



# Line Delivery Price Guidelines for prices applying from 1 April 2020

February 2020

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## 1. Introduction

This document provides guidance on Marlborough Lines Limited's (MLL's) delivery prices and has primarily prepared for electricity retailers. These guidelines are applicable to the prices which are effective from 1 April 2020. They may be superseded by subsequent pricing guideline publications. The information may be useful to electricity consumers connected to MLL's network also.

The guidelines in this document are separated out into Residential, General, Irrigation and Commercial and Industrial consumer groups, along with other prices and additional information to assist retailers in understanding MLL's pricing structure.

Delivery prices include the recovery of costs for the local lines network (distribution prices), as well as the recovery of costs charged to MLL for the use of the national grid (transmission prices).

MLL's network is characterised by a relatively high number of remote connections in the Marlborough Sounds for example, which are typically uneconomic to supply. MLL therefore has been granted ministerial exemptions for low fixed charge price plan eligibility. Similarly, discount payments are not made to up to 10% of MLL's consumers (typically those connections that are deemed remote).

MLL reserves the right to consider and apply an alternative price category for specific cases whereby dispensation is sought by a consumer, or their authorised agent.

## 2. Residential consumers

Residential consumers are those connections that supply domestic premises. Domestic premises are defined in Section 5 of the Electricity Industry Act 2010 as:

*premises that are used or intended for occupation by a person principally as a place of residence; but does not include premises that constitute any part of premises described in [section 5\(c\) to \(k\)](#) of the Residential Tenancies Act 1986*

For clarity, those places described in section 5(c) to (k) of the Residential Tenancies Act 1986 have been included in Appendix 1.

There can be ambiguity in interpretation of domestic premises which have a 'working from home' type business, or, which can also be used for short term accommodation of paying guests. The same can be said for domestic premises which are intended to house workers.

MLL therefore sets out the following to assist in determining which connections can be considered a residential consumer: The domestic premise:

- a) must meet the above definition;
- b) may include a 'working from home' type business, including Air BnB and bed and breakfasts where these are part of the consumer's place of primary residence;

- c) cannot be rented out as short-term (<28 day) holiday accommodation (i.e. is a holiday home or bach available for rent (whole house where the consumer is not principally residing, advertised on Air BnB or other such short-term accommodation websites);
- d) may be used for long term accommodation (i.e. be a rental property occupied by long term tenants, other than the exceptions noted below).
- e) must not have been modified or constructed to house workers, in a style of a backpackers or similar; or
- f) may also include a pump for groundwater to supply the residential dwelling. However, if the connection services solely an irrigation/water supply pump, it cannot be considered as domestic premises by definition.

If these conditions are satisfied, MLL will consider the connection to be residential. If not, MLL will assign it to an appropriate General pricing category. MLL reserves the right to consider exemptions for applications from community facility connections, such as halls used infrequently by community groups, and may assign these to the residential group.

## 2.1 Fixed price plans

The following fixed price plans are available for domestic consumers. The applicable price plan will depend on the size (capacity) of the connection, and its physical location (whether it is located in areas deemed by MLL to be remote, or non-remote – refer to the MLL [pricing website](#) for a map highlighting areas denoted remote). Residential connections cannot exceed 50kVA capacity.

MLL offers a low fixed charge price category, DL. For consumers to be eligible for this price category, the connection must meet the following criteria:

- a) Consumption less than 8,000kWh per annum;
- b) Be the consumer’s principal place of residence;
- c) Not be located in an area deemed remote by MLL;
- d) Not be served by a single line that serves few homes and no other significant electricity consumers;
- e) Not be supplied by three phases; or
- f) Not be greater than 15kVA in capacity.

Further information on DL eligibility criteria, including the two granted ministerial exemptions, can be found on MLL’s [pricing website](#).

Table 1 presents a summary of the residential fixed price categories.

*Table 1 – Summary of residential price categories*

Price category code	Price category description	Previous price category
DS15	Permanent residential connection up to 15kVA capacity	DS
DS30	Permanent residential connection between 16kVA and 30kVA capacity	DSNL
DT	Permanent residential connection 31kVA to 50kVA capacity	DT

Price category code	Price category description	Previous price category
DSR15	Permanent residential connection up to 15kVA capacity in an area deemed Remote by MLL	DS or DSNL
DSR30	Permanent residential connection between 16kVA and 30kVA capacity in an area deemed Remote by MLL	DSNL
DTR	Permanent residential connection 31kVA to 50kVA capacity in an area deemed Remote by MLL	DT
DL	A Residential connection that is <15kVA capacity, is not three phase, is located in a non-remote area, be the consumers' principal place of residence, consumes <8,000kWh per annum and is not served by a single line that serves few homes and no other significant electricity consumers.	DL

## 2.2 Variable price categories

The variable price categories are summarised in Table 2 below. Note that all price categories are priced in \$/kWh of energy consumed.

*Table 2 – Summary of residential variable price categories*

Code	Description	Applicable fixed price plans
10	Uncontrolled energy	DS15, DS30, DT, DSR15, DSR30 and DTR
12	Controlled energy	
18	Night only energy	
11	Uncontrolled energy – low user	DL
16	Controlled energy – low user	
17	Night only energy – low user	

“All inclusive” pricing plans are not offered by MLL.

Controlled Loads<sup>1</sup> must have relays that provide automatic ripple control. Supply to meters on controlled energy, price component code 12 (standard) and 16 (low fixed charge), will generally be available for 16 hours per day.

The price component codes 18 (standard), and 17 (low fixed charge), are for “night only” consumption. These prices are only available for consumption with a separately metered supply to a permanently wired appliance, such as a hot water cylinder or a night store heater, which is subject to load control by MLL. The supply will generally be available between 11pm and 7am.

A minimum load of 1.5kW is required for price component codes 12, 16, 17, and 18.

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<sup>1</sup> A controlled load is one that can be temporarily de-energised by MLL. This would typically occur when the network is experiencing high demand (load), and is a way of controlling or managing the demand.

### 3. General consumers

General consumers are those that are not residential, and that are not one of the other main consumer groups (irrigation, unmetered, streetlights, temporary supply, or large commercial and industrial). Typically, General consumers will be small to medium businesses.

The maximum fusing for a connection to be considered General, is a three phase 200 Ampere supply.

#### 3.1 Fixed price categories

The fixed price category codes are set for various capacity (kVA) ranges as summarised in Table 3.

*Table 3 – Summary of General fixed price categories*

Price category code	Price category description
NS	Up to 15kVA capacity
NH	16kVA to 30kVA capacity
NT	31kVA to 50kVA capacity
RT	51kVA to 70kVA capacity
RV	71kVA to 105kVA capacity
RX	106kVA to 150kVA capacity

#### 3.2 Variable price categories

Variable price categories applying to general consumers are 23, 31, 40, 22, 28, 20 and 30, each relating to the volume of electricity consumed (kWh). The various codes relate to controlled, uncontrolled, or night only energy and the capacity provided for the connection.

Loads must have relays that provide automatic ripple control. Supply to meters on controlled energy (price component code 22) will generally be available for 16 hours per day.

The price component code 28 is for “night only” usage. This price is only available for consumption with a separately metered supply to a permanently wired appliance such as a hot water cylinder or a night store heater, which is subject to load control by MLL. The supply will generally be available between 11pm and 7am.

A minimum load of 1.5kW is required to be connected for price component codes 22 and 28.

For price component codes 20 and 30, a minimum load of 10kW is required. The supply will generally be available for 20 hours per day. These price component codes are closed.

### 4. Irrigation consumer group

Irrigation consumers are connections that supply solely a pump(s) for irrigation or water supply purposes.

## 4.1 Fixed price categories

Table 4 presents a summary of the irrigation fixed price categories.

*Table 4 – Summary of residential price categories*

Price category code	Price category description
PK	PK applies for connections with installed pump capacity above 23kW.
PM	PM applies for smaller irrigation connections with installed pump capacity up to 23kW.
PH	PH was set up for a particular circumstance and is now closed.
PKU	PKU is equivalent to PK, but will be an uncontrolled supply.
PMU	PMU is equivalent to PM, but will be an uncontrolled supply.

The following is applicable to irrigation consumers:

- Half hour metering is required for supplies with capacity provided greater than 150kVA.
- To be eligible for either the PM, PK or PH pricing plan a functioning relay that provides automatic ripple control must be installed. Supply will generally be available for a minimum of 16 hours per day subject to MLL requirements.
- The fixed charges apply all year. The fixed price, expressed as a \$/connection/day (PM) or \$/kW/day (PK), is based on the annual cost of providing supply, spread over 12 months. MLL does not allow consumers to disconnect during the off season and reconnect in the summer when irrigation is required.
- For a consumer to shift from PK or PM to their uncontrolled price category equivalents, evidence will need to be provided that there is no functioning relay installed for the connection (which would have been required to be eligible to be on the lower rate controlled price categories).

## 4.2 Variable price categories

The variable pricing components for irrigation connections are 96 and 97. The price code 96 applies from 1 September to 31 May. The higher non-seasonal rate, price code 97, applies from 1 June to 31 August.

## 5. Commercial and Industrial consumer group

Any connection with capacity provided in excess of 150kVA is required to have half hourly (Time of Use) metering and will be in the Commercial and Industrial (C&I) consumer group (unless the connection supplies pumps).

### 5.1 Fixed price categories

The fixed connection price (price category codes, BF, BHM and BHC) are in \$/connection/day and relate to whether the supply is low or high voltage, and whether the assets immediately supplying the connection are MLL or consumer owned.

The fixed capacity price (price category codes AL, AM and AH) is based on MLL's assessment of capacity provided to each consumer's connection and is priced in \$/kVA/day.

The chargeable quantity (kVA) takes into account the actual peak demands of the connection and the transformer capacity provided by MLL. In general, the chargeable quantity for the capacity charge will not be less than 60% of the capacity of a dedicated transformer supplying the consumer's connection. For dedicated 500kVA transformers, the chargeable quantity for the capacity charge will not be less than 54% of the transformer capacity (i.e. 270kVA).

When measuring a consumer's peak demand, for the purpose of determining the chargeable capacity quantity, MLL averages the six highest half hourly demands in each month to determine the monthly maximum consumer demand. The chargeable capacity quantity (kVA) is the maximum monthly consumer demand value observed over the prior three full years rounded down to the nearest 5kVA, unless the quantity is less than 60% of the capacity of a dedicated transformer as noted above.

Where half hourly data is not available for the prior year e.g. where a consumer has recently connected and no data is available, an estimate will be made by MLL based on a similar sized and type of connection for the first month, until an actual quantity can be determined from available metering data. No wash up will be undertaken.

## 5.2 Variable price categories

The variable price category codes 51, 50, 61 and 62 relate to the amount of electricity consumed by the connection. The price is in \$/kWh.

The Day period is 7am to 11pm and the Night period 11pm to 7am.

## 5.3 RPD price categories

The Regional Peak Demand (RPD) price categories WL, WM and WH, are payable each month and are priced in \$/kVA/day.

The chargeable quantity is reset from 1 April each year. It is calculated by MLL and is the average of the measured half hourly demands during weekdays between 7:30am to 10:00am, and 4:30pm to 7:00pm through the months of May to September (these times are often times of MLL's highest network loading, and typically coincident with the upper south islands aggregated 100 highest half hourly peaks).

Where there is a new connection, and no demand values are available, then MLL will determine an appropriate conservative RPD value to apply, based on similar nature and size connections. No washups will apply in the event that MLL has over or underestimated the RPD value.

The 100 half hourly upper south island peaks are recorded between the transmission pricing year from 1 September through to 31 August the following year. The prices to apply are then determined from this information, and apply typically from 1 April year following.

## 6. Other price categories

### 6.1 Temporary connections

Approved temporary connections (established for construction of residential dwellings for example) will be allocated to a temporary supply pricing category, TS. The connection cannot exceed 50kVA capacity.

The maximum length of time that a connection can be TS is 12 months, after which time MLL will apply a permanent pricing category.

### 6.2 Unmetered connections

A connection can be unmetered (price category code US) if it consumes <3,000kWh in any rolling 12 month period, or 6,000kWh if the load is of a predictable type approved and published by the Electricity Authority. All other connections require metering and will not be considered for the unmetered pricing category, US.

### 6.3 Power factor prices

Power factor prices are included in the pricing schedule as PFT (power factor for time of use metered connections) and PFI (power factor for irrigation connections).

Power factor charges may be applied to any connection where the load has a power factor of less than 0.95.

Where the metering does not support half hourly data and supply kWh and kVAh but the type of connection would commonly exhibit poor power factor, MLL either requires the equipment to be certified as having a better than 0.95 power factor or charges for low power factor on an estimated basis. This approach is used for smaller irrigation pumps.

The estimate, where power factor correction equipment has not been installed, is based on common performance for the type of equipment connected. For small irrigation pumps that have not been certified to have a satisfactory power factor MLL assumes the motors run at a 0.80 power factor.

The power factor charge for loads where half hour metering data is available changed from 1 April 2018. The methodology is Chargeable kVAr\* price per kVAr\* days in billing period; where:

- Chargeable kVAr is the maximum of  $2 * (kVArh - (\frac{kWh}{3}))$  recorded on weekdays, including public holidays, in time periods 15-40 (7:00am to 8:00pm).
- Chargeable kVAr is rounded to the nearest whole number.

Please contact MLL directly with respect to power factor requirements for distributed generation.

## 6.4 Connections with Distributed Generation

A price category code of DG applies to volumes injected into the Network from connections with distributed generation.

Electricity retailers must provide both volume extracted (E) and Injected (I).

## 7. Additional information

The annual discount payment is made to qualifying/eligible consumers only. Further information on the discount payment is available on the [MLL website](#).

Similarly, the discretionary distribution payment is also made to qualifying/eligible consumers only. Further information on the distribution payment is available on the [MLL website](#).

MLL may charge fixed charges for the period of disconnection where an installation is reconnected within 12 months from the date of disconnection.

MLL reserves the right to 'nominally downgrade' a connection, where appropriate supporting evidence has been made available to MLL.

Transpower's pricing year is from 1 September through to 31 August the year following.

MLL's (distributors') pricing year is from 1 April to 31 March the year following.

MLL's financial year is 1 July to 30 June the year following.

MLL will not allow more than one price change in any 12 month period.

# Appendix 1 – Residential Tenancies Act 1986

## Section 5

(1) This Act shall not apply in the following cases:

- c. where the premises constitute part of a Corrections prison or Police jail:
- d. where the premises constitute part of any hospital, home, or other institution for the care of sick, disabled, or aged persons:
- e. where the premises constitute part of Police barracks, or Police cells and lock-ups:
- f. where the premises constitute any barracks conducted by the Armed Forces for the accommodation of persons subject to the Armed Forces Discipline Act 1971:
- g. where the premises constitute any barracks or hostel conducted by an employer for the accommodation of employees of that employer or (where the employer is a company) for the accommodation of employees of any associated company (within the meaning of section 2(2)):
- h. where the premises are used to provide accommodation to students—
  - a. at a school hostel (being a hostel within the meaning of section 2 of the Education Act 1989); or
  - b. in accordance with the requirements of section 5B:
- i. where the premises constitute part of a building occupied by a club and used by the club for the provision of temporary or transient accommodation to members of the club:
- j. where the premises constitute part of any hotel in respect of which an on-licence is in force under the Sale and Supply of Alcohol Act 2012:
- k. where the premises
  - a. are intended to provide temporary or transient accommodation (such as that provided by hotels and motels), being accommodation that is ordinarily provided for periods of less than 28 days at a time; and
  - b. are subject to an agreement that has been entered into for the purpose of providing temporary or transient accommodation that continues to be provided under the agreement.

## Appendix 2 – Examples of Residential Connections

To assist with interpretation, the following are examples of connections that MLL considers to be residential price category consumers (noting that not all situations are covered, and for those that aren't, MLL will apply the relevant legislative definitions where applicable):

- A consumer's primary place of residence is a residential dwelling in Blenheim. They rent out a bedroom, or a garage converted to a bedroom (sleepout) on the property of their domestic premise through Air BnB for short stay paying guests;
- A consumer's primary place of residence is a residential dwelling. A garage attached to the dwelling has been partially converted so that a small hair salon operates out of it.
- A residential dwelling is rented out to a family or a group of individuals (whom if are employed, are not employed by the owner of the dwelling) for a six month lease term.
- A residential dwelling is occupied by workers, however, those workers are not employed by the owner of the dwelling or an associated company.

The following are examples of connections that MLL will not consider as a residential price category consumer:

- A family owns a holiday home in the Marlborough Sounds that they stay in periodically (not their principal place of residence). They rent the bach out on Air BnB when they are not utilising it. This would not be considered a residential connection as it does not meet the definition of domestic premises under the Electricity Industry Act 2010.
- A small dwelling is constructed in a residential neighbourhood, designed to accommodate vineyard workers living and working in Marlborough for up to 12 months at a time. The dwelling is owned by the employer of the workers, or, by a company which is associated with the employer of the workers. This would not meet the definition of domestic premises under the Electricity Industry Act 2010.
- An older residential dwelling is used to accommodate vineyard workers where the owner of the dwelling is the employer of the workers (or where the owner is associated to the employer of the workers).
- A separately metered/separate ICP for a small water pump which is located on the same property as a domestic premises, is not considered residential.
- A separately metered/separate ICP for an ancillary building on the same property as a domestic premises but which is not a domestic premise is not considered residential.

Noting that 'association' is defined in the Residential Tenancies Act 1986 as companies are associated if one is the wholly or partly owned subsidiary of the other.

MLL may not always be aware of all situations, but where information is available and known, will use the information to apply determination as to what connection is eligible to be considered a residential consumer or not.