.23 of the Electricity Distribution Information Disclosure Determination 2012 (ID Requirements) made under the Commerce Act 1986. WEL is making this disclosure as it believes by doing so it meets the general intent of the ID Requirements to maintain transparency about customer discount payments.

Definitions

Active Connection	A lived connection to the network that is not vacant
ICP	Installation Control Point – a unique point of connection for every site connected to WEL's network e.g. a home or business

Setting the Annual Discount

WEL provides an annual discount to customers. WEL releases in advance its minimum discount percentage discount to pay (up to a cap) in its Price Schedule which was publically disclosed in February 2016. The final discount, potentially including discretionary discount, is determined by WEL's Board. The total amount available for distribution for 2016/17 has been determined to be \$17.4m (excl. GST).

Allocating the Discount

The discount applies to all of WEL's ICPs. To qualify, customers must have an active connection to the WEL network at 5pm on 31 March 2017. The discount is applicable to the ICP for the 12 month period ending on 23:59 of 28 February 2017. The payment will only be made if the customer is able to be located by the retailer or WEL on or before 30 June 2017. The discount amount is normally paid to the retailers and the retailers credit the discount to the current account holder for each ICP.

The discount for each qualifying ICP is calculated as:

1. 18.66% proportion of the total line charges attributed to the ICP between the period 1 March 2016 to 28 February 2017; and
2. Up to a maximum discount payment of \$1,650 (excl. GST) per ICP.

The lines charges attributed to the ICP are irrespective of whether the current account holder had been associated with the ICP over the 12 month period. Customers who are the account holder for more than one ICP will receive a discount for each ICP.

Timeframe

WEL aims to complete the final allocation process and return details to each retailer of the discount amount for each ICP within 3 working days of 1 April 2017. The discount should appear as a credit on each power bill of the electricity account holder during April or early May 2016.