

Appendix B

Clause 5 (1) (a)

R_t - Is the allowable notional revenue under the CPI-X price path at the assessment date occurring in the calendar year t, being equal to $R_{t-1} (1 + CPI_t) (1 - X)$, where the initial value for the price path, at the reference date, is R_{2004} .

R_{2004}

Maximum notional revenue at the reference date which would not have caused the distribution business to breach the price path threshold under the initial notice at that date:

Notional Revenue at the first Assessment Date (6 September 2003)

Fixed Charges	31-Mar-03		Rate		Total Fixed		
	Number	Average kVA	\$ S/kVA	\$	Charge		
Domestic	10,534	10	\$ 19.47	\$	2,050,970		
10% Fixed Charge Option	188		\$ -	\$	-		
Commercial	3,732	15.69	\$ 32.44	\$	1,899,254		
Unmetered	82	1	\$ 80.00	\$	6,560		
		Watts					
Streetlights	9	215,021	0.15	\$	32,253		
Total	14,545			\$	3,989,037		
Variable Charges							
	Annual Day kWh's	Annual Night kWh's	Day S/kWh's	Night S/kWh's	Total Day \$	Total Night \$	Total Variable
Domestic, Commercial, Unmetered & Streetlights	108,929,811	44471197	0.0432	0.005	\$ 4,705,768	\$ 222,356	
10% Fixed Charge Option	452,431	153373	0.076	0.009	\$ 34,385	\$ 1,382	
Total Fixed & Variable					\$ 4,740,153	\$ 223,738	\$ 4,963,891
							\$ 8,952,928
Maximum Demand Customers							
Fixed Charges	Number	Total Capacity kVA	Rate S/kVA	Total	Total Fixed		
	35	12475	\$ 19.50	\$ 243,263			
		Annual Maximum Demand	Rate S/kVA				
	35	7714 kVA	\$ 16.50	\$ 127,281	\$	370,544	
Variable Charges	kWh	S/kWh	Total	Total Variable			
Summer Day	9,101,810	0.0170	\$ 154,731				
Winter Day	5,691,233	0.0325	\$ 184,965				
All Nights	5247071	0.0025	\$ 13,118	\$	352,814		
Total Fixed & Variable							\$ 723,357
Bulk & Generator							
	Total MD kW	Rate S/kW	Total Annual Line Charge				
Bulk Customers*	27073	\$ 72.72	\$ 1,968,848				
Generator**			\$ 290,773				
Macraes Line Contract			\$ 117,000				
Total Bulk & Generator							\$ 2,376,620
$\Sigma P_{2003} Q_{10}$							\$ 12,052,905
Transmission (Budgeted 31 March 2004)							
C_{T2003}							\$ 3,662,501
Rates (Budgeted 31 March 2004)							
C_{R2003}							\$ 37,200
$\Sigma P_{2003} Q_{10} - C_{T2003} - C_{R2003}$							\$ 8,353,203

* **Bulk Customer** - There are three Bulk Customers connected to the OJV network. These customers have an annual network charge which is based on the identified assets used to supply each customer. The annual network charge for each of these customers has not changed from 8 August 2001 to the first assessment date. Transpower charges are passed on directly to these customers. The Transpower Connection, EVA Adjustment and Interconnection charges are based on the customers proportion of the maximum demand at the Grid Exit Point from which they are supplied. Voltage and Frequency charges are passed on based on the customers energy consumption multiplied by the Grid Exit Point rate from which they are supplied.

** **Generator** - There is one generator connection with a total generating capacity of 12,250 kW. The generator has the network charges calculated as the Bulk customers above. The Transmission charges for injection and offtake capacity are also divided according to the ratios of maximum demands. The variable Transmission charges that are avoided by the injection of generator, reducing the offtake, are credited to the generator at the same rates as charged by Transpower.

<i>DCPI</i> ₂₀₀₅			
Numerator		Denominator	
<i>CPI</i> _{Q1,2004}	1115	<i>CPI</i> _{Q1,2003}	1098
<i>CPI</i> _{Q2,2004}	1124	<i>CPI</i> _{Q2,2003}	1098
<i>CPI</i> _{Q3,2004}	1131	<i>CPI</i> _{Q3,2003}	1103
<i>CPI</i> _{Q4,2004}	1141	<i>CPI</i> _{Q4,2003}	1111
Total	4511	Total	4410
<i>DCPI</i> ₂₀₀₅	2.29%		

<i>ACPI</i> ₂₀₀₆			
Numerator		Denominator	
<i>CPI</i> _{Q1,2005}	1146	<i>CPI</i> _{Q1,2004}	1115
<i>CPI</i> _{Q2,2005}	1156	<i>CPI</i> _{Q2,2004}	1124
<i>CPI</i> _{Q3,2005}	1169	<i>CPI</i> _{Q3,2004}	1131
<i>CPI</i> _{Q4,2005}	1177	<i>CPI</i> _{Q4,2004}	1141
Total	4648	Total	4511
<i>ACPI</i> ₂₀₀₆	3.04%		

For presentation purposes, the CPI Index has been shown to four decimal places, however for the calculation of R2006, the full index (with no rounding) has been applied.

Term	Description	(\$)
<i>X</i>	X Factor Assigned to OJV	-1%
<i>R</i> ₂₀₀₄	Maximum Revenue at 31 March 2004 that would not have caused a breach under the initial Notice	8,353,203
$(1+DCPI_{2005})$	Average change in Consumer Price Index over 2004	1.0229
$(1-X)$	1-X Factor Assigned	1.01
<i>R</i> ₂₀₀₅	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2005	8,629,958
$(1+ACPI_{2006})$	Average change in Consumer Price Index over 2005	1.0304
$(1-X)$	1-X Factor	1.01
<i>R</i> ₂₀₀₆	Allowable Notional Revenue under the CPI-X Price Path for the year ended 31 March 2006	8,980,972
NR_{2006} / R_{2006}	Expression must be less than or equal to 1 to avoid breaching S(1)(a)	1.4322
$R_{2006} - NR_{2006}$	Value of Compliance or (Breach)	(3,881,127)