Default Price-Quality Path

Annual Price Setting Compliance Statement

1 April 2022 – 31 March 2023 Assessment Period

31 March 2022

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1. Introduction

Top Energy Limited (Top Energy) is subject to price-quality regulation under Part 4 of the Commerce Act 1986. The Commerce Commission has set a Default Price-Quality Path (DPP) which applies to Top Energy from 1 April 2020.

This price-setting compliance statement is published in accordance with clause 11.1 of the 2020 DPP Determination, and applies to the third assessment period, commencing 1 April 2022 and ending 31 March 2023.

2. Date prepared

This statement was prepared on 14 December 2021.

3. Statement of compliance

As demonstrated in Table 1 below, and consistent with clause 8.3 of the 2020 DPP Determination Top Energy has complied with the price path for the second assessment period.

Table 1

Compliance with price path RY23			
Forecast revenue from prices must not exceed the lesser of: *(a) the forecast allowable revenue for that assessment period; and* *(b) the amount determined in accordance with the following formula:* *the forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices).*			**Relevant Clause**
Term	Description	Value ($000)	
Forecast revenue from prices ($000)	*Forecast prices between 1 April 2022 and 31 March 2023 multiplied by forecast quantities for the period ending 31 March 2023*	42,151	Schedule 1.3
Forecast allowable revenue ($000)	*The sum of forecast net allowable revenue, forecast pass-through and recoverable costs, opening wash-up account balance and the pass-through balance allowance*	42,165	Schedule 1.5 & Clause 8.4
Maximum allowable forecast revenue from prices ($000)	*Forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices)*	50,987	Clause 4.2 & 8.4
Maximum allowable forecast revenue ($000)	*The lessor of the forecast allowable revenue and maximum allowable forecast revenue from prices*	42,165	DPP Clause 8.4
Compliance result	*Forecast revenue from prices ≤ forecast allowable revenue and maximum allowable forecast revenue from prices*	**Compliant**	DPP Clause 8.4

Further information supporting forecast allowable revenue is included in Section 5 and Appendix A.

Further information supporting forecast revenue from prices is included in Section 6 and Appendix B.

Further information supporting maximum allowable forecast revenue is included in Section 7.

4. Director's certification

A Director's certificate in the form set out in Schedule 6 of the 2020 DPP Determination is included as Appendix C.

5. Forecast allowable revenue

Table 2 shows the derivation of forecast allowable revenue, consistent with the requirements of Schedule 1.5 of the 2020 DPP Determination.

Electricity Distribution Services Default Price-Quality Path Determination 2022
Revenue Path Inputs and Calculations
for the Assessment Period ending 31 March 2023

Table 2

Forecast allowable revenue RY23		
Term	Description	Value ($000)
Forecast net allowable revenue	*Forecast net allowable revenue as set out in Table 1.4.1 in Schedule 1.4 for the period ending 31 March 2023*	39,541
Forecast pass through costs	*Forecast pass-through costs*	350
Forecast recoverable costs	*Forecast recoverable costs.*	3,458
Opening wash-up account balance	*The opening wash-up account balance for the third assessment period of the DPP regulatory period is the closing wash-up account balance for the previous assessment period as set out in Schedule 1.7(1)(b)*	(1,183)
Pass-through balance allowance	*(ePTB - pass-through balance) x (67th percentile estimate of post-tax WACC)^2*	-
Total		42,165

Appendix A shows the components of the forecast pass-through and recoverable costs.

The methodology to derive the forecasts of the pass-through and recoverable costs is documented in Appendix A.

6. Forecast revenue from prices

Table 3 shows forecast revenue from prices.

Table 3

Forecast revenue from prices RY23		
Term	Description	Value ($000)
$\Sigma P_{2022/23} * Q_{2022/23}$	*Forecast prices between 1 April 2022 and 31 March 2023 multiplied by forecast quantities for the period ending 31 March 2023*	42,151

More information about forecast prices and quantities is included in Appendix B.

Top Energy's Forecast revenue from prices is equal to the total of each price multiplied by the forecast quantities for that price. Given prices have a fixed and variable component the revenue forecasts require forecasts of the number of connections and quantities (kWh). The Determination requires that these forecasts are demonstrably reasonable.

Top Energy has a posted discount which is specified on its pricing schedule. All prices used in the calculation of revenue from prices are net of the discount. This includes the fixed and variable (kWh) components of the Price Codes. The criteria and methodology of the discount is compliant with the Electricity Distribution Default Price-Quality (Definition of discount) Amendments Determination 2020 published on 30 March 2020.

7. Maximum allowable forecast revenue from prices

Table 4 shows the maximum allowable forecast revenue from prices, consistent with the requirements of clause 8.4 of the 2020 DPP Determination.

Table 4

Maximum allowable forecast revenue from prices RY23		
Term	Description	Value ($000)
Forecast revenue from prices from previous assessment period	*Forecast prices between 1 April 2021 and 31 March 2022 multiplied by forecast quantities for the period ending 31 March 2022*	46,352
Limit on annual percentage increase in forecast revenue from prices		10%
Maximum allowable forecast revenue from prices	*Forecast revenue from prices for the previous assessment period x (1 + limit on annual percentage increase in forecast revenue from prices)*	50,987

Appendix A – Pass-through and recoverable costs

Forecast pass-through costs

Electricity Distribution Services Default Price-Quality Path Determination 2022
Forecast Pass-through Costs

for the Assessment Period ending 31 March 2023

Table 5

Forecast Pass-through Costs RY23					
Forecast pass-through costs	$000	Forecasting methodology	Previous year forecast	Variance	Comment
Rates on system fixed assets	58	Actual 2022 plus CPI estimate	53	5	CPI Increases only
Commerce Act levies	170	First seven months 2021 actuals plus 5 months estimate to 31 March	115	55	Estimates different to 2022 prices
Electricity Authority levies	99	Actuals fourth quarter YE 2021 and forecast estimates for previous year plus	78	21	Estimates different to 2022 prices
Utilities Disputes levies	23	Last 2 years average	23	(0)	
Total forecast pass-through costs	**350**		269	80	

Forecast recoverable costs

Electricity Distribution Services Default Price-Quality Path Determination 2022
Forecast Recoverable Costs
for the Assessment Period ending 31 March 2023

Table 6

Forecast Recoverable Costs RY23					
Forecast recoverable costs	$000	Forecasting methodology	Previous year forecast	Variance	Comment
IRIS OPEX incentive adjustment	366	Calculations are consistent with clause 3.1.3 of the IMs	1,017	(651)	
IRIS CAPEX incentive adjustment	(484)	Calculations are consistent with clause 3.1.3 of the IMs	(471)	(14)	
Transpower transmission charges	1,683	As notified by Transpower	4,829	(3,146)	Reduction in RCPD and connection charge
New investment contract charges	-			-	
System operator services charges	-			-	
Avoided transmission charges - purchased assets	-			-	
Avoided transmission charges	2,393	Based on Demand levels 2020/2021 , and Transpower's price for interconnection for 2022/2023 year	2,410	(17)	
Claw-back	-			-	
Catastrophic event allowance	-			-	
Extended reserves allowance	-			-	
Quality incentive adjustment	54	Determined for the 2020/2021 regulatory year (adjusted for time value of money)	358	(304)	
Capex wash-up adjustment	(553)	Calculations are consistent with clause 3.1.3 (1)(p) of the IMs	(538)	(16)	
Transmission asset wash-up adjustment	-			-	
Reconsideration event allowance	-			-	
Quality standard variation engineers fee	-			-	
Urgent project allowance	-			-	
Revenue wash-up draw down amount	-			-	
Fire and emergency NZ levies	-			-	
Innovation project allowance	-			-	
Total forecast recoverable costs	**3,458**		**7,605**	**(4,147)**	

Appendix B – Forecast prices and quantities

Table 7 shows the forecast prices and quantities for the forecast revenue from prices for the third assessment period.

$\Sigma P_{i,2023} * Q_{i,t}$		Prices at 31 March 2023 multiplied by QTY31 March 2023 Forecast													
Tariff or Fee		Description	Distribution Average Number of ICPs 31/03/23	Distribution kWh or kw or kvarh for 31/03/23	Other Qty for 31/03/23	Line Tariff 1.4.2122 to 31.3.2123 year	Forecast Pass-through Revenue ($)	Forecast Pass-through Revenue ($)	Forecast Distribution Revenue ($)		Forecast Other Revenue ($)	Total Revenue ($)			Total Revenue ($) Forecast
						Fixed	Fixed	Variable	Fixed	Variable	Fixed		Forecast Distribution Discount ($)	Forecast Distribution Discount ($)	Total Discount ($)	Total Revenue ($) less Discount
						Total						ΣTh_2123 th_2123	Fixed	Variable		ΣTh_2123 th_2123
Low User Non-TOU (LR)												-			-	-
LRF		LRFP Daily Passthrough Price				0.5000	15,379		-			15,379	-		-	15,379
LRF		LRFD Distribution Fixed Price	8,427			29.5000	-		907,386			907,386	(403,881)		(403,881)	503,505
LUC	UN24	LRF Uncontrolled		6,217,527				101,967		1,075,010		1,176,978		(223,937)	(223,937)	953,041
LA	IN18	LRF All inclusive		30,457,245				353,304		4,160,460		4,513,764		(1,096,982)	(1,096,982)	3,416,782
LFC	CN20	LRF Controlled 20		102,707				544		7,097		7,641		-	-	7,641
LD	D16	LRF Day		772,013				9,419		141,356		150,774		(27,806)	(27,806)	122,969
LN	N8	LRF Night		278,520				724		24,510		25,234		-	-	25,234
Low user TOU Uncontrolled												-			-	-
LUF		LUF Daily price on HHR				0.5000	3,173		-			3,173	-		-	3,173
LUF		LUF Daily price on HHR	1,738			29.5000	-		187,189			187,189	(83,319)		(83,319)	103,871
LU1	UN24	LUF Peak		1,347,904				22,240		316,083		338,324		(53,951)	(53,951)	284,372
LU2	UN24	LUF Shoulder		3,771,658				62,232		615,535		677,767		(150,965)	(150,965)	526,802
LU3	UN24	LUF Off peak		1,831,757				4,763		307,918		312,681		(73,318)	(73,318)	239,363
												-			-	-
Low user TOU controlled												-			-	-
LCF		LCF Daily price on HHR				0.5000	13,101		-			13,101	-		-	13,101
LCF			7,179			29.5000	-		772,970			772,970	(344,052)		(344,052)	428,918
LC1	IN18	LCF Peak		6,949,627				75,056		1,226,609		1,301,665		(228,375)	(228,375)	1,073,290
LC2	IN18	LCF Shoulder		19,131,413				221,924		2,749,184		2,971,108		(628,687)	(628,687)	2,342,421
LC3	IN18	LCF Off peak		8,881,754				23,093		1,294,072		1,317,164		(291,868)	(291,868)	1,025,296
Standard User Non-TOU (SR)												-			-	-
SRF		SRFP Daily Passthrough Price				0.6700	13,480		-			13,480	-		-	13,480
SRF			5,512			134.3300	-		2,702,633			2,702,633	(654,577)		(654,577)	2,048,055
SUC	UN24	SRF Uncontrolled		7,150,204				111,543		903,071		1,014,614		(89,620)	(89,620)	924,994
SA	IN18	SRF All inclusive		30,516,224				329,575		2,761,718		3,091,294		(382,486)	(382,486)	2,708,807
SFC	CN20	SRF Controlled 20		221,924				1,176		11,118		12,295		-	-	12,295
SD	D16	SRF Day		1,642,166				17,581		192,154		209,735		(19,329)	(19,329)	190,405
SN	N8	SRF Night		639,567				1,663		49,311		50,974		-	-	50,974
Standard user TOU Uncontrolled												-			-	-
SUF		SUF Daily price on HHR				0.6700	4,051		-			4,051			-	4,051
SUF			1,656	-		134.3300	-		812,149			812,149	(196,702)		(196,702)	615,446
SU1	UN24	SUF Peak		2,101,396				32,782		388,968		421,750		(26,592)	(26,592)	395,159
SU2	UN24	SUF Shoulder		6,347,961				68,558		803,652		872,210		(80,328)	(80,328)	791,881
SU3	UN24	SUF Off peak		3,220,877				8,374		383,606		391,981		(40,758)	(40,758)	351,223
				-								-			-	-
Standard user TOU Uncontrolled												-			-	-
SCF		SCF Daily price on HHR				0.6700	8,559		-			8,559	-		-	8,559
SCF			3,500			134.3300	-		1,715,991			1,715,991	(415,613)		(415,613)	1,300,379
SC1	IN18	SCF Peak		5,187,365				56,024		804,042		860,065		(61,865)	(61,865)	798,200
SC2	IN18	SCF Shoulder		14,202,345				149,125		1,339,281		1,488,406		(169,378)	(169,378)	1,319,028
SC3	IN18	SCF Off peak		6,773,885				17,612		567,652		585,264		(80,786)	(80,786)	504,478
												-			-	-
General User (GG)												-			-	-
GGF		GGFP Daily Passthrough Price				0.6700	9,331		-			9,331	-		-	9,331
GGF		GGFD Distribution Fixed Price	3,816			149.3300	-		2,079,680			2,079,680	(453,103)		(453,103)	1,626,578
GGUC	UN24	GGF Uncontrolled		44,842,231				699,539		5,825,006		6,524,545		(268,653)	(268,653)	6,255,891
GGA	IN18	GGF All inclusive		4,323,170				46,690		414,160		460,850		(25,900)	(25,900)	434,949
GGFC	CN20	GGF Controlled 20		2,909,747				15,422		150,143		165,565		-	-	165,565
GGD	D16	GGF Day		7,614,792				86,809		919,105		1,005,914		(45,621)	(45,621)	960,293
GGN	N8	GGF Night		3,627,200				9,431		258,982		268,413		-	-	268,413
General TOU Uncontrolled												-			-	-
GUFD		GUFP Daily Passthrough Price				0.6700	3,213		-			3,213	-		-	3,213
GUFD		GUFD Distribution Fixed Price	1,314			149.3300	-		716,102			716,102	(156,018)		(156,018)	560,084
GU1	UN24	GUF Peak		2,592,571				40,444		482,218		522,662		(19,756)	(19,756)	502,906
GU2	UN24	GUF Shoulder		9,272,533				105,707		1,189,666		1,295,373		(70,660)	(70,660)	1,224,713
GU3	UN24	GUF Off peak		3,506,833				9,116		422,126		431,242		(26,717)	(26,717)	404,525
General TOU controlled												-			-	-
GCF		GCFPF Daily Passthrough Price				0.6700	857		-			857			-	857
GCF		GCFDF Distribution Fixed Price	350			149.3300	-		190,961			190,961	(41,605)		(41,605)	149,356
GC1	IN18	GCF Peak		929,516				10,039		137,011		147,049		(5,268)	(5,268)	141,781
GC2	IN18	GCF Shoulder		3,324,486				37,899		294,549		332,449		(18,843)	(18,843)	313,606
GC3	IN18	GCF Off peak		1,257,020				3,268		100,562		103,830		(7,125)	(7,125)	96,705
												-			-	-
General Advanced User (GA)												-			-	-
GAF		GAFPF Daily Passathrough Price				19.9371	3,275		-			3,275	-		-	3,275
GAF		GAFDF Distribution Fixed Price	45			894.6829	-		146,952			146,952	(8,639)		(8,639)	138,312
												-			-	-
G1	See Note 1.7	G1 Peak		1,213,741				20,148		155,237		175,386		(19,404)	(19,404)	155,982
G2	See Note 1.7	G2 Shoulder		4,041,198				45,666		351,584		397,250				397,250
G3	See Note 1.7	G3 Off peak		1,941,228				5,047		101,720		106,768				106,768
												-				-
LDGF			4			0.0000						-				-
LDGF												-				-
												-				-
LDGV1	LDG		1	740			-	12	-	138		149	-		-	149
												-				-
LDGV2	LDG		1	1,481			-	17	-	190		207				207
												-				-
LDGV3	LDG		1	740			-	2	-	89		91				91
DG				3,782,137						18,911		18,911				18,911
												-			-	-
Larger User (TOU)												-			-	-
TOUF		TOUF Daily Pass Through				57.3320	7,743		-			7,743				7,743
TOUF		Daily Distribution Demand price	37			2574.8700	-		347,736			347,736	(7,103)		- 7,103	340,633
TOUDVD		Daily Distribution Demand Price		-		0.0000			-	-		-	-		-	-
TOULVFD		Daily Distribution LV Capacity price $/day/ kVA				0.0000			119,410			119,410	-		-	119,410
TOU1		Peak		4,366,556			-	81,655	-	240,597		322,252		(10,194)	- 10,194	312,057
TOU2		Shoulder		5,934,692			-	75,371	-	222,551		297,922		(22,041)	- 22,041	275,880
TOU3		Off peak		3,074,796			-	2,152	-	26,136		28,288		-	-	28,288
												-				-
TOUTXF		TOU Off peak				57.3320	5,022		-			5,022				5,022
TOUTXF		Daily Distribution LV Capacity price $/day/ kVA	24			2574.8700	-		225,559			225,559	(4,608)		- 4,608	220,951
TOUTXD		Daily Distribution Demand Price		-		0.0000			-	-		-	-		-	-
TOUTXT		Daily Distribution LV Capacity price $/day/ kVA				0.0000			265,373			265,373	-		-	265,373
TOUTX1		Peak		5,920,790			-	110,719	-	326,236		436,954		(19,553)	- 19,553	417,401
TOUTX2		Shoulder		11,427,774			-	145,133	-	428,542		573,674		(40,749)	- 40,749	532,925
TOUTX3		Off peak		8,408,188			-	5,886	-	71,470		77,356		-	-	77,355
TOUPFVD		Daily Distribution Power factor Price kVar		-		0.0000			-	-		-	-		-	-
				-								-				-
Industrial				-								-				-
0000984310TEBBE			1	-		2572.8300	396,613	-	542,178	-		938,791	- 17,392		- 17,392	921,399
0000930130TE465			1	-								-				-
0000984000TE210			1	-		1102.2540	90,252	-	312,071	-		402,323	- 8,694		- 8,694	393,628
				-								-				-
												-				-
LDGN			1			2128.9250	-	-	777,058	-		777,058	-		-	777,058
												-				-
LDGSO	LDGSO											-				-
Street Lights												-			-	-
UMGF					157	44.0000	-	-	-	-	25,214	25,214	-		-	25,214
UMGLF					70	15.0000	-	-	-	-	3,833	3,833	-		-	3,833
UMINTF					3	24.0000	-	-	-	-	263	263	-		-	263
UMLF					2,270	44.0000	-	-	-	-	364,562	364,562	-		-	364,562
												-			-	-
$SP_{i,2023} Q_i$			33,609	291,959,396	2,564		574,048	5,225,448	12,821,397	32,259,335	393,872	49,274,099	- 2,795,306	- 4,327,516	- 7,122,822	42,151,276

To calculate forecast revenue from prices requires a forecast of quantities for the assessment year. Given prices have a fixed and variable component the revenue forecasts require forecasts of the number of connections and quantities (kWh).

Forecasts are required for the next pricing year only (year ended March 2023) and therefore have been based on the level and trends of recent actual data. The total forecast quantities (kWh) by Price Code have then been adjusted to be in line with the longer-term trend for the network and for one-off events where appropriate e.g. Covid-19.

Actual data is based on the audited Information Disclosures for 1 April 2017 to 31 March 2021 and a forecast of the year ended March 2022. This timeframe has been chosen as it provides a representative view of consumption e.g. weather conditions. The forecast for the year ended 31 March 2022 is based on actuals to September 2021 and the reminder forecast.

The forecast of connections and quantities have been developed using a bottom up approach by Price Code. The general methodology is below (unless stated in the exceptions):

- Connections are calculated by using the forecasted connections as of 31 March 2022 and applying an estimated growth rate using the average growth rate over the previous four years. The one exception is Commercial where growth has been lowered relative to the historical average due to the impact of Covid-19.
- Volumes are calculated by determining the average volume (kWh) per connection over the previous four years then aggregating connections by their Price Code as at 30 September 2021. An average by Price Code by month is then calculated and then multiplying it by the relevant connection forecast by month and then aggregating it by Price Code. The exceptions are TOU and GA which are based on the last two years which is more reflective of their current consumption. Residential and General Commercial volumes are then adjusted to reflect increases in distributed generation. An adjustment has also been made to allow for correct price category allocation.
- Each Price Code average usage (except Industrial and unmetered) is then adjusted to align the aggregate forecast with the longer-term trend for the network (last decade) if appropriate. This year no change was made.

Tables A-D show the data used in the calculation and the forecast for 2022/2023. This demonstrates that the connections and volume forecasts are consistent with actual historical growth rates and distribution generation unless stated.

There are examples where the above methodology is not appropriate to use as a forecast. The exceptions are in Table E with an explanation of the methodology used and why.

Table A: Connection Growth by customer group

	Actual Growth ICP connections			Forecast		
Customer Group	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	Commentary
Residential	1.3%	1.0%	0.8%	1.4%	1.2%	Consistent with historical trends
Commercial	1.1%	2.0%	1.9%	0.3%	1.2%	Reduced due to impact of Covid-19
Industrial	0.0%	0.0%	0.0%	0.0%	0.0%	Based on known connections
Unmetered	-6.2%	1.0%	6.8%	-0.5%	2.4%	Based on expected connections
Overall	1.4%	1.2%	1.2%	1.0%	1.0%	

Table B: Total Annualised Usage by customer group

Customer Group	Actual consumption(kWh)				Forecast (kWh)		Commentary
	2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	
Residential	148,552,975	152,527,236	149,475,744	154,810,578	159,196,471	157,646,039	Based on historical average
Commercial	120,464,061	124,764,398	125,819,695	118,827,749	129,622,776	130,531,220	Based on historical average
Industrial	55,248,315	51,851,723	48,412,301	42,993,253	47,927,660	45,460,456	Included for completeness as revenue is not based on consumption
Unmetered	1,077,863	948,167	926,012	908,465	924,361	1,000,413	
Overall	325,343,214	330,091,524	324,633,751	317,540,044	337,671,267	334,638,128	

Table C: Average usage by Customer Group

Customer Group	Actual Consumption per connection(kWh)				Forecast (kWh)	
	2017/18	**2018/2019**	**2019/2020**	**2020/2021**	**2021/2022**	**2022/2023**
Residential	5,639	5,727	5,549	5,696	5,793	5,661
Commercial	23,471	23,679	23,505	21,771	23,496	23,489
Industrial	18,416,105	17,283,908	16,137,434	14,331,084	15,975,887	15,153,485
Unmetered	4,162	3,778	3,792	3,581	3,536	3,791
Overall	10,250	10,266	9,977	9,654	10,152	9,939

Table D: Exceptions to standard methodology for Commercial averages.

Price Code	Charge type	Forecast methodology
GG, G	Connections	GG and GA Connections have been reduced from historical growth due to the impact of Covid-19.
TOU	Connections	No growth in TOU connections is assumed. Increase in numbers is due to correct price allocation of some customers
IND	Fixed	Based on last 12 months consumption based on conversations with customers and known changes to production. No impact on revenue or prices
TOU	Variable	Based on last 24 months given type of customer and drivers for change unknown.
GA	Variable	Based on last 24 months given type of customer and drivers for change unknown.

Other notes on forecasting kWh quantities

TOU pricing for Residential and General Commercial customers

On 1 April 2020 Top Energy modified the structure of prices for Residential and General Commercial customers with the introduction of TOU pricing. These changes and the underlying drivers have been outlined in our pricing methodology and published price schedules.

The forecasting approach is outlined table below:

Table E: Residential and General Commercial TOU methodology

<table>
<tr><th>Forecast</th><th>Commentary</th></tr>
<tr><td>Connections</td><td>As at 1 October 2021 15,600 customers (47%) have been migrated to TOU pricing. Top Energy will continue its process of all customers with communicating meters being transferred to TOU rates however retailers will still be able to apply for an exemption if they are unable to supply the TOU metering or TOU data.

The split does not impact revenue as the daily charges for TOU and non-TOU are the same.</td></tr>
<tr><td>Average Quantities</td><td>Quantities kWh for customers on TOU price codes or single rate price codes are based on the same methodology as outlined above.

No adjustment has been made to average kWh quantities to reflect behavioural change due to the new price structure. TOU trial results were inconclusive due to low uptake and retailers are not required to pass through to customers the TOU prices we publish. This will be reassessed for the forecast next year.</td></tr>
<tr><td>Allocation between time periods</td><td>The allocation of usage between Peak, Shoulder and Off-peak is based on actual data. As above no adjustment has been made due to behaviour changes which is consistent with what has been experienced over the last year.

The pricing has been set so single rate is approximately the same as an average customer on TOU rates, within constraints (e.g. Low Fixed Charge tariff regulation), based on the consumption by time period below.

The aggregate TOU splits by timebound are below:
<table>
<tr><td></td><td>Peak</td><td>Shoulder</td><td>Off-peak</td></tr>
<tr><td>Residential – All Inclusive</td><td>19%</td><td>54%</td><td>27%</td></tr>
<tr><td>Residential – Uncontrolled</td><td>20%</td><td>55%</td><td>26%</td></tr>
<tr><td>Commercial</td><td>17%</td><td>60%</td><td>23%</td></tr>
</table>

<u>Weekday</u>
Peak 0700-0930, 01530-20 00; Shoulder 0930-1730, 2000-2200 and Off-peak 2200-0700
<u>Weekend</u>
Shoulder 0700-2200 and Off-peak 2200-0700</td></tr>
</table>

Solar

Top Energy's network has the second highest uptake of solar in New Zealand. As at 31 October 2021 3.9% of connections had an on grid solar connection with a total of 6.8MW installed.[1] Growth over the last year has been 27%. Given solar has a material impact on consumption an estimate has been included in the forecast for Residential and General Commercial. Larger scale installations will only be included once connections are known.

The methodology for forecasting solar is shown in Table F below.

Table F: Solar forecast methodology

Forecast	Commentary
KW installed	The forecast for solar is based kW install rather than connections with solar. Residential and Commercial growth is based on the growth rate for the year ended October 2021 (Electricity Authority https://www.emi.ea.govt.nz/). This is 18.40% and equates to 600 kW for the assessment period.
Generation from kW installed	Generation (kW) is forecasted to be appropriately 1,315KWh per annum per KW installed for the Far North. This is consistent with the EECA website solar tool.
Reduction in on grid consumption	Assumed Residential 45% consumed within the premise and 55% exported to grid. Commercial is 55% consumed and 45% exported.

[1] Electricity Authority https://www.emi.ea.govt.nz/ as at 31 October 2021

Appendix C – Director's certificate

I, Euan Richard Krogh, being director of Top Energy certify that, having made all reasonable enquiry, to the best of my/our knowledge and belief, the attached annual price-setting compliance statement of Top Energy, and related information, prepared for the purposes of the *Electricity Distribution Services Default Price-Quality Path Determination 2020* has been prepared in accordance with all relevant requirements, and all forecasts used in the calculations for forecast revenue from prices and forecast allowable revenue are reasonable.

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Date: 14.12.2021