



TRANSMISSION SETTLEMENT RESIDUAL

PASS-THROUGH METHODOLOGY

JUNE 2023

Methodology

Under 12A.3 of the Electricity Industry Participation Code 2010 Top Energy is required to allocate and pay any settlement residue received from Transpower to its customers. Top Energy allocates this settlement residue in proportion to the transmission amounts paid by those retailers and direct billed customers.

Top Energy's methodology to determine the payment of settlement residue to each paying customer is set out below:

1. The settlement residual payment from Transpower, for the prior month to current billing month, is separated into payments for injection and offtake by connection location as stated on the Transpower statement.
2. The SRAM allocation amount for each retailer or direct billed customer is based on the monthly transmission invoiced amount as follows:
 - a. For offtake SRAM allocation
 - i. The transmission invoiced amount for each paying retailer and direct billed customer is calculated based on the initial billing file received for the month and our published transmission prices in our price schedule or charges directly notified to larger customers. All transmission charges on the price schedule are for transmission offtake charges only. This will be done by our billing system which will bill Transmission and distribution separately by ICP.
 - ii. The transmission offtake SRAM allocated amount for each customer is then calculated based on the individual percentage of the total offtake transmission invoiced amount multiplied by the offtake settlement residual.
 - b. For injection SRAM allocation
 - i. The Transmission invoiced amount for each paying Retailer and direct billed customers is calculated based on fixed allocation of the transmission injection charge for the month.
 - ii. The transmission injection SRAM allocated amount for each customer is then calculated based on the individual percentage of the total injection transmission invoiced amount multiplied by the injection Settlement residual.
3. The total transmission SRAM allocation for each retailer or direct billed is the offtake SRAM allocation amount plus the injection SRAM allocation amount.
4. The total transmission SRAM allocated amount for each customer will be included in the monthly invoices to customers as a credit note. Note the payment will be for the prior month to the current billing month due to the month delay in payment from Transpower.
5. Top Energy's billing system will have a SRAM allocator calculator to complete this calculation as part of the billing process. This includes Transmission and Distribution being billed separately.